

**9.
BUDGET REPORT FOR THE QUARTER ENDED JUNE 2019**

5/1/1/20-2018/2019
BA King
16 July 2019

(028) 313 8154

Corporate Head Office

1. Executive Summary

Report prepared as part of the financial reporting obligations arising from section 52(d) of the Local Government: Municipal Finance Management Act, 2003 (MFMA).

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
Financial Services

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, (Act 56 of 2003)[MFMA]

6. Background/Discussion/Evaluation/Conclusion**Background**

This report has been prepared as part of the financial reporting obligations arising from the MFMA. The MFMA requires the Executive Mayor to report to Council on a quarterly basis on the state of the Municipality's budget.

Discussion

Legislation requires that certain financial and performance information is disclosed in the quarterly monitoring report. The report has been prepared according to the standard reporting formats issued by National Treasury.

The following additional information is also included:

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

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

The version of the Cost Containment Report attached as Annexure C represents the status for the three month period up to the end of June 2019 (Quarter 4)

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

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

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Quarterly Budget Report for the quarter ended June 2019

Annexure B: Executive Mayor's special fund – June 2019

Annexure C: Cost Containment Measures – June 2019

Annexure D: Municipal Cost Containment Regulations, 2019

Annexure E: Municipal Regulations on a Standard Chart of Accounts (mSCOA): Post Implementation Status of the mSCOA Project – June 2019

RECOMMENDATION TO THE COUNCIL:

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

RESPONSIBLE OFFICIAL :

BA KING

TARGET DATE FOR IMPLEMENTATION :

TO BE NOTED



QUARTERLY BUDGET REPORT JUNE 2019

In-Year Report of the Municipality

Prepared in terms of Section 52(d) of the Local Government:
Municipal Finance Management Act (Act 56 of 2003) &
Section 31 of the Municipal Budget and Reporting Regulations,
Government Gazette 32141, 17 May 2009.



We belong



We care



We serve

Table of Contents

Glossary	3
PART 1 – IN-YEAR REPORT	5
Mayor’s Report	5
Resolutions	6
Executive Summary	7
In-year budget statement tables	9
PART 2 – SUPPORTING DOCUMENTATION	18
Debtors’ analysis	18
Creditors’ analysis	19
Investment portfolio analysis	20
Allocation and grant receipts and expenditure	21
Councillor allowances and employee benefits	23
Material variances to the SDBIP.....	25
Municipal financial performance.....	26
Capital programme performance	27
Other supporting documentation	34
Municipal manager’s quality certification	44

Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Budget – The financial plan of the Municipality.

Capital expenditure - Spending on assets such as infrastructure, land & buildings minor assets etc. Any capital expenditure must be reflected as an asset on the Municipality's statement of financial position.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – An unconditional grant paid to municipalities. It is predominantly targeted towards funding the Indigent Policy.

FMG – Financial Management Grant.

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle legislation relating to municipal financial management.

MIG – Municipal Infrastructure Grant.

MTREF – Medium Term Revenue and Expenditure Framework (MTREF). The medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes financial information of the previous and current year.

NDPG – Neighbourhood Development Partnership Grant.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages, repairs and maintenance etc.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

A4/44

SDBIP – Service Delivery and Budget Implementation Plan (SDBIP). A detailed plan comprising annual and quarterly performance information.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Vote – A main appropriation segment of the budget. In Overstrand Municipality this relates to the directorate level for operating expenditure and the GFS classification for capital expenditure.

YTD – Year to date

PART 1 – IN-YEAR REPORT

Mayor's Report

1.1 In-Year Report – Quarterly Budget Report

1.1.1 Implementation of the budget in accordance with the SDBIP

The results of the SDBIP for the fourth quarter ended 30 June 2019 will be tabled in a separate comprehensive report to council.

1.1.2 Financial problems or risks facing the municipality

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

1.1.3 Other relevant information

The 2018/2019 Budget was compiled according to version 6.2 of the mSCOA classification framework. The below results reflects the fourth quarter's financial position.

YTD Actual operating revenue at the end of the fourth quarter for 2018/2019 is at 102.97% of the budgeted revenue of R1.083bn. The expenditure reflects spending of 95.42% against the budgeted expenditure of R1.154bn.

YTD Capital expenditure amounts to R148.2m, or 84.79% of the total adjusted budget of R174.7m, at the end of June 2019. Refer to the table on page 28 for the implementation status of the Top 10 Capital Projects.

No adjustments budget was tabled during this quarter.

Outstanding consumer debtors remain stable and the increase primarily reflects the year-on-year increase from increased tariffs as from 1 July 2018.

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

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

Resolutions***IN-YEAR REPORTS 2018/2019***

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

RECOMMENDATION:

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

Executive Summary

It should be noted that all information contained in this report reflects the preliminary outcome for 2018/2019. Certain year end transactions still have to be processed, which could influence the final outcome. The final figures will be available after the completion of the Annual Financial Statements for audit.

Revenue by Source

The Year-to-Date actual operating revenue is 103% of the budgeted revenue for 2018/2019. Revenue from Electricity, which is the largest source of revenue, reflects R14.2m above the projected budgeted revenue. Water and Sewage services reflects R3,8m and R1,6m above the projected budgeted revenue.

Borrowings

The balance of borrowings amounts to R462.6m at the end of June 2019.

Operating expenditure by vote & type

The Year-to-date actual Operating expenditure is 95.4% of the budgeted expenditure for 2018/2019. The Bulk purchases are directly informed by the purchase of electricity from Eskom and the increased expenditure is in line with the increased revenue. Cost saving efficiencies has been achieved and it includes preliminary savings on the salary budget reflected at R12,5m and R21,7m on contracted services, as well as R5,7m on other materials and R9,1m on other expenditure. These savings are the result of practising financial discipline and adhering to cost containment measures.

Capital expenditure

The YTD Capital expenditure amounts to R148.2m or 84.79% of the adjusted budget of R174.8m. A roll over application for Resourcing Funding for Establishment & Support of a K9 Unit will be submitted to NT & PT by the end of July 2019 for unspent grant funding relating to a capital project. An total amount of R61 038 005 was identified as roll over projects to the 2019/2020 financial year.

A8/44

Cash flows

The municipality started the year with a positive cash balance of R474.9 million. The June closing balance is R533.2 million. Refer to Supporting Table SC9 for more details on the cash position.

Allocations received (National & Provincial Grants)

No Grants received during June 2019.

Spending on Grants

Spending on grants amounts to R37.1m for June 2019. This includes FMG, EPWP, Provincial Library Grant, LG Internship Graduate Grant, Housing, Thusong Service Centre, K9 Unit, MSDCBG, Main Road Subsidy, Public Transport Non-Motorised Grant, Infrastructure INEP and MIG.

Material variances

The table below summarises variances for projected revenue and expenditure.

WC032 Overstrand - Supporting Table SC1 Material variance explanations - M12 June			
Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue By Source			
Total	2.97%		
Interest earned - external investments	43.03%	More cash available for investing.	
Expenditure By Type			
Total	-4.58%	Not Material	
Capital Expenditure			
Total	-15.21%	Capital Spending = 84.79%	
Financial Position			
In order			
Cash Flow			
In order			

Performance in relation to SDBIP targets

See the comprehensive report tabled in Council.

Remedial or corrective steps

Refer to the SDBIP report.

In-year budget statement tables / ...

Table C1: s71 Monthly Budget Statement Summary

WC032 Overstrand - Table C1 Monthly Budget Statement Summary - M12 June

Description	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									
Financial Performance									
Property rates	214 845	234 998	234 998	19 231	233 274	234 998	(1 724)	-1%	234 998
Service charges	590 194	613 718	624 718	53 390	645 147	624 718	20 429	3%	624 718
Investment revenue	30 285	21 001	29 201	8 389	41 767	29 201	12 566	43%	29 201
Transfers and subsidies	116 421	130 566	118 186	7 043	119 585	118 186	1 399	1%	118 186
Other own revenue	121 494	79 944	76 194	6 779	75 706	78 194	(488)	-1%	76 194
Total Revenue (excluding capital transfers and contributions)	1 073 241	1 080 228	1 083 298	94 832	1 115 480	1 083 298	32 182	3%	1 083 298
Employee costs	296 536	367 024	374 114	29 958	361 985	374 114	(12 128)	-3%	374 114
Remuneration of Councillors	10 138	10 972	10 972	908	10 573	10 972	(399)	-4%	10 972
Depreciation & asset impairment	134 400	130 362	130 362	10 862	130 362	130 362	0	0%	130 362
Finance charges	46 129	47 834	47 834	11 736	39 964	47 834	(7 870)	-16%	47 834
Materials and bulk purchases	263 898	296 190	290 619	54 293	288 953	290 619	(1 667)	-1%	290 619
Transfers and subsidies	1 800	500	500	4	475	500	(25)	-5%	500
Other expenditure	240 552	281 361	300 074	43 286	269 262	300 074	(30 812)	-10%	300 074
Total Expenditure	993 453	1 134 245	1 154 476	151 046	1 101 575	1 154 476	(52 901)	-5%	1 154 476
Surplus/(Deficit)	79 788	(54 017)	(71 179)	(56 214)	13 904	(71 179)	85 683	-120%	(71 179)
Transfers and subsidies - capital (monetary and non-monetary)	64 248	61 968	66 072	29 950	66 060	66 072	(13)	-0%	66 072
Contributions & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	144 036	7 951	(5 106)	(26 264)	79 964	(5 106)	85 670	-1666%	(5 106)
Surplus/ (Deficit) for the year	144 036	7 951	(5 106)	(26 264)	79 964	(5 106)	85 670	-1666%	(5 106)
Capital expenditure & funds sources									
Capital expenditure	105 207	194 237	174 748	62 601	148 161	174 748	(26 587)	-15%	174 748
Capital transfers recognised	64 267	62 068	66 072	29 950	66 060	66 072	(13)	-0%	66 072
Public contributions & donations	4 372	-	100	-	-	100	(100)	-100%	100
Borrowing	19 199	68 650	53 624	19 610	36 725	53 624	(16 898)	-32%	53 624
Internally generated funds	17 369	63 519	54 952	13 040	45 376	54 952	(9 576)	-17%	54 952
Total sources of capital funds	105 207	194 237	174 748	62 601	148 161	174 748	(26 587)	-15%	174 748
Financial position									
Total current assets	641 418	523 717	656 395		714 915				656 395
Total non current assets	3 635 627	3 718 075	3 685 955		3 659 343				3 685 955
Total current liabilities	220 580	215 151	214 102		205 135				214 102
Total non current liabilities	613 708	673 454	644 964		645 090				644 964
Community wealth/Equity	3 442 758	3 353 187	3 483 283		3 524 034				3 483 283
Cash flows									
Net cash from (used) operating	242 445	175 190	173 153	(22 114)	190 191	173 153	(17 038)	-10%	187 063
Net cash from (used) investing	(28 747)	(201 351)	(180 689)	(63 272)	(154 079)	(180 689)	(26 610)	15%	(216 224)
Net cash from (used) financing	1 455	23 944	21 583	49 045	22 109	21 583	(526)	-2%	23 944
Cash/cash equivalents at the month/year end	474 967	380 242	489 014	-	533 188	489 014	(44 173)	-9%	469 750
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dya	151-180 Dya	181 Dya-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	63 695	2 171	1 806	1 255	1 099	935	4 132	24 496	99 589
Creditors Age Analysis									
Total Creditors	48 524	-	-	-	-	-	-	-	48 524

A10/44

Table C2: Monthly Budget Statement – Financial Performance (standard classification)**WC032 Overstrand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mf2 June**

Description	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									
Revenue - Functional									
<i>Governance and administration</i>	330 663	296 029	393 124	29 672	403 323	393 124	10 200	3%	393 124
Executive and council	21 599	25 110	40 532	17	39 892	40 532	(640)	-2%	40 532
Finance and administration	258 247	270 868	352 470	29 647	363 345	352 470	10 876	3%	352 470
Internal audit	50 817	51	122	8	86	122	(36)	-29%	122
<i>Community and public safety</i>	109 158	81 447	69 312	25 562	71 217	69 312	1 905	3%	69 312
Community and social services	4 149	7 413	8 142	1 021	8 059	8 142	(83)	-1%	8 142
Sport and recreation	8 218	13 000	12 200	1 262	12 888	12 200	688	6%	12 200
Public safety	40 605	1 272	3 344	160	2 818	3 344	(526)	-16%	3 344
Housing	56 186	59 762	45 626	23 118	47 453	45 626	1 826	4%	45 626
<i>Economic and environmental services</i>	23 251	58 097	58 447	5 017	58 082	58 447	(365)	-1%	58 447
Planning and development	14 259	11 449	15 145	1 260	13 997	15 145	(1 148)	-8%	15 145
Road transport	8 970	46 648	43 301	3 642	43 906	43 301	604	1%	43 301
Environmental protection	22	0	0	114	180	0	179	44845%	0
<i>Trading services</i>	674 417	706 624	729 477	64 533	740 906	720 477	20 429	3%	720 477
Energy sources	381 333	395 354	394 982	35 146	409 105	394 982	14 123	4%	394 982
Water management	125 375	133 327	140 647	11 885	144 584	140 647	3 947	3%	140 647
Waste water management	95 070	101 333	108 884	12 440	110 335	108 884	1 451	1%	108 884
Waste management	72 639	76 610	75 963	5 062	76 872	75 963	908	1%	75 963
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	1 137 486	1 142 196	1 241 369	124 783	1 273 529	1 241 350	32 169	3%	1 241 360
Expenditure - Functional									
<i>Governance and administration</i>	183 659	221 763	221 637	21 025	205 923	221 637	(15 715)	-7%	221 637
Executive and council	24 780	65 867	67 792	4 366	54 698	67 792	(3 094)	-5%	67 792
Finance and administration	68 181	162 952	160 834	16 450	148 561	160 834	(12 273)	-8%	160 834
Internal audit	90 118	2 944	3 011	209	2 663	3 011	(348)	-12%	3 011
<i>Community and public safety</i>	138 037	144 344	153 451	18 211	133 734	153 451	(19 717)	-13%	153 451
Community and social services	33 856	16 752	17 668	2 343	18 351	17 668	683	4%	17 668
Sport and recreation	18 307	58 238	59 193	4 989	53 505	59 193	(5 688)	-10%	59 193
Public safety	73 286	38 381	48 775	4 768	43 415	48 775	(5 360)	-11%	48 775
Housing	12 589	30 974	27 815	6 111	18 463	27 815	(9 351)	-34%	27 815
<i>Economic and environmental services</i>	182 017	196 571	199 282	21 802	190 624	199 282	(8 658)	-4%	199 282
Planning and development	85 115	40 059	39 854	3 930	36 351	39 854	(3 503)	-9%	39 854
Road transport	91 197	147 972	151 082	17 207	147 477	151 082	(3 605)	-2%	151 082
Environmental protection	5 705	8 540	8 346	666	6 796	8 346	(1 549)	-19%	8 346
<i>Trading services</i>	490 339	568 159	668 712	89 721	660 276	668 712	(8 436)	-1%	668 712
Energy sources	295 386	311 806	362 764	54 521	362 776	362 764	12	0%	362 764
Water management	66 052	110 285	126 404	15 230	118 997	126 404	(7 408)	-6%	126 404
Waste water management	64 937	78 918	97 078	11 567	97 345	97 078	267	0%	97 078
Waste management	63 964	67 150	82 466	8 402	81 158	82 466	(1 308)	-2%	82 466
<i>Other</i>	-	3 408	3 383	287	3 008	3 383	(376)	-11%	3 383
Total Expenditure - Functional	993 453	1 134 245	1 246 466	151 046	1 193 565	1 246 466	(52 901)	-4%	1 246 466
Surplus/ (Deficit) for the year	144 036	7 951	(5 106)	(26 264)	79 964	(5 106)	85 070	-1666%	(5 106)

A11/44

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

The main functional areas are Governance and administration; Community and public safety; Economic and environmental services; and Trading services.

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

Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

WC032 Overstrand - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description	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									
Revenue by Vote									
Vote 1 - Council	21 399	24 988	27 215	15	26 606	27 215	(609)	-2.2%	27 215
Vote 2 - Municipal Manager	64	51	122	8	86	122	(36)	-29.2%	122
Vote 3 - Management Services	821	584	584	63	1 071	584	487	83.3%	584
Vote 4 - Finance	258 911	269 683	277 883	29 546	288 681	277 883	10 798	3.9%	277 883
Vote 5 - Community Services	323 102	338 690	354 790	32 898	360 348	354 790	5 558	1.6%	354 790
Vote 6 - Economic and Social Development & Tourism	2 788	2 226	2 226	356	2 030	2 226	(196)	-8.8%	2 226
Vote 7 - Infrastructure & Planning	489 799	464 077	448 453	58 909	454 302	448 453	15 849	3.5%	448 453
Vote 8 - Protection Services	40 605	41 896	38 096	2 987	38 416	38 096	319	0.8%	38 096
Total Revenue by Vote	1 137 488	1 142 196	1 149 370	124 783	1 181 540	1 149 370	32 170	2.8%	1 149 370
Expenditure by Vote									
Vote 1 - Council	4 303	33 049	37 662	2 634	36 101	37 662	(1 561)	-4.1%	37 662
Vote 2 - Municipal Manager	4 542	5 467	5 534	411	5 124	5 534	(410)	-7.4%	5 534
Vote 3 - Management Services	43 809	52 776	52 695	6 370	47 455	52 695	(5 239)	-9.9%	52 695
Vote 4 - Finance	68 187	78 645	77 345	7 160	72 459	77 345	(4 886)	-6.3%	77 345
Vote 5 - Community Services	374 350	409 514	410 785	45 860	393 433	410 785	(17 351)	-4.2%	410 785
Vote 6 - Economic and Social Development & Tourism	10 558	11 752	11 533	1 220	10 193	11 533	(1 340)	-11.6%	11 533
Vote 7 - Infrastructure & Planning	414 432	456 531	460 506	78 386	446 970	460 506	(13 536)	-2.9%	460 506
Vote 8 - Protection Services	73 272	86 511	98 417	9 006	89 840	98 417	(8 577)	-8.7%	98 417
Total Expenditure by Vote	993 453	1 134 245	1 154 476	151 046	1 101 576	1 154 476	(52 901)	-4.6%	1 154 476
Surplus/ (Deficit) for the year	144 036	7 951	(5 106)	(26 264)	79 964	(5 106)	85 070	-1666.1%	(5 106)

The operating expenditure budget is approved by Council on the municipal vote level. The municipal votes reflect the organisational structure of the municipality which is made up of the following directorates: Council; Municipal Manager; Management Services; Finance; Community Services; Economic and Social Development & Tourism; Infrastructure & Planning and Protection Services.

Unauthorised expenditure by year end would occur either for the municipality as a whole if the adjusted budget for 'Total Expenditure by Vote' or if any of the individual budgets for any specific vote/s were overspent. During the financial year some of the figures are influenced by transactions that occur annually only.

Table C4: Monthly Budget Statement – Financial Performance (revenue and expenditure)

WC032 Overstrand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	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									
Revenue By Source									
Property rates	214 845	234 998	234 998	19 231	233 274	234 998	(1 724)	-1%	234 998
Service charges - electricity revenue	349 380	362 784	362 784	32 063	377 007	362 784	14 223	4%	362 784
Service charges - water revenue	111 010	116 781	124 781	10 016	128 590	124 781	3 810	3%	124 781
Service charges - sanitation revenue	72 064	73 164	76 164	6 257	77 762	76 164	1 597	2%	76 164
Service charges - refuse revenue	57 741	60 990	60 990	5 055	61 788	60 990	799	1%	60 990
Rental of facilities and equipment	12 324	3 679	3 679	355	4 123	3 679	444	12%	3 679
Interest earned - external investments	30 285	21 001	29 201	8 389	41 767	29 201	12 566	43%	29 201
Interest earned - outstanding debtors	3 022	3 700	3 705	348	4 193	3 705	488	13%	3 705
Fines, penalties and forfeits	32 500	34 965	30 165	2 311	30 844	30 165	679	2%	30 165
Licences and permits	2 527	2 447	2 447	161	2 526	2 447	80	3%	2 447
Agency services	4 149	3 726	4 526	397	4 913	4 526	387	9%	4 526
Transfers and subsidies	116 421	130 566	118 186	7 043	119 585	118 186	1 399	1%	118 186
Other revenue	38 895	31 427	31 672	3 206	29 107	31 672	(2 565)	-8%	31 672
Gains on disposal of PPE	28 077						-		
Total Revenue (excluding capital transfers and contributions)	1 073 241	1 080 228	1 083 298	94 832	1 115 480	1 083 298	32 182	3%	1 083 298
Expenditure By Type									
Employee related costs	296 536	367 024	374 114	29 958	361 985	374 114	(12 128)	-3%	374 114
Remuneration of councillors	10 138	10 972	10 972	908	10 573	10 972	(399)	-4%	10 972
Debt impairment	18 013	23 492	23 492	1 958	23 492	23 492	-		23 492
Depreciation & asset impairment	134 400	130 362	130 362	10 862	130 362	130 362	0	0%	130 362
Finance charges	46 129	47 834	47 834	11 736	39 964	47 834	(7 870)	-16%	47 834
Bulk purchases	225 844	238 588	238 588	45 247	242 656	238 588	4 068	2%	238 588
Other materials	38 054	57 602	52 031	9 046	46 297	52 031	(5 735)	-11%	52 031
Contracted services	167 065	193 637	207 243	34 024	185 568	207 243	(21 675)	-10%	207 243
Transfers and subsidies	1 800	500	500	4	475	500	(25)	-5%	500
Other expenditure	55 475	64 232	69 339	7 304	60 202	69 339	(9 137)	-13%	69 339
Loss on disposal of PPE									
Total Expenditure	893 453	1 134 245	1 154 476	151 046	1 101 575	1 154 476	(52 901)	-5%	1 154 476
Surplus/(Deficit)	79 788	(54 017)	(71 179)	(56 214)	13 904	(71 179)	85 083	-120%	(71 179)
Transfers and subsidies - capital (monetary allocation)	64 248	61 968	66 072	29 950	66 060	66 072	(13)	0%	66 072
Transfers and subsidies - capital (in-kind - all)									
Surplus/(Deficit) after capital transfers & Taxation	144 036	7 951	(5 106)	(26 264)	79 964	(5 106)			(5 106)
Surplus/(Deficit) after taxation	144 036	7 951	(5 106)	(26 264)	79 964	(5 106)			(5 106)
Surplus/(Deficit) attributable to municipality	144 036	7 951	(5 106)	(26 264)	79 964	(5 106)			(5 106)
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	144 036	7 951	(5 106)	(26 264)	79 964	(5 106)			(5 106)

The annual revenue budget is approved as 'Revenue by Source'. The Year-to-Date actual revenue is 2.97% above the YTD budget.

Current expenditure is 4.58% below YTD budget projections for June 2019.

A14/14

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

WC032 Overstrand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

Vote Description	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									
Multi-Year expenditure appropriation									
Vote 5 - Community Services	-	64 797	55 774	15 274	48 759	55 774	(7 015)	-13%	55 774
Vote 6 - Economic and Social Development & Tourism	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	58 239	54 027	25 947	55 521	54 027	1 494	3%	54 027
Vote 8 - Protection Services	-	500	500	500	500	500	-	-	500
Total Capital Multi-year expenditure	-	123 536	110 301	41 721	104 789	110 301	(5 521)	-5%	110 301
Single Year expenditure appropriation									
Vote 1 - Council	-	20	572	284	291	572	(281)	-49%	572
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	6 346	4 086	4 086	49	3 950	4 086	(136)	-3%	4 086
Vote 4 - Finance	-	30	619	-	30	619	(589)	-95%	619
Vote 5 - Community Services	80 077	52 403	53 044	16 328	33 157	53 044	(19 887)	-37%	53 044
Vote 6 - Economic and Social Development & Tourism	-	5 625	1 620	18	947	1 620	(673)	-42%	1 620
Vote 7 - Infrastructure & Planning	16 268	1 100	3 800	3 859	4 425	3 800	625	16%	3 800
Vote 8 - Protection Services	2 517	7 436	706	342	581	706	(125)	-18%	706
Total Capital single-year expenditure	105 207	70 701	64 447	20 880	43 381	64 447	(21 066)	-33%	64 447
Total Capital Expenditure	105 207	184 237	174 748	62 601	148 161	174 748	(26 587)	-15%	174 748
Capital Expenditure - Functional Classification									
Governance and administration	6 346	6 331	7 472	1 427	7 227	7 472	(245)	-3%	7 472
Executive and council	-	20	572	284	291	572	(281)	-49%	572
Finance and administration	-	6 311	6 900	1 143	6 938	6 900	36	1%	6 900
Internal audit	6 346	-	-	-	-	-	-	-	-
Community and public safety	44 053	57 710	54 084	25 152	51 439	54 084	(2 645)	-5%	54 084
Community and social services	1 929	4 998	5 249	1 028	4 751	5 249	(498)	-9%	5 249
Sport and recreation	5 427	8 057	8 007	1 888	7 602	8 007	(405)	-5%	8 007
Public safety	2 517	9 186	6 556	4 687	4 977	6 556	(1 579)	-24%	6 556
Housing	34 180	35 467	34 271	17 549	34 108	34 271	(163)	0%	34 271
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	12 023	18 821	14 551	2 166	13 377	14 551	(1 174)	-8%	14 551
Planning and development	-	5 725	1 720	32	1 341	1 720	(379)	-22%	1 720
Road transport	12 023	13 096	12 831	2 134	12 036	12 831	(795)	-6%	12 831
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	42 786	111 375	98 642	33 856	76 118	98 642	(22 523)	-23%	98 642
Energy sources	16 268	24 772	20 456	8 398	20 139	20 456	(316)	-2%	20 456
Water management	3 257	30 077	21 945	8 452	12 270	21 945	(9 675)	-44%	21 945
Waste water management	21 523	54 987	54 744	17 005	42 210	54 744	(12 534)	-23%	54 744
Waste management	1 739	1 540	1 497	-	1 499	1 497	2	0%	1 497
Total Capital Expenditure - Functional Classification	105 207	194 237	174 748	62 601	148 161	174 748	(26 587)	-15%	174 748
Funded by:									
National Government	21 786	25 901	30 445	11 245	30 445	30 445	(0)	0%	30 445
Provincial Government	42 481	36 067	35 628	18 705	35 615	35 628	(13)	0%	35 628
Other transfers and grants	-	100	-	-	-	-	-	-	-
Transfers recognised - capital	64 267	62 068	66 072	29 950	66 060	66 072	(13)	0%	66 072
Public contributions & donations	4 372	-	100	-	100	100	(100)	-100%	100
Borrowing	19 199	68 650	53 624	19 610	36 725	53 624	(16 898)	-32%	53 624
Internally generated funds	17 369	63 519	54 952	13 040	45 376	54 952	(9 576)	-17%	54 952
Total Capital Funding	105 207	194 237	174 748	62 601	148 161	174 748	(26 587)	-15%	174 748

Capital expenditure is 15.21% below the Year-to-Date budget projections. Refer to the table on page 28 for the implementation status of the Top 10 Capital Projects.

Table C6: Monthly Budget Statement - Financial Position

WC032 Overstrand - Table C6 Monthly Budget Statement - Financial Position - M12 June

Description	2017/18	Budget Year 2018/19			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	94 453	380 242	489 014	123 988	489 014
Call investment deposits	380 514	-	-	409 200	-
Consumer debtors	63 126	78 188	68 994	77 943	68 994
Other debtors	53 220	49 845	53 645	51 297	53 645
Current portion of long-term receivables	10	10	10	11	10
Inventory	50 095	15 432	44 732	52 476	44 732
Total current assets	641 418	523 717	656 395	714 915	656 395
Non current assets					
Long-term receivables	20	10	10	9	10
Investments	44 595	50 546	50 546	50 524	50 546
Investment property	114 846	101 865	114 846	114 846	114 846
Investments in Associate					
Property, plant and equipment	3 469 468	3 559 712	3 514 506	3 487 266	3 514 506
Agricultural					
Biological					
Intangible	6 699	5 942	6 046	6 699	6 046
Other non-current assets					
Total non current assets	3 635 627	3 718 075	3 685 955	3 659 343	3 685 955
TOTAL ASSETS	4 277 045	4 241 792	4 342 350	4 374 258	4 342 350
LIABILITIES					
Current liabilities					
Bank overdraft					
Borrowing	33 448	38 428	38 428	39 725	38 428
Consumer deposits	38 462	53 152	40 046	40 020	40 046
Trade and other payables	118 879	87 052	103 958	93 840	103 958
Provisions	29 790	36 518	31 670	31 551	31 670
Total current liabilities	220 580	215 151	214 102	205 135	214 102
Non current liabilities					
Borrowing	408 658	423 677	423 677	422 933	423 677
Provisions	205 051	249 777	221 287	222 157	221 287
Total non current liabilities	613 708	673 454	644 964	645 090	644 964
TOTAL LIABILITIES	834 288	888 605	859 066	850 224	859 066
NET ASSETS	3 442 758	3 353 187	3 483 283	3 524 034	3 483 283
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	3 439 499	3 349 887	3 479 983	3 520 770	3 479 983
Reserves	3 259	3 300	3 300	3 264	3 300
TOTAL COMMUNITY WEALTH/EQUITY	3 442 758	3 353 187	3 483 283	3 524 034	3 483 283

The statement of financial position is in line with expectations for the financial year.

Table C7: Monthly Budget Statement - Cash Flow

WC032 Overstrand - Table C7 Monthly Budget Statement - Cash Flow - M12 June

Description	2017/18	Budget Year 2018/19							
	Audited Outcomes	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	213 851	233 454	233 401	10 779	212 619	233 401	(20 782)	-9%	233 454
Service charges	589 413	609 686	620 473	48 229	653 645	620 473	33 172	5%	609 686
Other revenue	75 919	56 317	51 287	5 916	73 495	51 287	22 208	43%	56 317
Government - operating	126 343	130 566	118 186	7 043	119 585	118 186	1 399	1%	114 217
Government - capital	69 724	61 968	66 072	29 950	66 060	66 072	(13)	0%	73 841
Interest	33 308	24 701	32 906	8 738	45 960	32 906	13 054	40%	24 701
Dividends							-		
Payments									
Suppliers and employees	(818 184)	(893 168)	(900 839)	(121 029)	(940 734)	(900 839)	39 895	-4%	(876 820)
Finance charges	(46 129)	(47 834)	(47 834)	(11 736)	(39 964)	(47 834)	(7 870)	16%	(47 834)
Transfers and Grants	(1 800)	(500)	(500)	(4)	(475)	(500)	(25)	5%	(500)
NET CASH FROM/(USED) OPERATING ACTIVITIES	242 445	175 190	173 153	(22 114)	190 191	173 153	(17 038)	-10%	187 063
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	81 432	-	-	-	-	-	-		
Decrease (Increase) in non-current debtors		-	-	-	-	-	-		
Decrease (increase) other non-current receivables	8	10	10	4	10	10	0	0%	10
Decrease (increase) in non-current investments	(4 980)	(7 124)	(5 952)	(675)	(5 929)	(5 952)	23	0%	(7 124)
Payments									
Capital assets	(105 207)	(194 237)	(174 748)	(62 601)	(148 161)	(174 748)	(26 587)	15%	(209 110)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(28 747)	(201 351)	(180 689)	(63 272)	(154 079)	(180 688)	(26 610)	15%	(216 224)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-	-	-	-	-	-		
Borrowing long term/refinancing	30 000	54 000	54 000	54 000	54 000	54 000	0	0%	54 000
Increase (decrease) in consumer deposits	1 423	3 937	1 584	138	1 558	1 584	(26)	-2%	3 937
Payments									
Repayment of borrowing	(29 969)	(33 993)	(34 001)	(5 093)	(33 448)	(34 001)	(552)	2%	(33 993)
NET CASH FROM/(USED) FINANCING ACTIVITIES	1 455	23 944	21 583	49 045	22 109	21 583	(526)	-2%	23 944
NET INCREASE/ (DECREASE) IN CASH HELD	215 153	(2 217)	14 047	(36 341)	58 220	14 047			(5 217)
Cash/cash equivalents at beginning:	259 815	382 460	474 967		474 967	474 967			474 967
Cash/cash equivalents at month/year end:	474 967	380 242	489 014		533 188	489 014			469 750

Table C7 balances to the current Cash balance, shown in the 'YTD actual' column, which is R 533.2million.

The municipality started the year with a positive cash balance of R474.9 million. The June closing balance is R533.2 million. Refer to Supporting Table SC9 for more details on the cash position.

A17/44

Supporting Table SC9: Monthly Budget Statement – Actual & revised targets for cash receipts & cash flows

WC032 Overstrand - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M12 June

Description	Budget Year 2018/19												2018/19 Medium Term Revenue & Expenditure Framework		
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome			
Cash Receipts By Source															
Property rates	22 461	9 589	19 120	14 779	13 794	37 043	20 261	17 304	17 036	15 520	14 939	10 779	233 454	247 086	263 832
Service charges - electricity revenue	30 879	32 038	32 720	32 740	30 683	19 555	28 439	35 175	29 341	29 715	31 928	29 324	360 401	381 400	407 218
Service charges - water revenue	8 734	16 635	9 877	15 410	14 245	9 573	15 806	13 388	15 189	14 818	16 128	12 553	116 013	122 754	131 042
Service charges - sanitation revenue	5 645	5 155	6 115	6 540	5 836	4 070	7 080	6 700	7 126	6 757	7 048	3 799	72 683	76 927	82 141
Service charges - refuse	5 190	4 633	5 186	5 453	4 775	2 968	5 006	4 855	5 496	5 269	5 705	2 652	60 589	64 127	68 473
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	367	385	633	334	284	277	303	262	304	37	315	628	3 655	3 865	4 124
Interest earned - external investments	488	1 599	2 722	6 912	2 721	790	2 741	3 544	1 336	5 027	5 499	8 389	21 001	21 001	21 001
Interest earned - outstanding debtors	321	302	321	325	334	349	374	363	376	367	381	349	3 706	3 922	4 157
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2 277	2 521	2 676	2 614	2 733	2 426	2 535	2 750	2 613	2 639	2 749	2 311	12 173	14 268	16 469
Licences and permits	199	214	220	201	217	193	282	208	205	228	199	161	2 447	2 583	2 749
Agency services	359	432	376	432	462	349	471	374	402	421	437	397	3 728	3 979	4 187
Transfer receipts - operating	40 678	864	873	1 155	1 354	34 473	1 653	2 895	29 782	2 841	(4 027)	7 043	130 566	167 058	162 087
Other revenue	2 090	824	2 211	2 819	2 690	6 980	1 625	2 512	3 139	1 730	2 152	2 420	34 316	28 596	26 173
Cash Receipts by Source	119 687	75 193	83 851	89 707	80 038	119 046	86 378	90 381	112 346	85 339	83 454	80 704	1 054 725	1 137 568	1 190 674
Other Cash Flows by Source															
Transfer receipts - capital	-	101	2 942	637	1 018	7 830	406	281	1 726	2 994	18 174	29 959	61 968	58 530	63 249
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	150	133	(67)	(32)	(282)	-	119	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	54 000	54 000	54 000
Increase in consumer deposits	692	(15 312)	190	330	8	14 805	211	124	205	362	(196)	138	3 937	4 252	3 444
Receipt of non-current debtors	-	0	0	0	0	0	0	0	0	0	0	0	10	10	-
Receipt of non-current receivables	2	0	0	0	0	3	0	0	0	0	0	4	10	10	7
Change in non-current investments	(682)	(565)	(133)	(407)	(379)	(949)	(195)	(556)	(511)	(483)	(394)	(675)	(7 124)	(7 339)	(7 575)
Total Cash Receipts by Source	119 700	59 567	86 183	90 180	80 654	140 451	86 800	90 328	113 766	88 212	101 040	164 122	1 167 516	1 247 021	1 308 799
Cash Payments by Type															
Employee related costs	22 778	51 762	27 475	27 401	43 246	28 777	31 776	29 008	27 252	28 068	28 129	28 803	354 654	375 944	407 966
Remuneration of councillors	848	849	848	848	848	848	1 059	878	852	882	908	908	10 972	11 518	12 091
Interest paid	94	582	969	2 846	1 009	12 355	1 152	1 647	1 867	4 525	1 182	11 736	47 834	50 439	52 064
Bulk purchases - Electricity	4	28 766	29 687	17 445	17 985	17 348	17 931	17 761	16 897	17 233	17 355	45 247	238 588	255 610	273 856
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	706	2 157	2 858	3 160	4 095	4 564	3 852	2 559	2 733	2 506	8 262	9 046	57 602	69 068	74 186
Contracted services	1 392	8 572	13 177	11 736	15 140	19 010	14 220	14 002	19 696	17 345	17 335	34 024	193 637	213 119	214 980
Grants and subsidies paid - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other	3	8	271	45	8	23	(38)	3	6	195	4	4	500	278	292
General expenses	5 057	3 754	5 417	42 852	13 593	12 140	(40)	(2 458)	(24 184)	2 891	20 000	3 001	37 715	67 582	94 543
Cash Payments by Type	30 882	96 448	80 702	165 533	95 824	95 063	69 714	63 488	44 819	73 525	93 175	132 768	941 503	1 063 553	1 129 977
Other Cash Flows/Payments by Type															
Capital assets	531	1 818	5 557	4 200	9 412	12 983	5 144	6 944	11 543	11 620	15 827	62 681	194 237	134 030	137 249
Repayment of borrowing	1 459	1 050	949	6 626	1 360	4 808	1 515	1 129	1 011	7 009	1 439	5 093	33 993	38 428	41 636
Other Cash Flows/Payments	(3 902)	5	(19 950)	-	-	23 865	-	-	-	-	-	0	-	-	-
Total Cash Payments by Type	28 970	99 321	87 240	118 379	106 696	136 708	76 374	71 473	56 573	92 154	110 441	200 463	1 169 736	1 236 612	1 308 862
NET INCREASE/(DECREASE) IN CASH HELD	80 730	(38 754)	18 944	(26 199)	(26 043)	3 752	10 426	18 856	57 193	(9 942)	(9 401)	(36 341)	(2 217)	11 969	(2 063)
Cash/cash equivalents at the month/year begin	474 967	585 698	525 944	544 887	518 688	492 645	498 397	506 823	525 679	582 871	578 930	569 629	474 967	472 750	483 759
Cash/cash equivalents at the month/year end:	585 698	525 944	544 887	518 688	492 645	498 397	506 823	525 679	582 871	578 930	569 629	533 188	472 750	483 759	481 696

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

A18/44

PART 2 – SUPPORTING DOCUMENTATION

Debtors' analysis

Supporting Table SC3 Debtors' age analysis

WC032 Overstrand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

Description	NT Code	Budget Year 2018/19										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts I.L.O Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 DYS-1 Yr	Over 1Yr	Total				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	13 289	475	344	302	241	200	543	3 056	18 452	4 344		3 624	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	15 272	363	261	170	152	130	622	3 562	20 533	4 636		5 239	
Receivables from Non-exchange Transactions - Property Rates	1400	19 610	542	601	248	212	199	1 104	2 522	25 039	4 288		5 676	
Receivables from Exchange Transactions - Waste Water Management	1500	8 946	252	220	175	178	127	391	1 803	10 094	2 675		2 471	
Receivables from Exchange Transactions - Waste Management	1600	5 597	166	119	95	83	75	317	1 365	7 818	1 936		2 059	
Receivables from Exchange Transactions - Property Rental Debtors	1700	366	6	5	5	4	4	22	228	671	263		164	
Interest on Arrear Debtor Accounts	1810	80	43	55	47	53	55	344	7 580	8 266	6 069			
Recoverable unauthorised, irregular, fullless and wasteful expenditure	1820													
Other	1900	2 505	324	200	214	174	144	788	4 368	8 717	5 688		2 153	
Total By Income Source	2600	83 695	2 171	1 806	1 255	1 099	935	4 132	24 496	99 589	31 917	-	21 588	
2017/18 - totals only		55 701	1 419	961	859	739	715	4 180	20 286	64 900	26 819	-	21 435	
Debtors Age Analysis By Customer Group														
Organs of State	2200	1 387	54	60	71	13	13	368	1 280	3 226	1 726		259	
Commercial	2300	7 268	259	91	61	46	36	157	1 202	9 117	1 502		781	
Households	2400	55 301	1 856	1 654	1 120	1 038	885	3 559	21 943	87 396	28 584		20 546	
Other	2500	(259)	2	1	3	1	0	8	91	(150)	104		2	
Total By Customer Group	2600	63 695	2 171	1 806	1 255	1 099	935	4 132	24 496	99 589	31 917	-	21 589	

Debtors' levels remain stable. The overall increased debtors' mainly results from the year-on-year increase in billings from increased tariffs at the start of the new financial year. This can be concluded from the increase in the 0-30 days (current) debtors.

Summary of Indigent Households

Indigent Household Statistics

	Indigent Households	Amount	Other Households	Total Households	
2 018					
July	7 396	NO VOTE for 2018/2019	26 324	33 720	21.93%
August	7 390	NO VOTE for 2018/2019	26 337	33 727	21.91%
September	7 270	NO VOTE for 2018/2019	26 903	34 173	21.27%
October	7 367	NO VOTE for 2018/2019	26 798	34 165	21.56%
November	7 320	NO VOTE for 2018/2019	26 627	33 947	21.56%
December	7 725	NO VOTE for 2018/2019	26 400	34 125	22.64%
2 019					
January	7 541	NO VOTE for 2018/2019	26 624	34 165	22.07%
February	7 555	NO VOTE for 2018/2019	26 610	34 165	22.11%
March	7 555	NO VOTE for 2018/2019	26 671	34 226	22.07%
April	7 590	NO VOTE for 2018/2019	26 636	34 226	22.18%
May	7 599	NO VOTE for 2018/2019	26 630	34 229	22.20%
June	7 630	NO VOTE for 2018/2019	26 599	34 229	22.29%

Monthly FBS (Free Basic Services)

Free Basic Water				Free Basic Sanitation			
No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non indigent)	Total beneficiaries	level of Service (e.g. 6 kilolitres per household)	No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non indigent)	Total beneficiaries	level of Service (e.g. VIP toilets)
7630			6KL	7630	0	7630	waterborne
Free Basic Electricity				Free Basic Refuse Removal			
Beneficiaries provided by Eskom	Beneficiaries provided by Municipality	Non-grid energy Beneficiaries	level of Service (e.g. 50 Kwh per household)	No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non indigent)	Total beneficiaries	level of Service (type of subsidy)
114	7516		50kWh	7630	0	7630	Total monthly levy

A19/44

Summary of Debtors Age Analysis

MONTH	< 30 Days	< 60 Days	< 90 Days	< 120 Days	< 150 Days	<180 Days	<365 Days	>365 Days	Total	Older than 30 Days	Older than 90 days
2018/19											
June	63 696 325	2 171 407	1 806 178	1 254 957	1 098 593	934 522	4 132 093	24 496 390	99 589 465	35 894 140	31 916 555
May	65 557 397	2 453 115	1 452 198	1 188 735	991 500	693 300	3 943 214	23 994 369	100 473 828	34 916 431	31 011 118
April	67 386 052	2 184 680	1 397 235	1 102 904	1 029 345	1 011 059	3 695 680	23 708 190	101 495 126	34 129 074	30 547 179
March	68 729 609	2 251 540	1 378 819	1 135 900	1 180 832	756 888	3 572 180	23 411 090	102 418 839	33 587 230	30 056 870
February	67 399 026	2 116 855	1 356 611	1 546 844	891 791	961 678	3 277 066	23 113 993	100 664 764	33 265 738	29 791 372
January	69 326 161	3 051 746	1 958 473	1 018 963	1 048 459	592 968	3 259 727	22 746 531	103 003 029	33 676 869	26 666 649
December	85 947 801	2 647 087	1 388 890	1 210 859	686 499	704 533	3 255 426	22 288 563	98 109 658	32 161 856	28 125 880
November	65 016 758	1 908 982	1 507 825	769 920	761 773	683 908	3 121 635	21 866 706	95 637 507	30 620 749	27 203 942
October	61 645 942	2 007 988	826 316	871 518	793 515	637 562	3 618 246	21 361 217	91 862 904	30 216 362	27 282 058
September	66 261 931	1 470 065	1 080 941	916 647	710 510	624 175	4 035 909	20 910 349	96 010 527	29 748 596	27 197 590
Augustus	62 587 778	1 547 218	1 072 992	809 153	710 179	711 933	4 054 385	20 534 672	92 028 311	29 440 533	26 820 323
July	63 235 385	1 729 878	1 032 836	840 827	818 462	686 886	4 204 051	20 383 698	92 932 023	29 696 637	26 933 924

Government Debt

Overstrand Municipality as at 30/06/2019	Total Debt	Services	Rates	Other
Department Responsible for the Debt				
NPW 2227	1 720 409	1 135 560	573 417	11 432
WCED 2251	1 158 048	1 158 048	0	0
OTHER 2210+2255	21 882	21 882	0	0
HEALTH 2252	140 628	127 904	11 797	927
TPW 2256	116 165	-56 563	167 683	5 044
HOUSING 2253+2215	20 849	20 819	0	30
OTHER MUNICIPALITIES 2276	48 278	48 278	0	0
TOTAL OUTSTANDING	3 226 259	2 455 928	752 897	17 434

Creditors' analysis**Supporting Table SC4****WC032 Overstrand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June**

Description	NT Code	Budget Year 2018/19								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	31 529								31 529
Bulk Water	0200									-
PAYE deductions	0300									-
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	16 756								16 756
Auditor General	0800									-
Other	0900	238								238
Total By Customer Type	1000	48 524	-	-	-	-	-	-	-	48 524

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

The payment of creditors is within requirements of the MFMA.

A 20/44

Investment portfolio analysis

Supporting Table SC5

WC032 Overstrand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June

Investments by maturity Name of institution & investment ID	Period of investment	Type of investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
	Yrs/Months							
R thousands								
Municipality								
LIBERTY 15834476	15 YEARS	Policy	01/09/2025	71		17 063	125	17 259
LIBERTY 21196964	14 YEARS	Policy	01/09/2025	130		29 834	280	30 224
MOMENTUM MP 3853776	14 YEARS	Policy	01/07/2026	59		2 952	30	3 041
ABSA 9284200168	DEP PLUS	DEP PLUS		135	6.5%	24 331		24 466
ABSA 9295906141	DEP PLUS	DEP PLUS		135	6.5%	24 331		24 466
ABSA 9331734880	DEP PLUS	DEP PLUS		52	6.0%	10 269	(54)	10 287
Nedbank 03/7881534451 ref: 8172528	150 days	FIXED DEP	28/06/2019	1 716	8.4%	50 000	(51 716)	-
Standard Bank 288434005-028	120 days	FIXED DEP	26/06/2019	1 593	8.1%	60 000	(61 593)	-
Nedbank 03/7881534451 ref: 8257835	120 days	FIXED DEP	26/02/2019	1 618	8.2%	60 000	(61 618)	-
Nedbank 03/7881534451 ref: 8441877	184 days	FIXED DEP	07/11/2019		8.5%	100 000		100 000
Nedbank 03/7881534451 ref: 8475177	124 days	FIXED DEP	30/09/2019		8.2%	100 000		100 000
Standard Bank 288434005-028	124 days	FIXED DEP	28/10/2019				75 000	75 000
Nedbank 03/7881534451 ref: 8257835	124 days	FIXED DEP	28/10/2019				75 000	75 000
TOTAL INVESTMENTS AND INTEREST				5 508		478 780	(24 565)	459 723

Surplus cash not immediately required is invested in call and monthly deposits.

Long term investments relate to the sinking fund investments.

A21/44

Allocation and grant receipts and expenditure

Supporting Table SC6 – Grant receipts

WC032 Overstrand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June

Description	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									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	88 073	99 544	99 544	-	99 544	99 544	-		99 544
Local Government Equitable Share	84 223	96 068	96 068		96 068	96 068	-		96 068
Finance Management	1 550	1 550	1 550		1 550	1 550			1 550
EPWP Incentive	2 300	1 926	1 926		1 926	1 926			1 926
Provincial Government:	38 766	30 731	12 429	-	18 428	12 429	5 999	48.3%	12 429
Human Settlements Development Grant	31 171	23 633	5 133		11 132	5 133	5 999	116.9%	5 133
Library Services Grant	7 006	6 147	6 147		6 147	6 147			6 147
Financial Management Capacity Building Grant	240	360	360		360	360	-		360
Community Development Workers Oper Support Grant	74	74	-		-	-	-		-
Maintenance & Construction of Transport Infrastructure	139	137	137		137	137	-		137
Western Cape Financial Management Support Grant		280	280		280	280			280
Local Government Internship Grant	66		72		72	72			72
Greenest Municipality Competition	70								
Municipal Service Delivery & Capacity Building Grant			200		200	200			200
Thusong Service Centre		100	100		100	100	-		100
Total Operating Transfers and Grants	126 839	130 275	111 973	-	117 972	111 973	5 999	5.4%	111 973
Capital Transfers and Grants									
National Government:	26 330	25 901	25 901	-	25 901	25 901	-		25 901
Municipal Infrastructure Grant (MIG)	22 330	21 639	21 639		21 639	21 639	-		21 639
Integrated National Electrification Programme	4 000	4 262	4 262		4 262	4 262			4 262
Provincial Government:	42 992	38 067	38 567	-	30 063	38 567	(8 504)	-22.0%	38 567
Human Settlements Development Grant	36 661	35 467	33 967		25 463	33 967	(8 504)	-25.0%	33 967
Public Transport Non-Motorised Infrastructure Grant	4 000								
Library Services Grant		600	600		600	600			600
Resourcing Funding for Est & Support of a K9 Unit			4 000		4 000	4 000			4 000
Municipal Service Delivery & Capacity Building Grant	360								
Development of Sport and Recreation Facilities	1 171								
Fire Services Capacity Grant	800								
Other grant providers:	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	69 322	61 968	64 468	-	55 984	64 468	(8 504)	-13.2%	64 468
TOTAL RECEIPTS OF TRANSFERS & GRANTS	196 161	192 243	176 441	-	173 936	176 441	(2 505)	-1.4%	176 441

Grant receipts are monitored according to the payment schedules.

Supporting Table SC7(1) – Grant expenditure

WC032 Overstrand - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M12 June

Description	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								%	
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	3 850	3 476	3 476	1 124	3 476	3 476	-		3 476
Local Government Equitable Share							-		
Finance Management	1 550	1 550	1 550	769	1 550	1 550	-		1 550
EPWP incentive	2 300	1 926	1 926	356	1 926	1 926	-		1 926
Provincial Government:	28 348	31 022	18 642	6 027	19 528	18 642	886	4.8%	18 642
Human Settlements Development Grant	21 645	23 633	10 856	5 616	12 784	10 856	1 928	17.8%	10 856
Library Services Grant	6 306	6 147	6 147	13	6 160	6 147	13	0.2%	6 147
Financial Management Capacity Building Grant		600	600			600	(600)	-100.0%	600
Community Dev Workers Oper Support Grant	74	74	-						
Maintenance & Construct of Transp Infrastructure	139	137	137	137	137	137			137
WC Financial Management Support Grant		280	280			280	(280)	-100.0%	280
Local Government Internship Grant	64	51	122	8	86	122	(36)	-29.2%	122
Greenest Municipality Competition	120								
Municipal Service Del & Capacity Building Grant			200	50	62	200	(138)	-69.2%	200
Resourcing Funding for Est & Support of a K9 Unit			200	117	200	200			200
Thusong Service Centre		100	100	87	100	100			100
Other grant providers:	-	-	-	0	1	-	1		-
Spaces for Sports				0	1		1		
Total operating expenditure of Transfers and Grants:	32 198	34 498	22 118	7 152	23 005	22 118	887	4.0%	22 118
Capital expenditure of Transfers and Grants									
National Government:	21 786	25 901	30 445	11 245	30 445	30 445	-		30 445
Municipal Infrastructure Grant (MIG)	17 786	21 639	26 183	8 968	26 183	26 183			26 183
Integrated National Electrification Programme	4 000	4 262	4 262	2 277	4 262	4 262			4 262
Provincial Government:	42 462	36 067	35 628	18 705	35 615	35 628	(13)	0.0%	35 628
Human Settlements Development Grant	34 180	35 467	34 108	17 549	34 108	34 108	(0)	0.0%	34 108
Public Transport Non-Motorised Infra Grant	3 610		390	334	390	390			390
Resourcing Funding for Est & Support of a K9 Unit									
Municipal Service Del & Capacity Building Grant	360								
Development of Sport and Recreation Facilities	1 171								
Fire Services Capacity Grant	2 000								
Library Services Grant	1 141	600	1 129	822	1 117	1 129	(13)	-1.1%	1 129
Other grant providers:	-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants	64 248	61 968	66 072	29 950	66 060	66 072	(13)	0.0%	66 072
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	96 446	96 466	88 190	37 102	89 065	88 190	875	1.0%	88 190

Grant expenditure is monitored against grant receipts.

Supporting Table SC7(2) – Expenditure against approved rollovers

WC032 Overstrand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M12 June

Description	Budget Year 2018/19				
	Approved Rollover 2017/18	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands					
EXPENDITURE					
Operating expenditure of Approved Roll-overs					
National Government:	-	-	-	-	
Local Government Equitable Share				-	
Finance Management				-	
EPWP Incentive				-	
Other transfers and grants [insert description]				-	
Provincial Government:	2 445	316	1 405	1 040	42.5%
Human Settlements Development Grant	2 154	316	1 354	800	37.1%
Library Services Grant					
Financial Management Capacity Building Grant	240	-	-	240	100.0%
Local Government Internship Grant	50		50	-	
Total operating expenditure of Approved Roll-overs	2 445	316	1 405	1 040	42.5%
Capital expenditure of Approved Roll-overs					
National Government:	4 544	2 372	4 544	-	
Municipal Infrastructure Grant (MIG)	4 544	2 372	4 544	-	
				-	
Other capital transfers [insert description]				-	
Provincial Government:	4 629	856	4 629	(0)	0.0%
Human Settlements Development Grant	3 710		3 710	-	
Public Transport Non-Motorised Infrastructure Grant	390	334	390	(0)	
Library Services Grant	529	522	529	-	
	-	-	-	-	
Total capital expenditure of Approved Roll-overs	9 173	3 229	9 173	(0)	0.0%
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS	11 617	3 545	10 577	1 040	9.0%

A Roll over application was submitted to Provincial & National Treasury during August 2018 for the unspent Housing, Provincial Library Grant, LG Internship Graduate Grant funds, Public Transport Non-Motorized Infrastructure Grant, Financial Management Capacity Building Grant & MIG.

All unspent grants applied for were granted and are reflected above.

Title deed housing funds & Financial Management Capacity Grant funds amounting to R800 000 & R240 000 remain unspent at the end of June 2019.

A24/44

Expenditure on councillor allowances and employee benefits

Supporting Table SC8

WC032 Overstrand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June

Summary of Employee and Councillor remuneration	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									
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	9 056	9 862	9 862	815	9 467	9 862	(395)	-4%	9 862
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Motor Vehicle Allowance							-		
Cellphone Allowance	1 081	1 110	1 110	93	1 106	1 110	(4)	0%	1 110
Housing Allowances							-		
Other benefits and allowances							-		
Sub Total - Councillors	10 138	10 972	10 972	908	10 573	10 972	(399)	-4%	10 972
Senior Managers of the Municipality									
Basic Salaries and Wages	10 489	10 954	10 954	939	11 120	10 954	165	2%	10 954
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Overtime							-		
Performance Bonus	103	210	210	-	187	210	(23)	-11%	210
Motor Vehicle Allowance							-		
Cellphone Allowance	187	194	194	16	187	194	(7)	-4%	194
Housing Allowances							-		
Other benefits and allowances				0	7	-	7		
Payments in lieu of leave							-		
Long service awards							-		
Post-retirement benefit obligations							-		
Sub Total - Senior Managers of Municipality	10 779	11 358	11 358	955	11 501	11 358	143	1%	11 358
Other Municipal Staff									
Basic Salaries and Wages	206 677	225 106	222 354	18 652	229 960	222 354	7 606	3%	222 354
Pension and UIF Contributions	33 240	39 574	36 976	3 099	36 580	36 976	(397)	-1%	36 976
Medical Aid Contributions	11 195	13 679	12 091	1 038	12 035	12 091	(55)	0%	12 091
Overtime	18 368	23 606	30 672	2 017	22 928	30 672	(7 744)	-25%	30 672
Performance Bonus							-		
Motor Vehicle Allowance	7 850	8 203	8 203	963	11 455	8 203	3 252	40%	8 203
Cellphone Allowance	2 013	2 049	2 049	161	1 887	2 049	(162)	-8%	2 049
Housing Allowances	5 482	2 542	2 542	195	2 350	2 542	(193)	-8%	2 542
Other benefits and allowances	14 069	26 983	29 329	1 381	15 336	29 329	(13 992)	-48%	29 329
Payments in lieu of leave	772	1 062	1 162	97	1 162	1 162	-		1 162
Long service awards	6 054	1 946	2 612	218	2 612	2 612	0	0%	2 612
Post-retirement benefit obligations	(19 984)	10 916	14 766	1 182	14 181	14 766	(585)	-4%	14 766
Sub Total - Other Municipal Staff	285 757	355 667	362 756	29 002	350 485	362 756	(12 271)	-3%	362 756
TOTAL SALARY, ALLOWANCES & BENEFITS	306 674	377 997	385 086	30 865	372 559	385 086	(12 527)	-3%	385 086
TOTAL MANAGERS AND STAFF	296 536	367 024	374 114	29 958	361 985	374 114	(12 128)	-3%	374 114

Preliminary savings of R12,5m is reflected for the year, subject to any final adjustments on post retirements benefits.

SDBIP

The results of the SDBIP for the fourth quarter ended 30 June 2019 will be included in a separate comprehensive report to be tabled in Council.

A26/44

Financial Performance

Supporting Table SC2

WC032 Overstrand - Supporting Table SC2 Monthly Budget Statement - performance indicators - M12 June

Description of financial indicator	Basis of calculation	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management						
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	1.6%	15.7%	15.4%	3.6%	5.1%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	18.2%	35.3%	30.7%	24.8%	30.7%
Safety of Capital						
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	16.3%	16.4%	16.3%	15.8%	16.3%
Gearing	Long Term Borrowing/ Funds & Reserves	12540.1%	12838.7%	12838.7%	12959.0%	12838.7%
Liquidity						
Current Ratio	Current assets/current liabilities	290.8%	243.4%	306.6%	348.5%	306.6%
Liquidity Ratio	Monetary Assets/Current Liabilities	215.3%	176.7%	228.4%	259.9%	228.4%
Revenue Management						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing					
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.8%	11.9%	11.3%	11.6%	11.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	100.0%	99.0%	99.0%	100.0%	99.0%
Funding of Provisions						
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions					
Other Indicators						
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	5.1%	7.5%	7.5%	6.5%	7.5%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	18.8%	19.69%	19.69%	21.5%	19.69%
Employee costs	Employee costs/Total Revenue - capital revenue	27.6%	34.0%	34.5%	32.5%	34.5%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	14.9%	20.8%	21.4%	19.3%	20.8%
Interest & Depreciation	I&D/Total Revenue - capital revenue	16.8%	16.5%	16.4%	3.6%	5.4%
IDP regulation financial viability indicators						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	0.2	15.0	15.0	24.92	15.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	10.6%	15.0%	15.0%	11.3%	15.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.1	4.7	4.7	6.75	4.7

Preliminary results are now indicated for annual performance indicators.

Capital programme performance

Supporting Table SC12

WC032 Overstrand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M12 June

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									
Monthly expenditure performance trend									
July	-	3	3	531	531	531	-		0%
August	6 041	3 058	3 058	1 818	2 350	3 061	711	23.2%	1%
September	5 773	15 792	15 792	5 557	7 907	18 853	10 946	58.1%	4%
October	5 139	10 698	10 698	4 200	12 107	29 551	17 444	59.0%	6%
November	4 031	16 810	16 810	9 412	21 519	45 351	24 842	53.6%	11%
December	12 558	14 086	14 086	13 353	34 871	60 447	25 576	42.3%	18%
January	119	4 586	4 586	4 755	39 626	65 034	25 407	39.1%	20%
February	1 973	12 226	12 226	6 944	46 570	77 260	30 690	39.7%	24%
March	14 049	24 960	24 960	11 543	58 113	102 219	44 106	43.1%	30%
April	2 780	19 866	19 866	11 620	69 733	122 086	52 352	42.9%	36%
May	4 580	25 978	25 978	15 827	85 560	151 064	65 504	43.4%	44%
June	48 163	46 173	23 684	62 601	148 161	174 748	26 587	15.2%	76%
Total Capital expenditure	105 207	194 237	174 748	148 161					

See comments under variances.

Top 10 Capital Projects

Rank	Local Area	Ward	Project description	Original Budget R'000	Adjusted budget R'000	YTD Expenditure R'000	Status of the project	At what stage is each project currently	Any challenges identified that is resulting in delays?	What measures are in place to remedy the existing challenges?
1	Stanford	Ward 11	WWTW UPGRADE - STAN	16 177 218	16 177 218	14 376 976	Both civils and mechanical / electrical contracts have been awarded. Contractors on site.	Construction stage. Nearing completion.	None. Multi-year project.	Not applicable
2	Blompark	Ward 02	BLOMPARK PROJECT	16 313 461	13 496 040	13 496 040	Contractor established on site on 17 September 2018.	Progress is estimated at 90%	None	Not applicable
3	Masakhane	Ward 01	MASAKHANE	8 449 062	8 449 062	8 449 062	Contractor established on site during February 2019.	Progress is estimated at 30%	None	Not applicable
4	Hermanus	Ward 04	UPGRADE HERMANUS WELL FIELDS PHASE 1	7 000 000	7 000 000	1 597 700	Contractor on site.	Drilling of first new borehole in progress.	Currently none, following a late start due to the delays in approval of the transversal contract. Multi-year project.	Contract will be managed to ensure high production rate as far as practically possible.
5	Hermanus	Ward 03	HERMANUS: MV & LV UPG	10 150 000	6 278 500	6 278 499	Site handover took place on 26 February 2019. Contractor on site. Project program on track. Completion of overall project at 40%. Project completed for 2018 / 2019 financial year.	Tender awarded on 25 January 2019. Site handover was done on 26 February 2019 after appeal period.	Due to the late award of tender, the project will be completed in the next financial year.	Request and approval for roll over of funds was given in order for contractor to complete project in timeframe as tendered. Funding for the 2018/19 financial year.
6	Stanford	Ward 11	STANFORD IRDP	5 517 519	5 517 519	5 517 519	Contractor Established on Site during June 2019	Construction in progress.	None	Not applicable.
7	Hermanus	Ward 03	HERMANUS SPORTS COMPLEX PROJECT	5 017 184	5 017 184	5 017 184	Contractor busy with final construction.	Nearing completion.	Limited funding entailed that project had to be amended.	Private funding are busy being sourced.
8	Overstrand	Overstrand	WATER MASTER PLAN IM	10 000 000	5 000 000	3 713 840	Contract awarded on 15/02/2019. An appeal was received and attended to the Appeals Committee. Appeal has been dealt with and appointed contractor can continue. Contractor on site.	Construction stage.	Delays i.t.o. scope reduction and appeal have been resolved. Currently slow start by contractor. Multi-year project.	Management of contractual requirements to ensure contractor performs adequately.
9	Overstrand	Overstrand	VEHICLES-PUBLIC SAFETY	3 200 000	4 320 602	3 844 994	Chassis is delivered at body builders, to be build as per the specifications	Construction	There were a delay in the delivery with the chassis.	Vehicles to be delivered (bank guarantee provided).
10	Hermanus/Zeewanie	Ward 04,05,06	ELECTRIFICATION OF LOW COST HOUSING AREAS (INEP)	4 262 000	4 262 000	4 262 000	Site handover took place on 26 February 2019. Contractor on site. Project program on track. Completion of overall project at 13%. Project completed.	Tender awarded on 25 January 2019. Site handover was done on 26 February 2019 after appeal period.	Due to the civil contractor program, the project will be completed in the next financial year.	Funding for the 2018/19 financial year will be spend by end June 2019.
Totals				86 956 444	75 518 125	66 953 614				

A29/44

Supporting Table SC13a

WC032 Overstrand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M12
June

Description	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									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	26 438	112 050	99 051	34 111	91 703	99 051	17 348	17.5%	99 051
Roads Infrastructure	10 003	12 506	12 241	1 840	11 742	12 241	499	4.1%	12 241
Roads	10 003	12 506	12 241	1 840	11 742	12 241	499	4.1%	12 241
Storm water Infrastructure	255	11 723	14 136	3 463	7 247	14 136	6 889	48.7%	14 136
Drainage Collection							-		
Electrical Infrastructure	15 449	22 772	18 456	7 089	18 415	18 456	40	0.2%	18 456
MV Substations		5 622	5 622	4 021	9 716	5 622	(4 094)	-72.8%	5 622
MV Networks	15 449	17 150	12 834	3 068	8 699	12 834	4 134	32.2%	12 834
Water Supply Infrastructure	627	30 077	21 945	13 247	17 066	21 945	4 880	22.2%	21 945
Reservoirs		16 363	7 691	7 257	7 260	7 691	411	5.3%	7 691
Water Treatment Works	627	10 200	10 200	3 956	5 461	10 200	4 739	46.5%	10 200
Distribution		3 514	4 054	2 035	4 324	4 054	(270)	-6.7%	4 054
Sanitation Infrastructure	-	34 973	30 777	8 452	27 195	30 777	3 582	11.6%	30 777
Pump Station		1 925	1 925	756	2 793	1 925	(868)	-45.1%	1 925
Reticulation		435	435	290	338	435	97	22.3%	435
Waste Water Treatment Works		21 062	18 406	5 409	17 523	18 406	883	4.8%	18 406
Outfall Sewers		11 550	10 010	1 998	6 540	10 010	3 470	34.7%	10 010
Community Assets	8 656	24 037	17 602	2 340	11 223	17 602	6 379	36.2%	17 602
Community Facilities	3 229	16 380	9 995	1 021	4 460	9 995	5 535	55.4%	9 995
Halls	437	3 664	3 385	-	652	3 385	2 733	80.8%	3 385
Crèches	100	245	245	144	258	245	(13)	-5.4%	245
Fire/Ambulance Stations	2 440	5 576	2 846	-	-	2 846	2 846	100.0%	2 846
Libraries		600	1 129	636	1 132	1 129	(3)	-0.2%	1 129
Cemeteries/Crematoria	251	570	570	40	381	570	189	33.2%	570
Police							-		
Public Open Space		5 725	1 820	-	2 038	1 820	(217)	-11.9%	1 820
Sport and Recreation Facilities	5 427	7 657	7 607	1 319	6 763	7 607	844	11.1%	7 607
Outdoor Facilities	5 427	7 657	7 607	1 319	6 763	7 607	844	11.1%	7 607
Other assets	38 552	35 888	36 281	18 241	35 399	36 281	881	2.4%	36 281
Operational Buildings	4 372	1 421	2 009	692	1 291	2 009	718	35.8%	2 009
Housing	34 180	35 467	34 271	17 549	34 108	34 271	163	0.5%	34 271
Social Housing	34 180	35 467	34 271	17 549	34 108	34 271	163	0.5%	34 271
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1 593	4 136	4 136	-	3 757	4 136	379	9.2%	4 136
Computer Equipment	1 593	4 136	4 136	-	3 757	4 136	379	9.2%	4 136
Furniture and Office Equipment	205	215	215	-	210	215	5	2.3%	215
Furniture and Office Equipment	205	215	215	-	210	215	5	2.3%	215
Machinery and Equipment	119	1 566	1 566	140	901	1 566	665	42.5%	1 566
Machinery and Equipment	119	1 566	1 566	140	901	1 566	665	42.5%	1 566
Transport Assets	-	15 345	15 897	7 768	14 968	15 897	930	5.8%	15 897
Transport Assets	-	15 345	15 897	7 768	14 968	15 897	930	5.8%	15 897
Total Capital Expenditure on new assets	75 563	194 237	174 748	62 601	148 151	174 748	26 587	15.2%	174 748

Supporting Table SC13b

WC032 Overstrand - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M12 June

Description	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									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	28 370	-	-	-	-	-	-	-	-
Roads Infrastructure	2 020	-	-	-	-	-	-	-	-
Roads	2 020	-	-	-	-	-	-	-	-
Electrical Infrastructure	819	-	-	-	-	-	-	-	-
MV Networks	819	-	-	-	-	-	-	-	-
Water Supply Infrastructure	2 629	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-
Sanitation Infrastructure	10 591	-	-	-	-	-	-	-	-
Waste Water Treatment Works	10 591	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	1 634	-	-	-	-	-	-	-	-
Waste Transfer Stations	1 634	-	-	-	-	-	-	-	-
Community Assets	1 217	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-
Machinery and Equipment	57	-	-	-	-	-	-	-	-
Machinery and Equipment	57	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of	29 644	-	-	-	-	-	-	-	-

A 31/44

Supporting Table SC13c

WC032 Overstrand - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M12
June

Description	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									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	117 901	149 690	153 082	19 178	145 959	153 082	7 123	4.7%	153 082
Roads Infrastructure	53 229	63 374	63 890	9 578	61 860	63 890	2 030	3.2%	63 890
Roads	53 229	63 374	63 890	9 578	61 860	63 890	2 030	3.2%	63 890
Storm water Infrastructure	6 017	6 786	6 786	512	5 765	6 786	1 021	15.0%	6 786
Storm water Conveyance	6 017	6 786	6 786	512	5 765	6 786	1 021	15.0%	6 786
Electrical Infrastructure	17 645	23 747	23 747	2 442	23 082	23 747	666	2.8%	23 747
HV Transmission Conductors	17 645	23 747	23 747	2 442	23 082	23 747	666	2.8%	23 747
Water Supply Infrastructure	15 014	19 104	19 104	1 262	17 367	19 104	1 737	9.1%	19 104
Water Treatment Works	15 014	19 104	19 104	1 262	17 367	19 104	1 737	9.1%	19 104
Sanitation Infrastructure	13 051	13 642	15 442	1 633	14 967	15 442	475	3.4%	15 442
Waste Water Treatment Works	13 051	13 642	15 442	1 633	14 967	15 442	475	3.4%	15 442
Solid Waste Infrastructure	12 946	23 038	24 113	3 751	22 918	24 113	1 195	5.0%	24 113
Waste Transfer Stations	12 946	23 038	24 113	3 751	22 918	24 113	1 195	5.0%	24 113
Community Assets	12 289	41 017	41 387	4 065	39 801	41 387	1 585	3.8%	41 387
Community Facilities	12 289	27 714	28 033	3 041	27 117	28 033	916	3.3%	28 033
Halls		3 712	4 031	755	4 287	4 031	(255)	-6.3%	4 031
Libraries		24	24	5	20	24	(4)	-18.1%	24
Cemeteries/Crematoria		842	842	354	1 059	842	(217)	-25.7%	842
Public Open Space	12 289	23 136	23 136	1 927	21 743	23 136	1 393	6.0%	23 136
Sport and Recreation Facilities	-	13 304	13 354	1 024	12 685	13 354	669	5.0%	13 354
Outdoor Facilities		13 304	13 354	1 024	12 685	13 354	669	5.0%	13 354
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	12 497	12 597	1 039	8 009	12 597	4 587	36.4%	12 597
Operational Buildings	-	12 497	12 597	1 039	8 009	12 597	4 587	36.4%	12 597
Municipal Offices		12 497	12 597	1 039	8 009	12 597	4 587	36.4%	12 597
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	5 207	5 387	5 387	1 548	4 890	5 387	497	9.2%	5 387
Computer Equipment	5 207	5 387	5 387	1 548	4 890	5 387	497	9.2%	5 387
Furniture and Office Equipment	17 919	16 622	19 507	2 281	16 364	19 507	3 142	16.1%	19 507
Furniture and Office Equipment	17 919	16 622	19 507	2 281	16 364	19 507	3 142	16.1%	19 507
Machinery and Equipment	6 719	-	-	-	-	-	-	-	-
Machinery and Equipment	6 719	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	160 036	225 212	231 959	28 111	215 024	231 959	16 935	7.3%	231 959

Supporting Table SC13d

WC032 Overstrand - Supporting Table SC13d Monthly Budget Statement - depreciation by asset class - M12 June

Description	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									
Depreciation by Asset Class/Sub-class									
Infrastructure	111 962	112 443	112 443	9 370	112 443	112 443	-		112 443
Roads Infrastructure	32 761	32 858	32 858	2 738	32 858	32 858	-		32 858
Roads	32 761	32 858	32 858	2 738	32 858	32 858	-		32 858
Storm water Infrastructure	5 822	5 912	5 912	493	5 912	5 912	-		5 912
Storm water Conveyance	5 822	5 912	5 912	493	5 912	5 912	-		5 912
Electrical Infrastructure	24 862	25 149	25 149	2 086	25 149	25 149	-		25 149
HV Transmission Conductors	24 862	25 149	25 149	2 086	25 149	25 149	-		25 149
Water Supply Infrastructure	27 417	27 462	27 462	2 288	27 462	27 462	-		27 462
Water Treatment Works	27 417	27 462	27 462	2 288	27 462	27 462	-		27 462
Distribution							-		
Sanitation Infrastructure	16 353	16 299	16 299	1 358	16 299	16 299	-		16 299
Reticulation	16 353	16 299	16 299	1 358	16 299	16 299	-		16 299
Waste Water Treatment Works							-		
Solid Waste Infrastructure	4 747	4 763	4 763	397	4 763	4 763	-		4 763
Waste Transfer Stations	4 747	4 763	4 763	397	4 763	4 763	-		4 763
Community Assets	-	3 029	3 029	252	3 029	3 029	-		3 029
Sport and Recreation Facilities	-	3 029	3 029	252	3 029	3 029	-		3 029
Outdoor Facilities							-		
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	11 861	8 818	8 818	735	8 818	8 818	-		8 818
Operational Buildings	11 861	8 818	8 818	735	8 818	8 818	-		8 818
Municipal Offices	11 861	8 818	8 818	735	8 818	8 818	-		8 818
Biological or Cultivated Assets	-	-	-	-	-	-	-		-
Intangible Assets	659	653	653	54	653	653	-		653
Licences and Rights	659	653	653	54	653	653	-		653
Computer Software and Applications	659	653	653	54	653	653	-		653
Computer Equipment	-	1 347	1 347	112	1 347	1 347	-		1 347
Computer Equipment		1 347	1 347	112	1 347	1 347	-		1 347
Furniture and Office Equipment	2 006	609	609	51	609	609	-		609
Furniture and Office Equipment	2 006	609	609	51	609	609	-		609
Machinery and Equipment	724	687	687	57	687	687	-		687
Machinery and Equipment	724	687	687	57	687	687	-		687
Transport Assets	2 823	2 777	2 777	231	2 777	2 777	-		2 777
Transport Assets	2 823	2 777	2 777	231	2 777	2 777	-		2 777
Land	-	-	-	-	-	-	-		-
Land							-		
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals							-		
Total Depreciation	130 034	130 362	130 362	10 864	130 362	130 362	-		130 362

Supporting Table SC13e

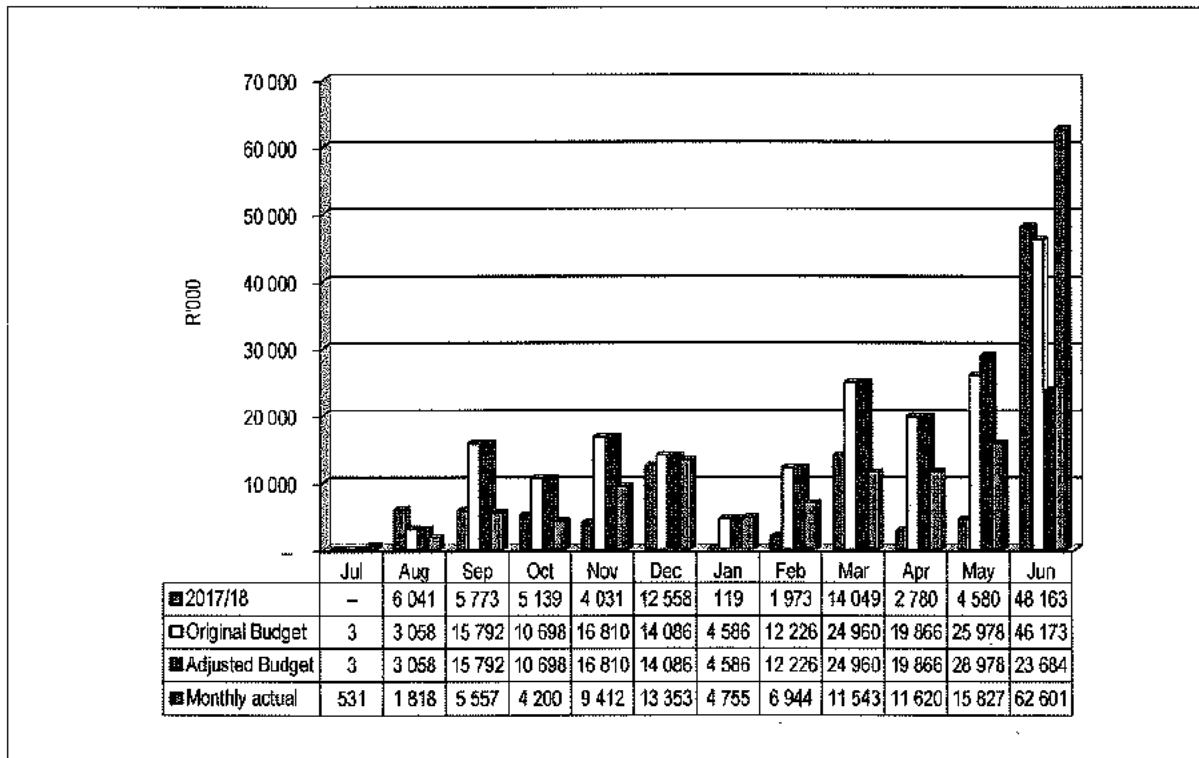
WC032 Overstrand - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M12 June

Description	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									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	-	-	-
Roads Infrastructure	-	-	-	-	-	-	-	-	-
<i>Roads</i>	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
<i>Drainage Collection</i>	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
<i>Distribution</i>	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
<i>Pump Station</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	-	-	-	-	-	-	-	-	-
<i>Waste Water Treatment Works</i>	-	-	-	-	-	-	-	-	-
<i>Outfall Sewers</i>	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
<i>Halls</i>	-	-	-	-	-	-	-	-	-
<i>Fire/Ambulance Stations</i>	-	-	-	-	-	-	-	-	-
<i>Libraries</i>	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<i>Outdoor Facilities</i>	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
<i>Municipal Offices</i>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	-	-	-	-	-	-	-	-	-

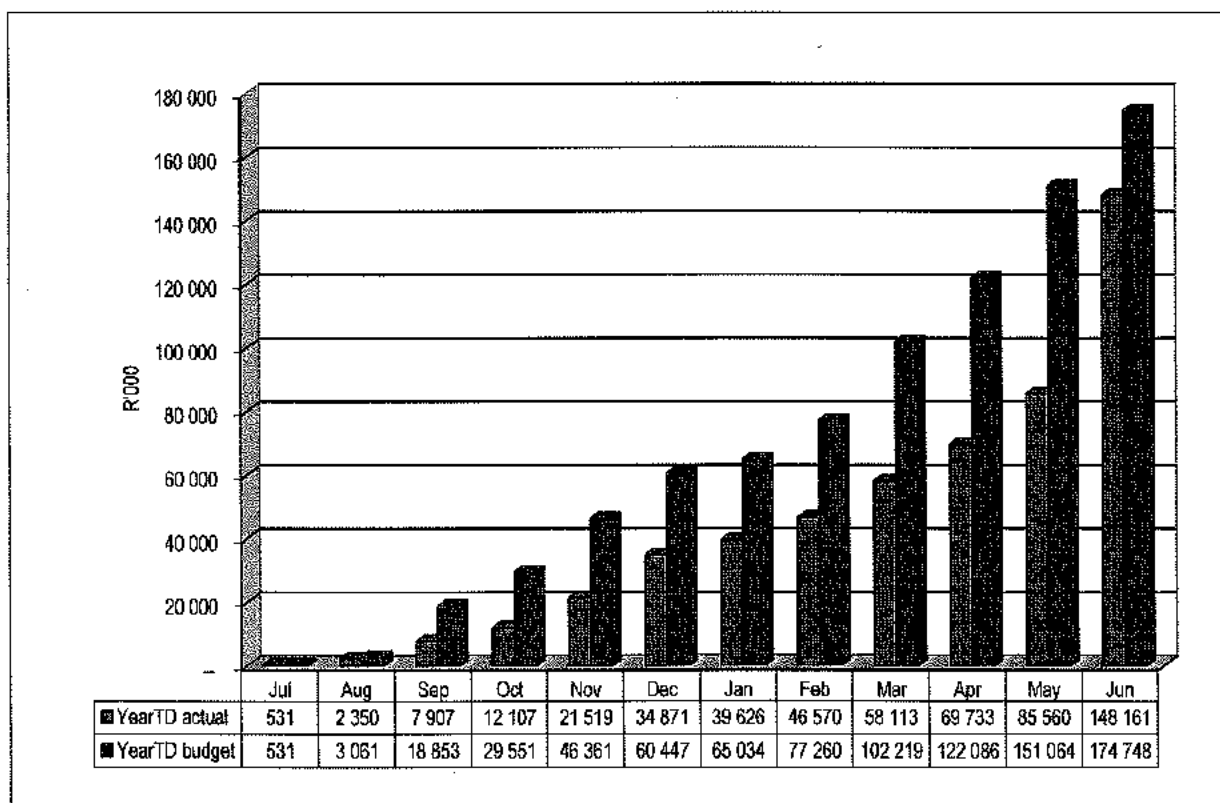
Other supporting documentation

Section 71 charts

Capital expenditure monthly trend - actual vs target

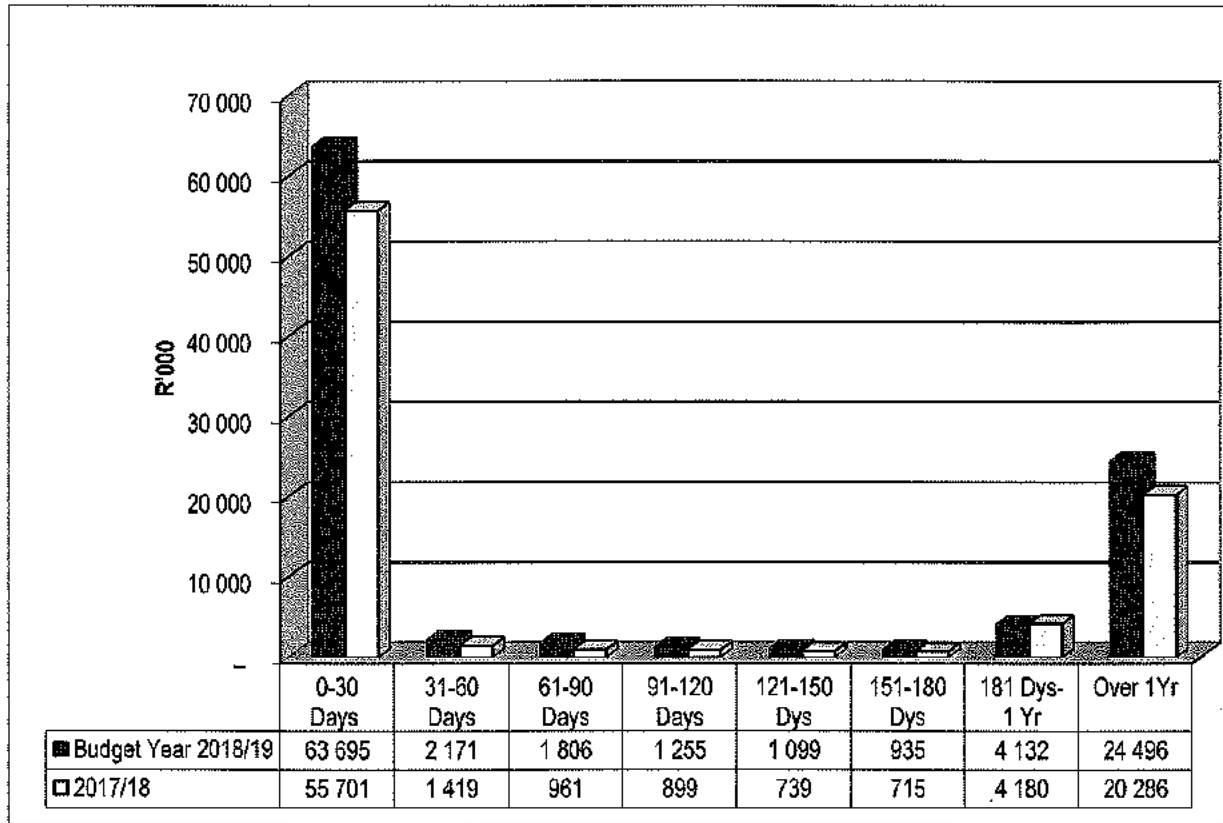


Capital expenditure – YTD actual vs YTD trend

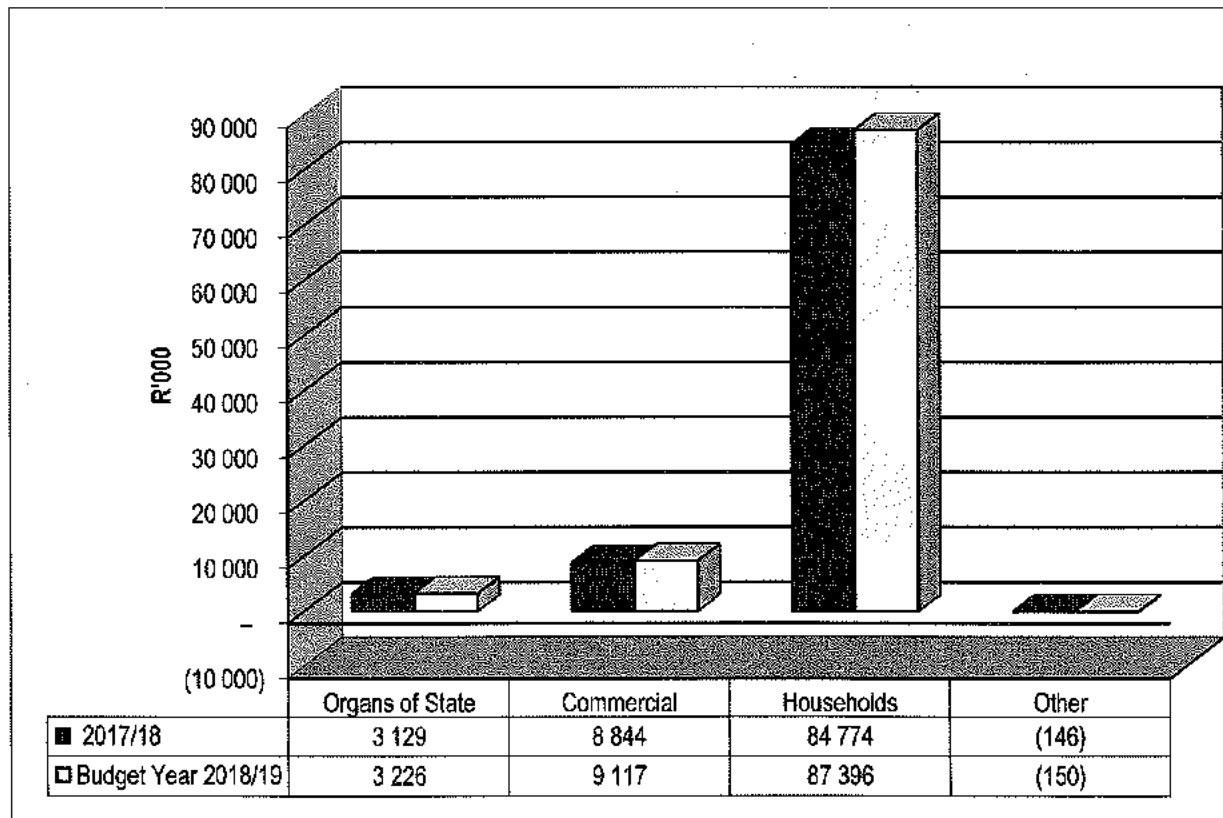


A35/44

Debtors Age Analysis

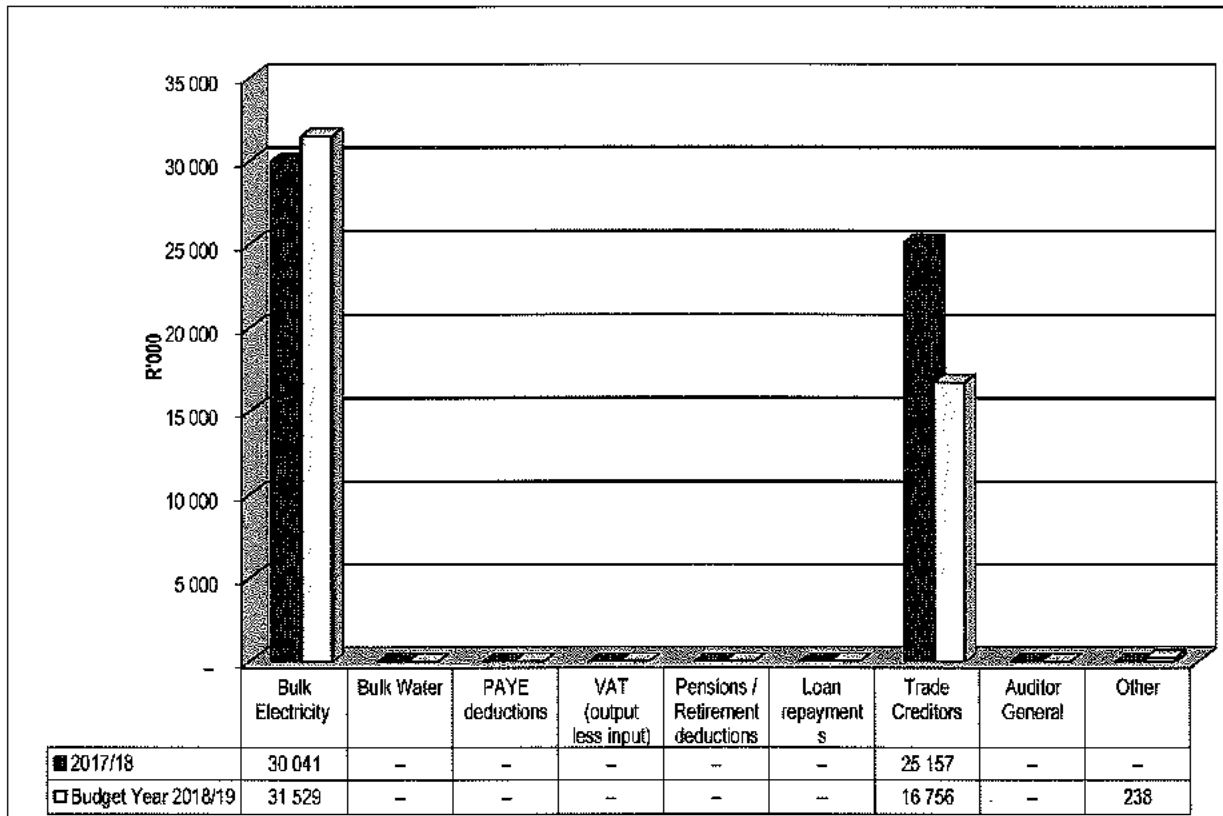


Debtors by Type



A36/44

Creditor Payments



OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

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

Tariff Code	Detail	2019/2020		2018/2019		1.1307	1.1200
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%		
CONSUMER DEPOSITS							
ED1	Large Power User Group tariff E5 (excluding Klairmond)	R	0.00	no vat	0.00	no vat	1.1270
ED2	Large Power User Group tariff E5 Klairmond 2 weeks highest average consumption	R	calculated	no vat	calculated	no vat	1.150
ED3	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff)-Electricity	R	2 471.71	no vat	2 186.00	no vat	13.07%
ED4	Domestic Three Phase Credit Meter (Two Part Tariff)-Electricity	R	4 327.19	no vat	3 827.00	no vat	13.07%
ED6	Commercial Three Phase Credit Meter (Two Part Tariff) - Electricity	R	9 890.23	no vat	8 747.00	no vat	13.07%
ED6	Domestic & Commercial Single Phase Pre-paid (Two Part Tariff) - Electricity	R	568.74	no vat	503.00	no vat	13.07%
ED7	Domestic & Commercial Three Phase Pre-paid (Two Part Tariff) - Electricity	R	1 137.48	no vat	1 006.00	no vat	13.07%
ED8	Intelligent Registered	R	184.30	no vat	163.00	no vat	13.07%
EDD	Deposit Defaulters						
EDD1	Large Power User Group tariff E5 : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat	
EDD2	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff)-Electricity : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat	
EDD3	Domestic Three Phase Credit Meter (Two Part Tariff)- Electricity : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat	
EDD4	Commercial Three Phase Credit Meter (Two Part Tariff) - Electricity : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat	
EF	FIXED CHARGES						
EF1	Infrastructure Charge per Meter per month	R	16.65	19.15	16.65	19.15	0.00%
E1	SINGLE PHASE : DOMESTIC						
E1A	Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDM/D) (Including Resorts)						
E1A1	Basic Monthly charge per meter	R	335.34	385.84	291.60	335.34	15.00%
	kWh Unit cost						
E1A2	IBT BLOCK 1 0 - 350 kWh	c	128.67	147.97	114.88	132.11	12.00%
E1A3	IBT BLOCK 2 351 - 600 kWh	c	188.97	217.31	167.82	192.99	12.60%
E1A4	IBT BLOCK 3 > 600 kWh	c	292.18	267.01	206.02	236.92	12.70%
E1B	Two-Part Tariff: Pre-paid up to 60 Amp (13.8 kVA BDM/D) (Including Resorts)						
E1B1	Basic Monthly charge per meter	R	335.34	385.84	291.60	335.34	15.00%
	kWh Unit cost						
E1B2	IBT BLOCK 1 0 - 350 kWh	c	118.85	136.68	106.12	122.03	12.00%
E1B3	IBT BLOCK 2 351 - 600 kWh	c	178.07	204.78	156.14	181.86	12.60%
E1B4	IBT BLOCK 3 > 600 kWh	c	223.18	255.66	196.03	227.73	12.70%
E1C	SINGLE PHASE : COMMERCIAL						
E1C1	Basic Monthly charge per meter	R	335.34	385.84	291.60	335.34	15.00%
E1C2	kWh Unit cost - Credit Meters	c	192.57	221.45	171.02	196.67	12.60%
E1C3	kWh Unit cost - Pre-paid meters	c	181.47	208.69	161.16	185.33	12.60%
E1D	Life Line One part tariff (Pre-paid meters only) ≤ 30 Amp with Maximum consumption of 350 kWh with average measured over twelve month period. Only available to Informal dwellings						
	kWh Unit cost						
E1D1	IBT BLOCK 1 0 - 350 kWh	c	120.15	138.16	107.28	123.37	12.00%
E1E	One part tariff (Pre-paid meters only) Local Economic Development Projects						

A38/44

OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

Code	Description	Unit	Rate	Rate	Rate	Rate
E1E1	kWh Unit cost					213.15
E3	BT BLOCK 1 0 - 350 kWh	c	207.59	238.73	185.35	
E3E	THREE PHASE COMMERCIAL & DOMESTIC					
E3E1	Two-Part Tariff: Credit up to 100A (70 kVA BDM) DOMESTIC	R	670.67	771.27	563.19	670.67
E3E2	Basic Monthly charge per meter					
E3E2	kWh Unit cost					
E3E2	BT BLOCK 1 0 - 350 kWh	c	129.88	149.36	134.87	132.10
E3E3	BT BLOCK 2 351 - 600 kWh	c	169.75	218.21	167.82	192.59
E3E4	BT BLOCK 3 > 600 kWh	c	230.74	263.35	205.24	236.03
E3E	Two-Part Tariff: Pre-paid up to 100A (70 kVA BDM) COMMERCIAL					
E3E5	Basic Monthly charge per meter	R	670.67	771.27	563.19	670.67
E3E6	kWh Unit cost					
E3E6	BT BLOCK 1 0 - 350 kWh	c	119.36	137.99	108.12	122.04
E3E7	BT BLOCK 2 351 - 600 kWh	c	178.81	205.63	153.14	181.86
E3E8	BT BLOCK 3 > 600 kWh	c	221.79	253.06	197.15	228.72
E3E	Two-Part Tariff: Credit up to 100A (70 kVA BDM) COMMERCIAL					
E3E9	Basic Monthly charge per meter	R	670.67	771.27	563.19	670.67
E3E10	kWh Unit cost					
E3E10	Two-Part Tariff: Pre-paid up to 100A (70 kVA BDM) COMMERCIAL	c	192.57	221.45	171.02	196.67
E3E11	Basic Monthly charge per meter	R	670.67	771.27	563.19	670.67
E3E12	kWh Unit cost					
E3E12	One-Part Tariff: Pre-paid only, up to 100A (70 kVA BDM) Businesses, Flats, Sport grounds, Churches (minimum of 80kWh average for twelve months)	c	181.47	208.69	161.17	163.35
E3G	kWh Unit cost					
E3G1	kWh Unit cost	c	229.24	263.40	203.41	233.92
E5	TIME OF USE TARIFF					
E5	Service Charge (per month) for MV and LV consumers					
E5A1	Administrative and Service Charge Medium Voltage per month	R	3 189.11	3 667.47	2 820.47	3 243.54
E5A1A	Administrative and Service Charge Low Voltage per month	R	2 820.47	3 243.54	new	new
E5A2	Network Demand Charge kVA: Unused capacity	R	30.04	34.55	26.57	30.56
E5A3	Network Capacity Charge kVA: Notified Maximum Demand (NMD)	R	23.90	27.49	21.14	24.21
E5A4	Medium Voltage Metering Points (1100V)					
E5A4	Off Peak kWh Unit Charge	c	52.93	60.67	46.81	53.83
E5A5	Standard kWh Unit Charge	c	95.27	109.56	84.26	96.90
E5A6	Peak kWh Unit Charge	c	309.63	363.08	273.84	314.92
E5A7	Low Voltage Metering Points (400V)					
E5A7	Off Peak kWh Unit Charge	c	56.91	63.44	50.33	57.68
E5A8	Standard kWh Unit Charge	c	98.24	114.13	87.77	100.94
E5A9	Peak kWh Unit Charge	c	313.61	360.65	277.36	318.96
E5A10	Sundry Charges					
E5A10	Excess NOTIFIED MAXIMUM DEMAND (NMD): per kVA Per month	R	978.95	1 125.79	978.95	1 125.79
E6	SUBSIDISED TARIFFS: Grant to be shown separately					
E6A	Basic Monthly Charge: Residential Incentive as per paragraph A of the Incentive Policy per meter	R	335.34	383.54	291.60	335.34

FINAL AFTER NERSA APPROVAL

Tariff list 2019/2020

OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

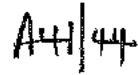
Code	Description	Unit	Rate	Rate	Rate	Rate
E68	Basic Monthly Charge: Residential (adherent as per paragraph B, C & E of the Indigent Policy per meter)		291.60	335.34	291.60	335.34
PUBLIC LIGHTING & CCTV						
E7	Streetlights & CCTV (interest) per kWh (no basic charge)	c	63.67	56.22	74.24	65.36
E7A1	Streetlights & CCTV (consumption) per unit/per month (no basic charge)	R	29.35	33.75	26.04	29.35
E7A2	Illuminated street sign boards per month	R	29.35	33.75	26.04	29.35
E7A3	Hire of Street spaces for fibre optic cable (per meter per month per fiber optic - no basic charge)	R	0.87	1.00	new	new
CASUAL SUPPLIES						
E8	Per connection includes disconnection excluding hire of kiosk	R	1159.22	1333.10	1025.22	1173.00
E8A1	Consumption per day if not metered	R	75.32	86.61	66.61	76.60
E8A2	Hire of temporary distribution kiosk, per kiosk, per occasion	R	454.25	522.38	401.74	452.00
E8A3	Deposit (usage will be subtracted)	R	1563.76	no vat	1383.00	no vat
E8A4	One part tariff: Prepaid or Credit Casual Supply	c	227.77	261.93	202.28	232.62
AVAILABILITY CHARGES						
E9	Availability charge per vacant plot per month	R	335.34	385.64	291.60	335.34
E9A1	Infrastructure per vacant plot per month	R	16.65	19.15	16.65	19.15
SUNDRY CHARGES						
E10	Call-out Fee - office hours (Based on 2 hours for elect & assist + 30km)	R	693.91	798.00	656.17	754.60
E10A1	Call-out Fee - after hours: Weekdays & Saturdays (Based on 2 hrs (time and a half) for elect & assist - 30km)	R	973.91	1120.00	921.04	1059.20
E10A2	Call-out Fee - after hours: Sundays & Public Holidays (Based on 2 hrs (double time) for elect & assist - 30km)	R	1253.04	1441.00	1185.22	1363.00
E10A3	MV. Switching on Council's equipment office hours (Based on 3 hours for superintendent & elect - 60km)	R	2019.13	2322.00	1910.52	2197.10
E10A4	MV. Switching on Council's equipment - after hours: Weekdays & Saturdays (Based on 3 hours (time and a half) for a superintendent and an electrician plus 60km)	R	2894.79	3329.00	2738.61	3149.40
E10A5	MV. Switching on Council's equipment - after hours: Sundays & Public holidays (Based on 3 hours (double time) for a superintendent and an electrician plus 60km)	R	3770.44	4396.00	3566.76	4101.80
E10A6	Contractor inspection 2nd	R	679.13	781.00	542.17	738.50
E10A7	Contractor inspection 3rd	R	1025.22	1178.00	969.57	1115.00
E10A8	Change of Circuit Breaker - 3 Phase (Minimum) contact Electricity Department for approval (Based on Circuit Breaker cost = 1 hour for an electrician and assistant + 30km)	R	542.61	624.00	513.22	590.20
E10A9	Change of Circuit Breaker - 3 Phase (Minimum) contact Electricity Department for approval (Based on Circuit Breaker cost = 1 hour for an electrician and assistant + 30km)	R	1363.48	1591.00	1308.76	1505.10
E10A10	Disconnection	R	333.04	383.00	314.78	362.00
E10A11	Reconnection	R	333.04	383.00	314.78	362.00
E10A12	Verification of a Meter Reading	R	333.04	383.00	314.78	362.00
E10A13	Administration fee - recalculation due to no meter access	R	373.04	398.00	163.43	188.00
E10A14	Test of Meter 1 & 3 Phase (Conditionally Returnable) External testing	R	636.13	735.00	604.35	695.00
E10A15	Test of Meter All other Meters (Conditionally Returnable) External testing	R	226.09	260.00	213.91	246.00
E10A16	Tariff change - change between one part and two-part	R	2273.91	2615.00	2151.30	2474.00
E10A17	Damage elect meter (based on meter cost + call out X 2)	R	3472.17	3983.00	3285.22	3776.00
E10A18	Damage elect meter 3 phase (based on meter cost + call out X 2)	R	1145.22	1317.00	1083.48	1246.00
E10A19	Replacement of CU (Meter keypad) / Based on keypad cost and call out fee	R	applicable vat	applicable vat	cost + 15%	applicable vat
E10A20		R	260.00	260.00	213.91	246.00

FINAL AFTER NERSA APPROVAL

44

OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

E10A21	Damage of Bulk meter or change to 8886; (Based on 3 hours for a superintendent and electrician + 80km + bulk meter cost + modern cost)	R	7 515,65	8 643,90	7 110,09	6 176,60	5,70%
E10A22	Change to Time of Use (with existing bulk meter) + Deposit	R	618,26	780,00	641,74	738,00	5,69%
E10A23	Change to Time of Use (without existing bulk meter) + Deposit	R	11 771,30	13 537,00	11 136,52	12 807,00	5,70%
E10A24	Commission of Bulk meter, supplied by customer (call out fee x 3)	R	2 080,72	2 392,83	1 967,83	2 263,00	5,74%
E10A25	Damage of HV Cable	R	cost + R37 902,61	applicable vat	cost + R35 859,57	applicable vat	5,70%
E10A26	Damage of MV Cable	R	cost + R 9 988,52	applicable vat	cost + R 9 374,49	applicable vat	5,70%
E10A27	Damage of LV Cable	R	cost + R 3 890,49	applicable vat	cost + R 3 775,30	applicable vat	5,70%
E10A28	Damage of Service Connection Cable	R	cost + R 997,62	applicable vat	cost + R 943,82	applicable vat	5,70%
E10A29	Working without Way leave	R	5 114,78	5 682,00	4 639,13	5 565,00	5,70%
E10A30	Refundable Wayleave deposit for HV cables	R	73 049,00	no vat	69 310,00	no vat	5,70%
E10A31	Refundable Wayleave deposit for LV cables	R	18 263,00	no vat	17 278,00	no vat	5,70%
E10A32	Refundable Wayleave deposit for LV cables	R	3 946,00	no vat	3 733,00	no vat	5,71%
E10A33	Cancellation Fee of requested service	R	15% of Service value	no vat	15% of Services value	no vat	5,67%
E10A34	Erection and removal of Banners, signs & bates (per hour) (Vehicle cost + labour)	R	825,96	951,00	782,61	900,00	5,70%
E12	CONVERSION OF METERS						
E12A1	Convert Credit Meter to Pre-paid (no cable work) (based on meter cost + call out)	R	1 590,97	1 616,00	1 495,65	1 720,00	5,69%
E12A2	Convert Credit Meter to Pre-paid 3P (no cable work) (based on meter cost + call out)	R	2 779,53	3 196,00	2 628,57	3 024,00	5,73%
E12A3	Convert Credit Three Phase to Single Phase Pre-paid meter	R	1 427,83	1 642,00	1 361,44	1 583,00	5,72%
E12A4	Convert Credit Three Phase to Single Phase Credit (Commercial only)	R	1 077,39	1 239,00	1 019,13	1 172,00	17,44%
E12A5	Convert Pre-paid Single Phase to Three Phase Pre-paid (based on tariff E13A4); cost includes cable to boundary	R	R11 511,44 + ext fee	applicable vat	R9 802,25 + ext fee	applicable vat	5,69%
E12A6	Convert pre-paid Three phase to Single phase pre-paid (based on meter cost + call out + CBI)	R	1 759,33	2 023,00	1 664,35	1 914,00	5,70%
E12A7	Removal of Meter (based on call out fee)	R	693,04	797,00	655,65	754,00	5,70%
E12A8	Repositioning of Meter (excl. cable) (based on call out fee)	R	693,04	797,00	655,65	754,00	5,70%
E12A9	Repositioning of Meter (incl. cable) (based on call out fee + 30m cable)	R	2 293,70	2 632,00	2 163,22	2 490,00	5,70%
E13	SERVICE CONNECTIONS						
E13A1	Builders connection (plus applicable services connection tariff)	R	879,13	1 011,00	831,58	956,32	5,72%
E13A4	Single Phase (Credit - 60A) option for Commercial users only (Based on 30m cable + meter cost + average labour cost + 15% admin fee)	R	5 233,91	7 189,00	5 697,39	6 762,00	5,71%
E13A6	Single Phase - (Pre-paid meters - 60A) applicable to Domestic users (Network Permitted) (Based on 30m cable + meter cost + average labour cost + 15% admin fee)	R	6 233,91	7 189,00	5 697,39	6 762,00	5,71%
E13A7	Three Phase: (Credit - 60A) Plus Extension fee; Extension fee not applicable to Industrial even up to 50 Amp (Based on 30m (25mm) cable + meter cost - average labour - circuit breaker + 15% admin fee)	R	R11 511,44 + ext fee	applicable vat	R10 860,67 + ext fee	applicable vat	5,70%
E13A8	Three Phase: (Pre-paid - 60A) Plus Extension fee; Extension fee not applicable to Industrial even up to 60 Amp (Based on 30m (25mm) cable + meter cost - average labour - circuit breaker + 15% admin fee)	R	R11 511,44 + ext fee	applicable vat	R10 860,67 + ext fee	applicable vat	5,70%
E13A9	Non Standard - Pre-paid 30 Amp Single phase (Sub economic connections) (Based on 30m (10mm) cable + meter cost - average labour cost + 15% admin fee)	R	5 768,70	6 657,00	5 475,52	6 296,00	5,71%
E13A10	Single Phase (Credit 60A- Developer install cable to boundary) option for Commercial users only (Based on meter cost - call out fee + 15% admin fee)	R	1 616,26	2 091,00	1 720,00	1 976,00	5,71%



OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

Code	Description	R	1 0818.26	2 091.90	1 720.00	1 976.00	5.71%
E13A11	Single Phase (Pre-paid 60A) Developer install cable to boundary applicable to Domestic users (Network permitted) (Based on meter cost + call out fees + 15% admin fee)	R					
E13A12	Three Phase (Credit 60A) Developer install cable to boundary; Extension fee not applicable to industrial even up to 60 Amp (Based on meter cost + call out fees + 15% admin fee)	R	R3 195.80 + ext fee	applicable vat	R3 023.46 + ext fee	applicable vat	5.70%
E13A13	Three Phase (Pre-paid 60A) Developer install cable to boundary; Extension fee not applicable to industrial even up to 60 Amp (Based on meter cost + call out fees + 15% admin fee)	R	R3 195.80 + ext fee	applicable vat	R3 023.46 + ext fee	applicable vat	5.70%
E13A14	Any other none standard connections	R	cost + 15% admin	applicable vat	cost + 15% admin	applicable vat	5.70%
E14	ILLEGAL CONNECTION/TAMPING FEE (including 88EG and damage or bypass of the DSM Hot Water Control Unit)						
E14A1	1st Offence	R	4 049.57	no vat	3 851.00	no vat	5.70%
E14A2	2nd Offence (E14A1 X 2)	R	8 097.68	no vat	7 661.00	no vat	5.70%
E14A3	3rd Offence and re-occurrence (Disconnection of services and remedial action fee = double previous offence fee) based on current tariffs	R	2 X E14A2	applicable vat	Previous offence amount X 2	applicable vat	5.70%
E14A4	Unsafe / Illegal lease (per visit); (Reconnection fee included)	R	1 814.36	2 085.52	1 716.60	1 974.00	5.70%
E15	UPGRADING/EXTENSION FEES (Network permitted - to be approved by Electricity Department)						
E15A1	Primary Cost p/kVA - include all HV Equipment: UP to HV Substation or identified point of supply excluding Dist. TF	R	1 227.19	1 411.27	1 227.19	1 411.27	0.00%
E15A2	Primary Cost p/kVA - include all MV Equipment: UP to Main Substation or identified point of supply excluding Dist. TF	R	3 363.16	3 667.63	3 363.16	3 667.63	0.00%
E15A3	Secondary Cost p/kVA - include all MV Equipment: UP to Main Substation or identified point of supply including Dist. TF	R	4 284.21	4 926.84	4 284.21	4 926.84	0.00%
E15A4	Secondary Cost p/kVA - include all MV Equipment: UP to Main Substation or identified point of supply including Dist. TF and Hook	R	5 599.47	6 427.89	5 599.47	6 427.89	0.00%
E15A5	Buying/Retain of spare capacity cost/kVA	R	100% of approved installation cost	applicable vat	100% of approved installation cost	applicable vat	5.70%
E15A6	Investigation Fee	R	4 621.44	4 621.21	5 801.74	4 372.00	
E15A7	FACTOR OF 0.36 APPLICABLE ON DOMESTIC USERS; TARIFF: applicable on E15A3 AND E15A4 (Commercial /Business no factor apply)	R	Factor 0.36	applicable vat	Factor 0.36	applicable vat	
E18	SMALL SCALE EMBEDDED GENERATION (SSEG) This tariff is available only for approved SSE's connections, where the customers offset their small scale generation (kWh) against purchases from the Municipality, provided that their purchases exceed their generation (kWh). This tariff will only be implemented after NERSA's approved Guidelines have been received. The consumer will pay on his existing tariff (All prepaid customers excluded) Prepaid customers to convert to credit meter and tariff:						
E18A2	Feed-in Tariff - c/kWh	c	60.90	79.27	61.16	70.34	
DC7	DEVELOPMENT CONTRIBUTIONS (Bulk Service Levies - BICL)						
DC2A	Sub Division of existing eff.						
DC2A1	Single Phase 50 AMP (6 kVA) Domestic X Tariff E15A4 = PERE PLUS STANDARD CONNECTION FEES	R	27 947.35	32 132.45	27 947.35	32 139.45	0.00%
DC2B	New Developments						
DC2B1	Standard fee per Single Phase Domestic eff - infrastructure provide by developer (13.3 kVA x E15A2 x 3.6)	R	16 708.18	19 214.41	16 708.18	19 214.41	0.00%
DC2B2	Standard fee per Three Phase Domestic eff - infrastructure provide by developer (42kVA x E15A2 x 3.6)	R	50 850.99	58 478.63	50 850.99	58 478.63	0.00%
DC2C	MV/LV Bulk Supply with metering point cost: kVA = Tariff E15A2	R	3 363.16	3 867.63	3 363.16	3 867.63	0.00%
DC2C1	LV Bulk Supply if capacity is available on existing TF cost: kVA = Tariff E15A3	R	4 284.21	4 926.84	4 284.21	4 926.84	0.00%

FINAL AFTER NERSA APPROVAL

1. Local Government: Municipal Property Rates Act - Section 15(3)(a)

The municipal manager must annually table in the council of the municipality a list of all exemptions, rebates and reductions granted by the municipality during the previous financial year.

Rebate: Impermissible MPRA residential rebate R15 000
R-2 520 084.35

Income forgone: Residential improvement rebate R35 000
R-5 497 558.09

Income forgone: Residential improvement rebate 20%
R-41 894 897.45

Income forgone: Pensioner Rebate
R-794 384.75

Income forgone: B&B rebate
R-213 991.19

Income forgone: Outside service area discount 50%
R-6 716 043.63

2. Local Government: Municipal Property Rates Act - Section 15(3)(b)

The municipal manager must annually table in the council of the municipality a statement reflecting the income for the municipality foregone during the previous financial year.

Rebate: Impermissible MPRA residential rebate R15 000
R-2 520 084.35

Income forgone: Residential improvement rebate R35 000
R-5 497 558.09

Income forgone: Residential improvement rebate 20%
R-41 894 897.45

Income forgone: Pensioner Rebate
R-794 384.75

Income forgone: B&B rebate
R-213 991.19

Income forgone: Outside service area discount 50%
R-6 716 043.63

MONTHLY INDIGENT GRANT PER SERVICE					
DATE	TOTAL	WATER	ELECT	SEWER	REFUS
	R	R	R	R	R
201807	-5 031 530	-918 444	-2 085 550	-819 541	-1 207 996
201808	-5 083 141	-917 669	-2 079 427	-877 885	-1 208 160
201809	-5 000 003	-902 043	-2 045 018	-859 028	-1 193 915
201810	-5 053 943	-915 086	-2 074 178	-853 836	-1 210 843
201811	-5 075 294	-914 053	-2 074 589	-878 767	-1 207 885
201812	-5 068 112	-914 053	-2 075 172	-868 866	-1 210 021
201901	-5 069 288	-911 470	-2 079 254	-872 487	-1 206 077
201902	-5 093 662	-917 152	-2 092 668	-872 999	-1 210 843
201903	-5 103 295	-915 215	-2 090 913	-880 572	-1 216 595
201904	-5 115 513	-919 735	-2 098 787	-875 137	-1 221 854
201905	-5 136 166	-922 318	-2 106 504	-882 860	-1 224 484
201906	-5 144 923	-926 192	-2 116 127	-874 998	-1 227 607
	-60 974 870	-10 993 430	-25 018 187	-10 416 975	-14 546 279

A44/44

Municipal manager's quality certification

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

- Quarterly Budget Report

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

Print name: CC Groenewald

Municipal Manager of Overstrand Municipality (WC032)

Signature:

Handwritten signature of CC Groenewald in black ink, written over a horizontal line.

Date:

12.7.2019

EXECUTIVE MAYOR'S SPECIAL FUND**Status report in terms of paragraph 7 of the policy.**

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

Opening Balance 01/07/2018 **R 10 085.22**

Add: Overstrand Budget Allocation 2018/2019 **R 132 000.00**

Donations received:		
Quarter 1		R 0.00
Quarter 2		R 0.00
Quarter 3	Donations received	R 125 450.00
Quarter 4	Donations received	R 5 427.67
		<hr/>
		R 130 877.67

Amounts withdrawn:		
Quarter 1	Donations granted	-R 5 500.00
Quarter 2	Donations granted	-R 33 700.00
Quarter 3	Donations granted	-R 77 800.00
Quarter 4		
15/04/2019	BOTHA E: BETTY'S BAY FIRE VICTIM	-11 000.00
15/04/2019	JONES KNJH: BETTY'S BAY FIRE VICTIM	-11 000.00
15/04/2019	LINDE JJ: FRANSKRAAL FIRE	-3 000.00
3/05/2019	MAYORS SPECIAL FUND - CONSTRUCTION	-10 000.00
28/05/2019	NSRI-DONATION TOWARDS MAKING SA WATER'S SAFE	-10 000.00
5/06/2019	MAYOR SPECIAL FUND - 100 RUGBY SOCKS	-7 400.00
5/06/2019	G/BAAL ACADEMIA: NETBALL CLOTHES	-5 400.00
5/06/2019	GRIEKWA BEHEERRAAD: TRAVEL	-5 250.00
5/06/2019	HERM PRIM SCHOOL: INTERNATIONAL NETBALL	-14 000.00
6/06/2019	DONATION TOWARDS FAMILIES OF MEN LOST AT SEA	-9 000.00
7/06/2019	DONATION-MORGAN LINDE-W/P CHESS TEAM	-5 000.00
11/06/2019	DONATION TOWARDS TRAVELLING EXP DIRJA & FRANKY	-5 000.00
13/06/2019	MAYORS SPECIAL FUND - DOLFYNTJIE ECDC	-5 000.00
13/06/2019	CHARLES JAYLIN - EXECUTIVE MAYOR'S SPECIAL FUND	-3 000.00
13/06/2019	LUKHANYO PRIM-TALENT AFRICA	-5 000.00
18/06/2019	KNIGHT S-BETTY'S BAY FIRE VICTIM	-11 000.00
18/06/2019	OVERBERG HIGH SCHOOLS NETBALL-MIA SOLOMONS	-3 000.00
18/06/2019	CAROL CLARK -BETTY'S BAY FIRE VICTIM	-7 200.00
		<hr/>
		-R 130 250.00

-R 247 250.00

Closing Balance 30/06/2019

R 25 712.89

OVERSTRAND MUNICIPALITY – COST CONTAINMENT MEASURES:

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

June 2019

Update: Draft and Promulgated Municipal Cost Containment Regulations

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

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

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

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

Current Status: MFMA Circular No. 82 Cost Containment Measures

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

Purpose

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

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

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

Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure. The following measures were among those announced:

- **Curtailment of overseas trips;**
- The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting **permission to travel either locally or abroad:** i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;
- The institutionalization of **further restrictions on conferences, catering, entertainment and social functions.**

In reinforcing the above, the Minister of Finance also announced further cost containment measures in his budget speech on 24 February 2016, and urged Mayors of municipalities to exercise and oversee the elimination of wasteful expenditure in government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments.

Municipalities must make clear and quantified commitments in this regard when tabling their upcoming budgets, and to reference these commitments when submitting budget documentation to the National and Provincial Treasuries, as required by the MFMA.

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

Enforcement of cost containment measures

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

Failure to fulfil the duty outlined in section 62(1) (a) of the MFMA may result in the accounting officer committing an act of financial misconduct and that disciplinary or criminal proceedings are instituted against any official who has allegedly committed an act of financial misconduct or an offence in terms of chapter 15. The accounting officer also has a duty to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

Reference in Circular 82	Overstrand Mun Response
<p>In addition, section 167 of the MFMA provides that a municipality may only remunerate its office bearers within the parameters set out in that section. In particular, sub-section 167(2) provides that any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the political office-bearer concerned. Details of precisely what a municipality may pay or remunerate its political office bearers are set out in the Notices issued in terms of the Political Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs.</p>	<p>Comply. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).</p>

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

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

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

Conclusion

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

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

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality's budget. The names of these officials can be obtained from MFMA Circular 79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

Malijeng Ngqaleni Kenneth Brown Jayce Nair

Intergovernmental Relations Chief Procurement Officer Acting Accountant-General

TV PILLAY

CHIEF DIRECTOR: MFMA IMPLEMENTATION

30 MARCH 2016

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

C4/12

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

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

It is prudent that Municipalities consider consultation with its -

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

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

1. Engagement of Consultants

<ul style="list-style-type: none"> • Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required. • Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality. • Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those: <ul style="list-style-type: none"> ○ determined in the "Guidelines on fees for audits done on behalf of the Auditor-General South Africa", issued by the South African Institute of Chartered Accountants (SAICA); ○ set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA); or ○ Prescribed by the body regulating the profession of the consultant. • Ensure an exacting "specification" of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored. • Ensure that contracts for consultants include retention and penalty 	<p>Contents of the circular are noted; Appointment of consultants in terms of services required and listed.</p>
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<p>clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary.</p> <ul style="list-style-type: none"> • It is mandatory that accounting officers of municipalities and municipal entities conclude on the best “value for money”, i.e. matching fees against quality and against benchmarked practices. • Accounting officers of municipalities and municipal entities must appoint consultants on a time and cost basis with specific start and end dates. • Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs. • If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions: <ol style="list-style-type: none"> a) Hotel accommodation may not exceed the amount mentioned in this Circular; b) Only economy class air tickets may be purchased for flights; c) Only group B vehicles or lower may be hired for engagements, as mentioned in this Circular; d) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time. • Municipalities are urged to develop consultancy reduction plans. • Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality’s SCM policy. 	
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2. Travel and subsistence

<p>The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore municipalities and municipal entities are requested to utilize these agreements to assist in their respective cost containment measures, unless they can negotiate lower air travel rates or utilize other service providers that offer lower rates.</p> <p><u>Net and Non-Commissionable Rates</u> All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.</p> <p><u>Rebates, Overrides, Volume based income</u> In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Company (TMC). As of 1 April 2016 these payments and the practice of overrides is to discontinue for Government business.</p>	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality’s approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.</p>
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2.1 National Travel Policy

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

This will be available on the OCPO's website:

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


2.2 Air Travel

<ul style="list-style-type: none"> • The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel). • For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied. • For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied. • Treasury entered into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016. This has been extended by a further six months. • The premise of Best Fare on the Day will be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Other Low Cost Carriers may also be requested for quotations. Please note that all discounted rates are subject to class availability. • In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B. • Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number. • Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes. • Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel. 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during May 2018.</p>
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2.3 Domestic Hotel Accommodation

- National Treasury has established maximum allowable rates for domestic accommodation. When sourcing accommodation for officials, municipalities should find options that are equal to or lower than the rates in Table 1, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle.

Table 1: Rates set for Domestic Hotel Accommodation

Voucher includes	BAND 1	BAND 2	BAND 3
	Room Only	Bed & Breakfast	Dinner, Bed and Breakfast
	Tourism Levy VAT	Tourism Levy VAT	Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 580	R 710	R 855
2 Star	R 900	R 1 030	R 1 230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 550
5 Star	R 2 100	R 2 200	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 300	R 450	R 630
2 Star	R 500	R 650	R 930
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 000	R 1 150	R 1 330
5 Star	R 1 200	R 1 350	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 580		
2 Star	R 900		
3 Star	R 1 100		
4 Star	R 1 250		
5 Star	R 1 450		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 120	R -	R -
Lunch	R 150	R 150	R 150
Dinner	R 150	R 150	R -
Total	R 420	R 300	R 150
<p>Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.</p> <p>*Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge.</p> <p>Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.</p> <p>**Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.</p>			

- If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be accommodated at a four star establishment if the rate at the four star establishment is the same as or lower than a three star establishment.
- Where there is an alternative star grading indicated in **Table 1**

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

- South African Revenue Services (SARS)
- Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- South African Local Government Association (SALGA)
- Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)
- Income Tax Act, 1962 (Act No. 58 of 1962). This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during May 2018.

<p>(i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:</p> <ol style="list-style-type: none"> a. the higher star graded facility is the only available option due to location and availability; or b. the municipality or municipal entity has negotiated lower rates with the higher star graded facility. <ul style="list-style-type: none"> • Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey). 	
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2.4 Vehicle Hire

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

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

<p>A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:</p> <ul style="list-style-type: none"> • contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the 	<ul style="list-style-type: none"> • Overstrand Municipality does not allow the use of credit and debit cards.
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<p>sections or as prescribed;</p> <ul style="list-style-type: none"> • contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure; • contravening section 15 of the MFMA by incurring expenditure not authorised in an approved budget; • non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public; • non-compliance with the supply chain management regulations; and • undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices. 	
<p>While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.</p>	<ul style="list-style-type: none"> • Noted
<p>Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.</p>	<ul style="list-style-type: none"> • Noted

4 Catering costs

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

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

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

C/11/12

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

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

<ul style="list-style-type: none"> • Accounting officers of municipalities and municipal entities are advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated. • Periodic or quarterly threat assessments against councillors and key officials should be undertaken by the appropriate authority (SAPS) and reported to the Speakers Office. Approval for security measures must be informed by such reports, if paid for from municipal funds. The use of metropolitan traffic officers for such purposes should be avoided. • Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies. • Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred. • Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount. • Every effort must be made to recover debt from consumers before write-off. Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection. • Ensure synergy between municipal divisions or departments to avoid duplication of processes and efforts. 	<ul style="list-style-type: none"> • Consideration as part of strategic sourcing. • Noted and in compliance, with constant consideration of opportunities to ensure cost containment.
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| <ul style="list-style-type: none">• Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones.• Labour saving devices should be shared to optimize the capacity utilization of each device.• Purchasing of newspapers and other publications for municipal employees to limited and stopped.• Municipalities should ensure that awareness is raised with municipal staff so that a high degree of energy saving measures can be introduced, e.g. air-conditioning and lights in buildings are switched off at night and when offices are not in use.• All other cost containment measures introduced by council are also encouraged and supported. | |
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Government Gazette Staatskoerant

REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA

Vol. 648

7 June
Junie 2019

No. 42514

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

ISSN 1682-5843



9 771682 584003

42514



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NATIONAL TREASURY**NOTICE 317 OF 2019****LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003
MUNICIPAL COST CONTAINMENT REGULATIONS, 2019**

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

SCHEDULE
TABLE OF CONTENTS

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

Definitions

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

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

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

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

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

Object of Regulations

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

Application of Regulations

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

Cost containment policies

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

Use of consultants

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

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

Vehicles used for political office-bearers

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

Travel and subsistence

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

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

Domestic accommodation

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

Credit cards

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

Sponsorships, events and catering

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

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

Communication

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

Conferences, meetings and study tours

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

Other related expenditure items

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

Enforcement Procedures

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

Disclosures of cost containment measures

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

Short title and commencement

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

**MUNICIPAL REGULATIONS ON A STANDARD CHART OF ACCOUNTS (mSCOA):
POST IMPLEMENTATION STATUS OF THE mSCOA PROJECT – JUNE 2019**

Executive Summary

The purpose of this submission to Council is to:

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

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

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

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

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

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

E2/18

From the period 01 July 2017 to 31 August 2018 the vendor has released 78 system changes, many of them consisting of multiple program changes. We have experienced numerous instances where one issue is resolved only to discover that another has occurred. Of the 78 system changes a total of 14 system changes with multiple program changes were implemented during period 01 July 2018 to 29 August 2018. This effectively equated to 1 suite of multiple program changes every three working days over this period.

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

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

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

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

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

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

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

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

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

E3/18

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

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

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

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

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

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

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

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

Background/Discussion

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

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

National Treasury Directives and Technical Specifications

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

Vendor Technical Systems Design and Development Strategies

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

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

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

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

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

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

A subsequent meeting, as arranged by the Western Cape Provincial mSCOA Project Manager with the service provider and the municipalities involved, took place on 11 January 2018. The purpose of this meeting was to obtain feedback from Bytes regarding the status update per municipality that details the outstanding activities and

planned delivery dates. The service provider was also notified at the same time that the Western Cape Provincial Treasury, together with municipalities, are working towards 31 March 2018 to ensure that all modules are fully functional and that all 3rd Party Integrations are complete and operational.

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

The national and provincial treasuries have communicated on various occasions with municipalities around the successful submissions of data strings and the alignment of the C-Schedules, as the next stage of the mSCOA implementation. National Treasury intensified efforts to encourage municipalities to meet the following priorities:

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

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

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

The Way Forward with mSCOA

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

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

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

The National Treasury has also secured funding to conduct independent audits on all municipal core financial systems to determine to what extent these systems comply with the functionality requirements and 15 business processes required in terms of mSCOA. These audits will commence within the next month and the results will be

E 6/18

published and shared in a media release. These results will also inform the new transversal tender for the procurement of municipal financial systems when RT25-2016 comes to an end in March 2019;

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

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

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

PT mSCOA Activities:

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

Attend NT mSCOA Project Team Meeting 26-Jun-19

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

mSCOA Implementation Self-Assessments 19-Jul-19

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

Municipal Dashboards Jul/Aug-19

Municipal Vendor Engagements Sep-19

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

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

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

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

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

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

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

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

1. Executive Background

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

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

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

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

- 1) The legislative and regulatory compliance requirements for mSCOA implementation have been amended twice by National Treasury from mSCOA V6.1 to mSCOA V 6.2 effective from 01 July 2018 and more recently, mSCOA V6.3 has been introduced in December 2018 for full compliance by not later than 31 March 2019, to co-incide with the Budget Planning Cycle for 2019/2020;
- 2) The **National Treasury Transversal Contract: RT25-2016**, effective from 01 June 2016, for the appointment of **Service Providers for the implementation of a fully Integrated Financial Management System for Local Government**, will be discontinued by National Treasury, effective from 31 May 2019, thus;

- *“Any municipality that considers the services of an alternative system vendor will need to embark on its own procurement process consistent with Chapter 10 of the MFMA, read together with the Municipal Supply Chain Management (SCM) Regulations and the written council approved Municipal Supply Chain Management policy.”*

2. Legislative and Regulatory Frameworks

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

3. mSCOA: Scope and Overview

3.1. Business Rationale

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

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

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

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

3.2. Key Objectives of mSCOA

Key Objective 1 – The mSCOA Regulations to provide for a national standard for the uniform recording and classification of municipal budget

and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which-

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

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

3.3. mSCOA Classification Framework

As per the directive from National Treasury, from 01 July 2017, all municipalities had to capture all their financial transactions against a predefined classification framework, which will result in uniformity of line items in terms of revenue, expenditure, assets and liabilities.

4. mSCOA Project Governance and Management

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

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

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

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

The Municipal Manager, in terms of the MFMA has delegated some of these mSCOA Implementation responsibilities. The Municipal Manager has tasked

an mSCOA Steering Committee and mSCOA Project Implementation Team to drive and oversee the successful implementation of the Municipal Regulations on Standard Chart of Accounts in the municipality and to advise the Municipal Manager and to report progress go to council at least on a quarterly basis.

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

5. mSCOA Project Implementation Frameworks

5.1. mSCOA Compliance Frameworks

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

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

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

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

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

- (a) improved data quality and credibility;
- (b) the achievement of a greater level of standardization;
- (c) the development of uniform data sets critical for ‘whole-of-government’ reporting;
- (d) the standardization and alignment of the ‘local government accountability cycle’ by the regulation of not only the budget and in-year reporting formats but also the annual report and annual financial statement formats;

- (e) the creation of the opportunity to standardize key business processes with the consequential introduction of further consistency in the management of municipal finances;
- (f) improved transparency, accountability and governance through uniform recording of transactions at posting account level detail;
- (g) enabling deeper data analysis and sector comparisons to improve financial performance; and
- (h) the standardization of the account classification to facilitate mobility in financial skills within local government and between local government and other spheres as well as the private sector and to enhance the ability of local government to attract and retain skilled personnel.

- In line with the directives as stated above, the Overstrand municipality decided to follow an evolutionary process and therefor **only the Legislative and mSCOA regulatory functional requirements** were assessed for compliance and only the core financial system, being the Samras system, was assessed.
- During the initial assessment process in 2017 it was found that:
 - 1) Some of the sub-processes/modules nominated by National Treasury in the RT25 Tender, do not require any legislative and/or mSCOA regulatory functional requirements; and,
 - 2) Some sub-process/modules do not form part of the Samras systems portfolio currently used by the Overstrand municipality and,

therefor have been excluded from the functional compliance assessment process.

5.1.2. Financial Management and Internal Control Requirements

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

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

E12/18

5.1.3. mSCOA Budgetary Compliance Requirements

(Reference: Addendum to MFMA Circular 80, paragraph 3, dated 18 October 2016)

Whether employing the RT25-2016 panel or not, municipalities are required to:

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

5.1.4. Business Process Requirements and Associated System

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

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

- 1) General Ledger;
- 2) Billing;
- 3) Supply chain management;
- 4) Assets management;
- 5) Inventory and stores;
- 6) Budgeting and planning; and
- 7) Human Resources and payroll.

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

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

6. mSCOA Training and Status of Operations – February 2019

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

- 1) Plan and develop Departmental budgets, but;
 - regressed from capturing budgets on the Web portal to capturing information on Excel spreadsheets by Budget Holders due to the functionality not being available on time with regard to the

requirements related to the annual Budget Cycle, also with reference to the latest mSCOA version of the Chart (V6.3), published by National Treasury only on 7 December 2019.

Before-mentioned resulted in the release of relevant system functionality only weeks later, impacting severely on the adherence to the time-lines for tabling of the draft budget in Council during March 2019;

- 2) Process all financial data at a transactional level across all seven mSCOA segments, but;
 - Only still in SamrasClassic
- 3) Extract and compile all required financial and management reports across the Annual Financial Accountability Reporting Life Cycle , but:
 - This aspect still requires much manual intervention.

7. Bytes Systems and Engagements

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

- i. The current hybrid Systems Architectures (SamrasClassic and the Web-portal) maintained by the vendor in an attempt to deliver a fully functional Samras system, poses a severe risk due to the lack of proper validation rules between the two data architectures and data being ceded between the two Samras System Architectures.
- ii. Before-mentioned continues to impact on the day to day operations of the Finance Directorate mostly, and places severe pressure on the Financial Services Department (Budget/Reporting/Annual Financial Statements). This impacts on an ongoing basis in maintaining performance in adherence/compliance to deadlines related to legislation (Sub-systems/modules might reconcile or function properly on one day and then will be dysfunctional again the very next day (refer NT budget schedules, formulae and reports, with particular incidents reported to the vendor remaining unresolved relating to any permanent solutions, progress, and/or implementation.)

7.2 Bytes Systems and Engagements

As reference point again, extract from MFMA Circular 57

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

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

ICT Industry Migration to Knowledge Based Systems Architectures

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

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

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

7.3 SAMRAS Financial System

The transactional and operational processing in the SamrasClassic environment were also at an acceptable level of functionality at the time. Flat file structures with some relational database capabilities was primarily the state of the art for Information databases and Systems Architectures, but then also primarily for a localised environment i.e. the Overstrand municipality.

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

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

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

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

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

2015/2019	<p>Samras Modernisation, subsequently referenced /WebEnablement (Web Interface Business Process)</p> <p>Refer Diagram 2 & 3 below</p>	<p>2015 Planning - Deliver a complete Web based solution, with self-service focus for rate payers: Aligned with all financial business processes and transparency to all stakeholders.</p> <p>2016 Planning - Complete full delivery of all core processes on the Web by April 2017; sufficient time for completion of development test and handover; Construction of Computer based training.</p> <p>2019 Expectation - is to deliver a fully Web based Solution and phase out SamrasClassic by not later than December 2019.</p>	<p>Still no clear feedback regarding phasing out of the SamrasClassic.</p> <p>February 2019: Still await updated detailed Project Implementation Plan and Modernisation Scope and Specifications from Bytes. Samras User Group scheduled for 6 to 7 March 2019 provided some high level indications without detailed implementation plan made available thus far.</p>
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2018/2019 Samras Monthly Performance Ratings:

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

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

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

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

Before-mentioned rating also to be considered in view of the following – Due to the continuous changes in directives and amendments to the initial mSCOA implementation frameworks and technical system design specifications as issued by NT since July 2015, it is fair and reasonable to accept that the sum total and impact of scope changes introduced by NT to the initial scope of mSCOA implementation project plan, and in a fragmented fashion, impacted on service providers to some extent and still impose potential risks to successful implementation of mSCOA in totality.

Diagram 1- mSCOA Service Offering – 2015/2016

High Level Scope - Project Plan

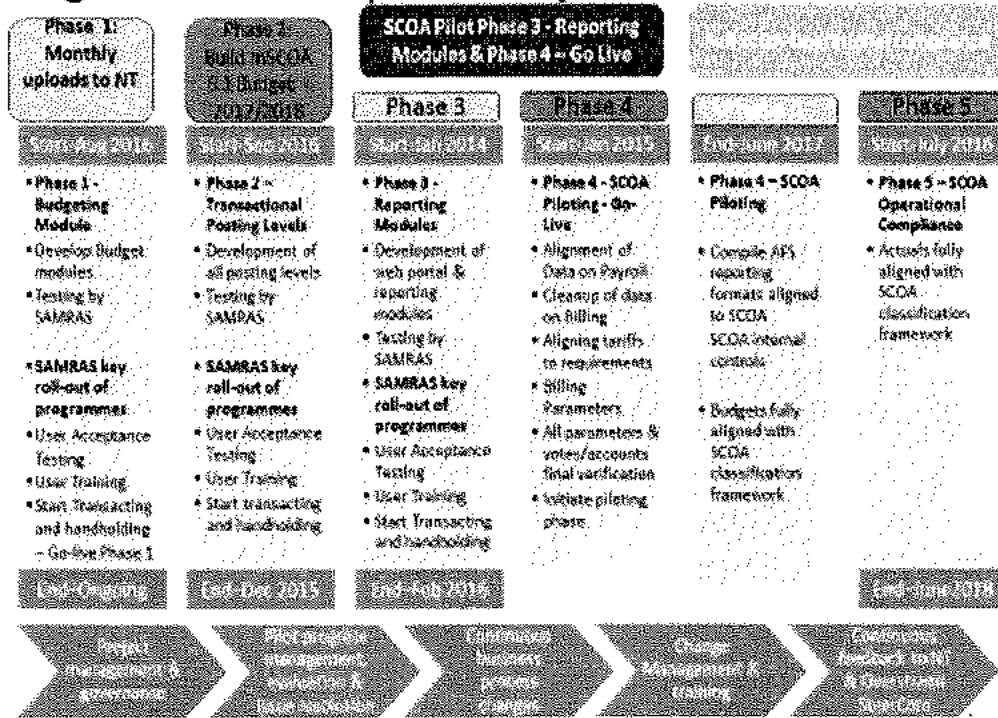


Diagram 2 - mSCOA Samras Modernisation 2015/2016

Samras Modernized

- Deliver a complete WEB based solution
- Self-service focus for Ratepayers
- Transparency and visibility to all stakeholders of financial position
- Streamline business processes
- Be more than just the financial system at the Municipalities by facilitating all processes

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

DELIVERY OF WEB INTERFACE mSCOA BUSINESS PROCESSES



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

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

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

