

“ The City of Heritage ”



ULUNDI MUNICIPALITY'S

**MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT FOR 2016/2017
FINANCIAL YEAR**

ULUNDI MUNICIPALITY

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR THE FINANCIAL YEAR 2016/2017

Part 1

1. Mayor's report

TABLING OF MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2016/2017

**BY HIS WORSHIP THE MAYOR OF ULUNDI, CLLR W.M. NTSHANGASE AT THE
COUNCIL CHAMBER OF THE ULUNDI MUNICIPAL COUNCIL ON 24 JANUARY
2017**

Honourable Speaker, Honourable Councillors, Representatives from Provincial Treasury, Representatives from Office of the Auditor-General, Representatives from COGTA, Municipal Manager, Municipal Executive Directors, Senior Managers and Officials I greet you all. It gives me pleasure to stand on this platform in front of all of you and be awarded an opportunity to outline progress regarding the 2016/2017 Budget which was approved on 27 May 2016 as per Section 16 of the Municipal Finance Management Act 56 of 2003.

Honourable Speaker and Colleagues, I would like to remind the house that since March 2011 up until June 2014 this Municipality had been pulling very hard in terms of Cash flow due to low rate of debt recovery together with increase in salary costs.

However by December 2014, a slight improvement in our cash flows could be felt as compared to the previous seasons. In September 2012 a resolution was taken by this Council to establish a Cash Flow Management Committee after adoption and approval of Cash Management Policy. This Committee, which is chaired by the Municipal Manager, was mandated by Council to scrutinise line by line any expenditure item before actual cash is withdrawn from the Council's coffers. Honourable Speaker and Colleagues, I wish to emphasise, that initiative started bearing fruits as early as November 2012 where a considerable drop in expenditure on Subsistence and Transport (S&T) and overtime was realised and value of orders were also dropped. In this particular instance I wish to commend this municipality's Management Committee (MANCO) as well as our Internal Audit Unit for tightening internal controls. I also wish to extend my sincere thanks to the Audit Committee as Municipal Publics Account Committee (MPAC) for their oversight role.

Honourable Speaker, the above mentioned step forward took us to another positive direction where on 30 May 2013 this Council resolved to introduce a Business Unit concept in Protection Services and Electrical Services. From July 2013 this Municipality has been able to honour its obligations in

time including arrangements made with Eskom in order to service the debt. Since we are now half-way with our current budget allow me to briefly outline the status quo in compliance with Section 72(1) (a) of the Municipal Finance Management Act. In terms of this provision the Municipal Financial performance must be assessed taking into consideration the current budget and service delivery targets and performance as set out in the Service Delivery and Budget Implementation Plan (SDBIP). Also the administration of this Council led by the Municipal Manager took a decision to operationalize circular number 82 on cost containment measures as a result

As outlined in table C4 on pageof this report which is the Financial Performance in Revenue and Expenditure, I would like to refer to the following:

Ref	Description R thousands	Variance	Reasons for variance	Corrective measures
	Revenue by source			
1	Property rates: Budgeted: R55, 412m Collection to date: R45, 458m, Projected collection to date: R27, 706m	R17,752m (positive)	Annual Rates paid by Government departments have caused massive increase in the collection rate. However for the next six months the rate billed will be the same throughout the year.	Expedite the sale in execution of vacant sites and also fast track the recovery of old debts.
2	Service charges- electricity revenue Budgeted: R119, 186m Collection to date: R42, 418m Projected collection to date: R59, 593m	(R17,175m) (negative)	<p>The Electrical Section is a business unit, its revenue is ring-fenced in order to meet its obligations on time.</p> <p>In terms of item A7 of 29 May 2013 (approval of the budget) Council resolved inter alia as follows:</p> <ol style="list-style-type: none"> 1) The initial budget was based upon the implementation of a smart metering system to ensure maximum revenue generation. The complexity of the smart metering project has delayed this project, therefore it calls for the municipality to collect less than what was anticipated. 	<p>The municipality will continue to involve Provincial Treasury to mediate on this matter as per MFMA section 44.</p> <p>To make necessary changes to the adjustment budget.</p> <p>Another initiative at hand is the termination of the services by the Smart Metering service provider.</p>

3	<p>Traffic Fines Budgeted: R4,000m Collection to date: R1,155m Required collection to date: R2,000m</p>	<p>R845m (negative)</p>	<p>The municipal traffic officers are using advanced mobile technology to identify cars that have outstanding traffic fines, and this led to an increase in collection rate.</p>	<p>Enforce other mechanisms to collect more revenue.</p> <p>To make a provision of the full accrual for the last six month as per GRAP 1 in order to have a true picture during adjustment budget.</p> <p>To make use of the extra personnel that has been trained by this municipality as Traffic Officers.</p>
	<p>Learners licence fees Budgeted: R3,100m Collection to date: R1,412m Required collection to date: R1,550m</p>	<p>R138m (negative)</p>	<p>The variance for learners license fees is only 9.2% which is caused by the recess for festive season</p>	<p>The testing ground centre has been extended and has also increased the number of licensing examiners in order to enhance more revenue.</p>
4	<p>Refuse charges Budgeted: R6,839m Collection to date: R3,720m Required collection to date: R3,420m</p>	<p>R301 (negative)</p>	<p>The variance is due to refuse removal 2016/2017 tariffs that are implemented.</p>	<p>none</p>
	<p>Expenditure</p>			

1	<p>Bulk electricity purchase</p> <p>Budgeted: R60,000m</p> <p>Paid to date: R32,914m</p> <p>Projected payment to date: R30,000m</p>	<p>(R2,914m) (positive)</p>	<p>Included in the variance amount are the invoices that relate to the previous year.</p> <p>2) The initial budget was based upon the implementation of a smart metering system to ensure maximum revenue generation. The complexity of the smart metering project has delayed this project.</p>	<p>The municipality will continue to involve Provincial Treasury to mediate on this matter as per MFMA section 44.</p> <p>To make necessary changes to the adjustment budget.</p>
2	<p>Employee related cost</p> <p>Budgeted: R107,062m</p> <p>Expenditure to date: R56,238m</p> <p>Projected Expenditure to date: R53,531m</p>	<p>R2,707m (Positive)</p>	<p>This was due to the provisional grading as well as the newly established Planning & Real Estate Directorate .</p>	<p>Adjustment in terms of section 28 of the MFMA will be applied since more items need to be catered for such as the Councillors back-pay as well as recent salary increases of 7%</p>

Other expenditure has been kept at a minimum as per the MEC's cost cutting measures. Honourable Speaker, I would also like to bring to the attention of this house that this municipality has budgeted for a surplus of R57m, this amount includes the non-cash items such as depreciation and debt impairment amounting to R73, 474m. Before I close Honourable Speaker I would like report that this municipality has noted the Treasury comments for this year's budget and will be incorporated when finalising the adjustment budget.

With those words, I wish to extend my sincere thanks and appreciation for being awarded this opportunity, may the almighty God bless you all.

➤ RESOLUTIONS

➤ Executive summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were received as part of this year's planning and budget process. Where appropriate, funds were transferred from low to high priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

The budget/IDP process occurred according to the budget timetable approved by Council in August 2015. This ensured compliance with the MFMA and subsequent circulars in the preparation and approval of the multi-year budget/IDP. The Municipal Budget and reporting Regulations (MBRR) was also prepared taking cognizance of the contents of the Municipal Finance Management Act No 56 of 2003, Circular No. 72.

The main challenges experienced during the compilation of the 2016/2017 Final Mid – Year can be summarized as follows:

- Schedule C to agree with monthly S71 reporting.

The following budget principles and guidelines directly informed the compilation of the 2016/2017 Final Budget and MTREF:

- The Municipality used benchmark of 20% or material value R1 000 000

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/2017 Municipals Budget and Reporting Regulations:

➤ IN-YEAR BUDGET STATEMENTS TABLES

Board Members of Entities										
Basic Salaries and Wages								-		
Pension and UIF Contributions								-		
Medical Aid Contributions								-		
Overtime								-		
Performance Bonus								-		
Motor Vehicle Allowance								-		
Cellphone Allowance								-		
Housing Allowances								-		
Other benefits and allowances								-		
Board Fees								-		
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations								-		
Sub Total - Board Members of Entities	2	-	-	-	-	-	-	-		-
% increase	4									
Senior Managers of Entities										
Basic Salaries and Wages								-		
Pension and UIF Contributions								-		
Medical Aid Contributions								-		
Overtime								-		
Performance Bonus								-		
Motor Vehicle Allowance								-		
Cellphone Allowance								-		
Housing Allowances								-		
Other benefits and allowances								-		
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations								-		
Sub Total - Senior Managers of Entities	2	-	-	-	-	-	-	-		-
% increase	4									
Other Staff of Entities										
Basic Salaries and Wages								-		
Pension and UIF Contributions								-		
Medical Aid Contributions								-		
Overtime								-		
Performance Bonus								-		
Motor Vehicle Allowance								-		
Cellphone Allowance								-		
Housing Allowances								-		
Other benefits and allowances								-		
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations								-		
Sub Total - Other Staff of Entities	4	-	-	-	-	-	-	-		-
% increase	4									
Total Municipal Entities		-	-	-	-	-	-	-		-
TOTAL SALARY, ALLOWANCES & BENEFITS		124 864	123 037	-	11 358	53 947	61 394	(7 447)	-12%	123 037
% increase	4		-1,5%							-1,5%
TOTAL MANAGERS AND STAFF		107 062	108 084	-	10 194	46 470	54 042	(7 572)	-14%	108 084

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved
2. If benefits in kind are provided (e.g. provision of living quarters) the full market value must be shown as the cost to the municipality
3. s57 of the Systems Act
4. B/A, C/A, D/A

Column Definitions:

- A. Audited actual 2005/06 (audited financial statements). If audited amounts unavailable, unaudited amounts must be provided with a note stating these are unaudited
- B. The original budget approved by council for the 2006/07 budget year.
- C. The budget for 2006/07 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual amounts (pre audit - 2006/07 budget year) at the time of preparing the budget for the 2007/08 budget year. This may differ from C.

This was due to the provisional grading as well as the newly established planning & real estate directorate.

Adjustment in term of section 28 of the MFMA will be applied since more items need to be catered for such as the councillors back – pay as well as recent salary increased of 7%.

➤ MUNICIPALITY FINANCIAL PERFORMANCE

KZN266 Ulundi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	Budget Year 2016/17							Full Year Forecast			
		2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance		YTD variance %		
R thousands												
Revenue By Source												
Property rates		49 076	55 412		2 265	45 458	27 706	17 752	64%	55 412		
Property rates - penalties & collection charges		9 004	1 593		1 566	7 289	797	6 492	815%	1 593		
Service charges - electricity revenue		58 448	119 186		18 984	42 418	59 593	(17 175)	-29%	119 186		
Service charges - water revenue												
Service charges - sanitation revenue												
Service charges - refuse revenue			6 839		618	3 720	3 420	301	9%	6 839		
Service charges - other					396	869		869	#DIV/0!			
Rental of facilities and equipment		7 200	1 511		81	(2 202)	756	(2 958)	-392%	1 511		
Interest earned - external investments		3 956	1 000		63	449	500	(51)	-10%	1 000		
Interest earned - outstanding debtors												
Dividends received												
Fines		15 387	4 000		224	1 155	2 000	(845)	-42%	4 000		
Licences and permits		2 771	3 100		226	1 412	1 550	(138)	-9%	3 100		
Agency services												
Transfers recognised - operational		180 770	129 164		41 487	106 782	64 582	42 200	65%	129 164		
Other revenue		1 498	5 947		(319)	765	2 974	(2 208)	-74%	5 947		
Gains on disposal of PPE			1 000				500	(500)	-100%	1 000		
Total Revenue (excluding capital transfers and contributions)		329 083	328 752		65 592	208 113	164 376	43 737	27%	328 752		

Expenditure By Type	102 913	107 062	10 187	56 238	53 531	2 707	5%	107 062
Employee related costs	102 913	107 062	10 187	56 238	53 531	2 707	5%	107 062
Remuneration of councillors	14 057	14 953	1 163	6 798	7 477	(679)	-9%	14 953
Debt impairment	15 736	2 145	19 769	19 769	1 073	(1 073)	-100%	2 145
Depreciation & asset impairment	40 332	71 329	388	142	35 665	(15 895)	-45%	71 329
Finance charges	62 252	200	7 308	32 914	100	42	42%	200
Bulk purchases	58 198	38 574	7 478	28 531	30 000	2 914	10%	60 000
Other materials	57 270	31 067	—	28 467	—	—	—	—
Contracted services	—	—	—	—	19 287	9 244	48%	38 574
Transfers and grants	—	—	—	—	—	—	—	—
Other expenditure	—	—	—	—	15 534	12 933	83%	31 067
Loss on disposal of PPE	—	—	—	—	—	—	—	—
Total Expenditure	350 758	325 330	46 294	172 858	162 665	10 193	6%	325 330
Surplus/(Deficit)	(21 676)	3 422	19 298	35 255	1 711	33 544	0	3 422
Transfers recognised - capital	—	54 492	10 000	10 000	27 246	(17 246)	(0)	54 492
Contributions recognised - capital	—	—	—	—	—	—	—	—
Contributed assets	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(21 676)	57 914	29 298	45 255	28 957	—	—	57 914
Taxation	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation	(21 676)	57 914	29 298	45 255	28 957	—	—	57 914
Attributable to minorities	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality	(21 676)	57 914	29 298	45 255	28 957	—	—	57 914
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	(21 676)	57 914	29 298	45 255	28 957	—	—	57 914

References

1. Material variances to be explained on Table SC1

Total Revenue (excluding capital transfers and contributions) inclu 329 083 383 244 75 592 218 113 191 622 383 244

General Expenses comprises mainly of the following:

1. HIV/AIDS Project	R1 165 985
2. Disaster Relief	R1 800 000
3. Mayoral Cup	R24 950
4. Mayoral Functions	R1 008 714.39
5. Printing & Stationery	R1 325 044.71
6. Uniforms & Protective Clothing	R548 821.82
7. Ward Committee Fees	R831 349.99
8. Equipment	R2 920 000
9. LED Projects	R 854 777.54
10. Animal Pound	R307 240
11. Publicity	R1 642 084
12. Advertisement	R1 645 758.83
13. Refuse Bags	R82 000
14. Accommodation	R720 891.33
15. Electrical Network	R5 456 599.47
16. Sports & Recreation Infrastructure	R1 268 879.57
17. Audit Fees	R1 614 685.23
18. Civic Entertainment	R637 654.48
19. Legal Expenses	R1 621 493.04
20. Membership Fees. Cllrs	R1 941 850.88
21. Grass-Cutting	R418 890
22. Youth Affairs	R1 438 537.17
23. Out of Pockets Expenses	R22 143
TOTAL	R28 466 828.00

➤ CAPITAL EXPENDITURE

Health								-
Economic and environmental services		20 136	16 765	-	-	-	8 383	(8 383)
Planning and development								-
Road transport		20 136	16 765				8 383	(8 383)
Environmental protection								-
Trading services		15 000	26 705	-	-	-	13 353	(13 353)
Electricity		15 000	26 705				13 353	(13 353)
Water								-
Waste water management								-
Waste management								-
Other								-
Total Capital Expenditure - Standard Classification	3	59 946	61 105	-	-	-	30 553	(30 553)
Funded by:								
National Government			54 492				27 246	(27 246)
Provincial Government								-
District Municipality								-
Other transfers and grants								-
Transfers recognised - capital		-	54 492	-	-	-	27 246	(27 246)
Public contributions & donations	5							-
Borrowing	6							-
Internally generated funds			6 613				3 307	(3 307)
Total Capital Funding		-	61 105	-	-	-	30 553	(30 553)

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment
3. Capital expenditure by standard classification must reconcile to the total of multi-year and single year appropriations
4. Include expenditure on investment property, intangible and biological assets
5. Must reconcile to Monthly Budget Statement Financial Performance (revenue and expenditure)
6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

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KZN266 Ulundi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Mic

Vote Description	Ref	2015/16	Budget Year 2016/17					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance
R thousands	1							
Multi-Year expenditure appropriation	2							
Vote 1 - GOVERNMENT & ADMINISTRATION		126 544	1 000	-	-	-	500	(500)
Vote 2 - Community & Public Safety		58 912	16 635	-	2 815	7 045	8 318	(1 273)
Vote 3 - Economic & Environmental Services		239 271	16 765	-	8 534	9 807	8 382	1 425
Vote 4 - Trading Services		-	26 705	-	2 343	24 361	13 353	11 008
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	424 727	61 105	-	13 692	41 213	30 552	10 660
Single Year expenditure appropriation	2							
Vote 1 - GOVERNMENT & ADMINISTRATION		-	-	-	-	-	-	-
Vote 2 - Community & Public Safety		-	-	-	-	-	-	-
Vote 3 - Economic & Environmental Services		-	-	-	-	-	-	-
Vote 4 - Trading Services		-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-

Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-
Total Capital single-year expenditure	4	-	-	-	-	-	-	-
Total Capital Expenditure		424 727	61 105	-	13 692	41 213	30 552	10 660
Capital Expenditure - Standard Classification								
<i>Governance and administration</i>		10 476	1 000	-	-	-	500	(500)
Executive and council		10 476						-
Budget and treasury office			1 000				500	(500)
Corporate services								-
<i>Community and public safety</i>		14 334	16 635	-	-	-	8 318	(8 318)
Community and social services		14 334	12 727				6 364	(6 364)
Sport and recreation			3 908				1 954	(1 954)
Public safety								-
Housing								-
Health								-
<i>Economic and environmental services</i>		20 136	16 765	-	11 350	24 064	8 383	15 682
Planning and development								-
Road transport		20 136	16 765		11 350	24 064	8 383	15 682
Environmental protection								-
<i>Trading services</i>		15 000	26 705	-	2 344	24 522	13 353	11 169
Electricity		15 000	26 705		2 344	24 522	13 353	11 169
Water								-
Waste water management								-
Waste management								-
<i>Other</i>								-
Total Capital Expenditure - Standard Classification	3	59 946	61 105	-	13 693	48 586	30 553	18 034
Funded by:								
National Government			54 492		13 693	48 586	27 246	21 340
Provincial Government								-
District Municipality								-
Other transfers and grants								-
Transfers recognised - capital		-	54 492	-	13 693	48 586	27 246	21 340
Public contributions & donations	5							-
Borrowing	6							-
Internally generated funds			6 613				3 307	(3 307)
Total Capital Funding		-	61 105	-	13 693	48 586	30 553	18 034

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment
3. Capital expenditure by standard classification must reconcile to the total of multi-year and single year appropriations
4. Include expenditure on investment property, intangible and biological assets
5. Must reconcile to Monthly Budget Statement Financial Performance (revenue and expenditure)
6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

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KZN266 Ulundi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Mid-Year Assessment

Vote Description	Ref	Budget Year 2016/17								
		2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - GOVERNMENT & ADMINISTRATION		126 544	1 000	-	-	-	500	(500)	-100%	1 000
Vote 2 - Community & Public Safety		58 912	16 635	-	2 815	7 045	8 318	(1 273)	-15%	16 635
Vote 3 - Economic & Environmental Services		239 271	16 765	-	8 534	9 807	8 382	1 425	17%	16 765
Vote 4 - Trading Services		-	26 705	-	2 343	24 361	13 353	11 008	82%	26 705
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	424 727	61 105	-	13 692	41 213	30 552	10 660	35%	61 105
Single Year expenditure appropriation	2									
Vote 1 - GOVERNMENT & ADMINISTRATION		-	-	-	-	-	-	-	-	-
Vote 2 - Community & Public Safety		-	-	-	-	-	-	-	-	-
Vote 3 - Economic & Environmental Services		-	-	-	-	-	-	-	-	-
Vote 4 - Trading Services		-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	-	-	-	-	-	-	-	-	-
Total Capital Expenditure		424 727	61 105	-	13 692	41 213	30 552	10 660	35%	61 105
Capital Expenditure - Standard Classification										
Governance and administration		10 476	1 000	-	-	-	500	(500)	-100%	1 000
Executive and council		10 476	-	-	-	-	-	-	-	-
Budget and treasury office		-	1 000	-	-	-	500	(500)	-100%	1 000
Corporate services		-	-	-	-	-	-	-	-	-
Community and public safety		14 334	16 635	-	-	-	8 318	(8 318)	-100%	16 635
Community and social services		14 334	12 727	-	-	-	6 364	(6 364)	-100%	12 727
Sport and recreation		-	3 908	-	-	-	1 954	(1 954)	-100%	3 908
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		20 136	16 765	-	11 350	24 064	8 383	15 682	187%	16 765
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		20 136	16 765	-	11 350	24 064	8 383	15 682	187%	16 765
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		15 000	26 705	-	2 344	24 522	13 353	11 169	84%	26 705
Electricity		15 000	26 705	-	2 344	24 522	13 353	11 169	84%	26 705
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	3	59 946	61 105	-	13 693	48 586	30 553	18 034	59%	61 105
Funded by:										
National Government		-	54 492	-	13 693	48 586	27 246	21 340	78%	54 492
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	54 492	-	13 693	48 586	27 246	21 340	78%	54 492
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	6 613	-	-	-	3 307	(3 307)	-100%	6 613
Total Capital Funding		-	61 105	-	13 693	48 586	30 553	18 034	59%	61 105

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment
3. Capital expenditure by standard classification must reconcile to the total of multi-year and single year appropriations
4. Include expenditure on investment property, intangible and biological assets
5. Must reconcile to Monthly Budget Statement Financial Performance (revenue and expenditure)
6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

We have been able to accelerate service delivery through grant expenditure as we have been able to spend 80% of the budgeted capital expenditure for the current financial year, this comprises 83% expenditure from DME & 87% expenditure from MIG.

➤ MUNICIPAL CASH FLOW SITUATION

KZN266 Ulundi - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		52 186	42 594		19 664	884	297	(6 413)	-30%	42 594
Service charges		46 968	82 283		4 155	546	142	(23 595)	-57%	82 283
Other revenue		49 091	14 558		133	007	279	(6 272)	-86%	14 558
Government - operating		133 175	129 164			858	582	30 276	47%	129 164
Government - capital		48 957	54 492		10 000	770	246	(24 476)	-90%	54 492
Interest		1 161	1 000			375	500	(125)	-25%	1 000
Dividends								-	-	
Payments										
Suppliers and employees		(278 900)	(251 656)		(10 256)	560	828	(74 268)	59%	(251 656)
Finance charges		(6 194)	(200)			(43)	(100)	(57)	57%	(200)
Transfers and Grants								-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES		46 446	72 235	-	23 696	838	118	(43 720)	-121%	72 235
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			1 000				500	(500)	-100%	1 000
Decrease (increase) in non-current debtors								-	-	
Decrease (increase) other non-current receivables								-	-	
Decrease (increase) in non-current investments								-	-	
Payments										
Capital assets		44 936	(61 105)				(30 553)	(30 553)	100%	(61 105)
NET CASH FROM/(USED) INVESTING ACTIVITIES		44 936	(60 105)	-	-	-	(30 053)	(30 053)	100%	(60 105)

CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans								-	
Borrowing long term/refinancing	(3 388)					694	(1)	1 694	-100%
Increase (decrease) in consumer deposits	10					5		(5)	-100%
Payments									
Repayment of borrowing								-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 378)	-	-	-	-	689	(1)	(1 689)	100%
NET INCREASE/ (DECREASE) IN CASH HELD									
	88 004	12 130	-	23 696	838	79	4		12 1
Cash/cash equivalents at beginning:	2 378	4 246					4	246	
Cash/cash equivalents at month/year end:	90 381	16 376	-		838	79	8	622	12 1

References

1. Material variances to be explained in Table SC1

KZN266 Ulundi - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	2015/16	Budget Year 2016/17						
-------------	-----	---------	------------------------	--	--	--	--	--	--

		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full For
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
		52			19		21			
Property rates, penalties & collection charges		186	42 594		664	14 884	297	(6 413)	-30%	594
		46			4		41			
Service charges		968	82 283		155	17 546	142	(23 595)	-57%	283
		49					7			
Other revenue		091	14 558		133	1 007	279	(6 272)	-86%	558
		133					64			
Government - operating		175	129 164			94 858	582	30 276	47%	164
		48			10		27			
Government - capital		957	54 492		000	2 770	246	(24 476)	-90%	492
		1								
Interest		161	1 000			375	500	(125)	-25%	000
Dividends							-	-		-
Payments										
		(278)			(10)		(125)			(
Suppliers and employees		900)	(251 656)		256)	(51 560)	828)	(74 268)	59%	656)
		(6)								(
Finance charges		194)	(200)			(43)	(100)	(57)	57%	(200)
Transfers and Grants								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		446	72 235	-	696	79 838	118	(43 720)	-121%	235
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
			1 000				500	(500)	-100%	000
Proceeds on disposal of PPE								-		
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments								-		
Payments										
		44					(30)			
Capital assets		936	(61 105)				553)	(30 553)	100%	105)
		44					(30)			
NET CASH FROM/(USED) INVESTING ACTIVITIES		936	(60 105)	-	-	-	053)	(30 053)	100%	105)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
								-		
Short term loans							(1)			
		(3)						1 694	-100%	
Borrowing long term/refinancing		388)					694)			
		10					5	(5)	-100%	
Increase (decrease) in consumer deposits										
Payments										
								-		
Repayment of borrowing										
		(3)					(1)			
NET CASH FROM/(USED) FINANCING ACTIVITIES		378)	-	-	-	-	689)	(1 689)	100%	-
NET INCREASE/ (DECREASE) IN CASH HELD										
		88			23		4			
		004	12 130		696	79 838	376			130
		2					4			
Cash/cash equivalents at beginning:		378	4 246				246			-
		90					8			
Cash/cash equivalents at month/year end:		381	16 376			79 838	622			130

References

1. Material variances to be explained in Table SC1

“ The City of Heritage ”



**IMPLEMENTATION OF THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
FOR 2016/2017 FINANCIAL YEAR**

IMPLEMENTATION OF THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2016/2017 FINANCIAL YEAR

1. Introduction

In terms of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year. A report on such assessment must in terms of Section 72(1)(b) of the MFMA be submitted to the Mayor, Provincial Treasury and National Treasury.

Once the Mayor has considered the report, he must submit the report to Council by 31 January in terms Section 54 of the Municipal Finance Management Act, No. 56 of 2000.

2. Creating a Culture of Performance

Regulation 7 (1) of the Local Government: Municipal Performance Regulations, 2001 states that "A municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of different role-players." This framework also reflects the linkages between the IDP, Budget, SDBIP and individual performance.

This Municipality has a PMS Policy which includes the framework which is reviewed on a yearly basis. Individual Performance Management currently rests solely on the hands of the Sec 54 and 56 employees only, the municipality still needs to endeavour to cascade it down to the lower levels within the municipality.

The facilitation, management and monitoring of individual performance management resides in the Department of Corporates Services. To date these functions are performed by the Manager: Performance Management assisted by the Director: Corporate Services and the Municipal Manager.

3. Monitoring Performance

This Municipality does not have an electronic system to monitor performance. Those responsible for updating their actual performance against key performance indicator targets are required to submit their previous month's performance within the first week of the new month and the last submission day is Friday within that specific week. The compilation and production of quarterly reports on performance on time is always frustrated by the fact submission dates are not honoured by departments.

3.1 Quarterly Assessment Reports

The Departmental SDBIP's for the first half of the financial year ending 31 December 2016 attached as Annexure "A".

3.1.1 Quarter 1

It is reported that all Departments were able to submit their performance information for assessment for this quarter:

- The Department of Corporate Services;
- The Department of Technical Services;
- The Department of Community Services;
- The Department of Protection Services; and
- The Department of Financial Services.

3.1.2 Quarter 2

It is reported that all Departments were able to submit their performance information for assessment for this quarter:

- The Department of Corporate Services;

- The Department of Technical Services;
- The Department of Community Services;
- The Department of Protection Services; and
- The Department of Financial Services.

It will be noted from the report that that most of the set targets for the departments assessed have been met, and those that required to be funded internally were not met due to budgetary constraints.

4. Summary and Challenges

Performance against set indicators on the Service Delivery and Budget Implementation Plan (SDBIP) are on track, however, a few projects are lagging behind for various reasons such as:

- Cash flow constraints as mentioned above
- Culture of non-payment for municipal services by the community
- Lack of commitment or lack of understanding performance management by staff members

5. The Annual Report

The Draft Annual Report for 2015/2016 financial year will be submitted as a separate report to Council on the 24th of January 2017.

Any matters or corrective actions to be taken that were raised in the Audit Report for 2015/2016 have been discussed by management and an action plan has been prepared and will be monitored and actioned in the current financial year (2016/2017).

ANNEXURE "A"

IDP Alignment	National KPI	Strategic Objective	Measurable Outcome/Target	Performance Indicator	Budget	Actual Target	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Progress Report towards achievement of targets	Blockages / Challenges	Corrective Measures taken / to be taken and date of finalisation	Wards	PCE Required	Self-Assessment / Own Scoring	Q2 Assessment / Comments																																								
							Performance Target	Actual Performance Target	Performance Target	Actual Performance Target	Performance Target	Actual Performance Target	Performance Target	Actual Performance Target																																															
1		Ensuring information through printed information materials	R1 500 000.00	4	1	0	1	1	1	1	1	1	1	1		Payments has been not yet finalised due to financial challenges			Newsletters/Service Delivery Booklets/Information Brochures		Target not met																																								
																						Promotion of the municipal brand through visual materials and other promotional materials	R250 000.00	4	1	0	1	1	1	1	1	1	1	1		Payments has been not yet finalised due to financial challenges			Purchasing quotations and proof of payment.		Target not met																				
																																										Facilitate Scheduling & holding of all meeting EXCO members for the purpose of monitoring and evaluation	n/a	12	3	1	n/a	3	3	3	3	3	3	3		Notices of meetings, circulation registers, attendance registers and minutes			Notices of meetings, circulation registers, attendance registers and minutes		
Facilitate scheduling of all Quarterly Council meetings and provision of secretarial	n/a	4	1	4	n/a	1	1	1	1	1	1	1		Notices of meetings, circulation registers, attendance registers and minutes			Notices of meetings, circulation registers, attendance registers and minutes																																												
																				Disseminate obtain feedback and submit reports to Exco and Council on the implementation of resolutions of a monthly basis	n/a	16	1	7	n/a	4	4	4	4	4	4	4		Monthly reports submitted to EXCO and Council			Monthly reports submitted to EXCO and Council																								
																																								Training and development of political office bearers and political structures in the operation of Council	Training Budget	47	11	25	R50 000	7	40	R52 811.58	15	15	15	15		Certificates and Attendance Registers			Certificates and Attendance Registers				
																																																												Training and development of community structure (wards committees) to support good governance	n/a
Strengthening of public participation mechanisms in compliance with appropriate local government legislation and regulations	n/a	30/06/2017	n/a	n/a	n/a	n/a	n/a	30/06/2017	30/06/2017	30/06/2017	30/06/2017	30/06/2017		Copy of Strategy and Council Resolution			Copy of Strategy and Council Resolution																																												
																				To resolve the inclusion of a customer care aspect to the municipal administration	n/a	12	3	3	n/a	3	3	n/a	3	3	3	3		Copy of records complaints in the Complaints Register & proof of submission to the relevant Department			Copy of records complaints in the Complaints Register & proof of submission to the relevant Department																								

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2016/2017 FINANCIAL YEAR- PROTECTION SERVICES

IDP Alignment	National KPA	Strategic Objective	Measurable Outcome/Output	Performance Indicator	Budget	Annual Target	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Progress Report towards achievement of targets	Blockages / Challenges	Corrective Measures taken / to be taken and date of finalisation	Words	POE Required	Self-Assessment / Own Scoring	Q2 Assessment Comments				
							Performance Target	Actual Performance	Actual Budget Spent	Performance Target	Actual Performance	Actual Budget Spent	Performance Target	Actual Performance								Actual Budget Spent	Performance Target	Actual Performance	Actual Budget Spent
							Target	Target	Target	Target	Target	Target	Target	Target								Target	Target	Target	Target
SO 6 (PS 1)	Basic Service Delivery	To provide an effective and appropriate response to all disaster related occurrences within the Municipality	Implementation of Level 1 Disaster Risk Management Plan approved by Council of the Municipality	Ensure the establishment and functioning of a Municipal Disaster Management Advisory Forum that will meet once per quarter	n/a	4	1	1	n/a	0	1	1	1		Meeting did not take place due to lack of quorum					Please provide corrective measures in the relevant column					
(PS 2)		Development of a 24-hour control room within the Umlali Municipal Area	Developed 24-hour control room within the Umlali Municipal Area	Apply for additional funding for the establishment of a 24-hour Control Room by 20 June 2017	n/a	30/06/2017	n/a	n/a	n/a	n/a	n/a	30/06/2017													
SO 14 (PS 3)	Economic and Social Development	Maintenance of an environment that promotes safety and security of all communities within the Municipality	Implementation of a strategy to deal with stray animals in the Municipal Area	Ensure payment of a monthly fee to the Service Provider in accordance with contractual provisions	R800 000.00	12	3	3	R138 219.60	0	3	3	3								No invoices & proof of payment submitted				
SO 15 (PS 4)		Provision of an effective security service for Council	Provided a security service by Council which is effective and efficient	Payment of monthly fee to service provider in accordance with contractual provisions	R5 500 000.00	12	3	3	R1 868 000.00	3	3	3	3								Invoices received and proof of payment				
SO 15 (PS 4)		To ensure the full functionality of the Driving Licence Testing Centre	Ensure that services are provided to the community	Actual amount collected on budgeted revenue from traffic fines actually collected	R 2 520 000.00	R 2 520 000.00	R50 000.00	R69 384.41	n/a	n/a	n/a	n/a	n/a	n/a							Actuals not reported				
SO 27 (PS 5)	Financial Viability and Management	To ensure that the municipality remains financially viable	To effectively and efficiently manage the municipality's cash flow	Payment of monthly fee to service provider in accordance with contractual provisions	R3 735 535.63	12	3	3	R311 539.00	3	3	3	3								Actuals not reported				
SO 27 (PS 5)	Financial Viability and Management	To ensure that the municipality remains financially viable	To effectively and efficiently manage the municipality's cash flow	Compliance of operational expenses for the 2015/2016 financial year within budgetary limits	R3 735 535.63	R3 735 535.63	R10 733 256.44	R10 733 256.44	n/a	n/a	n/a	n/a	n/a	n/a							Actuals not reported				
SO 27 (PS 5)	Financial Viability and Management	Collected budgeted revenue for the Discretionary in respect of the 2015/2016 financial year	Collected budgeted revenue for the Discretionary in respect of the 2015/2016 financial year	Actual amount collected on budgeted revenue for the Discretionary in respect of the 2015/2016 financial year	R5 400 000	R5 400 000	R2 160 000	R1 334 790.92	R1 334 790.92	R1 060 000	R1 060 000	R1 060 000	R1 060 000								Actuals not reported				