



QUARTERLY BUDGET REPORT DECEMBER 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

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Glossary

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

Budget – The financial plan of the Municipality.

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

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

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

FMG – Financial Management Grant.

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

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

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

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

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

MIG – Municipal Infrastructure Grant.

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

NDPG – Neighbourhood Development Partnership Grant.

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

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

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

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

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

YTD – Year to date

y-o-y – year-on-year

PART 1 – IN-YEAR REPORT

Mayor's Report

1.1 In-Year Report – Quarterly Budget Report

1.1.1 Implementation of the budget in accordance with the SDBIP

The results of the SDBIP for the second quarter ended 31 December 2019 will be tabled in a separate comprehensive report to council.

1.1.2 Financial problems or risks facing the municipality

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

1.1.3 Other relevant information

The 2019/2020 Budget was compiled according to version 6.3 of the mSCOA classification framework. The below results reflects the second first quarter's financial position.

YTD Actual operating revenue at the end of the second quarter for 2019/2020 is at 54.69% of the budgeted revenue of R1.172bn. The expenditure reflects spending of 45.66% against the budgeted expenditure of R1.248bn.

YTD Capital expenditure at the end of December 2019 amounts to R110.7m, or 34.97% of the amended budget of R316.5m. Refer to the table on page 28 for the implementation status of the Top 10 Capital Projects.

An adjustments budget was tabled during this quarter for the appropriation of revenue in terms of the National and Provincial Adjusted Estimates, 2019.

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

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

Resolutions

IN-YEAR REPORTS 2019/2020

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

RECOMMENDATION TO THE COUNCIL:

that the report for the quarter ended December 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

The Auditor General has completed the audit of the 2018/2019 financial statements, however the 'Audited Outcome' for 2018/2019 will only reflect in the quarterly report after the Draft Annual Report has been tabled in Council.

Revenue by Source

The Year-to-Date actual revenue is R640.8m, which is 1.69% above the YTD budget projections of R630.2m at the end of December 2019.

Borrowings

The balance of borrowings amounts to R443.3m at the end of December 2019.

Operating expenditure by vote & type

Current expenditure amounts to R569.9m, which is 1.65% below YTD budget projections of R579.4m at the end of December 2019.

Capital expenditure

YTD Capital expenditure amounts to R110.7m or 34.97% of the amended budget of R316.5m. The current capital commitments of orders in progress amounts to R52.6m or 16.61% of the amended capital budget of R316.5m.

Cash flows

The municipality started the year with a positive cash balance of R533.2 million. The December closing balance is R611.5 million. Refer to Supporting Table SC9 for more details on the cash position.

Allocations received (National & Provincial Grants)

At the end of December 2019 the Equitable Share receipts amounted to R80m and other grant receipts totaled R120.5m.

Spending on Grants

Spending against grants amounted to R99.3m at the end of December 2019, which includes FMG, EPWP, LG Internship Graduate Grant, Provincial Library Grant, Housing, Municipal Service Delivery & Capacity Building Grant & MIG.

Material variances

The table below summarises variances for projected revenue and expenditure.

WC032 Overstrand - Supporting Table SC1 Material variance explanations - M06 December			
Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue By Source			
Total	1.69%		
Other revenue	42.67%	Additional revenue received for Development Charges	
Expenditure By Type			
Total	-1.65%		
Capital Expenditure			
Total	85.65%	Capital Commitments= R52,6m (16,61%)	
Financial Position			
In order			
Cash Flow			
In order			

Total Revenue (including capital grants)

R thousand	Amended Budget	YearTD actual	% of Budget Received/Spent
Revenue	1 296 677	717 774	55,4%
Expenditure	1 248 145	569 874	45,7%
Surplus / (Deficit)	48 533	147 900	
Capital	316 461	110 670	35,0%

Total Revenue (excluding capital grants)

R thousand	Amended Budget	YearTD actual	% of Budget Received/Spent
Revenue	1 171 699	640 838	54,7%
Expenditure	1 248 145	569 874	45,7%
Surplus / (Deficit)	(76 446)	70 965	
Capital	316 461	110 670	35,0%

Performance in relation to SDBIP targets

See the comprehensive quarterly report to be tabled in Council.

Remedial or corrective steps

Refer to the SDBIP report.

In-year budget statement tables / ...

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Table C1: s71 Monthly Budget Statement Summary

WC032 Overstrand - Table C1 Monthly Budget Statement Summary - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	242 150	242 150	19 969	122 055	121 680	375	0%	242 150
Service charges	-	676 330	676 330	61 884	348 607	345 199	3 408	1%	676 330
Investment revenue	-	28 010	28 010	3 186	18 749	18 749	-		28 010
Transfers and subsidies	-	152 183	150 365	40 776	105 842	105 842	-		150 365
Other own revenue	-	74 844	74 844	4 437	45 585	38 703	6 882	18%	74 844
Total Revenue (excluding capital transfers and contributions)	-	1 173 517	1 171 699	130 251	640 838	630 173	10 665	2%	1 171 699
Employee costs	-	399 804	399 387	31 430	197 416	200 215	(2 800)	-1%	399 387
Remuneration of Councillors	-	11 383	11 383	908	5 433	5 691	(258)	-5%	11 383
Depreciation & asset impairment	-	131 285	131 285	10 940	65 643	65 643	-		131 285
Finance charges	-	51 549	51 549	14 417	19 310	19 310	-		51 549
Materials and bulk purchases	-	339 554	341 151	27 585	163 180	161 685	1 495	1%	341 151
Transfers and subsidies	-	500	500	79	470	470	-		500
Other expenditure	-	315 888	312 890	26 918	118 422	126 439	(8 016)	-6%	312 890
Total Expenditure	-	1 249 963	1 248 145	112 278	569 874	579 453	(9 580)	-2%	1 248 145
Surplus/(Deficit)	-	(76 446)	(76 446)	17 974	70 965	50 720	20 245	40%	(76 446)
Transfers and subsidies - capital (monetary)	-	70 194	124 979	42 727	76 935	76 935	-		124 979
Contributions & Contributed assets	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	-	(6 252)	48 533	60 700	147 900	127 655	20 245	16%	48 533
Surplus/ (Deficit) for the year	-	(6 252)	48 533	60 700	147 900	127 655	20 245	16%	48 533
Capital expenditure & funds sources									
Capital expenditure	-	261 677	316 461	50 173	110 670	59 611	51 059	86%	316 461
Capital transfers recognised	-	70 194	124 979	42 727	76 935	31 245	45 691	146%	124 979
Borrowing	-	90 501	90 501	6 156	29 381	25 396	3 985	16%	90 501
Internally generated funds	-	100 981	100 981	1 291	4 353	2 970	1 383	47%	100 981
Total sources of capital funds	-	261 677	316 461	50 173	110 670	59 611	51 059	86%	316 461
Financial position									
Total current assets	-	583 535	583 535		773 008				583 535
Total non current assets	-	3 823 679	3 878 463		3 736 337				3 823 679
Total current liabilities	-	234 096	234 096		199 884				234 096
Total non current liabilities	-	694 547	694 547		629 325				694 547
Community wealth/Equity	-	3 478 571	3 533 356		3 680 136				3 478 571
Cash flows									
Net cash from (used) operating	-	165 492	220 276	52 526	210 715	210 683	(32)	-0%	220 276
Net cash from (used) investing	-	(269 006)	(323 791)	(50 797)	(113 874)	(113 874)	-		(323 791)
Net cash from (used) financing	-	58 619	58 619	(6 610)	(18 568)	(18 568)	-		58 619
Cash/cash equivalents at the month/year end	-	444 120	444 120	-	611 461	567 255	(44 205)	-8%	488 293
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	68 947	2 979	1 847	1 749	1 379	1 024	6 120	26 913	110 958
Creditors Age Analysis									
Total Creditors	4 665	-	-	-	-	-	-	-	4 665

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Table C2: Monthly Budget Statement – Financial Performance (standard classification)

WC032 Overstrand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Functional									
<i>Governance and administration</i>	-	317 773	317 921	33 339	171 603	166 607	4 996	3%	317 921
Executive and council	-	31 168	31 168	8 961	23 376	23 376	-		31 168
Finance and administration	-	286 589	286 717	24 371	148 190	143 213	4 977	3%	286 717
Internal audit	-	36	36	6	36	18	18	102%	36
<i>Community and public safety</i>	-	132 968	184 286	50 311	118 117	118 140	(22)	0%	184 286
Community and social services	-	8 073	8 073	738	5 173	4 222	951	23%	8 073
Sport and recreation	-	24 825	24 825	2 981	11 136	10 717	420	4%	24 825
Public safety	-	47 393	47 393	3 186	20 885	23 261	(2 376)	-10%	47 393
Housing	-	52 676	103 995	43 406	80 923	79 940	983	1%	103 995
<i>Economic and environmental services</i>	-	14 270	16 970	648	4 780	6 469	(1 690)	-26%	16 970
Planning and development	-	10 019	10 019	642	4 528	5 009	(482)	-10%	10 019
Road transport	-	4 206	6 906	6	222	1 437	(1 215)	-85%	6 906
Environmental protection	-	45	45	-	30	23	7	30%	45
<i>Trading services</i>	-	778 700	777 500	88 680	423 274	415 893	7 382	2%	777 500
Energy sources	-	438 026	438 026	45 474	244 828	240 807	4 021	2%	438 026
Water management	-	147 953	147 953	15 914	74 505	72 867	1 638	2%	147 953
Waste water management	-	105 084	103 884	15 700	56 145	55 386	759	1%	103 884
Waste management	-	87 637	87 637	11 591	47 796	46 833	963	2%	87 637
<i>Other</i>	-	-	-	-	-	-	-		-
Total Revenue - Functional	-	1 243 711	1 296 677	172 978	717 774	707 108	10 665	2%	1 296 677
Expenditure - Functional									
<i>Governance and administration</i>	-	247 061	247 829	18 068	114 625	116 308	(1 684)	-1%	247 829
Executive and council	-	59 731	59 751	3 779	26 868	27 263	(395)	-1%	59 751
Finance and administration	-	184 233	184 981	14 145	86 509	87 587	(1 077)	-1%	184 981
Internal audit	-	3 097	3 097	143	1 247	1 458	(212)	-15%	3 097
<i>Community and public safety</i>	-	197 962	195 725	18 922	92 975	91 997	978	1%	195 725
Community and social services	-	17 929	17 629	1 301	8 005	8 378	(372)	-4%	17 629
Sport and recreation	-	51 814	51 964	5 371	22 719	23 194	(474)	-2%	51 964
Public safety	-	94 795	94 785	7 375	43 784	44 752	(968)	-2%	94 785
Housing	-	33 424	31 348	4 875	18 466	15 674	2 793	18%	31 348
<i>Economic and environmental services</i>	-	162 841	163 016	18 223	75 435	80 568	(5 133)	-6%	163 016
Planning and development	-	44 429	44 429	2 957	19 139	20 155	(1 016)	-5%	44 429
Road transport	-	106 751	106 926	13 861	51 897	55 525	(3 628)	-7%	106 926
Environmental protection	-	11 661	11 661	1 404	4 399	4 888	(489)	-10%	11 661
<i>Trading services</i>	-	639 154	638 629	56 702	285 290	289 107	(3 817)	-1%	638 629
Energy sources	-	363 841	363 641	28 999	164 668	165 367	(699)	0%	363 641
Water management	-	116 983	116 983	11 957	47 566	48 935	(1 368)	-3%	116 983
Waste water management	-	85 886	85 561	11 161	40 525	41 449	(924)	-2%	85 561
Waste management	-	72 444	72 444	4 585	32 530	33 355	(825)	-2%	72 444
<i>Other</i>	-	2 945	2 945	363	1 549	1 472	77	5%	2 945
Total Expenditure - Functional	-	1 249 963	1 248 145	112 278	569 874	579 453	(9 580)	-2%	1 248 145
Surplus/ (Deficit) for the year	-	(6 252)	48 533	60 700	147 900	127 655	20 245	16%	48 533

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) - M06 December

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 1 - Council	-	31 083	31 083	8 942	23 330	23 330	-		31 083
Vote 2 - Municipal Manager & Internal Audit	-	36	36	6	36	18	18	101.9%	36
Vote 3 - Management Services	-	844	844	39	628	380	248	65.3%	844
Vote 4 - Finance	-	284 914	284 914	24 285	145 413	141 985	3 428	2.4%	284 914
Vote 5 - Community Services	-	379 676	379 824	47 030	195 562	192 613	2 948	1.5%	379 824
Vote 6 - Economic and Social Development &	-	2 635	2 635	175	904	968	(64)	-6.6%	2 635
Vote 7 - Infrastructure & Planning	-	497 130	549 948	89 316	331 015	325 786	5 229	1.6%	549 948
Vote 8 - Protection Services	-	47 393	47 393	3 186	20 885	22 028	(1 142)	-5.2%	47 393
Total Revenue by Vote	-	1 243 711	1 296 677	172 978	717 774	707 108	10 665	1.5%	1 296 677
Expenditure by Vote									
Vote 1 - Council	-	36 077	36 077	2 265	17 388	17 388	0	0.0%	36 077
Vote 2 - Municipal Manager & Internal Audit	-	5 797	5 797	324	2 315	2 666	(351)	-13.2%	5 797
Vote 3 - Management Services	-	56 900	56 900	3 560	24 977	25 686	(709)	-2.8%	56 900
Vote 4 - Finance	-	75 077	75 077	6 646	37 048	37 538	(490)	-1.3%	75 077
Vote 5 - Community Services	-	439 679	439 827	48 372	199 190	205 842	(6 652)	-3.2%	439 827
Vote 6 - Economic and Social Development &	-	13 291	13 291	909	5 093	5 449	(357)	-6.5%	13 291
Vote 7 - Infrastructure & Planning	-	527 994	526 028	43 002	239 671	239 891	(220)	-0.1%	526 028
Vote 8 - Protection Services	-	95 150	95 150	7 200	44 191	44 992	(801)	-1.8%	95 150
Total Expenditure by Vote	-	1 249 963	1 248 145	112 278	569 874	579 453	(9 580)	-1.7%	1 248 145
Surplus/ (Deficit) for the year	-	(6 252)	48 533	60 700	147 900	127 655	20 245	15.9%	48 533

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) - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									
Revenue By Source									
Property rates		242 150	242 150	19 969	122 055	121 680	375	0%	242 150
Service charges - electricity revenue		398 868	398 868	38 340	211 571	209 406	2 165	1%	398 868
Service charges - water revenue		127 320	127 320	11 025	62 996	61 856	1 139	2%	127 320
Service charges - sanitation revenue		80 020	80 020	6 765	39 418	38 876	542	1%	80 020
Service charges - refuse revenue		70 122	70 122	5 754	34 623	35 061	(438)	-1%	70 122
Rental of facilities and equipment		3 562	3 562	484	3 102	2 850	252	9%	3 562
Interest earned - external investments		28 010	28 010	3 186	18 749	18 749	-		28 010
Interest earned - outstanding debtors		4 151	4 151	423	2 438	2 249	190	8%	4 151
Fines, penalties and forfeits		32 552	32 552	2 572	16 700	16 276	423	3%	32 552
Licences and permits		2 462	2 462	171	1 176	1 231	(55)	-4%	2 462
Agency services		4 700	4 700	406	2 611	2 389	222	9%	4 700
Transfers and subsidies		152 183	150 365	40 776	105 842	105 842	-		150 365
Other revenue		27 416	27 416	381	19 558	13 708	5 850	43%	27 416
Gains on disposal of PPE							-		
Total Revenue (excluding capital transfers and contributions)	-	1 173 517	1 171 699	130 251	640 838	630 173	10 665	2%	1 171 699
Expenditure By Type									
Employee related costs		399 804	399 387	31 430	197 416	200 215	(2 800)	-1%	399 387
Remuneration of councillors		11 383	11 383	908	5 433	5 691	(258)	-5%	11 383
Debt impairment		24 902	24 902	2 075	12 451	12 451	-		24 902
Depreciation & asset impairment		131 285	131 285	10 940	65 643	65 643	-		131 285
Finance charges		51 549	51 549	14 417	19 310	19 310	-		51 549
Bulk purchases		275 880	275 880	19 926	128 738	127 195	1 543	1%	275 880
Other materials		63 675	65 271	7 659	34 442	34 490	(49)	0%	65 271
Contracted services		207 536	206 961	19 717	72 681	77 826	(5 145)	-7%	206 961
Transfers and subsidies		500	500	79	470	470	-		500
Other expenditure		83 450	81 028	5 126	33 290	36 162	(2 871)	-8%	81 028
Loss on disposal of PPE							-		
Total Expenditure	-	1 249 963	1 248 145	112 278	569 874	579 453	(9 580)	-2%	1 248 145
Surplus/(Deficit)	-	(76 446)	(76 446)	17 974	70 965	50 720	20 245	40%	(76 446)
Transfers and subsidies - capital (monetary allocations) (National /		70 194	124 979	42 727	76 935	76 935	-		124 979
Transfers and subsidies - capital (in-kind - all)							-		
Surplus/(Deficit) after capital transfers &	-	(6 252)	48 533	60 700	147 900	127 655			48 533
Taxation							-		
Surplus/(Deficit) after taxation	-	(6 252)	48 533	60 700	147 900	127 655			48 533
Surplus/(Deficit) attributable to municipality	-	(6 252)	48 533	60 700	147 900	127 655			48 533
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	-	(6 252)	48 533	60 700	147 900	127 655			48 533

The annual revenue budget is approved as 'Revenue by Source'. The Year-to-Date actual revenue is 1.69% above the YTD budget projections.

Current expenditure is 1.65% below YTD budget projections for December 2019.

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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) - M06 December

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure appropriation									
Vote 5 - Community Services	-	54 583	56 083	7 484	24 755	23 223	1 532	7%	56 083
Vote 6 - Economic and Social Development & Tourism	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	40 128	93 412	41 217	79 136	23 706	55 429	234%	93 412
Vote 8 - Protection Services	-	5 588	5 588	-	-	-	-	-	5 588
Total Capital Multi-year expenditure	-	100 298	155 083	48 701	103 891	46 929	56 961	121%	155 083
Single Year expenditure appropriation									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager & Internal Audit	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	3 975	3 975	10	756	1 656	(900)	-54%	3 975
Vote 4 - Finance	-	30	30	-	22	8	15	193%	30
Vote 5 - Community Services	-	97 601	97 601	1 011	1 916	4 168	(2 252)	-54%	97 601
Vote 6 - Economic and Social Development & Tourism	-	7 906	7 906	11	11	1 318	(1 306)	-99%	7 906
Vote 7 - Infrastructure & Planning	-	45 186	45 186	198	3 566	3 905	(339)	-9%	45 186
Vote 8 - Protection Services	-	6 680	6 680	241	508	1 627	(1 119)	-69%	6 680
Total Capital single-year expenditure	-	161 378	161 378	1 472	6 779	12 682	(5 902)	-47%	161 378
Total Capital Expenditure	-	261 677	316 461	50 173	110 670	59 611	51 059	86%	316 461
Capital Expenditure - Functional Classification									
Governance and administration									
Executive and council	-	4 105	4 105	71	839	1 365	(526)	-39%	4 105
Finance and administration	-	10	10	-	-	-	-	-	10
Internal audit	-	4 095	4 095	71	839	1 365	(526)	-39%	4 095
Community and public safety									
Community and social services	-	64 760	118 045	39 659	68 135	25 055	43 080	172%	118 045
Sport and recreation	-	3 280	3 280	200	326	1 640	(1 314)	-80%	3 280
Public safety	-	18 770	18 770	134	2 811	2 128	683	32%	18 770
Housing	-	16 271	16 271	241	508	1 356	(848)	-63%	16 271
Health	-	26 439	79 723	39 084	64 489	19 931	44 558	224%	79 723
Economic and environmental services									
Planning and development	-	30 410	33 110	689	1 559	3 072	(1 513)	-49%	33 110
Road transport	-	8 899	8 899	27	250	966	(717)	-74%	8 899
Environmental protection	-	21 510	24 210	662	1 309	2 105	(796)	-38%	24 210
Trading services									
Energy sources	-	162 402	161 202	9 754	40 138	30 119	10 018	33%	161 202
Water management	-	34 124	34 124	1 999	14 147	13 062	1 085	8%	34 124
Waste water management	-	48 504	48 504	2 179	13 391	6 063	7 328	121%	48 504
Waste management	-	62 843	62 843	5 394	11 584	9 372	2 212	24%	62 843
Waste management	-	16 931	15 731	183	1 016	1 622	(606)	-37%	15 731
Total Capital Expenditure - Functional Classification	-	261 677	316 461	50 173	110 670	59 611	51 059	86%	316 461
Funded by:									
National Government	-	39 010	39 010	3 643	12 303	9 753	2 551	26%	39 010
Provincial Government	-	31 184	85 969	39 084	64 632	21 492	43 140	201%	85 969
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	70 194	124 979	42 727	76 935	31 245	45 691	146%	124 979
Borrowing	-	90 501	90 501	6 156	29 381	25 396	3 985	16%	90 501
Internally generated funds	-	100 981	100 981	1 291	4 353	2 970	1 383	47%	100 981
Total Capital Funding	-	261 677	316 461	50 173	110 670	59 611	51 059	86%	316 461

Capital expenditure is 85.65% above the Year-to-Date budget projections. Refer to the table on page 28 for the implementation status of the Top 10 Capital Projects.

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Table C6: Monthly Budget Statement - Financial Position**WC032 Overstrand - Table C6 Monthly Budget Statement - Financial Position - M06 December**

Description	2018/19	Budget Year 2019/20			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		124 120	124 120	151 194	124 120
Call investment deposits		320 000	320 000	460 267	320 000
Consumer debtors		73 134	73 134	81 961	73 134
Other debtors		35 523	35 523	41 507	35 523
Current portion of long-term receivables		7	7	7	7
Inventory		30 752	30 752	38 073	30 752
Total current assets	-	583 535	583 535	773 008	583 535
Non current assets					
Long-term receivables		4	4	9	4
Investments		57 885	57 885	53 732	57 885
Investment property		114 846	114 846	119 698	114 846
Investments in Associate		-	-	-	-
Property, plant and equipment		3 645 621	3 700 406	3 554 301	3 645 621
Biological					
Intangible		5 323	5 323	8 597	5 323
Other non-current assets					
Total non current assets	-	3 823 679	3 878 463	3 736 337	3 823 679
TOTAL ASSETS	-	4 407 214	4 461 999	4 509 345	4 407 214
LIABILITIES					
Current liabilities					
Bank overdraft			-		
Borrowing		42 244	42 244	41 467	42 244
Consumer deposits		63 074	63 074	40 787	63 074
Trade and other payables		95 207	95 207	84 059	95 207
Provisions		33 570	33 570	33 570	33 570
Total current liabilities	-	234 096	234 096	199 884	234 096
Non current liabilities					
Borrowing		455 453	455 453	401 855	455 453
Provisions		239 095	239 095	227 470	239 095
Total non current liabilities	-	694 547	694 547	629 325	694 547
TOTAL LIABILITIES	-	928 643	928 643	829 209	928 643
NET ASSETS	-	3 478 571	3 533 356	3 680 136	3 478 571
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		3 475 231	3 530 016	3 676 872	3 475 231
Reserves		3 340	3 340	3 264	3 340
TOTAL COMMUNITY WEALTH/EQUITY	-	3 478 571	3 533 356	3 680 136	3 478 571

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

Table C7: Monthly Budget Statement - Cash Flow

WC032 Overstrand - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates		241 063	241 063	13 582	111 290	111 291	(1)	0%	241 063
Service charges		673 293	673 293	61 673	372 301	372 297	4	0%	673 293
Other revenue		66 179	66 179	3 720	45 790	45 774	16	0%	66 179
Government - operating		152 183	150 365	40 776	105 842	105 842	-		150 365
Government - capital		70 194	124 979	42 727	76 935	76 935	-		124 979
Interest		32 161	32 161	3 609	21 187	21 187	-		32 161
Dividends			-				-		-
Payments									
Suppliers and employees		(1 017 533)	(1 015 715)	(99 064)	(502 851)	(502 863)	(13)	0%	(1 015 715)
Finance charges		(51 549)	(51 549)	(14 417)	(19 310)	(19 310)	-		(51 549)
Transfers and Grants		(500)	(500)	(79)	(470)	(470)	-		(500)
NET CASH FROM/(USED) OPERATING ACTIVITIES	-	165 492	220 276	52 526	210 715	210 683	(32)	0%	220 276
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		10	10	4	5	5	-		10
Decrease (increase) in non-current investments		(7 339)	(7 339)	(628)	(3 209)	(3 209)	-		(7 339)
Payments									
Capital assets		(261 677)	(316 461)	(50 173)	(110 670)	(110 670)	-		(316 461)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(269 006)	(323 791)	(50 797)	(113 874)	(113 874)	-		(323 791)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-	-	-	-	-	-		-
Borrowing long term/refinancing		74 300	74 300	-	-	-	-		74 300
Increase (decrease) in consumer deposits		23 028	23 028	100	767	767	-		23 028
Payments									
Repayment of borrowing		(38 709)	(38 709)	(6 710)	(19 335)	(19 335)	-		(38 709)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	58 619	58 619	(6 610)	(18 568)	(18 568)	-		58 619
NET INCREASE/ (DECREASE) IN CASH HELD	-	(44 895)	(44 895)	(4 881)	78 273	78 241			(44 895)
Cash/cash equivalents at beginning:		489 014	489 014		533 188	489 014			533 188
Cash/cash equivalents at month/year end:	-	444 120	444 120		611 461	567 255			488 293

Table C7 balances to the current Cash balance, shown in the 'YTD actual' column, which is R 611.5million.

The municipality started the year with a positive cash balance of R533.2 million. The December closing balance is R611.5 million. Refer to Supporting Table SC9 for more details on the cash position.

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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 - M06 December

Description	Budget Year 2019/20												2019/20 Medium Term Revenue & Expenditure Framework		
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome			
Cash Receipts By Source															
Property rates	21 376	10 407	33 969	18 110	13 847	13 582						129 773	241 063	255 558	272 340
Service charges - electricity revenue	15 051	43 242	45 156	33 840	34 033	37 618						188 137	397 077	455 317	523 459
Service charges - water revenue	10 820	14 069	19 997	17 636	15 675	13 973						34 578	126 748	133 404	141 435
Service charges - sanitation revenue	6 806	4 126	7 596	8 071	6 137	5 500						41 425	79 661	82 132	87 076
Service charges - refuse	5 550	3 589	6 782	7 287	5 165	4 582						36 852	69 807	79 071	89 573
Rental of facilities and equipment	618	594	368	441	377	339						808	3 546	3 727	3 932
Interest earned - external investments	-	1 012	2 373	6 753	5 424	3 186						9 261	28 010	29 690	31 471
Interest earned - outstanding debtors	408	421	373	397	416	423						1 713	4 151	4 400	4 664
Dividends received	-	-	-	-	-	-						-	-	-	-
Fines, penalties and forfeits	3 078	2 765	2 687	2 855	2 742	2 572						(8 306)	8 393	8 908	9 424
Licences and permits	223	215	188	193	187	171						1 286	2 462	2 580	2 627
Agency services	469	431	366	472	441	406						2 115	4 700	4 982	5 281
Transfer receipts - operating	48 554	1 025	6 230	4 761	4 496	40 776						46 341	152 183	157 143	168 217
Other revenue	5 435	(583)	7 522	7 186	2 801	232						24 486	47 078	31 707	31 846
Cash Receipts by Source	118 386	81 312	133 607	108 003	91 742	123 360	-	-	-	-	-	508 469	1 164 879	1 248 620	1 371 345
Other Cash Flows by Source															
Transfer receipts - capital	236	732	20 343	6 681	6 217	42 727						(6 741)	70 194	42 164	68 993
Contributions & Contributed assets												-	-	-	-
Proceeds on disposal of PPE												-	-	-	-
Short term loans												-	-	-	-
Borrowing long term/ refinancing												74 300	74 300	54 000	50 000
Increase in consumer deposits	(67)	403	20	183	128	100						22 261	23 028	4 654	4 682
Receipt of non-current debtors												-	-	-	-
Receipt of non-current receivables		0	0	0	0	4						5	10	7	3
Change in non-current investments	(538)	(297)	(720)	(575)	(450)	(628)						(4 130)	(7 339)	(7 575)	(7 730)
Total Cash Receipts by Source	118 017	82 149	153 251	114 292	97 638	165 562	-	-	-	-	-	584 164	1 325 073	1 341 870	1 487 292
Cash Payments by Type															
Employee related costs	26 546	29 076	30 101	30 793	46 402	30 770						194 534	388 224	414 152	438 547
Remuneration of councillors	894	908	908	908	908	908						5 949	11 383	11 878	12 397
Interest paid	82	(0)	1 479	2 422	910	14 417						32 239	51 549	54 249	56 058
Bulk purchases - Electricity	3	34 950	33 325	20 098	20 436	19 926						147 141	275 880	319 000	368 859
Bulk purchases - Water & Sewer												-	-	-	-
Other materials	1 015	2 775	8 841	8 843	5 278	7 659						29 282	63 675	71 299	71 581
Contracted services	1 510	10 255	11 161	15 305	14 732	19 717						134 856	207 536	229 784	237 280
Grants and subsidies paid - other municipalities												-	-	-	-
Grants and subsidies paid - other	8	8	8	215	150	79						30	500	525	551
General expenses	1 476	(52 219)	72 428	12 511	13 618	20 084						2 938	70 836	74 960	105 513
Cash Payments by Type	31 534	25 754	158 252	91 095	102 435	113 560	-	-	-	-	-	546 951	1 069 582	1 175 846	1 290 787
Other Cash Flows/Payments by Type															
Capital assets	608	6 109	29 546	13 218	11 015	50 173						151 007	261 677	148 464	154 324
Repayment of borrowing	1 613	-	2 195	7 336	1 482	6 710						19 374	38 709	42 244	47 007
Other Cash Flows/Payments												-	-	-	-
Total Cash Payments by Type	33 755	31 863	189 993	111 649	114 932	170 443	-	-	-	-	-	717 332	1 369 967	1 366 554	1 492 118
NET INCREASE/(DECREASE) IN CASH HELD	84 262	50 287	(36 743)	2 643	(17 295)	(4 881)	-	-	-	-	-	(123 168)	(44 895)	(24 684)	(4 825)
Cash/cash equivalents at the month/year begin	533 188	617 449	667 736	630 993	633 636	616 342	611 461	611 461	611 461	611 461	611 461	611 461	533 188	488 293	463 609
Cash/cash equivalents at the month/year end:	617 449	667 736	630 993	633 636	616 342	611 461	611 461	611 461	611 461	611 461	611 461	488 293	488 293	463 609	458 784

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

PART 2 – SUPPORTING DOCUMENTATION

Debtors' analysis

WC032 Overstrand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2019/20										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	14 492	511	310	281	234	178	1 067	3 270	20 323	5 010		5 442
Trade and Other Receivables from Exchange Transactions - Electricity	1300	16 974	597	341	290	187	141	668	3 870	23 067	5 155		5 811
Receivables from Non-exchange Transactions - Property Rates	1400	20 588	728	341	425	318	237	974	3 107	26 718	5 061		6 857
Receivables from Exchange Transactions - Waste Water Management	1500	7 550	274	195	170	166	138	797	1 920	11 210	3 192		2 939
Receivables from Exchange Transactions - Waste Management	1600	6 465	192	133	113	101	78	357	1 465	8 905	2 114		2 421
Receivables from Exchange Transactions - Property Rental Debtors	1700	747	232	230	230	206	28	18	195	1 887	677		261
Interest on Arrear Debtor Accounts	1810	159	62	56	63	64	56	488	8 373	9 321	9 043		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820												
Other	1900	1 973	382	240	197	103	167	1 751	4 714	9 527	6 932		2 818
Total By Income Source	2000	68 947	2 979	1 847	1 749	1 379	1 024	6 120	26 913	110 958	37 185	-	26 549
2018/19 - totals only		63 695	2 171	1 806	1 255	1 099	935	4 132	24 496	99 589	31 917		
Debtors Age Analysis By Customer Group													
Organs of State	2200	771	86	68	76	49	29	90	1 701	2 869	1 944		318
Commercial	2300	9 208	576	415	334	236	28	150	1 234	12 181	1 982		960
Households	2400	59 161	2 314	1 364	1 338	1 084	967	5 877	23 880	95 993	33 155		25 267
Other	2500	(183)	3	0	1	1	0	3	99	(85)	104		3
Total By Customer Group	2600	68 947	2 979	1 847	1 749	1 379	1 024	6 120	26 913	110 958	37 185	-	26 549

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

Summary of Indigent Households

	Indigent Households	Other Households	Total Households	
2 019				
July	8 018	26 884	34 902	22,97%
August	8 041	26 858	34 899	23,04%
September	7 654	27 137	34 791	22,00%
October	7 679	27 648	35 327	21,74%
November	7 689	27 639	35 328	21,76%
December	7 749	29 784	37 533	20,65%
2 020				
January				
February				
March				
April				
May				
June				

Monthly FBS (Free Basic Services)

Free Basic Water				Free Basic Sanitation			
No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non indigent)	Total beneficiaries	level of Service (e.g. 6 kilolitres per household)	No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non indigent)	Total beneficiaries	level of Service (e.g. VIP toilets)
7749			6KL	7749	0	7749	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)
126	7623		50kWh	7749	0	7749	Total monthly levy

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Summary of Debtors Age Analysis

MONTH	< 30 Days	< 60 Days	< 90 Days	< 120 Days	< 150 Days	<180 Days	<365 Days	>365 Days	Total	Older than 30 Days	Older than 90 days
2019/2020											
June									0	0	0
May									0	0	0
April									0	0	0
March									0	0	0
February									0	0	0
January									0	0	0
December	68 946 894	2 979 071	1 847 137	1 748 882	1 378 903	1 024 067	6 119 592	26 913 061	110 957 606	42 010 712	37 184 606
November	67 756 356	2 311 468	2 045 472	1 573 004	1 120 808	1 992 338	4 942 620	26 351 354	108 093 420	40 337 064	35 980 124
October	65 578 111	2 918 237	1 992 929	1 294 702	2 118 877	981 011	4 973 394	26 067 995	105 925 256	40 347 145	35 435 979
September	70 078 633	2 847 660	1 616 076	2 225 775	1 093 345	1 137 727	4 851 696	25 603 880	109 454 791	39 376 158	34 912 422
Augustus	72 343 845	2 204 467	2 467 897	1 215 310	1 203 190	1 019 048	4 821 906	25 279 680	110 555 341	38 211 497	33 539 133
July	63 876 893	2 954 201	1 496 394	1 318 657	1 102 605	1 033 738	4 397 937	24 923 281	101 103 706	37 226 812	32 776 217

Government Debt

Overstrand Municipality as at 31/12/2019	Total Debt	Services	Rates	Other
Department Responsible for the Debt				
NPW 2227	1 994 822	1 181 858	791 674	21 290
WCED 2251	442 910	442 910	0	0
OTHER 2255	27 769	27 769	0	0
HEALTH 2252	115 072	102 399	11 747	927
TPW 2256	135 870	8 493	127 278	100
HUMAN SETTLE 2215	22 781	22 781	0	0
HOUSING 2253	3 956	3 956	0	0
OTHER MUNICIPALITIES 2276	126 079	126 079	0	0
TOTAL OUTSTANDING	2 869 258	1 916 244	930 699	22 316

Creditors' analysis

Supporting Table SC4

WC032 Overstrand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2019/20								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300	4 189								4 189
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	477								477
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	4 665	-	-	-	-	-	-	-	4 665

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

The payment of creditors is within requirements of the MFMA.

Investment portfolio analysis Supporting Table SC5

WC032 Overstrand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Capital Guaran- tee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commis- sion Paid (Rands)	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
								Opening balance	Interest to be realised	Partial / Premature	Investment Top Up	Closing Balance
R thousands												
Municipality												
LIBERTY 15934476	15 YEARS	Policy	YES	VARIABLE		NO	01/09/2025	18 106	66		125	18 297
LIBERTY 21196964	14 YEARS	Policy	YES	VARIABLE		NO	01/09/2025	31 806	99		260	32 165
MOMENTUM MP 3853776	14 YEARS	Policy	YES	VARIABLE		NO	01/07/2026	3 193	48		30	3 271
ABSA 9331734880	DEP PLUS	DEP PLUS	YES	VARIABLE	6,25	NO		10 265	52	(50)		10 267
Nedbank 03/7881534451 ref: 248	184 days	FIXED DEP	YES	FIXED	8,05	NO	15/01/2020	100 000				100 000
Standard Bank 288434005-027	124 days	FIXED DEP	YES	FIXED	7,8	NO	09/12/2019	75 000	1 987	(76 987)		-
Nedbank 03/7881534451 ref: 250	183 days	FIXED DEP	YES	FIXED	7,9	NO	28/04/2020	100 000				100 000
Standard Bank 288434005-028	154 days	FIXED DEP	YES	FIXED	7,925	NO	30/03/2020	100 000				100 000
Nedbank 03/7881534451 ref: 251	182 days	FIXED DEP	YES	FIXED	7,97	NO	27/05/2020	100 000				100 000
Nedbank 03/7881534451 ref: 252	63 days	FIXED DEP	YES	FIXED	7,4	NO	10/02/2020				50 000	50 000
TOTAL INVESTMENTS AND INTEREST								538 370		(77 038)	50 415	513 999

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

Long term investments relate to the sinking fund investments.

Allocation and grant receipts and expenditure

Supporting Table SC6 – Grant receipts

WC032 Overstrand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	-	110 882	110 882	35 566	83 418	83 418	-		110 882
Local Government Equitable Share		106 697	106 697	35 566	80 023	80 023	-		106 697
Finance Management		1 550	1 550		1 550	1 550			1 550
EPWP Incentive		2 635	2 635		1 845	1 845			2 635
Provincial Government:	-	38 392	36 574	4 509	27 967	27 967	-		36 574
Human Settlements Development Grant		25 061	23 095	2 509	17 851	17 851	-		23 095
Library Services Grant		7 287	7 287		4 858	4 858	-		7 287
Financial Management Capacity Building Grant		380	380				-		380
Maintenance & Construction of Transport Infrastructure		126	126				-		126
Western Cape Financial Management Support Grant		280	280				-		280
Community Development Workers Oper Support Grant			148				-		148
Municipal Service Delivery & Capacity Building Grant							-		
Thusong Service Centre		100	100		100	100	-		100
Resourcing Funding for Estab & Support of a K9 Unit		2 000	2 000	2 000	2 000	2 000	-		2 000
Disaster Management Grant		3 157	3 157		3 157	3 157	-		3 157
Total Operating Transfers and Grants	-	149 274	147 456	40 075	111 385	111 385	-		147 456
Capital Transfers and Grants									
National Government:	-	39 010	39 010	-	13 650	13 650	-		39 010
Municipal Infrastructure Grant (MIG)		32 010	32 010		6 650	6 650	-		32 010
Integrated National Electrification Programme		7 000	7 000		7 000	7 000	-		7 000
Provincial Government:	-	28 281	90 047	38 281	75 505	75 505	-		88 547
Human Settlements Development Grant		26 439	86 705	38 281	73 662	73 662	-		86 705
Disaster Management Grant		1 843	1 843		1 843	1 843			1 843
Public Transport Non-Motorised Infrastructure Grant			1 500				-		
Other grant providers:	-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	-	67 291	129 057	38 281	89 155	89 155	-		127 557
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	216 565	276 513	78 356	200 539	200 539	-		276 513

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 - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	-	4 185	4 185	232	1 391	1 391	-		4 185
Local Government Equitable Share							-		
Finance Management		1 550	1 550	57	487	487	-		1 550
EPWP Incentive		2 635	2 635	175	904	904	-		2 635
Provincial Government:	-	37 968	34 192	4 955	21 162	21 162	-		34 192
Human Settlements Development Grant		25 837	23 871	4 275	16 099	16 099	-		23 871
Library Services Grant		7 287	7 287	680	4 716	4 716			7 287
Financial Management Capacity Building Grant		980	380						380
Maintenance & Constuction of Transport Infrastructure		126	126		126	126			126
Western Cape Financial Management Support Grant		560	280						280
Local Government Internship Grant		36	-						-
Municipal Service Delivery & Capacity Building Grant		144	-						-
Thusong Service Centre		100	100		22	22			100
Resourcing Funding for Estab & Support of a K9 Unit		2 897	2 000		199	199			2 000
Community Development Workers Oper Support Grant			148						148
Other grant providers:	-	176	-	0	0	0	-		176
Spaces For Sport		176		0	0	0	-		176
Total operating expenditure of Transfers and Grants:	-	42 329	38 553	5 186	22 553	22 553	-		38 553
Capital expenditure of Transfers and Grants									
National Government:	-	39 010	39 010	3 643	12 303	12 303	-		39 010
Municipal Infrastructure Grant (MIG)		32 010	32 010	3 643	7 067	7 067	-		32 010
Integrated National Electrification Programme		7 000	7 000		5 236	5 236	-		7 000
Provincial Government:	-	31 184	83 066	39 084	64 489	64 489	-		83 066
Human Settlements Development Grant		26 439	79 723	39 084	64 489	64 489	-		79 723
Resourcing Funding for Estab & Support of a K9 Unit		2 903	-						-
Disaster Management Grant		1 843	1 843						1 843
Public Transport Non-Motorised Infrastructure Grant			1 500						1 500
Other grant providers:	-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants	-	70 194	122 076	42 727	76 792	76 792	-		122 076
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	112 523	160 629	47 913	99 345	99 345	-		160 629

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 - M06 December

Description	Budget Year 2019/20				
	Approved Rollover 2018/19	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands					
EXPENDITURE					
Operating expenditure of Approved Roll-overs					
National Government:	-	-	-	-	
Local Government Equitable Share				-	
Finance Management				-	
EPWP Incentive				-	
Other transfers and grants [insert description]				-	
Provincial Government:	534	23	109	426	79,7%
Human Settlements Development Grant				-	
Financial Management Capacity Building Grant	360			360	100,0%
Local Government Internship Grant	36	6	36	(1)	-1,7%
Municipal Service Delivery & Capacity Building Grant	138	17	72	66	47,9%
Local Government Internship Grant					
Total operating expenditure of Approved Roll-overs	534	23	109	426	79,7%
Capital expenditure of Approved Roll-overs					
National Government:					
Municipal Infrastructure Grant (MIG)					
Other capital transfers [insert description]					
Provincial Government:	3 800	-	143	3 657	96,2%
Resourcing Funding for Establishment & Support of a K9 Unit	3 800	-	143	3 657	96,2%
Total capital expenditure of Approved Roll-overs	3 800	-	143	3 657	96,2%
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS	4 334	23	252	4 082	94,2%

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

All unspent grants roll-over applications relating to the 2018/2019 financial year were approved and are reflected above. The request to roll over unspent FMCBG and FMSG funds relating to the 2017/2018 financial year were declined and returned to Provincial Treasury during this quarter.

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Expenditure on councillor allowances and employee benefits

Supporting Table SC8

WC032 Overstrand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		10 317	10 317	815	4 880	5 159	(278)	-5%	10 317
Pension and UIF Contributions				-	-		-		
Medical Aid Contributions				-	-		-		
Motor Vehicle Allowance				-	-		-		
Cellphone Allowance		1 066	1 066	93	553	533	20	4%	1 066
Housing Allowances							-		
Other benefits and allowances							-		
Sub Total - Councillors	-	11 383	11 383	908	5 433	5 691	(258)	-5%	11 383
Senior Managers of the Municipality									
Basic Salaries and Wages		11 292	11 292	963	5 699	5 646	53	1%	11 292
Pension and UIF Contributions		-	-	-	-		-		-
Medical Aid Contributions		-	-	-	-		-		-
Overtime		-	-	-	-		-		-
Performance Bonus		109	109	-	-		-		109
Motor Vehicle Allowance		-	-	-	-		-		-
Cellphone Allowance		187	187	16	93	93	-		187
Housing Allowances							-		
Other benefits and allowances							-		
Payments in lieu of leave							-		
Long service awards							-		
Post-retirement benefit obligations							-		
Sub Total - Senior Managers of Municipality	-	11 588	11 588	978	5 793	5 740	53	1%	11 588
Other Municipal Staff									
Basic Salaries and Wages		245 260	245 260	19 787	114 467	115 838	(1 372)	-1%	245 260
Pension and UIF Contributions		41 471	41 471	3 313	19 804	19 891	(87)	0%	41 471
Medical Aid Contributions		14 459	14 459	1 049	6 373	6 396	(22)	0%	14 459
Overtime		29 320	29 320	3 061	14 843	15 449	(607)	-4%	29 320
Performance Bonus							-		440
Motor Vehicle Allowance		7 947	7 947	659	3 875	4 126	(251)	-6%	7 947
Cellphone Allowance		2 067	2 067	160	958	1 078	(120)	-11%	2 067
Housing Allowances		2 567	2 567	208	1 253	1 348	(95)	-7%	2 567
Other benefits and allowances		30 363	30 363	985	22 669	22 969	(300)	-1%	30 363
Payments in lieu of leave		1 125	1 125	94	563	563	-		1 125
Long service awards		2 062	2 062	172	1 031	1 031	-		2 062
Post-retirement benefit obligations		11 571	11 571	964	5 786	5 786	-		11 131
Sub Total - Other Municipal Staff	-	388 216	388 216	30 452	191 623	194 476	(2 853)	-1%	388 216
TOTAL SALARY, ALLOWANCES & BENEFITS	-	411 187	411 187	32 338	202 849	205 907	(3 058)	-1%	411 187
TOTAL MANAGERS AND STAFF	-	399 804	399 804	31 430	197 416	200 216	(2 800)	-1%	399 804

SDBIP

The results of the SDBIP for the second quarter ended 31 December 2019 will be included in a separate comprehensive report to be tabled in Council.

Financial Performance

Supporting Table SC2

WC032 Overstrand - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 December

Description of financial indicator	Basis of calculation	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management						
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	0,0%	14,6%	14,6%	3,4%	5,0%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	0,0%	34,6%	28,6%	26,5%	28,6%
Safety of Capital						
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	0,0%	17,0%	16,8%	14,3%	17,0%
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	13636,3%	13636,3%	12310,7%	13636,3%
Liquidity						
Current Ratio	Current assets/current liabilities	0,0%	249,3%	249,3%	386,7%	249,3%
Liquidity Ratio	Monetary Assets/Current Liabilities	0,0%	189,7%	189,7%	305,9%	189,7%
Revenue Management						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing					
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0,0%	9,3%	9,3%	19,3%	9,3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0,0%	0,0%	0,0%	0,0%	0,0%
Creditors Management						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))		100,0%		Annual Indicator	100,0%
Funding of Provisions						
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions					
Other Indicators						
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated		5,5%		Annual Indicator	5,5%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source		18,3%		Annual Indicator	18,3%
Employee costs	Employee costs/Total Revenue - capital revenue	0,0%	34,1%	34,1%	30,8%	34,1%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0,0%	17,0%	0,0%	11,0%	17,0%
Interest & Depreciation	I&D/Total Revenue - capital revenue	0,0%	15,6%	15,6%	3,0%	5,4%
IDP regulation financial viability indicators						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		13,4		Annual Indicator	13,4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		11,8%		Annual Indicator	11,8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		4,9		Annual Indicator	4,9

Capital programme performance

Supporting Table SC12

WC032 Overstrand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July		4 945	4 945	608	608	4 945	4 336	87,7%	0%
August		6 475	6 475	6 109	6 717	11 420	4 702	41,2%	3%
September		7 934	7 934	29 546	36 264	19 354	(16 909)	-87,4%	14%
October		10 520	10 520	13 218	49 482	29 874	(19 608)	-65,6%	19%
November		17 031	17 031	11 015	60 497	46 905	(13 592)	-29,0%	23%
December		12 706	12 706	50 173	110 670	59 611	(51 059)	-85,7%	42%
January		16 129	16 129			75 740	-		
February		20 223	20 223			95 963	-		
March		21 360	21 360			117 322	-		
April		26 186	26 186			143 508	-		
May		19 313	19 313			162 821	-		
June		98 856	153 641			316 461	-		
Total Capital expenditure	-	261 677	316 461	110 670					

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	Zwellihle	Ward 06	SCHULPHOEK	0	31 700 000	31 386 827	Land Purchase.	Land Purchase.	N/A	N/A
2	Stanford	Ward 11	STANFORD IRDP (783)	6 000 000	23 839 714	23 389 089	In progress - Installation of Civil Infrastructure.	Construction is at 65%	N/A	N/A
3	Overstrand	Overstrand	WATER MASTER PLAN IMPLEMENTATION	16 286 360	16 286 360	6 140 487	Construction.	Construction stage, 40% completed (Contract SC1919/2018)	Relatively slow progress made by the contractor in some areas.	Being managed in terms of the contract General Conditions, including penalties for late completion.
4	Hawston	Ward 08	UPGRADE HAWSTON SPORT COMPLEX	15 577 530	15 577 530	2 785 488	Design/Tender.	Phase 1 under construction. Phase 2 - Bid Evaluation meeting 04 December 2019.	N/A	Tender advertised 04/10/2019, closing date 08/11/2019, Bid Evaluation meeting 04/12/2019.
5	Masakhane	Ward 01	MASAKHANE IRDP(296)	11 113 300	11 398 117	6 892 862	In progress - Installation of Civil Infrastructure.	80% Progress	N/A	N/A
6	Overstrand	Overstrand	HERMANUS NEW WASTE MANAGEMENT FACILITY	10 000 000	10 000 000	1 015 939	Procurement.	Tenders advertised on 10 January 2020 (Tender SC 2060/2020).	Consent use applications have been advertised for public comment in terms of the authority zoning of the property.	All tasks are being expedited as far as practically possible.
7	Pringle Bay	Ward 10	NEW RESERVOIR FOR PRINGLE BAY	9 175 105	9 175 105	0	Procurement.	Tender was awarded on 12/12/2019.	An appeal was received from one of the unsuccessful bidders.	A meeting is scheduled between the user department and SCM and Legal Services to expedite the conclusion of the appeal process.
8	Hermanus	Ward 03	CBD REGENERATION PROGF	7 644 182	7 644 182	0	Tender cancelled 04/10/2019. Tender re-advertised 13/11/2019.	Design/Tender stage.	Tender cancelled 04/10/2019. Re-advertised 13/11/2019.	Tender re-advertised 13/11/2019.
9	Masakhane	Ward 01 & 02	NEW 4ML RESERVOIR	7 098 256	7 098 256	940 716	Design/Tender.	Tender advertised 04/10/2019, closing date 08/11/2019. Busy with tender evaluation	N/A	Tender advertised 04/10/2019, tender closing date 08/11/2019. Busy with tender.
10	Gansbaai	Ward 02	GANSBAAI CBD SEWER NETWORK EXTENSION	6 574 574	6 574 574	4 153 163	Construction	Construction stage, 69% completed (Contract SC1916/2018)	None at this stage.	Not applicable.
Totals				89 469 307	139 293 838	76 704 572				

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Supporting Table SC13a

WC032 Overstrand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	-	143 762	145 262	7 037	25 135	18 397	(6 737)	-36,6%	145 262
Roads Infrastructure	-	19 683	22 383	662	1 309	1 461	152	10,4%	22 383
<i>Roads</i>	-	19 683	22 383	662	1 309	1 461	152	10,4%	22 383
Storm water Infrastructure	-	23 841	22 641	3 207	3 776	3 320	(455)	-13,7%	22 641
<i>Drainage Collection</i>	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	23 801	23 801	153	8 318	4 122	(4 195)	-101,8%	23 801
<i>MV Substations</i>	-	6 956	6 956	-	-	-	-	-	6 956
<i>MV Networks</i>	-	16 845	16 845	153	8 318	4 122	(4 195)	-101,8%	16 845
Water Supply Infrastructure	-	42 344	42 344	961	5 231	4 224	(1 006)	-23,8%	42 344
<i>Boreholes</i>	-	2 000	2 000	-	-	-	-	-	2 000
<i>Reservoirs</i>	-	16 273	16 273	961	5 231	4 224	(1 006)	-23,8%	16 273
<i>Water Treatment Works</i>	-	2 150	2 150	-	-	-	-	-	2 150
<i>Distribution</i>	-	21 921	21 921	-	-	-	-	-	21 921
Sanitation Infrastructure	-	24 093	24 093	1 872	5 486	3 936	(1 550)	-39,4%	24 093
<i>Pump Station</i>	-	300	300	-	-	-	-	-	300
<i>Reticulation</i>	-	14 358	14 358	1 872	4 666	2 863	(1 803)	-63,0%	14 358
<i>Waste Water Treatment Works</i>	-	9 435	9 435	-	819	1 073	253	23,6%	9 435
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	10 000	10 000	183	1 016	1 333	317	23,8%	10 000
<i>Landfill Sites</i>	-	10 000	10 000	183	1 016	1 333	317	23,8%	10 000
Community Assets	-	12 800	12 800	25	195	3 122	2 927	93,7%	12 800
Community Facilities	-	12 420	12 420	25	169	3 027	2 858	94,4%	12 420
<i>Halls</i>	-	-	-	-	-	-	-	-	-
<i>Crèches</i>	-	793	793	-	-	-	-	-	793
<i>Fire/Ambulance Stations</i>	-	-	-	-	-	-	-	-	-
<i>Testing Stations</i>	-	1 100	1 100	25	25	367	341	93,1%	1 100
<i>Cemeteries/Crematoria</i>	-	1 500	1 500	-	-	-	-	-	1 500
<i>Police</i>	-	-	-	-	-	-	-	-	-
<i>Puris</i>	-	526	526	-	-	-	-	-	526
<i>Public Open Space</i>	-	5 321	5 321	-	144	2 661	2 517	94,6%	5 321
<i>Nature Reserves</i>	-	2 300	2 300	-	-	-	-	-	2 300
<i>Public Ablution Facilities</i>	-	880	880	-	-	-	-	-	880
Sport and Recreation Facilities	-	380	380	-	26	95	69	72,6%	380
<i>Outdoor Facilities</i>	-	380	380	-	26	95	69	72,6%	380
Other assets	-	35 472	88 757	39 300	64 705	13 986	(50 719)	-362,7%	88 757
Operational Buildings	-	9 034	9 034	216	216	611	395	64,7%	9 034
Housing	-	26 439	79 723	39 084	64 489	13 374	(51 115)	-382,2%	79 723
<i>Social Housing</i>	-	26 439	79 723	39 084	64 489	13 374	(51 115)	-382,2%	79 723
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	4 200	4 200	10	633	1 400	767	54,8%	4 200
Computer Equipment	-	4 200	4 200	10	633	1 400	767	54,8%	4 200
Furniture and Office Equipment	-	280	280	-	-	-	-	-	280
Furniture and Office Equipment	-	280	280	-	-	-	-	-	280
Machinery and Equipment	-	900	900	227	701	450	(251)	-55,7%	900
Machinery and Equipment	-	900	900	227	701	450	(251)	-55,7%	900
Transport Assets	-	17 493	17 493	-	143	8 747	8 603	98,4%	17 493
Transport Assets	-	17 493	17 493	-	143	8 747	8 603	98,4%	17 493
Total Capital Expenditure on new assets	-	214 907	269 692	46 598	91 512	46 102	(45 410)	-98,5%	269 692

Supporting Table SC13b

WC032 Overstrand - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								%	
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	6 570	6 570	696	940	2 213	1 273	57,5%	6 570
Roads Infrastructure	-	10	10	-	-	-	-		10
Roads		10	10						10
Electrical Infrastructure	-	-	-	-	-	-	-		-
MV Networks									
Water Supply Infrastructure	-	2 560	2 560	464	708	880	172	19,5%	2 560
Water Treatment Works									
Sanitation Infrastructure	-	4 000	4 000	232	232	1 333	1 101	82,6%	4 000
Waste Water Treatment Works									
Solid Waste Infrastructure	-	-	-	-	-	-	-		-
Waste Transfer Stations									
Community Assets	-	-	-	-	-	-	-		-
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	-	-	-	-	-	-	-		-
Biological or Cultivated Assets	-	-	-	-	-	-	-		-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	-	-	-	-		-
Computer Equipment	-	-	-	-	-	-	-		-
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-		-
Furniture and Office Equipment									
Machinery and Equipment	-	-	-	-	-	-	-		-
Machinery and Equipment									
Transport Assets	-	-	-	-	-	-	-		-
Transport Assets									
Land	-	-	-	-	-	-	-		-
Land									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals									
Total Capital Expenditure on renewal of existing assets	-	6 570	6 570	696	940	2 213	1 273	57,5%	6 570

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Supporting Table SC13c

WC032 Overstrand - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M06
December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	-	139 955	154 148	5 418	47 160	69 768	22 608	32,4%	154 148
Roads Infrastructure	-	65 331	65 506	2 191	21 654	32 494	10 840	33,4%	65 506
<i>Roads</i>		62 398	62 398	2 191	19 279	31 199	11 919	38,2%	62 398
<i>Road Structures</i>		2 933	3 108		2 375	1 295	(1 079)	-83,3%	3 108
Storm water Infrastructure	-	6 600	6 475	183	1 764	3 238	1 474	45,5%	6 475
<i>Drainage Collection</i>		3 339	3 214	176	1 388	1 607	219	13,6%	3 214
<i>Storm water Conveyance</i>		3 262	3 262	8	376	1 631	1 255	77,0%	3 262
Electrical Infrastructure	-	37 099	50 294	1 586	12 462	18 393	5 931	32,2%	50 294
<i>HV Transmission Conductors</i>		-	-						
Water Supply Infrastructure	-	16 935	17 588	994	7 013	8 794	1 781	20,2%	17 588
Sanitation Infrastructure	-	11 541	11 827	463	3 911	5 841	1 930	33,0%	11 827
<i>Waste Water Treatment Works</i>		10 671	10 957	463	3 556	5 479	1 923	35,1%	10 957
Solid Waste Infrastructure	-	2 220	2 229	-	302	929	626	67,4%	2 229
<i>Landfill Sites</i>		55	55		10	23	13	56,2%	55
<i>Waste Transfer Stations</i>		427	436		0	182	181	99,8%	436
<i>Waste Processing Facilities</i>		74	74		29	31	2	7,0%	74
<i>Waste Drop-off Points</i>		1 433	1 433		260	597	337	56,5%	1 433
<i>Waste Separation Facilities</i>		230	230		3	96	93	96,6%	230
Coastal Infrastructure	-	189	189	-	53	79	26	33,0%	189
Information and Communication Infrastructure	-	40	40	-	-	-	-	-	40
Community Assets	-	40 198	39 457	2 407	16 399	19 609	3 211	16,4%	39 457
Community Facilities	-	34 241	32 988	2 195	14 804	16 375	1 570	9,6%	32 988
<i>Halls</i>		3 875	3 875	269	1 768	1 938	170	8,8%	3 875
<i>Fire/Ambulance Stations</i>		912	712		51	304	253	83,3%	712
<i>Testing Stations</i>		13	13						13
<i>Libraries</i>		164	172		46	72	26	36,0%	172
<i>Cemeteries/Crematoria</i>		978	978	58	327	489	162	33,1%	978
<i>Public Open Space</i>		4 219	3 154	353	1 925	1 577	(348)	-22,1%	3 154
Sport and Recreation Facilities	-	5 957	6 469	212	1 594	3 235	1 640	50,7%	6 469
<i>Outdoor Facilities</i>		5 957	6 469	212	1 594	3 235	1 640	50,7%	6 469
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	2 217	2 210	-	472	864	392	45,4%	2 210
Operational Buildings	-	2 217	2 210	-	472	864	392	45,4%	2 210
<i>Municipal Offices</i>		2 074	2 074		472	864	392	45,4%	2 074
<i>Building Plan Offices</i>		105	99						99
<i>Stores</i>		38	38						38
Intangible Assets	-	5 653	5 653	-	1 611	2 355	745	31,6%	5 653
Computer Equipment	-	1 193	1 193	-	376	497	121	24,3%	1 193
Computer Equipment		1 193	1 193		376	497	121	24,3%	1 193
Furniture and Office Equipment	-	431	440	-	80	183	103	56,2%	440
Furniture and Office Equipment		431	440		80	183	103	56,2%	440
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
Transport Assets	-	9 542	9 542	168	4 232	4 771	539	11,3%	9 542
Transport Assets		9 542	9 542	168	4 232	4 771	539	11,3%	9 542
Total Repairs and Maintenance Expenditure	-	199 189	212 644	7 993	70 330	98 048	27 718	28,3%	212 644

Supporting Table SC13d

WC032 Overstrand - Supporting Table SC13d Monthly Budget Statement - depreciation by asset class - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Depreciation by Asset Class/Sub-class									
Infrastructure	-	104 946	104 946	8 746	52 473	52 473	0	0,0%	104 946
Roads Infrastructure	-	34 090	34 090	2 841	17 045	17 045	0	0,0%	34 090
<i>Roads</i>		34 090	34 090	2 841	17 045	17 045	0	0,0%	34 090
Storm water Infrastructure	-	6 044	6 044	504	3 022	3 022	0	0,0%	6 044
<i>Storm water Conveyance</i>							-		
Electrical Infrastructure	-	25 166	25 166	2 097	12 583	12 583	(0)	0,0%	25 166
<i>HV Transmission Conductors</i>							-		
Water Supply Infrastructure	-	27 501	27 501	2 292	13 751	13 751	0	0,0%	27 501
<i>Water Treatment Works</i>							-		
<i>Distribution</i>		27 501	27 501	2 292	13 751	13 751	0	0,0%	27 501
Sanitation Infrastructure	-	9 897	9 897	825	4 948	4 948	0	0,0%	9 897
<i>Reticulation</i>							-		
<i>Waste Water Treatment Works</i>		9 897	9 897	825	4 948	4 948	0	0,0%	9 897
Solid Waste Infrastructure	-	2 248	2 248	187	1 124	1 124	0	0,0%	2 248
<i>Waste Transfer Stations</i>							-		
Community Assets	-	-	-	-	-	-	-		-
Sport and Recreation Facilities	-	-	-	-	-	-	-		-
<i>Outdoor Facilities</i>							-		
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	-	12 662	12 662	1 055	6 331	6 331	0	0,0%	12 662
Operational Buildings	-	12 662	12 662	1 055	6 331	6 331	0	0,0%	12 662
<i>Municipal Offices</i>		12 662	12 662	1 055	6 331	6 331	0	0,0%	12 662
Biological or Cultivated Assets	-	-	-	-	-	-	-		-
Intangible Assets	-	723	723	60	362	362	(0)	0,0%	723
Licences and Rights	-	723	723	60	362	362	(0)	0,0%	723
<i>Computer Software and Applications</i>		723	723	60	362	362	(0)	0,0%	723
Computer Equipment	-	-	-	-	-	-	-		-
Computer Equipment							-		
Furniture and Office Equipment	-	8 137	8 137	678	4 069	4 069	0	0,0%	8 137
Furniture and Office Equipment		8 137	8 137	678	4 069	4 069	0	0,0%	8 137
Machinery and Equipment	-	736	736	61	368	368	0	0,0%	736
Machinery and Equipment		736	736	61	368	368	0	0,0%	736
Transport Assets	-	4 081	4 081	340	2 041	2 041	(0)	0,0%	4 081
Transport Assets		4 081	4 081	340	2 041	2 041	(0)	0,0%	4 081
Land	-	-	-	-	-	-	-		-
Land							-		
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals							-		
Total Depreciation	-	131 285	131 285	10 940	65 643	65 643	0	0,0%	131 285

Supporting Table SC13e

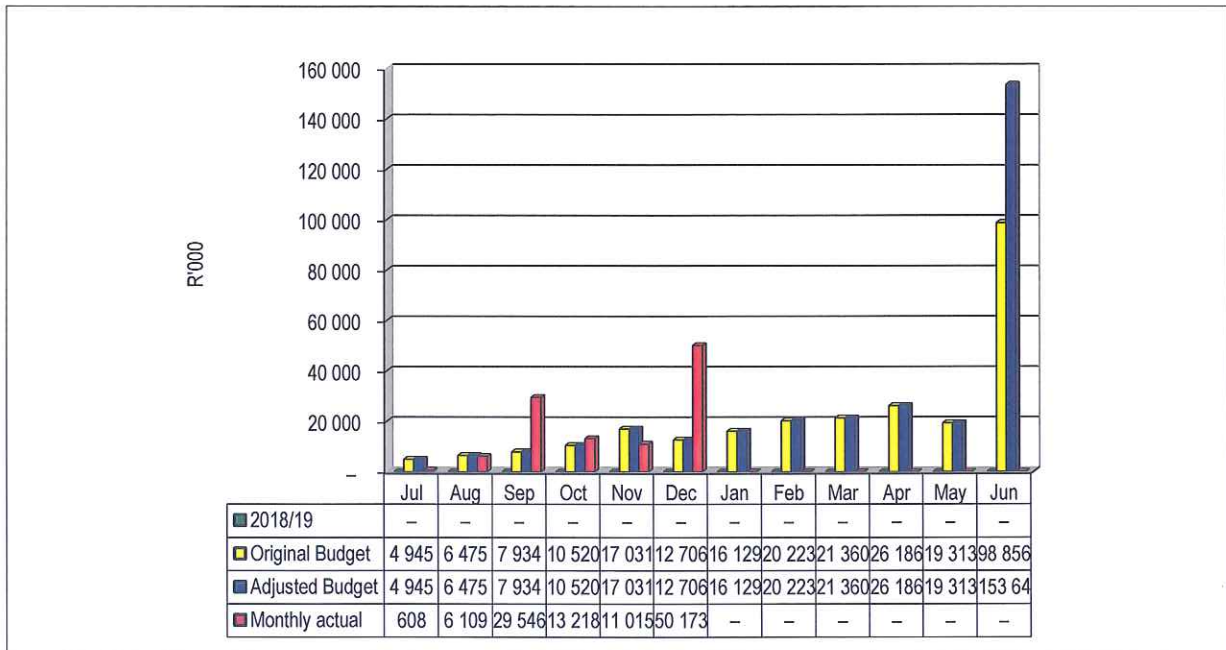
WC032 Overstrand - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	-	23 172	23 172	2 683	15 372	9 614	(5 758)	-59,9%	23 172
Roads Infrastructure	-	-	-	-	-	-	-	-	-
<i>Roads</i>	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	3 160	3 160	63	246	1 580	1 334	84,4%	3 160
<i>Drainage Collection</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Conveyance</i>	-	3 160	3 160	63	246	1 580	1 334	84,4%	3 160
<i>Attenuation</i>	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	9 750	9 750	1 846	5 829	3 875	(1 954)	-50,4%	9 750
<i>MV Networks</i>	-	9 750	9 750	1 846	5 829	3 875	(1 954)	-50,4%	9 750
Water Supply Infrastructure	-	3 600	3 600	754	7 452	1 800	(5 652)	-314,0%	3 600
<i>Distribution</i>	-	3 600	3 600	754	7 452	1 800	(5 652)	-314,0%	3 600
Sanitation Infrastructure	-	5 662	5 662	21	1 845	2 359	514	21,8%	5 662
<i>Reticulation</i>	-	5 662	5 662	21	1 845	2 359	514	21,8%	5 662
Solid Waste Infrastructure	-	1 000	1 000	-	-	-	-	-	1 000
<i>Landfill Sites</i>	-	-	-	-	-	-	-	-	-
<i>Waste Transfer Stations</i>	-	1 000	1 000	-	-	-	-	-	1 000
Community Assets	-	16 928	16 928	134	2 785	1 632	(1 154)	-70,7%	16 928
Sport and Recreation Facilities	-	16 928	16 928	134	2 785	1 632	(1 154)	-70,7%	16 928
<i>Outdoor Facilities</i>	-	16 928	16 928	134	2 785	1 632	(1 154)	-70,7%	16 928
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	100	100	61	61	50	(11)	-21,7%	100
Operational Buildings	-	100	100	61	61	50	(11)	-21,7%	100
<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	-	40 200	40 200	2 879	18 218	11 296	(6 922)	-61,3%	40 200

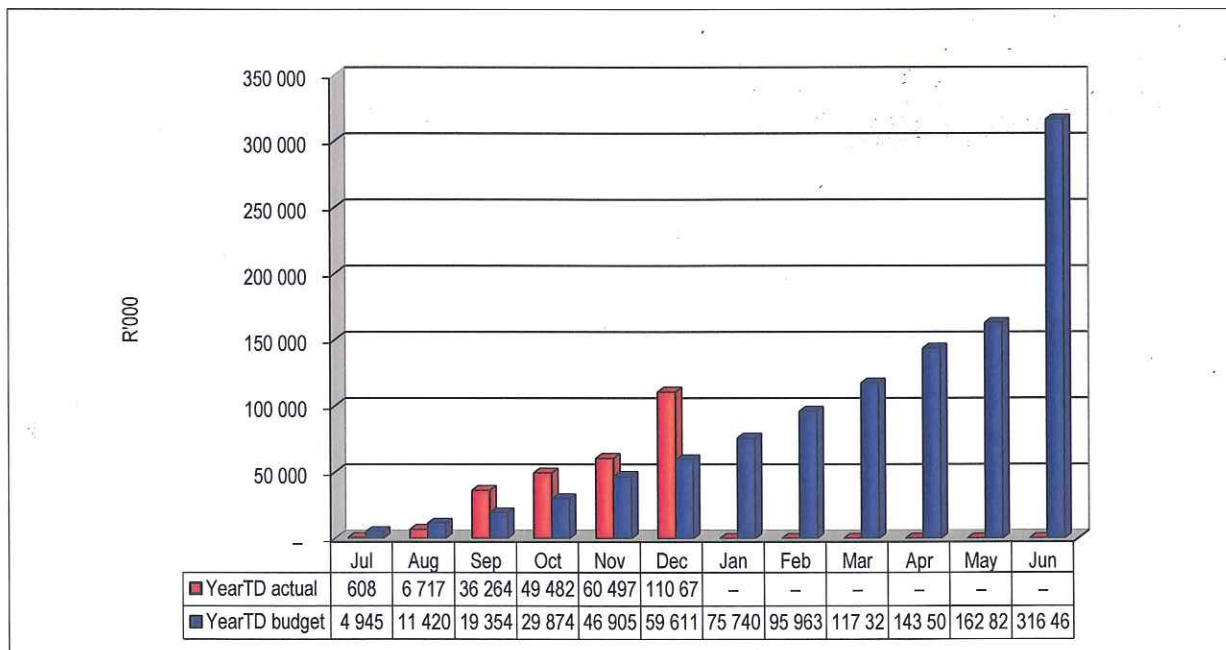
Other supporting documentation

Section 71 charts

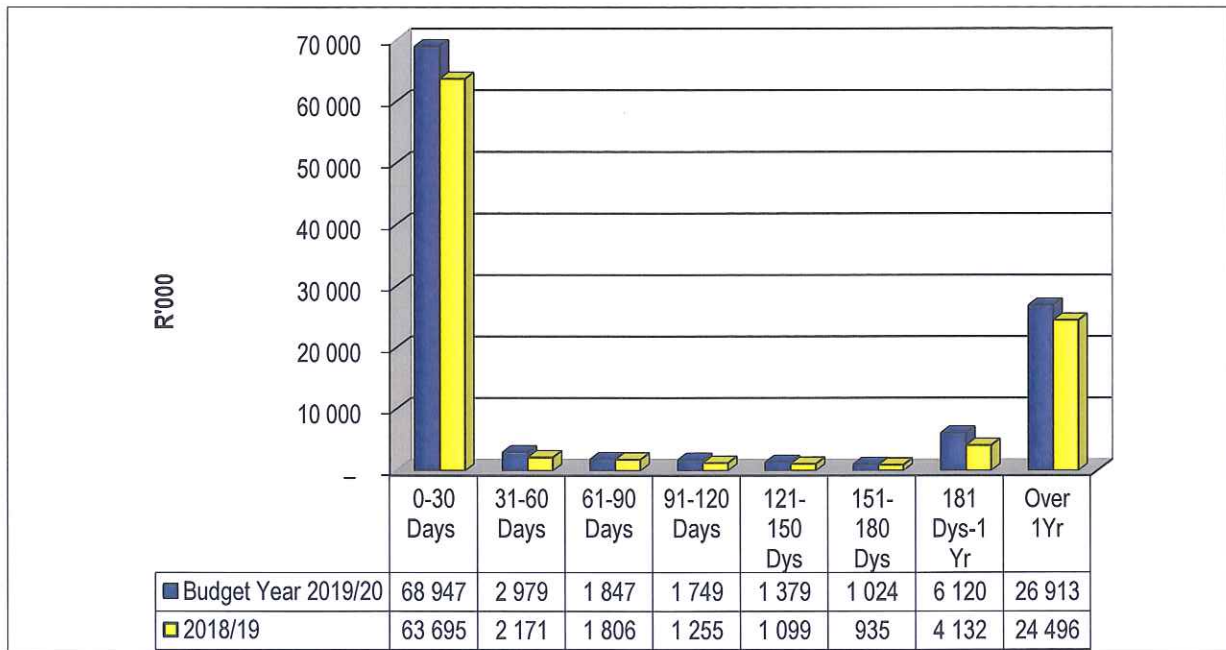
Capital expenditure monthly trend - actual vs target



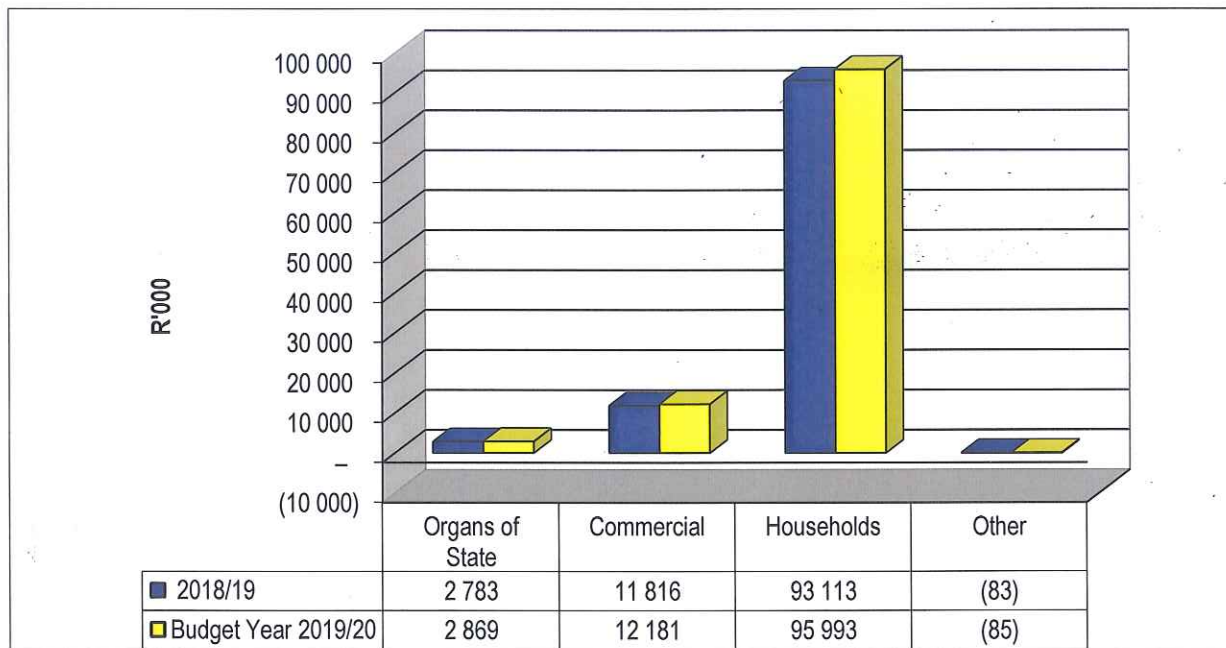
Capital expenditure – YTD actual vs YTD trend



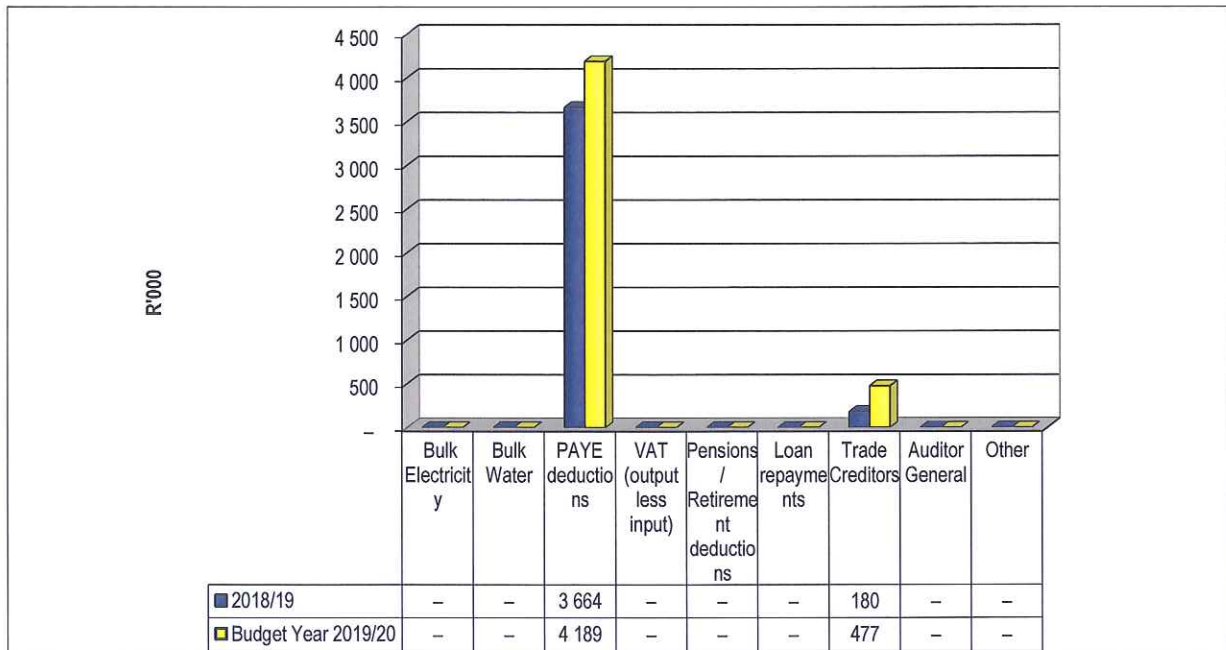
Debtors Age Analysis



Debtors by Type



Creditor Payments



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 **December 2019** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: **CC Groenewald**

Municipal Manager of **Overstrand Municipality (WC032)**

Signature:

A handwritten signature in black ink, appearing to read 'CC Groenewald', written over a horizontal line.

Date:

16.01.2020

EXECUTIVE MAYOR'S SPECIAL FUND

Status report in terms of paragraph 7 of the policy.

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

Opening Balance 01/07/2019

R 25 712.89

Add: Overstrand Budget Allocation 2019/2020

R 100 000.00

Donations received:

Quarter 1 Donations received R 300.00
Quarter 1 Donations received R 450.00

R 750.00

Amounts withdrawn:

Quarter 1	09/07/2019	Donations granted	-R 21 500.00
Quarter 2	1/10/2019	GOSPEL BELLS MANNEKOOR: 2019 MAYORAL AWARDS	-5 000.00
	1/10/2019	HAWSTON HEALTH&WEL ORG: NEW BEDDING FOR THE CENTRE	-5 000.00
	1/10/2019	CATAPULT-DONATION FOR PERFORMING AT 2019 MAYOR AWARDS	-5 000.00
	28/10/2019	CATERING AT THE ARTSCAPE RURAL OUTREACH IN HAWSTON	-13 050.00
	11/11/2019	SIYAKHA NPC: SPECIAL MAYORS FUND	-10 000.00
	13/11/2019	THE LIVING TAPESTRY: DONATION	-3 000.00
	2/12/2019	MACKENZIE TAYDEN-PARTICIPATE IN SA JUN CHESS CHAMPS	-2 000.00
	3/12/2019	HANDEVAT MUSIC: DONATION FOR CAROLS AT LAGOON-KM	-2 000.00
	9/12/2019	ERF940, PEACH HOUSE-REPL DAMAGED ELECTRICAL CABLE	-4 042.00
	10/12/2019	LOMBARDI OLD AGE CENTRE ACTV PROJ FOR WOOL DONATION	-2 500.00
	11/12/2019	HYTERA PD68 XG	-6 200.00

-R 79 292.00

Closing Balance 31/12/2019

R 47 170.89

ANNEXURE B

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

December 2019

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

The Municipal Cost Containment Regulations were published on 07 June 2019, with effective date 01 July 2019.

The previous report to Council (June 2019) addressed the administrative process in anticipation of the regulations. These considerations were based on MFMA Circular No. 82 Cost Containment Measures (Updated November 2016).

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

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

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

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

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

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Cost Containment In-Year Report

Measures	Budget	Q1	Q2	Q3	Q4	Savings
	R'000	R'000	R'000	R'000	R'000	R'000
Use of Consultants	31 115 776	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented			
Vehicles used for political office-bearers	0	No Vehicles purchased or planned to purchase vehicles for this purpose in current financial period.	No Vehicles purchased or planned to purchase vehicles for this purpose in current financial period.			
Travel & subsistence	639 919	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented			
Domestic accomodation	503 493	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented			
Sponsorships,events and catering	1 404 575	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented			
Communication	6 545 858	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented			
Other related expenditure items	0	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented	1. Overstrand Municipality does not budget to create savings. 2. Cost containment considerations implemented multiple budget periods ago. 3.Guiding Templates implemented			
Total	40 209 621					

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

POST IMPLEMENTATION STATUS OF THE mSCOA PROJECT – DECEMBER 2019

Executive Summary

The purpose of this submission to Council is to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. No feedback regarding the anticipated outcome of the audit process of *mSCOA* system vendors by National Treasury has been communicated to municipalities.
2. This is also compounded by the fact that the Municipality has yet to receive an updated project plan for the rollout of the complete suite of the Samras web based modules from Bytes Systems Integration.

Background/Discussion

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

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

National Treasury Directives and Technical Specifications

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

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Vendor Technical Systems Design and Development Strategies

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

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

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

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

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

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

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

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

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

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

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

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

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

The Way Forward with mSCOA

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

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

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

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

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

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

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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

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

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

1. The anticipated audit process of all related mSCOA system vendors by National Treasury has been communicated to municipalities in confirming that NT has scheduled this process from November 2019. No feedback has yet been received regarding the process or any outcomes.
2. The service provider has started a process to test some modules at municipalities, however the web development is according to our observation, not ready for Overstrand municipality to consider. The status will be considered after the Samras Usergroup meeting scheduled for 16/17 October 2019. No positive developments were observed at the usergroup.

3. PT mSCOA Activities:

Municipal visits – Budget Analysis - Jul-19

mSCOA Implementation Self-Assessments 19-Jul-19

Data string alignment – Aug/Sep 19

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

All the monthly data strings M01 – M06 (July 2019 to December 2019) have been successfully submitted and verified by the NT database.

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

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

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

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

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

1. Executive Background

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

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

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

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

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

2. Legislative and Regulatory Frameworks

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

3. mSCOA: Scope and Overview

3.1. Business Rationale

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

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

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

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

3.2. Key Objectives of mSCOA

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

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

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

3.3. mSCOA Classification Framework

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

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

4. mSCOA Project Governance and Management

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

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

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

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

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

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

5. mSCOA Project Implementation Frameworks

5.1. mSCOA Compliance Frameworks

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

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

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

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

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

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

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

5.1.2. Financial Management and Internal Control Requirements

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

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

5.1.3. mSCOA Budgetary Compliance Requirements

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

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

5.1.4. Business Process Requirements and Associated System

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

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

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

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

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

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

6. mSCOA Training and Status of Operations – February 2019

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

- 1) Plan and develop Departmental budgets, but;
 - regressed from capturing budgets on the Web portal to capturing information on Excel spreadsheets by Budget Holders due to the functionality not being available on time with regard to the requirements related to the annual Budget Cycle, also with reference to the latest mSCOA version of the Chart (V6.3), published by National Treasury only on 7 December 2019.
 - Before-mentioned resulted in the release of relevant system functionality only weeks later, impacting severely on the adherence to the time-lines for tabling of the draft budget in Council during March 2019;
- 2) Process all financial data at a transactional level across all seven mSCOA segments, but;
 - Only still in SamrasClassic
- 3) Extract and compile all required financial and management reports across the Annual Financial Accountability Reporting Life Cycle, but:
 - This aspect still requires much manual intervention.

7. Bytes Systems and Engagements

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

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

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

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

7.2 Bytes Systems and Engagements

As reference point again, extract from MFMA Circular 57

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

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

ICT Industry Migration to Knowledge Based Systems Architectures

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

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

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

7.3 SAMRAS Financial System

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

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

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

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

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

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

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

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

2018/2019 Samras Monthly Performance Ratings:

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

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

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

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

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

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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

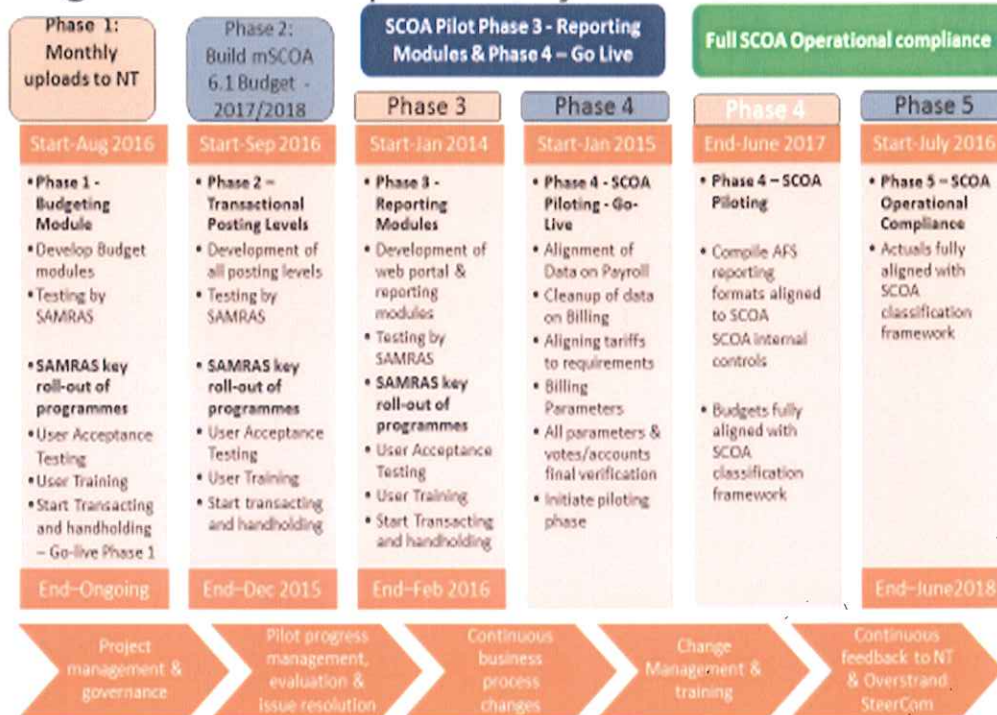


Diagram 2 - mSCOA Samras Modernisation 2015/2016

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

