



Fezile Dabi

District Municipality

Mid-Term Budget and Performance Assessment Report for
2019/20 Financial Year

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Accounting Officer's Quality Certification

I, **M L Molibeli**, the Municipal Manager of **Fezile Dabi District Municipality**, hereby certify that:

The mid-year budget and performance assessment for the period of 1 July 2019 to 31 December 2019 as presented herein has been prepared in accordance with Municipal Finance Management Act and regulations made under this Act.

M L Molibeli

Municipal Manager of Fezile Dabi District Municipality, DC 20

Signature: _____

Date: _____

Part 1: In Year Report

1.1 Executive Mayor's Report

In line with Chapter 7 of the Constitution of the Republic of South Africa, Fezile Dabi District Municipality's executive and legislative authority is vested in its Municipal Council. In carrying out its mandate, to govern on its own initiative, the municipality must ensure consistent compliance with applicable national and provincial legislations.

With the foregoing background in mind, section 72 of Municipal Finance Management Act 2003, read together with schedule C of Municipal Budget and Reporting Regulations, 2009 prescribe that the accounting officer of a municipality must, by 25 January of each year, assess the performance of the municipality during the first half of the financial year, taking into account, the monthly statements referred to in section 71 for the first half of the financial year and the targets set in the service delivery and budget implementation plan, the past year's annual report and the progress made in resolving the problems identified in the annual report.

Fellow councillors, it is with great pleasure that I present to council the mid-term budget and performance assessment report of Fezile Dabi District Municipality for the first half of 2019/20 financial year.

As I present this report, I would like to affirm our commitment of striving to be developmental in our approach. This therefore requires that as an institution mandated with developmental roles and responsibilities, we should continuously endeavour to refine our strategies in order to be able not only to effectively deliver on our current constitutional obligations, but also to be able to proactively predict what the future holds and shape ourselves to be a municipality of the future. When we presented our 2019/20 IDP to council in May 2019, we made a clear commitment we are determined to continue to strive to maintain our institutional reputation of good governance, accountability and efficient leadership of our municipality.

For the period under review, the municipality had remained financially stable, implemented the budget in line with the approved service delivery and budget implementation plan and has made positive strides in meeting its performance targets and indicators as contained the service delivery and budget implementation plan.

During the period under review, there were no capital programmes underway, this is due to limited financial resources at our disposal in order to support to our local municipalities to provide infrastructure for service delivery. However, through our district intergovernmental structures, we continued to strengthen our participation and promotion of cooperative governance arrangements with our local municipalities to ensure better coordination or our work and sharing of ideas towards improving the quality of lives of the communities in our district.

Although there has been significant progress made towards realization of the set performance objectives for the period under review, there are however still a number of strategic challenges that needs to be overcome going forward and these include the following dominant challenges:

- Vacancies at senior management level;
- Undesirable audit opinions from the Auditor-General;

Over the long-term, these challenges will have invariable negative bearing on the overall stability the municipality. Therefore, pro-active measures must been instituted over the remaining period of this financial year to effectively deal with these challenges. The priority should be the filling of the vacancy of vacant senior management position, particularly the Chief Financial Officer's position in order to bring stability in the Finance Department and the municipality as a whole.

Honorable Speaker, it must be emphasized that the Office of the Auditor-General is the supreme audit institution in South Africa, established in terms of the Constitution and is only accountable to parliament. Like all other institutions established in terms of chapter 9 of the institution, the Constitution provides for the independence of the Auditor-General and requires that he must be impartial and must exercise his powers and perform his functions without fear, favour or prejudice. Along these powers conferred to the Auditor-General, various pieces of legislation, including Municipal Finance Management Act and the Public Audit Act, emphasises specific responsibilities of the Auditor-General, including objectivity and impartiality.

For the 2018/19 financial year, the Auditor-General disclaimed an audit opinion for the municipality and at the center of it, as narrated in the audit report; it is the Auditor-General's inability to obtain sufficient appropriate audit evidence to regarding the annual financial statement.

This is certainly the undesirable state of affairs and concerning in many ways, especially considering the report from senior management of this municipality outlining the manner I which the audit was conducted in general and posture and attitude that was displayed by the team of the Auditor-General that was assigned to conduct the audit.

Honorable Speaker, in terms of section 126(3)(b) of Municipal Finance Management Act, the Auditor-General must submit and audit report on the financial statements of the municipality to the Accounting Officer within three months of receipt of the financial statements. However, it was extremely concerning to note that, on the 14 November 2019, hardly a month after the financial statements were submitted to the Auditor-General, the Auditor-General had already prepared management report which signaled preliminary processes towards winding down an audit, when approximately two months' time was still available for the audit continue and when management was still busy addressing issues the recommendation made by the Auditor-General during the audit.

Honorable Speaker, we respect the authority of the Auditor-General and will always seek constructive ways cooperate and work with the Auditor-General, however, the authoritative manner in which the Auditor-General conducted and concluded the 2018/19 audit cannot go unnoticed. It must therefore be strongly emphasized that where an exercise of authority by one organ of state to another manifests stark elements of prejudice instead of objectivity, arrogance instead of respect, preference instead impartiality, such exercise of power amounts abuse of authority and should not be allowed and must be challenged at all cost.

Whilst we'll continue to seek constructive and meaningful ways to find one another with the Auditor-General at various levels, I implore on the Municipal Manager and her management team to go back to the drawing board ensure that all the substantive issues relating to the 2018/19 audit are fully and satisfactorily resolved.

One of the measures to ensure quick recovery from the 2018/19 setback, the process of preparing interim financial statements is already underway and it is anticipated that the interim financial statements will submitted to the Auditor-General for audit by 9 March 2020 so as to allow all the processes relating to mid-term reporting and adjustments budget to be effectively completed. It must also be noted that the process of audit of the interim financial statements has already been agreed upon by management and the Auditor-General.

Honourable Speaker, the Cost Containment Regulations came into effect from 1 July 2019. These regulations places a responsibility on everyone to ensure that resources of the municipality are used effectively, efficiently and economically in order to make sure that more is achieved with less. It is therefore my humble plea that we all work together to ensure that we accordingly align ourselves with these regulations in order to maximize our resources and out ability do more with less.

In conclusion, I am confident that the mid-term performance results as contained in this report provide an overall institutional performance results for the mid-term. Based on these results and the outlook of the remaining term of this financial year, I hereby recommend adjustment of the municipality's 2019/20 Budget.

1.2 Resolutions

In line with regulation 5 of Schedule C of Municipal Budget and Reporting Regulations, 2009, a resolution is hereby presented that:

- council note the mid-year budget and performance assessment report referred to in section 72 of Municipal Finance Management Act;
- based on this report, an adjustment budget be prepared and submitted for approval by Council not later than 28 February 2020;

1.3 Executive Summary

The Municipal Budget and Reporting Regulations, 2009 gives a contextual framework to section 17, 71 and 72 of Municipal Finance Management Act, and in relation to section 72, which is a precursor for a this report, prescribes how a the municipality's mid-term budget and performance assessment report must be logically organised and presented.

This mid-term budget and performance assessment report is an accountability document for the Fezile Dabi District Municipality that sets out and explain:-

- a) the municipality's performance in relation to the approved annual budget and any adjustment budget before the main adjustment budget; with specific focus on the financial and non-financial impact
- b) actual targets achieved compared to planned targets for the first half of the financial year;
- c) any material variance from the service delivery and budget implementation plan;
- d) any remedial actions taken or to be taken to toe ensure that projected revenue and expenditure remain within the municipality's budget projections; and
- e) any potential impact of the national government and the provincial government's mid-term budget presented in October 2019 has on the municipality, its budget and planned performance targets.

With the foregoing background in mind, the municipality's actual revenue for period under review (i.e 1 July 2019 to 31 December 2019) shows material variances particularly on transfers and subsidies is due to additional grant funding of R 3m raised, which was not initially budgeted. Variance of other revenue is due to higher amounts of insurance claims received.

In relation to expenditure, material variances are more visible against depreciation, contracted services, other material and other expenditure. A budget adjustment will be considered in order to make provision for sufficient depreciation, whilst other materials, contracted services and other operating expenditure has got historical effect since the implementation of mSCOA and the approach in relation thereto, should also consider the reclassification of misallocated transactions in order to have a more meaningful and informed overview of actual expenditure impact against the budget for related items.

In relation to capital expenditure, the allocation that is currently approved is mainly in relation to some fleet items, acquisition of additional tunnels for the Koppies Greenhouse project. The respective capital budget items shows relatively low expenditure in relation budgeted amount. This is mainly due to procurement processes not yet finalised for the planned items.

Finally, a number of various balance sheet items, such as cash, provisions, etc were not initially budgeted for and this on its own necessitates adjustment budget.

On pre-determined objectives early indicators are that, the performance against the output and goals of the Service Delivery and Budget Implementation Plan (SDBIP) are on track. However, some few projects are still lagging behind agreed targets dates for various reasons.

Notwithstanding the challenges as indicated on the top layers SDBIP performance analysis attached herewith as **Annexure A**, the municipality is still on course to achieve what was pre-determined during the beginning of the 2019/20 financial year.

As a result a total number of 39 out of 75 Key Performance Indicators were met during the period under review. In addition a total of 2 out of the 75 was also partially met. As at 31 December 2019 only 11 Key Performance Indicators out of 75 were not achieved and corrective measures have already been introduced to alleviate this problem from occurring going forward. A total of 23 Key Performance Indicators are still to be performed during the third and fourth quarter of the financial year. It must also be highlighted the number referred to earlier was largely based on targets that were applicable as at mid-year review.

The audit outcome for the period ending 30 June 2019 highlighted some minor challenges with regard to some user department not keeping adequate portfolio of evidence in accordance with the system description of the municipality. This led to the auditor general issuing a qualification paragraph in his report in this regard. However, corrective measures has already been introduced to curb this anomaly and as a result Internal Audit shall going forward starting with the mid-term review conduct performance verification based on the system description of the municipality. The audit report for the 2018/19 and the Audit Outcome Improvement Plan are contained in the Annual Report for the 2018/19 which will be tabled in council as separate item during February 2020.

1.4 Mid-term budget tables

The budget tables as presented below therefore provide a pictorial perspective of the financial performance and financial position of the municipality for the period under review, followed by a detailed narrative explanation of material variances, which seek to provide a contextual perspective and elaborative meaning to the figures, with specific focus to vital line items of the statements, that serve as key drivers of performance and service delivery.

The order of the table and summarised explanation of what each table entails is provided herewith as follows:

Table C1 – Monthly Budget Statement Summary: *This table summarises the whole of municipality's financial performance, financial position and cash flow for the period under review.*

Table C2 – Monthly Budget Statement – Financial Performance (functional classification): *Table C2 focuses solely on operating revenue and expenditure based on the functions carried out by the municipality.*

Table C3 – Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote): *Table C3 also provides details of operating revenue and expenditure by vote, in other words by department, instead of function or nature of revenue and expenditure as presented in schedule C2 and C4 respectively.*

Table C4 – Monthly Budget Statement – Financial Statement (revenue & expenditure): *Similarly to table C2, table C4 provides operating revenue and operating expenditure based on their nature rather than function.*

Table C5 – Monthly Budget Statement – Capital Expenditure (municipal vote, functional classification and funding): *Table C5 focuses on capital expenditure by department and by function and also outline the respective sources of funding available towards the capital expenditure.*

Table C6 – Monthly Budget Statement – Financial Position: *Table C6 focuses on assets and liabilities of the municipality. It presents information of what is commonly known as the “Balance Sheet”*

Table C7 – Monthly Budget Statement – Cash Flow: Finally, table C7 focuses and provides details of how cash flow was managed for the period under review.

1.4.1 Table C 1 – Monthly Budget Statement Summary

DC20 Fezile Dabi - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

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									
Investment revenue	8 264	7 000	7 000	691	4 146	3 500	646	18%	7 000
Transfers and subsidies	148 353	157 877	157 877	20 004	120 023	78 939	41 085	52%	157 877
Other own revenue	832	704	704	240	1 440	352	1 088	309%	704
Total Revenue (excluding capital transfers and contributions)	157 450	165 581	165 581	20 935	125 609	82 790	42 818	52%	165 581
Employee costs	97 244	110 164	110 164	8 129	48 776	55 082	(6 306)	-11%	110 164
Remuneration of Councillors	7 631	8 396	8 396	625	3 747	4 198	(451)	-11%	8 396
Depreciation & asset impairment	5 487	2 620	2 620	-	-	1 310	(1 310)	-100%	2 620
Finance charges	173	-	-	-	-	-	-	-	-
Materials and bulk purchases	1 802	1 754	1 754	183	1 100	877	223	25%	1 754
Transfers and subsidies	8 184	3 110	3 030	340	2 039	1 555	484	31%	3 110
Other expenditure	37 400	41 368	41 448	2 983	28 983	20 684	8 299	40%	41 368
Total Expenditure	157 921	167 412	167 412	12 260	84 644	83 706	938	1%	167 412
Surplus/(Deficit)	(471)	(1 831)	(1 831)	8 675	40 965	(916)	41 881	-4575%	(1 831)
Transfers and subsidies - capital (monetary alloc	7 210	-	-	-	-	-	-	-	-
Contributions & Contributed assets	45 176	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	51 915	(1 831)	(1 831)	8 675	40 965	(916)	41 881	-4575%	(1 831)
Surplus/ (Deficit) for the year	51 915	(1 831)	(1 831)	8 675	40 965	(916)	41 881	-4575%	(1 831)
Capital expenditure & funds sources									
Capital expenditure	(102)	3 000	3 000	115	239	1 500	(1 261)	-84%	3 000
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Internally generated funds	981	3 000	3 000	115	239	1 500	(1 261)	-84%	3 000
Total sources of capital funds	981	3 000	3 000	115	239	1 500	(1 261)	-84%	3 000
Financial position									
Total current assets	107 638	-	-	-	136 972	-	-	-	-
Total non current assets	201 822	3 000	3 000	-	202 061	-	-	-	3 000
Total current liabilities	14 742	-	-	-	8 879	-	-	-	-
Total non current liabilities	28 573	-	-	-	28 573	-	-	-	-
Community wealth/Equity	225 856	4 831	4 831	-	301 580	-	-	-	4 831
Cash flows									
Net cash from (used) operating	(471)	(4 149)	(4 149)	38 395	39 342	(2 075)	(41 417)	1996%	(4 149)
Net cash from (used) investing	102	(3 000)	(3 000)	(115)	(239)	(1 500)	(1 261)	84%	(3 000)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	(369)	(7 149)	(7 149)	-	136 972	(3 575)	(140 547)	3931%	90 719
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	178	-	-	-	-	7 297	-	-	7 474
Creditors Age Analysis									
Total Creditors	2 783	637	341	-	-	-	-	-	3 761

1.4.2 Table C2 – Monthly Budget Statement – Financial Performance (functional classification)

DC20 Fezile Dabi - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment

Description	Ref	2018/19	Budget Year 2019/20							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Revenue - Functional										
<i>Municipal governance and administration</i>		209 836	165 581	165 581	20 935	125 609	82 791	42 818	52%	165 581
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		209 836	165 581	165 581	20 935	125 609	82 791	42 818	0	165 581
<i>Administrative and Corporate Support</i>		209 836	165 487	165 581	20 919	125 512	82 744	42 768	0	165 487
Human Resources		-	70	-	14	84	35	49	0	70
Supply Chain Management		-	24	-	2	13	12	1	0	24
Internal audit		-	-	-	-	-	-	-		-
<i>Community and public safety</i>		-	-	-	-	-	-	-		-
Community and social services		-	-	-	-	-	-	-		-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-		-
Planning and development		-	-	-	-	-	-	-		-
<i>Trading services</i>		-	-	-	-	-	-	-		-
Energy sources		-	-	-	-	-	-	-		-
Water management		-	-	-	-	-	-	-		-
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
<i>Other</i>		-	-	-	-	-	-	-		-
Total Revenue - Functional	2	209 836	165 581	165 581	20 935	125 609	82 791	42 818	0	165 581
Expenditure - Functional										
<i>Municipal governance and administration</i>		135 439	146 889	146 889	13 664	77 051	73 445	3 605	0	146 889
Executive and council		36 348	37 876	37 876	4 376	23 349	18 938	4 411	0	37 876
Mayor and Council		34 581	34 150	34 150	4 203	22 413	17 075	5 338	0	34 150
Municipal Manager, Town Secretary and Chief Executive		1 768	3 726	3 726	173	936	1 863	(927)	(0)	3 726
Finance and administration		99 090	109 013	109 013	9 288	53 702	54 507	(805)	(0)	109 013
Administrative and Corporate Support		78 443	88 552	88 552	7 032	42 233	44 276	(2 043)	(0)	88 552
Asset Management		17 772	17 369	17 369	2 137	10 087	8 685	1 402	0	17 369
Information Technology		2 875	3 092	3 092	119	1 382	1 546	(164)	(0)	3 092
Internal audit		-	-	-	-	-	-	-		-
Governance Function		-	-	-	-	-	-	-		-
<i>Community and public safety</i>		12 506	12 535	12 535	1 015	5 582	6 268	(685)	(0)	12 535
Community and social services		-	-	-	-	-	-	-		-
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		12 291	11 010	11 010	906	4 943	5 505	(562)	(0)	11 010
Fire Fighting and Protection		12 291	11 010	11 010	906	4 943	5 505	(562)	(0)	11 010
Housing		-	-	-	-	-	-	-		-
Health		215	1 525	1 525	109	639	763	(124)	(0)	1 525
Health Surveillance and Prevention of Communicable Diseases including		215	1 525	1 525	109	639	763	(124)	(0)	1 525
<i>Economic and environmental services</i>		8 719	6 466	6 466	310	1 896	3 233	(1 337)	(0)	6 466
Planning and development		7 469	2 318	2 318	-	798	1 159	(361)	(0)	2 318
Project Management Unit		7 469	2 318	2 318	-	798	1 159	(361)	(0)	2 318
Road transport		-	-	-	-	-	-	-		-
Environmental protection		1 250	4 148	4 148	310	1 098	2 074	(976)	(0)	4 148
Pollution Control		1 250	4 148	4 148	310	1 098	2 074	(976)	(0)	4 148
<i>Trading services</i>		-	-	-	-	-	-	-		-
Energy sources		-	-	-	-	-	-	-		-
Water management		-	-	-	-	-	-	-		-
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
<i>Other</i>		1 257	1 522	1 522	-	115	761	(646)	(0)	1 522
Tourism		1 257	1 522	1 522	-	115	761	(646)	(0)	1 522
Total Expenditure - Functional	3	157 921	167 412	167 412	14 989	84 644	83 707	937	0	167 412
Surplus/ (Deficit) for the year		51 915	(1 831)	(1 831)	5 945	40 965	(916)	41 881	(0)	(1 831)

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

DC20 Fezile Dabi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - A - Mid-Year Assessment

Vote Description	Ref	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
Revenue by Vote	1									
Vote 01 - Council General		-	-	-	-	-	-	-	-	-
Vote 02 - Executive Mayor		-	-	-	-	-	-	-	-	-
Vote 03 - Office Of The Speaker		-	-	-	-	-	-	-	-	-
Vote 04 - Mayoral Committie		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 06 - Fincial Services		209 836	165 511	165 511	20 921	125 525	82 756	42 769	52%	165 581
06.4 - Income		209 836	165 511	165 511	20 921	125 525	82 756	42 769	52%	165 581
Vote 07 - Information Technology		-	-	-	-	-	-	-	-	-
Vote 08 - Project And Public Works		-	-	-	-	-	-	-	-	-
Vote 09 - Corporate Support Services		-	70	-	14	84	35	49	140%	70
09.1 - Corporate Support Services		-	70	-	14	84	35	49	140%	70
Vote 10 - Fire Services		-	-	-	-	-	-	-	-	-
Vote 11 - Disaster Management		-	-	-	-	-	-	-	-	-
Vote 12 - Environmental Health Services		-	-	-	-	-	-	-	-	-
Vote 13 - Evironemtal Management Unit		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - LED & Tourism		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	209 836	165 581	165 511	20 935	125 609	82 791	42 818	52%	165 651
Expenditure by Vote	1									
Vote 01 - Council General		13 890	12 017	12 017	2 907	6 649	6 009	641	11%	12 017
01.1 - Council General		13 890	12 017	12 017	2 907	6 649	6 009	641	11%	12 017
Vote 02 - Executive Mayor		11 192	11 573	11 573	586	10 919	5 787	5 132	89%	11 573
02.1 - Executive Mayor		11 192	11 573	11 573	586	10 919	5 787	5 132	89%	11 573
Vote 03 - Office Of The Speaker		5 865	6 677	6 677	441	3 230	3 339	(109)	-3%	6 677
03.1 - Speaker		5 865	6 677	6 677	441	3 230	3 339	(109)	-3%	6 677
Vote 04 - Mayoral Committie		3 634	3 883	3 883	269	1 615	1 942	(326)	-17%	3 883
04.1 - Mayoral Committee		3 634	3 883	3 883	269	1 615	1 942	(326)	-17%	3 883
Vote 05 - Municipal Manager		24 631	26 986	26 986	1 875	12 071	13 493	(1 421)	-11%	26 986
05.1 - Municipal Manager		22 824	24 821	24 821	1 702	11 142	12 410	(1 268)	-10%	24 821
05.2 - Municipal Manager - Director		1 808	2 165	2 165	173	929	1 083	(154)	-14%	2 165
Vote 06 - Fincial Services		20 607	22 022	22 022	2 256	11 475	11 011	464	4%	22 022
06.1 - Finance		17 772	17 369	17 369	2 137	10 087	8 685	1 402	16%	17 369
06.2 - Finance - Director		(40)	1 561	1 561	-	7	781	(774)	-99%	1 561
06.3 - Information Technology		2 875	3 092	3 092	119	1 382	1 546	(164)	-11%	3 092
06.4 - Income		-	-	-	-	-	-	-	-	-
Vote 07 - Information Technology		-	-	-	-	-	-	-	-	-
Vote 08 - Project And Public Works		28 175	24 480	24 480	1 626	9 929	12 240	(2 311)	-19%	24 480
08.1 - Project Management And Public Roads		5 135	6 364	6 364	372	2 206	3 182	(976)	-31%	6 364
08.2 - Project Management Projects Local Mun		7 469	2 318	2 318	-	798	1 159	(361)	-31%	2 318
08.3 - Fire & Emergency Services		12 291	11 010	11 010	906	4 943	5 505	(562)	-10%	11 010
08.4 - Disaster Management		3 280	4 788	4 788	348	1 982	2 394	(412)	-17%	4 788
Vote 09 - Corporate Support Services		19 547	22 724	22 724	1 801	12 095	11 362	733	6%	22 724
09.1 - Corporate Support Services		18 686	21 063	21 063	1 695	11 479	10 532	947	9%	21 063
09.2 - Corporate - Director		861	1 661	1 661	106	616	831	(214)	-26%	1 661
Vote 10 - Fire Services		17 016	17 393	17 393	1 314	8 161	8 697	(536)	-6%	17 393
10.1 - Environmental Health		17 016	17 393	17 393	1 314	8 161	8 697	(536)	-6%	17 393
Vote 11 - Disaster Management		1 250	4 148	4 148	310	1 098	2 074	(976)	-47%	4 148
11.1 - Air Management		1 250	4 148	4 148	310	1 098	2 074	(976)	-47%	4 148
Vote 12 - Environmental Health Services		215	1 525	1 525	109	639	763	(124)	-16%	1 525
12.1 - Public Safety & Health Director		215	1 525	1 525	109	639	763	(124)	-16%	1 525
Vote 13 - Evironemtal Management Unit		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - LED & Tourism		11 898	13 985	13 985	1 495	6 762	6 993	(231)	-3%	13 985
15.1 - Local Economic Dev. And Public Liaison		10 641	12 463	12 463	1 495	6 648	6 232	416	7%	12 463
15.2 - Social Dev. & Tourism Director		1 257	1 522	1 522	-	115	761	(646)	-85%	1 522
Total Expenditure by Vote	2	157 921	167 412	167 412	14 989	84 644	83 707	937	0	167 412
Surplus/ (Deficit) for the year	2	51 915	(1 831)	(1 901)	5 945	40 965	(916)	41 881	(0)	(1 761)

1.4.4 Table C4 – Monthly Budget Statement – Financial Statement (revenue & expenditure)

DC20 Fezile Dabi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	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										
Interest earned - external investments		8 264	7 000	7 000	691	4 146	3 500	646	18%	7 000
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Transfers and subsidies		148 353	157 877	157 877	20 004	120 023	78 939	41 085	52%	157 877
Other revenue		832	704	704	240	1 440	352	1 088	309%	704
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157 450	165 581	165 581	20 935	125 609	82 790	42 818	52%	165 581
Expenditure By Type										
Employee related costs		97 244	110 164	110 164	8 129	48 776	55 082	(6 306)	-11%	110 164
Remuneration of councillors		7 631	8 396	8 396	625	3 747	4 198	(451)	-11%	8 396
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		5 487	2 620	2 620	-	-	1 310	(1 310)	-100%	2 620
Finance charges		173	-	-	-	-	-	-	-	-
Bulk purchases		-	-	-	-	-	-	-	-	-
Other materials		1 802	1 754	1 754	183	1 100	877	223	25%	1 754
Contracted services		17 535	17 179	17 179	872	16 315	8 590	7 726	90%	17 179
Transfers and subsidies		8 184	3 110	3 030	340	2 039	1 555	484	31%	3 110
Other expenditure		19 619	24 189	24 269	2 111	12 668	12 095	573	5%	24 189
Loss on disposal of PPE		247	-	-	-	-	-	-	-	-
Total Expenditure		157 921	167 412	167 412	12 260	84 644	83 706	938	1%	167 412
Surplus/(Deficit)		(471)	(1 831)	(1 831)	8 675	40 965	(916)	41 881	(0)	(1 831)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		7 210	-	-	-	-	-	-	-	-
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		45 176	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		51 915	(1 831)	(1 831)	8 675	40 965	(916)			(1 831)
Taxation								-		
Surplus/(Deficit) after taxation		51 915	(1 831)	(1 831)	8 675	40 965	(916)			(1 831)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		51 915	(1 831)	(1 831)	8 675	40 965	(916)			(1 831)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		51 915	(1 831)	(1 831)	8 675	40 965	(916)			(1 831)

1.4.5 Table C5 – Monthly Budget Statement – Capital Expenditure (municipal vote, functional classification and funding)

DC20 Fezile Dabi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment

Vote Description	Ref	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	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council General		-	-	-	-	-	-	-	-	-
Vote 02 - Executive Mayor		-	-	-	-	-	-	-	-	-
Vote 03 - Office Of The Speaker		-	-	-	-	-	-	-	-	-
Vote 04 - Mayoral Committee		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 06 - Fincial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Information Technology		-	-	-	-	-	-	-	-	-
Vote 08 - Project And Public Works		-	-	-	-	-	-	-	-	-
Vote 09 - Corporate Support Services		-	-	-	-	-	-	-	-	-
Vote 10 - Fire Services		-	-	-	-	-	-	-	-	-
Vote 11 - Disaster Management		-	-	-	-	-	-	-	-	-
Vote 12 - Environmental Health Services		-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Management Unit		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - LED & Tourism		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 01 - Council General		235	2 100	2 100	83	172	1 050	(878)	-84%	2 100
Vote 02 - Executive Mayor		-	-	-	-	-	-	-	-	-
Vote 03 - Office Of The Speaker		-	-	-	-	-	-	-	-	-
Vote 04 - Mayoral Committee		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 06 - Fincial Services		1 455	560	560	28	28	280	(252)	-90%	560
Vote 07 - Information Technology		-	-	-	-	-	-	-	-	-
Vote 08 - Project And Public Works		(1 792)	140	140	-	35	70	(35)	-51%	140
Vote 09 - Corporate Support Services		-	-	-	-	-	-	-	-	-
Vote 10 - Fire Services		-	200	200	4	4	100	(96)	-96%	200
Vote 11 - Disaster Management		-	-	-	-	-	-	-	-	-
Vote 12 - Environmental Health Services		-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Management Unit		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - LED & Tourism		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	(102)	3 000	3 000	115	239	1 500	(1 261)	-84%	3 000
Total Capital Expenditure		(102)	3 000	3 000	115	239	1 500	(1 261)	-84%	3 000
Capital Expenditure - Functional Classification										
Governance and administration		1 690	3 000	3 000	115	239	1 500	(1 261)	-84%	3 000
Executive and council		235	2 100	2 100	83	172	1 050	(878)	-84%	2 100
Finance and administration		1 455	900	900	32	67	450	(383)	-85%	900
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(1 792)	-	-	-	-	-	-	-	-
Public safety		(1 792)	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	(102)	3 000	3 000	115	239	1 500	(1 261)	-84%	3 000
Funded by:										
National Government		-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		981	3 000	3 000	115	239	1 500	(1 261)	-84%	3 000
Total Capital Funding		981	3 000	3 000	115	239	1 500	(1 261)	-84%	3 000

1.4.6 Table C6 – Monthly Budget Statement – Financial Position

DC20 Fezile Dabi - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		18 458	-	-	51 850	-
Call investment deposits		74 520	-	-	77 647	-
Consumer debtors		-	-	-	-	-
Other debtors		14 658	-	-	7 474	-
Current portion of long-term receivables		2	-	-	-	-
Inventory		-	-	-	-	-
Total current assets		107 638	-	-	136 972	-
Non current assets						
Long-term receivables						
Investments						
Investment property						
Investments in Associate						
Property, plant and equipment		199 859	2 890	2 890	200 098	2 890
Biological						
Intangible		1 918	110	110	1 918	110
Other non-current assets		45	-	-	45	-
Total non current assets		201 822	3 000	3 000	202 061	3 000
TOTAL ASSETS		309 460	3 000	3 000	339 033	3 000
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		-	-	-	-	-
Trade and other payables		14 742	-	-	3 761	-
Provisions		-	-	-	5 118	-
Total current liabilities		14 742	-	-	8 879	-
Non current liabilities						
Borrowing		(0)	-	-	(0)	-
Provisions		28 573	-	-	28 573	-
Total non current liabilities		28 573	-	-	28 573	-
TOTAL LIABILITIES		43 315	-	-	37 452	-
NET ASSETS	2	266 145	3 000	3 000	301 580	3 000
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		221 283	4 831	4 831	260 584	4 831
Reserves		4 573	-	-	40 996	-
TOTAL COMMUNITY WEALTH/EQUITY	2	225 856	4 831	4 831	301 580	4 831

1.4.7 Table C7 – Monthly Budget Statement – Cash Flow

DC20 Fezile Dabi - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	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	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates								-		
Service charges								-		
Other revenue		832	144 878	144 878	50 428	115 840	72 439	43 401	60%	144 878
Government - operating		148 353	11 385	11 385	-	4 000	5 692	(1 692)	-30%	11 385
Government - capital								-		
Interest		8 264	7 000	7 000	2 957	4 146	3 500	646	18%	7 000
Dividends								-		
Payments										
Suppliers and employees		(157 921)	(167 412)	(167 412)	(14 989)	(84 644)	(83 707)	937	-1%	(167 412)
Finance charges								-		
Transfers and Grants								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		(471)	(4 149)	(4 149)	38 395	39 342	(2 075)	(41 417)	1996%	(4 149)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-		
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		102	(3 000)	(3 000)	(115)	(239)	(1 500)	(1 261)	84%	(3 000)
NET CASH FROM/(USED) INVESTING ACTIVITIES		102	(3 000)	(3 000)	(115)	(239)	(1 500)	(1 261)	84%	(3 000)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
Payments										
Repayment of borrowing								-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		(369)	(7 149)	(7 149)	38 280	39 103	(3 575)			(7 149)
Cash/cash equivalents at beginning:										97 868
Cash/cash equivalents at month/year end:		(369)	(7 149)	(7 149)		136 972	(3 575)			90 719

1.4.8 Explanation of material variances on the budget tables**1.4.8.1 Revenue:****(i) Investment Revenue**

This revenue item represents interest earned on the municipality's cash reserves. For the period under review, there's a variance of 18% between year to date actual and year to date budget which is mainly due to under provision of interest to be realised on cash reserve.

(ii) Transfers and Subsidies

On the other hand, the variance on transfers and subsidies is primarily as a result of additional grant funding of R 3m raised, which was not initially budgeted for the variance is this regard is also as a result of varying patterns in which equitable share allocations are transferred to the municipality by the National Treasury.

(iii) Other revenue

The variance of other revenue is due to higher amounts of insurance claims received. Naturally, although it is a known fact that municipal assets will at all material times be exposed to various types of risks which will eventually result into claims, it is however improbable to make a reasonable forecast on anticipated insurance claims pay-outs since that the primary objective is to ensure that the municipality's property is safeguarded and taken care.

1.4.8.2 Operating Expenditure:**(i) Employee related cost and remuneration of Councillors**

Both employee related costs and remuneration of councillors shows a positive variance of 11% each. Although this variance is over 10%, it is important to note that sufficient budgetary provision for remunerated related expenditure must at all times be maintained in order to cater for any probably unforeseen future salaries related expenditure such as such as standby and overtime, which may be necessitated by various factors beyond the control of the municipality.

The available budget for remuneration of employees and councillors should therefore be sufficient to cover the actual expenditure for the remainder of the financial year.

(ii) Depreciation

Depreciation represents reasonable wear and tear allowance on various assets of the municipality and is a non-cash expenditure item, however, if not projected correctly, may result in unauthorised expenditure and therefore result in unwarranted audit findings.

From the budget statements, it is evident that no actual depreciation was provided on all the assets for the period under review. However, a budget adjustment will be considered in order to ensure that not too low or too high provision for depreciation is provided. Factors that will be considered include the effect of transfer of the stadium from the municipality to the Department of Sports and Culture, consideration of the newly acquired assets and those which have been fully depreciated.

(iii) Other materials, contracted services and other operating expenditure

From the presented budget statements, it is evident that there are abnormal variances between other materials, contracted services and other operating expenditure. Taking from the experiences of 2017/18 and 2018/19, it became apparently clear that since the implementation of mSCOA, there has been a number of challenges specifically with regard to the manner of transacting against the new mSCOA framework which has so far resulted in huge misclassifications especially on expenditure items and this ultimately results in huge discrepancies between actual and budgeted expenditure on various line items.

Since October 2019, a number of misclassifications were identified and corrected up to 30 June 2019. The process is currently still underway to identify and correct transacting misclassifications that might have occurred between 1 July 2019 to date.

Part of the long term solutions is provide training to various user departments who are responsible for initiating procurement of requisitions which already contain vote numbers against which a procurement is made, but importantly, measures have already been put in place to strengthen controls and ensuring that requisitions are thoroughly reviewed both at the supply chain unit before procurement is finalised and at the expenditure section before a transaction is finally processed on the financial system.

The current review process of misallocations, which should be completed before the adjustment budget is finalised, will shed a clear light on whether any adjustment is required on various expenditure items, and if so, to what an extent.

1.4.8.3 Capital Expenditure:

The municipality does not have planned major capital programmes over the three year budget period. The capital budget allocation that is currently approved is mainly in relation to some fleet items, acquisition of additional tunnels for the Koppies Greenhouse project. The respective capital budget items shows

relatively low expenditure in relation budgeted amount. This is mainly due to procurement processes not yet finalised for the planned items.

1.4.8.4 Financial Position

Most balance sheet items, such as cash, provisions, etc were not initially budgeted for. However, with the benefit of year to date actual figures, such items will be appropriately budgeted for in the adjustment budget.

1.4.8.5 Cash Flow

Most flow items as presented has a similar effect as analysed under revenue and expenditure above due to the fact that the statement of financial position is also presented on a cash basis and therefore variances as analysed under revenue and expenditure above, are still applicable in this instance.

Part 2: Supporting Documentation

2.1 Debtors Analysis

DC20 Fezile Dabi - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment

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	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (Input VAT)	1900	178	-	-	-	-	7 297	-	-	7 474	7 297	-	-	-
Total By Income Source	2000	178	-	-	-	-	7 297	-	-	7 474	7 297	-	-	-
2018/19 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-	-
Other(Input VAT)	2500	178	-	-	-	-	7 297	-	-	7 474	7 297	-	-	-
Total By Customer Group	2600	178	-	-	-	-	7 297	-	-	7 474	7 297	-	-	-

2.2 Creditors Analysis

DC20 Fezile Dabi - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment

Description	NT Code	Budget Year 2019/20									Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	293	-	-	-	-	-	-	-	-	293	-
Auditor General	0800	2 490	637	341	-	-	-	-	-	-	3 468	-
Other	0900	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	2 783	637	341	-	-	-	-	-	-	3 761	-

2.3 Investment Portfolio Analysis

DC20 Fezile Dabi - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid-Year Assessment

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ^a	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
NEDBANK 7288009165/17		32	Call Account	Yes	Fixed Interest	6	0	N/A	30/01/2020	12 291	61			12 352
NEDBANK 7288009165/17		32	Call Account	Yes	Fixed Interest	6	0	N/A						-
ABSA 2067390363		60	Call Account	Yes	Fixed Interest	7.04	0	N/A	13/02/2020	12 831	150			12 980
ABSA 2068681892		60	Call Account	Yes	Fixed Interest	7.04	0	N/A		9 049	105			9 155
STANDARD 728670534/008		60	Call Account	Yes	Fixed Interest	7.2	0	N/A	28/02/2020	16 137	201			16 337
STANDARD 728670534/006		90	Call Account	Yes	Fixed Interest	7.475	0	N/A	29/01/2020					-
STANDARD 728670534/010		60	Call Account	Yes	Fixed Interest	7.2	0	N/A	27/01/2020	12 170				12 170
STANDARD 728670534/010		60	Call Account	Yes	Fixed Interest	7.2	0	N/A		13 719				13 719
Municipality sub-total										76 196	516	-	-	76 713
Entities														
Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2									76 196	-	-	-	76 713

2.4 Allocations and grants receipts and expenditure

DC20 Fezile Dabi - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment

Description	Ref	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:	1,2									
Operating Transfers and Grants										
National Government:		151 262	14 703	14 703	1 104	6 623	7 351	(728)	-9.9%	14 703
Energy Efficiency and Demand Side Management Grant		-	-	-	500	3 000	-	3 000		-
Equitable Share		147 523	10 385	10 385	-	-	5 193	(5 193)	-100.0%	10 385
Local Government Financial Management Grant		1 661	2 000	2 000	333	2 000	1 000	1 000	100.0%	2 000
Rural Road Asset Management Systems Grant		2 078	2 318	2 318	271	1 623	1 159	464	40.0%	2 318
Other transfers and grants [RSC Levy Replacement]		-	144 174	144 174	19 067	114 400	72 087	42 313	58.7%	144 174
Provincial Government:		-	-	-	-	-	-	-		-
Other transfers and grants [insert description]		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	151 262	14 703	14 703	1 104	6 623	7 351	(728)	-9.9%	14 703
Capital Transfers and Grants										
National Government:		5 132	-	-	-	-	-	-		-
Integrated National Electrification Programme Grant		65	-	-	-	-	-	-		-
Municipal Infrastructure Grant		5 067	-	-	-	-	-	-		-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-		-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-		-
Provincial Government:		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		45 176	-	-	-	-	-	-		-
FS Department of Sports, Arts & Culture		45 176	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	50 308	-	-	-	-	-	-		-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	201 570	14 703	14 703	1 104	6 623	7 351	(728)	-9.9%	14 703

DC20 Fezile Dabi - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment

Description	Ref	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:		158 078	169 262	169 262	15 931	86 816	84 632	2 184	2.6%	169 262
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-		-
Equitable Share		1 761	2 000	2 000	-	-	1 000	(1 000)	-100.0%	2 000
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-		-
Local Government Financial Management Grant		314	3 700	3 700	1 883	4 344	1 850	2 494	134.8%	3 700
Municipal Infrastructure Grant		5 391	-	-	-	-	-	-		-
RSC Levy Replacement		148 534	161 244	161 244	14 048	81 674	80 623	1 051	1.3%	161 244
Rural Road Asset Management Systems Grant		2 078	2 318	2 318	-	798	1 159	(361)	-31.1%	2 318
Provincial Government:		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Total operating expenditure of Transfers and Grants:		158 078	169 262	169 262	15 931	86 816	84 632	2 184	2.6%	169 262
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	-		-
Provincial Government:		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	-		-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		158 078	169 262	169 262	15 931	86 816	84 632	2 184	2.6%	169 262

2.5 Councillor Allowances and Employee Benefits

DC20 Fezile Dabi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment

Summary of Employee and Councillor remuneration	Ref	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		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		6 843	7 445	7 445	563	3 355	3 723	(367)	-10%	7 445
Cellphone Allowance		545	531	531	44	262	266	(4)	-1%	531
Other benefits and allowances		243	420	420	25	130	210	(80)	-38%	420
Sub Total - Councillors		7 631	8 396	8 396	633	3 747	4 198	(451)	-11%	8 396
% increase	4		10.0%	10.0%						10.0%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	2 350	6 422	6 422	185	1 169	3 211	(2 042)	-64%	6 422
Pension and UIF Contributions		290	23	23	32	200	12	189	1639%	23
Medical Aid Contributions		119	-	-	9	57	-	57	#DIV/0!	-
Performance Bonus		-	862	862	-	-	431	(431)	-100%	862
Motor Vehicle Allowance		806	-	-	89	542	-	542	#DIV/0!	-
Sub Total - Senior Managers of Municipality		3 564	7 307	7 307	314	1 968	3 654	(1 685)	-46%	7 307
% increase	4		105.0%	105.0%						105.0%
Other Municipal Staff										
Basic Salaries and Wages		52 635	62 346	62 346	4 771	29 329	31 173	(1 844)	-6%	62 346
Pension and UIF Contributions		9 866	12 282	12 282	830	5 134	6 141	(1 007)	-16%	12 282
Medical Aid Contributions		5 239	5 994	5 994	396	2 444	2 997	(553)	-18%	5 994
Overtime		1 423	693	693	68	250	347	(96)	-28%	693
Performance Bonus		4 741	4 936	4 936	243	3 020	2 468	552	22%	4 936
Motor Vehicle Allowance		11 015	12 807	12 807	941	5 801	6 404	(603)	-9%	12 807
Housing Allowances		519	612	612	44	274	306	(32)	-10%	612
Other benefits and allowances		1 050	1 187	1 187	103	554	594	(39)	-7%	1 187
Payments in lieu of leave		4 678	-	-	-	-	-	-	-	-
Long service awards		1 429	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	1 085	2 000	2 000	-	-	1 000	(1 000)	-100%	2 000
Sub Total - Other Municipal Staff		93 680	102 857	102 857	7 397	46 807	51 429	(4 621)	-9%	102 857
% increase	4		9.8%	9.8%						9.8%
Total Parent Municipality		104 875	118 560	118 560	8 343	52 523	59 280	(6 757)	-11%	118 560
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS		104 875	118 560	118 560	8 343	52 523	59 280	(6 757)	-11%	118 560
% increase	4		13.0%	13.0%						13.0%
TOTAL MANAGERS AND STAFF		97 244	110 164	110 164	7 711	48 776	55 082	(6 307)	-11%	110 164

2.6 Material variances to the service delivery and budget implementation plan

2.6.1 Performance Management System

Performance Management is prescribed in Chapter 6 of the Local Government: Municipal Systems Act No.32 of 2000 and the Local Government: Municipal Planning and Performance Management Regulations, 796 of August 2001.

Section 7 (1) of the aforementioned regulations state that “A municipality’s performance management system must entail a framework that describes and represent 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 responsibilities of the different role players”. This framework, *inter alia* reflects the linkage between Integrated Development Plan (IDP), Annual Budget, Service Delivery and Budget Implementation Plan (SDBIP) and Individual and Service Provider Performance.

2.6.2. Implementation of Performance Management System

The Integrated Development Plan (IDP) for the 2019/20 financial year was compiled and approved by Council on the 30 May 2019. Performance of the municipality is evaluated by means of a municipal score card (Top Layer Service Delivery and Budget Implementation Plan (SDBIP) at organisational level and through Departmental Service Delivery and Budget Implementation Plan (SDBIP) at Departmental level.

The SDBIP is a plan that converts the IDP and Annual Budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to a department to deliver the service in terms of the approved IDP and Annual Budget. Both SDBIP was prepared and the top layer SDBIP was approved by the Executive Mayor on the 13 June 2019.

2.6.3. Performance Analysis

The SDBIP was distributed to the Municipal Manager and all Heads of Departments (Directors) together with a generic reporting tool aligned to the SDBIP for usage during all reporting interval as required in terms of the Fezile Dabi District Municipality PMS Policy Framework. All departments are required to update on the reporting tool their actual performance against key performance indicators and targets for the quarter under review.

The actual results against monthly, quarterly, mid-year and annual targets are discussed quarterly during the management meetings to determine early warning indicators and discuss possible corrective measures if needed. After the report has been discussed at the management meeting with inputs and comments of

the Internal Audit the final report is submitted to the Audit Committee, MPAC, MAYCO and Council for review and oversight. The next section of the report focuses on mid-year analysis which was performed on the top layer SDBIP and the departmental SDBIP for the period ending 31 December 2019:

- **Analysis of Departmental SDBIP**

Office of the Municipal Manager					
Colour Coding		Municipal Transformation and Organisational Development	Basic Service Delivery	Good Governance and Public Participation	Total KPIs – Not Met, Almost Met, Met and Not Applicable
	KPIs Not Met	1	0	3	4
	KPIs Almost Met	0	0	0	0
	KPIs Met	6	1	8	15
	KPIs N/A	3	2	5	10
Total		10	3	16	29

Office of the Chief Financial Officer						
Colour Coding		Municipal Transformation and Organisational Development	Basic Service Delivery	Municipal Financial Viability and Management	Good Governance and Public Participation	Total KPIs – Not Met, Almost Met, Met and Not Applicable
	KPIs Not Met	1	0	2	1	4
	KPIs Almost Met	0	1	0	1	2
	KPIs Met	2	0	2	0	4
	KPIs N/A	2	1	4	0	7
Total		5	2	8	2	17

Office of the Director Local Economic Development and Tourism						
Colour Coding		Municipal Transformation and Organisational Development	Basic Service Delivery	Local Economic Development	Good Governance and Public Participation	Total KPIs – Not Met, Almost Met, Met and Not Applicable
	KPIs Not Met	1	0	1	0	2
	KPIs Almost Met	0	0	0	0	0
	KPIs Met	2	0	7	1	10
	KPIs N/A	1	1	2	0	4
Total		4	1	10	1	16

Office of the Director Environmental Health and Emergency Services					
Colour Coding		Municipal Transformation and Organisational Development	Basic Service Delivery	Good Governance and Public Participation	Total KPIs – Not Met, Almost Met, Met and Not Applicable
	KPIs Not Met	1	0	0	1
	KPIs Almost Met	0	0	0	0
	KPIs Met	2	7	1	10
	KPIs N/A	0	0	0	0
Total		3	7	1	11

Office of the Director Project Management and Public Works					
Colour Coding		Municipal Transformation and Organisational Development	Basic Service Delivery	Good Governance and Public Participation	Total KPIs – Not Met, Almost Met, Met and Not Applicable
	KPIs Not Met	1	0	0	1
	KPIs Almost Met	0	0	0	0
	KPIs Met	2	1	2	5
	KPIs N/A	0	1	0	1
Total		3	2	2	7

Office of the Director Corporate Support Services				
Colour Coding		Municipal Transformation and Organisational Development	Good Governance and Public Participation	Total KPIs – Not Met, Almost Met, Met and Not Applicable
	KPIs Not Met	1	0	1
	KPIs Almost Met	0	0	0
	KPIs Met	3	1	4
	KPIs N/A	5	0	5
Total		9	1	10

Office of the Executive Mayor					
Colour Coding		Municipal Transformation and Organisational Development	Basic Service Delivery	Good Governance and Public Participation	Total KPIs – Not Met, Almost Met, Met and Not Applicable
	KPIs Not Met	1	0	2	3
	KPIs Almost Met	0	0	0	0
	KPIs Met	1	2	0	3
	KPIs N/A	0	0	2	2
Total		2	2	4	8

Office of the Speaker				
Colour Coding		Municipal Transformation and Organisational Development	Good Governance and Public Participation	Total KPIs – Not Met, Almost Met, Met and Not Applicable
KPIs Not Met		1	0	1
KPIs Almost Met		0	0	0
KPIs Met		1	3	4
KPIs N/A		0	0	0
Total		2	3	5

- *Analysis of Top Layer SDBIP*

FDDM: Organisational Report against National KPAs							
Colour Coding		Municipal Transformation and Organisational Development	Basic Service Delivery	Local Economic Development	Municipal Financial Viability and Management	Good Governance and Public Participation	Total KPIs – Not Met, Almost Met, Met and Not Applicable
KPIs Not Met		1	1	1	3	5	11
KPIs Almost Met		0	1	0	0	1	2
KPIs Met		7	10	7	2	13	39
KPIs N/A		8	5	2	3	5	23
Total KPIs		16	17	10	8	24	75

Annexure A

Detailed Internally Audited Top Layer Second Quarter Performance Assessment Report