

THABAZIMBI LOCAL MUNICIPALITY



QUARTERLY BUDGET STATEMENTS FOR THE PERIOD ENDED

30 SEPTEMBER 2011

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MAYOR'S REPORT

The purpose of this report is to adhere to the requirements of the legislation and regulations as quoted below.

Section 52 (d) of the MFMA, stipulates that:

The Mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

Regulation 31(b) of the Municipal Budgeting and Reporting Regulations stipulates that the Mayor's Quarterly report on the implementation of the budget and the state of affairs of the municipality as required by Section 52(d) of the MFMA must be consistent with the monthly budget statements as applicable, and as a result the contents of this report will be in line with the requirements of Section 71 of the MFMA that includes the following;

- (a) *Actual* revenue, per revenue source;
- (b) Actual borrowings;
- (c) Actual expenditure, per vote;
- (d) Actual capital expenditure, per vote;
- (e) The amount of any allocations received;
- (f) Actual expenditure on those allocations, excluding expenditure on—
 - (i) Its share of the local government equitable share; and
 - (ii) Allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) When necessary, an explanation of—
 - (i) Any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - (ii) Any material variances from the service delivery and budget implementation plan; and
 - (iii) Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

As well as disclosures per section 66 of the MFMA as follows;

- (a) Salaries and wages;
- (b) Contributions for pensions and medical aid;
- (c) Travel, motor car, accommodation, subsistence and other allowances;
- (d) Housing benefits and allowances;
- (e) Overtime payments;
- (f) Loans and advances; and
- (g) Any other type of benefit or allowance related to staff.

Regulation 31(c) requires that the report be submitted to the National Treasury and the relevant Provincial Treasury within 5 days of tabling of the report in council.

This report should also be published in terms of Section 75(1) (k) of the MFMA as read with Regulation 32 of the MBRR. To that end this report will also be placed on the municipality's website: www.thabazimbi.gov.za.

Deviation from and ratification of minor breaches of procurement processes:

Regulation 36 (2) of the Supply Chain Management Regulations per Government Gazette, Notice number 27636, dated 30 May 2005 stipulates that:

The accounting officer must record the reasons for any deviations in terms of sub-regulation 1(a) and (b) and report them to the next meeting of the council and include as a note to the financial statements. In light of this requirement Table 15 has been included disclose details of all deviations from supply chain management policy for the quarter under review.

It is also important to note that the budget is being implemented in accordance with the service delivery and budget implementation plan hence this report takes the municipal SDBIP into account as required by Circular 13 of the MFMA.

RESOLUTIONS

It is recommended that the council:

1. takes note of the Quarterly budget statements as reported by the mayor under Table C 1 to 7 and the supporting tables SC 1 to 14;
2. approves the remedial and corrective steps as recommended under Table SC 1 to be implemented with immediate effect; and
3. takes note of the explanations and ratify the deviations from the procurement process in terms of subparagraph 36(1) (a) and (b) of the Supply Chain Management Regulations; as detailed on Table 15.
4. takes note that each departmental head were informed of the budget statement applicable to their department and that they were instructed to exercise more effective control over the authorization and payment of all expenditure in their departments;

P.A.Mosito (*Mayor of Thabazimbi Local Municipality*)

DATE: ____ / ____ / 2011

EXECUTIVE SUMMARY

Table C1 Quarterly Budget Statement Summary – Q01 September

Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	16 024	30 474	–	4 974	4 974	6 982	(2 008)	-29%	19 894
Service charges	65 059	95 860	–	21 854	21 854	21 966	(112)	-1%	87 416
Investment revenue	2 232	5 604	–	601	601	1 285	(684)	-53%	2 403
Transfers recognised - operational	51 172	57 176	–	24 265	24 265	30 458	(6 193)	-20%	57 176
Other own revenue	7 877	10 372	–	1 403	1 403	2 337	(934)	-40%	5 612
Total Revenue (excluding capital transfers and contributions)	142 364	199 486	–	53 096	53 096	63 028	(9 932)	-16%	172 501
Employee costs	59 084	68 106	–	15 835	15 835	17 027	(1 192)	-7%	63 341
Remuneration of Councillors	4 884	4 800	–	1 517	1 517	1 200	317	26%	6 070
Depreciation & asset impairment	–	2 638	–	49	49	660	(611)	-93%	197
Finance charges	1 053	960	–	2	2	405	(403)	-100%	8
Materials and bulk purchases	43 444	43 187	–	9 769	9 769	9 895	(126)	-1%	39 077
Other expenditure	46 235	58 442	–	11 130	11 130	13 393	(2 263)	-17%	44 518
Total Expenditure	154 700	178 133	–	38 303	38 303	42 580	(4 277)	-10%	153 211
Surplus/(Deficit)	(12 336)	21 353	–	14 793	14 793	20 448	(5 655)	-28%	19 290
Transfers recognised - capital	33 892	36 350	–	13 380	13 380	19 364	(5 984)	-31%	36 350
Surplus/ (Deficit) for the year	21 556	57 703	–	28 173	28 173	39 812	(11 639)	-29%	55 640
Capital expenditure & funds sources									
Capital expenditure	37 323	57 973	–	2 287	2 287	10 070	(7 783)	-77%	57 898
Capital transfers recognised	31 408	36 350	–	2 287	2 287	9 020	(6 733)	-75%	–
Borrowing	–	3 950	–	–	–	–	–	–	3 950
Internally generated funds	5 915	17 673	–	–	–	1 050	(1 050)	-100%	17 598
Total sources of capital funds	37 323	57 973	–	2 287	2 287	10 070	(7 783)	-77%	21 548
Financial position									
Total current assets	18 743	30 344	–		21 718				21 718
Total non current assets	84 104	102 115	–		88 385				102 115
Total current liabilities	72 792	51 118	–		47 365				39 902
Total non current liabilities	7 089	13 824	–		10 847				10 305
Community wealth/Equity	22 966	67 517	–		51 891				73 626
Cash flows									
Net cash from (used) operating	46 353	56 138	–	8 920	8 920	26 694	(17 774)	-67%	56 320
Net cash from (used) investing	(33 889)	(53 823)	–	(3 503)	(3 503)	(14 944)	11 441	-77%	(54 023)
Net cash from (used) financing	(1 400)	(977)	–	6	6	(395)	401	-101%	22
Cash/cash equivalents at the month/year end	336	2 208	–	5 759	5 759	12 225	(6 466)	-53%	2 655
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 Revenue Source	4 692	3 962	2 024	2 105	67 078	–	–	–	79 861
Creditors Age Analysis									
Total Creditors	9 203	–	–	–	–	–	–	–	9 203

This summary is based on financial information available at the time of preparation and is unaudited. The table above only shows summarized data; details are depicted on the Tables C1 – C7 as well as supporting tables that follow.

Total operating revenue achieved to date amounts to R53million against a target of R63million. This is equivalent to an underachievement of R10million or 16%. Expenditure incurred to the end of first quarter 2011-12 amounts R33million excluding capital expenditure. A negative variance of 10% results in an operating surplus of R15million against a target

operating surplus of R20million. The figure of expenditure to date excludes certain non-cash items such as depreciation, impairment of assets and charges on provisions that are still to be determined (usually at year end).

Capital revenue received so far and whose conditions of use have been met amounts to R13million, as budgeted, bringing total surplus to R28million. This amount of surplus is still too much but is just sufficient to cover other expenses of a non-cash nature as mentioned above, as well as catering for the irregular(not uniform) pattern of income generation by the municipality. This basically emanates from the fact that the bulk of grant revenue is transferred during the first quarter and the remainder will be transferred later. Additional understanding is derivable from tables C2 to C4 as well as SC1.

Capital expenditure to date amounts to R2.3million against a target R10million. This represents an under-spending of R7.8million or 77% on capital projects. Details of the variance are given on SC1 as well as Annexure 1-Performance information per individual department.

Debtors book remain very high as a result of balances accumulated from many years ago. An impairment provision has been raised at the end of June 2011 but no bad debts have been written off. There is, however, need however to consider writing off some of these debts as it is highly unlikely that any recoveries will materialize. Creditors balance has stabilized mainly because of stricter targets to comply with S65 (2) (e) of the MFMA.

Details of the variances shown on the table above as well as tables that follow are explained in Table SC1.

Deviation from and ratification of minor breaches of procurement process

The deviations from, and ratification of minor breaches of the procurement process for the first quarter of 2011-12 as required in terms of subparagraph 36(1)(a) and (b) of the Supply Chain Management Regulations and Policy is herewith attached in Table SC15 in this report.

Service delivery information

Service delivery information for the first quarter is detailed in Annexure 1 while an assessment report on the same information has been included in Annexure 2 to this Quarterly report. Likely impact on Annual Performance Agreements of the Municipal Manager and other Senior Managers is also detailed in Annexure 2 in terms of Schedule C (22) of the Municipal Budgeting and Reporting Regulations.

QUARTERLY BUDGET STATEMENT TABLES

The table below shows monthly financial performance, by revenue source and expenditure item, for the period ended 30 September 2011.

Table C4 Quarterly Budget Statement - Financial Performance (revenue and expenditure) – Q01 September

Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Property rates	16 027	29 928	–	4 975	4 975	6 857	(1 882)	-27%	19 899
Property rates - penalties & collection charges	(3)	546	–	(1)	(1)	125	(126)	-101%	(5)
Service charges - electricity revenue	30 463	45 659	–	8 622	8 622	10 462	(1 840)	-18%	34 487
Service charges - water revenue	21 283	31 062	–	8 629	8 629	7 118	1 511	21%	34 517
Service charges - sanitation revenue	7 348	8 919	–	2 658	2 658	2 044	614	30%	10 631
Service charges - refuse revenue	5 965	10 220	–	1 945	1 945	2 342	(397)	-17%	7 782
Rental of facilities and equipment	510	433	–	81	81	108	(27)	-25%	324
Interest earned - external investments	49	804	–	8	8	185	(177)	-96%	32
Interest earned - outstanding debtors	2 183	4 800	–	593	593	1 100	(507)	-46%	2 370
Fines	510	652	–	124	124	148	(24)	-16%	496
Licences and permits	1 340	5 791	–	306	306	1 327	(1 021)	-77%	1 225
Agency services	2 122	350	–	446	446	79	367	464%	1 782
Transfers recognised - operational	51 172	57 176	–	24 265	24 265	30 458	(6 193)	-20%	57 176
Other revenue	2 643	2 947	–	446	446	675	(229)	-34%	1 785
Gains on disposal of PPE	752	199	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)	142 364	199 486	–	53 096	53 096	63 028	(9 932)	-16%	172 501
Expenditure By Type									
Employee related costs	59 084	68 106	–	15 835	15 835	17 027	(1 192)	-7%	63 341
Remuneration of councillors	4 884	4 800	–	1 517	1 517	1 200	317	26%	6 070
Depreciation & asset impairment	–	2 638	–	49	49	660	(611)	-93%	197
Finance charges	1 053	960	–	2	2	405	(403)	-100%	8
Bulk purchases	43 444	43 187	–	9 769	9 769	9 895	(126)	-1%	39 077
Contracted services	8 802	7 495	–	2 001	2 001	1 718	283	16%	8 003
Other expenditure	37 433	50 947	–	9 129	9 129	11 675	(2 546)	-22%	36 516
Total Expenditure	154 700	178 133	–	38 303	38 303	42 580	(4 277)	-10%	153 211
Surplus/(Deficit)	(12 336)	21 353	–	14 793	14 793	20 448	(14 209)		19 290
Transfers recognised - capital	33 892	36 350	–	13 380	13 380	19 364			36 350
Surplus/ (Deficit) for the year	21 556	57 703	–	28 173	28 173	39 812			55 640

The negative revenue variance of 16% derives from underachievement on major revenue streams including; property rates (27%), electricity revenue (18%), and refuse revenue (17%). No assets have been disposed of so far although it is council's intention to get rid of all redundant assets. Revenue proportions have not changed with operational grants still contributing the biggest proportion of all revenue as planned.

A small negative variance of 10% on expenditure for the quarter is a reasonable underachievement as per service delivery targets in the municipal SDBIP. This, however, includes an overspending on councillors' remuneration of 26%, whose explanation is given on Table SC1. More efforts should ideally be put in place to curb on the increasing spending on this particular expense item so as to remain within targets. This if left unattended may divert funds away from service delivery, which is our mission, as reflected by the 22% underachievement on other expenditure in the above table.

Below is a table showing financial performance for the quarter ended 30 September 2011 categorised by municipal vote. Details of the variances indicated are given on Table SC1 that follows.

Table C3 Quarterly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q01 September

Vote Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 1 - 100 Political Office Bearers	66 573	85 313	–	29 088	29 088	37 315	(8 227)	-22.0%	77 075
Vote 2 - 200 Municipal Manager	–	–	–	–	–	–	–		–
Vote 3 - 300 Budget & Treasury	3 180	6 224	–	764	764	1 285	(521)	-40.6%	3 056
Vote 4 - 400 Corporate Services	1 507	854	–	131	131	–	131		524
Vote 5 - 500 Planning and Economic Development	265	482	–	133	133	200	(67)	-33.5%	532
Vote 6 - 600 Community Services	11 481	18 708	–	3 005	3 005	4 479	(1 474)	-32.9%	12 022
Vote 7 - 700 Technical Services	91 792	124 255	–	33 355	33 355	39 113	(5 758)	-14.7%	115 642
Total Revenue by Vote	174 798	235 836	–	66 476	66 476	82 392	(15 916)	-19.3%	208 851
Expenditure by Vote									
Vote 1 - 100 Political Office Bearers	11 595	13 368	–	3 697	3 697	1 433	2 264	158.0%	14 788
Vote 2 - 200 Municipal Manager	3 131	4 374	–	707	707	1 014	(307)	-30.3%	2 827
Vote 3 - 300 Budget & Treasury	18 807	20 263	–	4 937	4 937	6 187	(1 250)	-20.2%	19 748
Vote 4 - 400 Corporate Services	11 086	20 104	–	3 681	3 681	1 876	1 805	96.2%	14 725
Vote 5 - 500 Planning and Economic Development	4 726	6 072	–	1 287	1 287	1 044	243	23.3%	5 149
Vote 6 - 600 Community Services	24 224	25 254	–	5 464	5 464	4 141	1 323	31.9%	21 856
Vote 7 - 700 Technical Services	81 131	88 698	–	18 530	18 530	26 885	(8 355)	-31.1%	74 118
Total Expenditure by Vote	154 700	178 133	–	38 303	38 303	42 580	(4 277)	-10.0%	153 211
Surplus/ (Deficit) for the year	20 098	57 703	–	28 173	28 173	39 812	(20 193)		55 640

An aggregate negative variance of 19% is largely contributed by an underachievement in the Political Office Bearers' office of 22% (rates and taxes) and Technical services of 15% (service revenue). The 158% over-expenditure in Political Office Bearers' Office is largely neutralized by 31% under-performance in Technical Services vote. Overall most of the votes have been overspent and stricter measures should be put in place to curb the unwelcome trend that will deplete the total budget immediately. Detailed reasons for trends reflected above are given in Table SC1.

Table C2 Quarterly Budget Statement - Financial Performance (standard classification) - Q01 September

Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue - Standard									
<i>Governance and administration</i>	71 260	92 390	–	29 983	29 983	38 600	(8 617)	-22%	80 655
Executive and council	66 573	85 312	–	29 088	29 088	37 315	(8 227)	-22%	77 075
Budget and treasury office	3 180	6 225	–	764	764	1 285	(521)	-41%	3 056
Corporate services	1 507	853	–	131	131	–	131		524
<i>Community and public safety</i>	5 421	8 414	–	1 044	1 044	1 415	(371)	-26%	4 177
Community and social services	242	264	–	49	49	44	5	11%	195
Sport and recreation	–	1	–	–	–	–	–		–
Public safety	5 179	8 149	–	995	995	1 371	(376)	-27%	3 982
<i>Economic and environmental services</i>	265	482	–	133	133	200	(67)	-33%	532
Planning and development	265	422	–	133	133	200	(67)	-33%	532
Environmental protection	–	60	–	–	–	–	–		–
<i>Trading services</i>	69 178	98 839	–	22 734	22 734	29 595	29 595	100%	87 136
Electricity	35 867	48 341	–	9 439	9 439	14 484	(5 045)	-35%	38 328
Water	21 361	31 285	–	8 675	8 675	9 374	(699)	-7%	30 329
Waste water management	5 890	8 919	–	2 659	2 659	2 673	(14)	-1%	10 635
Waste management	6 060	10 294	–	1 961	1 961	3 064	(1 103)	-36%	7 845
<i>Other</i>	28 674	35 711	–	12 582	12 582	12 582	–		36 350
Total Revenue - Standard	174 798	235 836	–	66 476	66 476	82 392	20 540	25%	208 851
Expenditure - Standard									
<i>Governance and administration</i>	44 618	58 109	–	13 022	13 022	10 510	2 512	24%	52 088
Executive and council	14 726	17 742	–	4 404	4 404	2 447	1 957	80%	17 615
Budget and treasury office	18 806	20 263	–	4 937	4 937	6 187	(1 250)	-20%	19 748
Corporate services	11 086	20 104	–	3 681	3 681	1 876	1 805	96%	14 725
<i>Community and public safety</i>	16 805	16 912	–	3 926	3 926	2 773	1 153	42%	15 705
Community and social services	3 991	3 806	–	616	616	624	(8)	-1%	2 464
Sport and recreation	4 869	4 352	–	1 104	1 104	714	390	55%	4 415
Public safety	7 945	8 754	–	2 206	2 206	1 435	771	54%	8 825
<i>Economic and environmental services</i>	20 931	32 628	–	6 045	6 045	9 094	(3 049)	-34%	24 179
Planning and development	4 469	5 443	–	1 191	1 191	936	255	27%	4 764
Road transport	16 205	26 556	–	4 758	4 758	8 050	(3 292)	-41%	19 030
Environmental protection	257	629	–	96	96	108	(12)	-11%	385
<i>Trading services</i>	69 338	68 251	–	14 852	14 852	19 527	(4 675)	-24%	59 409
Electricity	37 136	34 624	–	11 108	11 108	10 495	613	6%	44 433
Water	19 508	21 451	–	1 649	1 649	6 502	(4 853)	-75%	6 595
Waste water management	5 275	3 833	–	557	557	1 162	(605)	-52%	2 230
Waste management	7 419	8 343	–	1 538	1 538	1 368	170	12%	6 151
<i>Other</i>	3 008	2 233	–	458	458	676	(218)	-32%	1 830
Total Expenditure - Standard	154 700	178 133	–	38 303	38 303	42 580	(4 277)	-10%	153 211
Surplus/ (Deficit) for the year	20 098	57 703	–	28 173	28 173	39 812	16 263	41%	55 640

The above table shows financial performance for the quarter ended 30 September 2011 by standard classification. Details and explanations of the variances reported are given on SC1 that follows. The 19% underachievement in revenue is clearly arising from the electrical department's negative variance of 35% as well as the negative 22% variance on rates and taxes. Overall we are standing with underachievement as far as revenue generation is concerned. This may raise a need to reduce our revenue expectations during the budget adjustment, which may also imply a reduction in spending (that is already going at a very fast rate as explained below).

Governance and administration has overspent their allocation by 24%, Community and Public safety by 42% although while major under-spending of 75% and 52% for water and waste water respectively. This means most funds allocated for repairs and maintenance (service delivery) are locked or diverted for some other uses against target. This might as well warrant virement of funds during the budget adjustment.

Table C5 Quarterly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q01 September

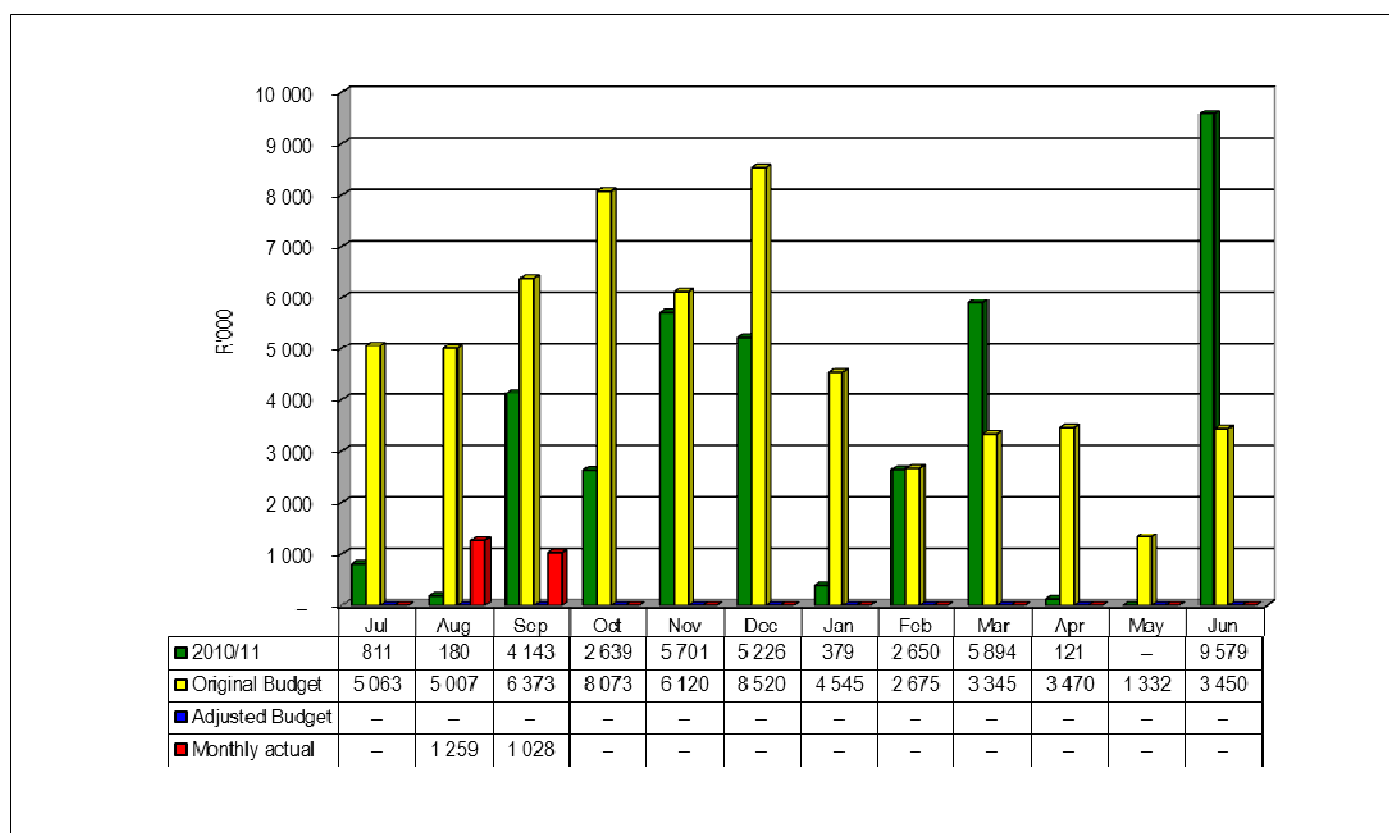
Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								%	
Vote 1 - 100 Political Office Bearers	–	6	–	20	20	6	14	227%	245
Vote 2 - 200 Municipal Manager	1 852	–	–	–	–	–	–	–	–
Vote 3 - 300 Budget & Treasury	–	300	–	18	18	150	(132)	-88%	221
Vote 4 - 400 Corporate Services	2 115	5 725	–	671	671	1 600	(929)	-58%	5 490
Vote 5 - 500 Planning and Economic Development	–	210	–	159	159	–	159	–	210
Vote 6 - 600 Community Services	2 091	7 232	–	2	2	–	2	–	7 232
Vote 7 - 700 Technical Services	31 265	44 500	–	159	1 419	8 314	(6 895)	-83%	44 500
Total Capital Expenditure	37 323	57 973	–	1 028	2 287	10 070	(7 783)	-77%	57 898
Capital Expenditure - Standard Classification									
Governance and administration	3 967	6 031	–	708	708	1 756	(2 098)	-119%	5 956
Executive and council	1 852	6	–	20	20	6	14	227%	6
Budget and treasury office	–	300	–	18	18	150	(132)	-88%	225
Corporate services	2 115	5 725	–	671	671	1 600	(1 979)	-75%	5 725
Community and public safety	502	5 126	–	2	2	–	2	–	5 126
Community and social services	19	4 560	–	–	–	–	–	–	4 560
Sport and recreation	483	–	–	–	–	–	–	–	–
Public safety	–	566	–	2	2	–	2	–	566
Economic and environmental services	23 783	210	–	1 534	1 534	–	1 534	–	5 711
Planning and development	–	210	–	159	159	–	159	–	210
Road transport	23 783	–	–	1 375	1 375	–	1 375	–	5 501
Trading services	9 070	46 606	–	44	44	8 314	(8 271)	-99%	41 105
Electricity	4 833	4 800	–	44	44	8 314	(8 271)	-99%	4 800
Water	4 237	5 750	–	–	–	–	–	–	5 750
Waste water management	–	33 950	–	–	–	–	–	–	28 449
Waste management	–	2 106	–	–	–	–	–	–	2 106
Other	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard Classification	37 322	57 973	–	2 287	2 287	10 070	(8 833)	-79%	57 898
Funded by:									
National Government	26 408	34 750	–	1 375	1 375	7 420	(6 045)	-81%	34 750
Other transfers and grants	5 000	1 600	–	912	912	1 600	(688)	-43%	1 600
Transfers recognised - capital	31 408	36 350	–	2 287	2 287	9 020	(6 733)	-75%	36 350
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	3 950	–	–	–	–	–	–	3 950
Internally generated funds	5 915	17 673	–	–	–	1 050	(1 050)	-100%	17 598
Total Capital Funding	37 323	57 973	–	2 287	2 287	10 070	(7 783)	-77%	57 898

Overall spending on capital projects is very slow with only 21% of targeted spending representing only 4% of the annual budget. Activity is only taking place on planned projects in corporate services department while the rest have either not yet commenced or have been replaced by new projects before they could even commence. Corporate services department has underspent by 58% while technical services got a negative variance of 83%. The 88% under-spending in Budget and Treasury Office represents a saving on cost of the furniture as planned. The excess funds will be reallocated during budget adjustment.

Additional funds have been diverted to Roads projects that were left incomplete from the previous year reducing the funds available for current year projects and delaying the electrification and other projects in the municipality. Furniture has also been purchased for new councillors although there was no budget for such items. This could have been a result of poor planning but will have to be accounted for in the adjustment budget. In Planning and Development department revamping of the Game reserve that was planned for the second quarter was done during the first quarter, which is a positive development though it may cripple cash flow position.

The chart below shows capital expenditure variance analysis, comparing actual figures against planned activity. It is very clear from the chart that progress is too slow compared to targets as well as prior year performance. The details of these and other inefficiencies are given in Annexures 1 & 2 on performance information.

Chart C1 2011/12 Capital Expenditure Quarterly Trend: actual v target



The trends depicted by chart C1 above are consistent with chart C2 below.

Chart C2 2011/12 Capital Expenditure: YTD actual v YTD target

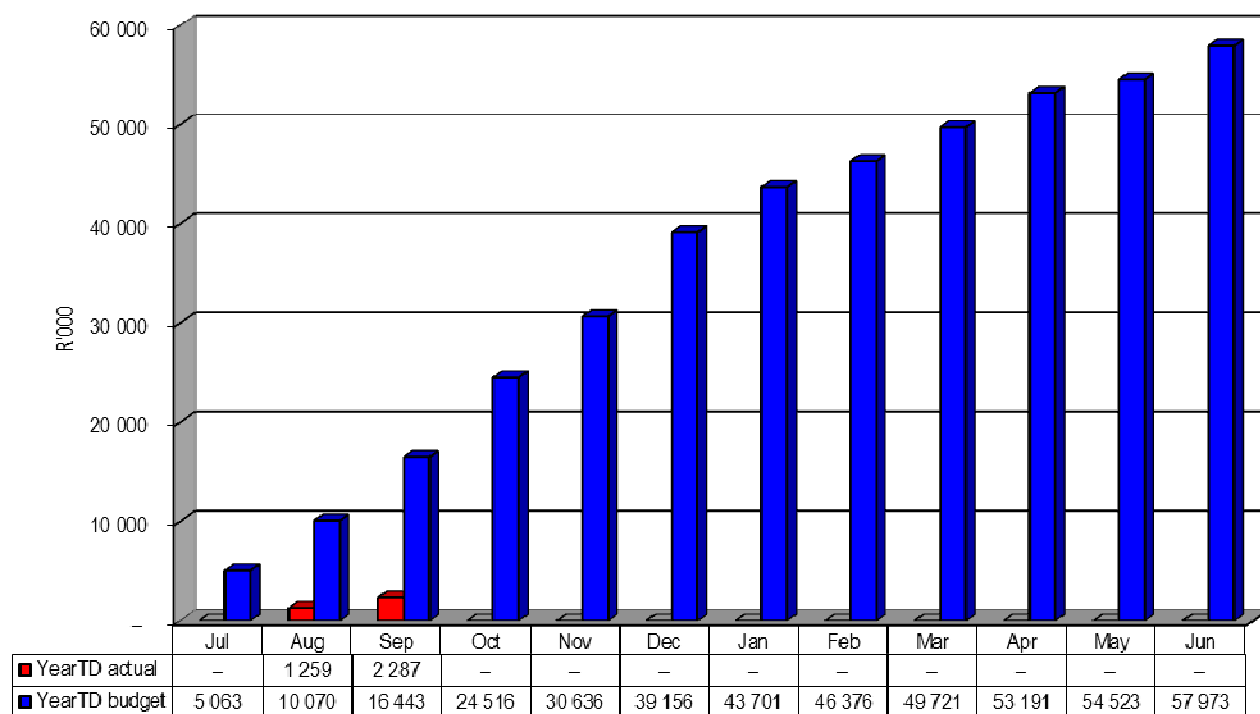


Table C6 Quarterly Budget Statement - Financial Position - Q01 September

Description	2010/11	Budget Year 2011/12			
	Pre-audit outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	–	1 355	–	2 905	2 905
Call investment deposits	2 854	853	–	2 853	2 853
Consumer debtors	11 590	18 125	–	11 790	11 790
Other debtors	–	5 581	–	–	–
Inventory	4 299	4 430	–	4 169	4 169
Total current assets	18 743	30 344	–	21 718	21 718
Non current assets					
Property, plant and equipment	84 000	102 011	–	88 281	102 011
Biological assets	0	0	–	0	0
Intangible assets	104	104	–	104	104
Total non current assets	84 104	102 115	–	88 385	102 115
TOTAL ASSETS	102 847	132 459	–	110 102	123 833
LIABILITIES					
Current liabilities					
Bank overdraft	2 517	–	–	–	–
Borrowing	1 354	1 783	–	1 354	1 286
Consumer deposits	2 997	5 107	–	3 003	3 003
Trade and other payables	53 765	43 211	–	30 849	24 063
Provisions	12 159	1 017	–	12 159	11 551
Total current liabilities	72 792	51 118	–	47 365	39 902
Non current liabilities					
Borrowing	7 089	13 124	–	7 089	6 735
Provisions	–	700	–	3 758	3 570
Total non current liabilities	7 089	13 824	–	10 847	10 305
TOTAL LIABILITIES	79 881	64 942	–	58 212	50 207
NET ASSETS	22 966	67 517	–	51 891	73 626
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	22 966	67 517	–	51 891	73 626
TOTAL COMMUNITY WEALTH/EQUITY	22 966	67 517	–	51 891	73 626

The balance sheet size has more than doubled compared to the prior year pre-audit outcome. The increase in the net community wealth is largely because of a significant decline in trade creditors of R23million. Cash balance has improved by R2.9million while the rest of the line items have basically remained unchanged.

Table C7 Quarterly Budget Statement - Cash Flow - Q01 September

Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	93 110	93 603	–	33 322	33 322	31 284	2 038	7%	93 603
Government - operating	51 172	56 640	–	24 265	24 265	30 458	(6 193)	-20%	56 640
Government - capital	33 892	36 886	–	13 380	13 380	19 364	(5 984)	-31%	36 886
Interest	49	804	–	8	8	1 285	(1 277)	-99%	34
Payments									
Suppliers and employees	(130 816)	(130 835)	–	(62 052)	(62 052)	(55 292)	6 760	-12%	(130 835)
Finance charges	(1 054)	(960)	–	(2)	(2)	(405)	(403)	100%	(8)
NET CASH FROM/(USED) OPERATING ACTIVITIES	46 353	56 138	–	8 920	8 920	26 694	(17 774)	-67%	56 320
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Decrease (increase) in non-current investments	–	200	–	–	–	–	–		–
Payments									
Capital assets	(33 889)	(54 023)	–	(3 503)	(3 503)	(14 944)	(11 441)	77%	(54 023)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(33 889)	(53 823)	–	(3 503)	(3 503)	(14 944)	(11 441)	77%	(54 023)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Increase (decrease) in consumer deposits	(46)	25	–	6	6	6	(0)	-8%	22
Payments									
Repayment of borrowing	(1 354)	(1 002)	–	0	–	(401)	(401)	100%	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 400)	(977)	–	6	6	(395)	(401)	101%	22
NET INCREASE/ (DECREASE) IN CASH HELD	11 064	1 338	–	5 423	5 423	11 355			2 319
Cash/cash equivalents at beginning:	(10 728)	870	–		336	870			336
Cash/cash equivalents at month/year end:	336	2 208	–		5 759	12 225			2 655

Although the cash flow position has improved from the prior year, the cash and cash equivalents balance is still below the target of R12million as it stands at only half the target. The deficit is primarily because planned net cash inflow from operating activities is lower by 67% while additional cash outflows of 77% where endured. This is mainly because of outstanding invoices from the last year that had to be settled in the current year. If loans had been repaid the situation would be worse by approximately R400 000.

PART 2 – SUPPORTING DOCUMENTATION

Table SC1 Material variance explanations - Q01 September

Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands			
A variance is considered to be material if it is outside the range of +/- 10%			
Revenue By Source			
Property rates	-27%	Rezoning of properties still incorrectly classified has not been performed yet as planned.	The trend will be monitored for the rest of the first half to consider need to adjust the annual budget and targets.
Penalties	-101%	There is still no mechanism in place to account for the penalties that should be charged for various services as should be charged by the municipality such as reconnection fees. This has been the since appointment of service provider for debt collection that involves the disconnections etc. This is despite the fact that the penalty income is budgeted for.	There is need for an urgent meeting to engage the service provider and set up controls to begin the billing of the connection and reconnection fees as planned for in the budget.
Service revenue			
Water	21%	Majority of meters are not read in the areas serviced by the municipality and use is usually made of estimates when determining monthly bills. Although adjustments may be made when actual reading is done, omissions are highly likely.	Meter reading should be performed timely every month and meter readings should inform the billing.
Sanitation	30%	More households that had not been billed for sanitation have been included to be billed.	Consider adjusting sanitation in the adjustment budget.
Refuse	-17%	The major 2 week strike is August 2011 contributed to loss of revenue as there was no refuse collection. Most of the refuse in the municipal area was collected by private companies.	No action but consider adjusting the budgeted revenue from waste removal.
Rental revenue	-25%	The majority of our parking space is still not billed despite being utilised on a daily basis. It appears that the prior years' arrangements are preventing the municipality from collecting rent from tenants for the space in question.	Div. Manager(Income) to investigate the legal status of the arrangements and consider if budgeted rental revenue should be adjusted for the MTREF.
Interest on investments	-96%	The surplus funds as reflected on the balance sheet were not invested to earn the targeted interest revenue.	Adhere to municipal Investment Policy to invest all surplus funds of the municipality. Consider adjusting the budget in light of the trend as most of our surplus funds come this time of the financial year. Most of the surplus money is already used up and there is no tangible hope of accumulating more extra cash.
Fines income	-16%	This income is recognised as it arises and it is rare to be in line with forecasts.	Nil as it varies with number of consumers that default during the month or period.
Agency services	464%	It represents an overstatement. There is still no separation of the liability component and the agency fees itself hence overstating revenue.	controls should be put in place to automatically allocate agency fee income to the correct account and avoid errors due to manual intervention.

Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands			
A variance is considered to be material if it is outside the range of +/- 10%			
Expenditure By Type			
Remuneration of Councillors	26%	Councillors remuneration includes travelling allowance This component is variable and depends on the amount of claims by councillors. They have claimed more this quarter.	Nil as this component will normalise because we will not pay them more than budgeted
Depreciation and impairment	-93%	Impairment will be carried out once at year end, while the process of depreciation will commence once GRAP 17 is fully implemented.	Implement GRAP immediately
Contracted services	16%	This above-budget spending on contracted services basically comprises of an exorbitant rate of payment of consultants compared to targets. These consultants include the AG, UMS, etc	Nil as its too early
Capital Expenditure			
Standard classification			
Governance and administration	-75%	Only furniture has been purchased. The upgrading of network as well as centralisation of fleet have not yet been implemented acquired. Most projects are still at tender stage.	Implement the budgeted projects immediately
Trading Services	-99%	Most capital projects have commenced but no completion certificates have been issued yet. Note also that the WWTW has been delayed and replaced by the roads projects and other.	Speed up the rate of project completion in accordance with targets. Also adjust the budget accordingly in line council resolution. to realign the capex budget.
By Municipal Vote			
Corporate Services	-58%	Basically because of the network upgrades and centralisation of fleet planned but not yet done	Record all asset purchases in the correct accounts. Otherwise speed up the financing arrangements with banks
Technical Services	-83%	Most capital projects have commenced but no completion certificates have been issued yet.	Speed up the rate of project completion in accordance with targets.

Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands			
A variance is considered to be material if it is outside the range of +/- 10%			
Financial Position			
Current assets			
Cash balances		Cash balance is positive but only enough to cover monthly bill. There is no excess cash hence nothing is available to invest while a significant amount of creditors remains unpaid.	Follow the municipal Investment Policy to invest all surplus funds.
Call investments		There has not been any movements in investment balances.	Follow the municipal Investment Policy to invest all surplus funds.
Consumer debtors	2%	Debtors balance has risen slightly from prior year.	Tighten revenue collection
Non-Current Assets			
Long term investments	no change	Cash flow constraints have forced the municipality to keep only call investments	No action until cashflow position improves with large sums of excess cash realising
Investment property	none	Municipal property (land and buildings) rented out has not yet been separated from rest of other assets.	Speed up the process of GRAP conversion to comply with recommended reporting framework (GRAP)
Current liabilities			
Trade and other payables	-43%	Creditors' balance has dropped significantly because a good number of invoices from prior year have been settled.	N/A
Provisions	0%	No change	N/A
Cash Flow			
Receipts			
Ratepayers	7%	Due to the nature of the system, it not easy to allocate receipts from consumers between service and interest. The process of splitting these is still to be performed.	Reconfigure the accounting system and integrate all applications to enable the separation of receipts from consumers by revenue source.
Interest from debtors	-100%	Due to the nature of the system, it not easy to allocate receipts from consumers between service and interest. The process of splitting these is still to be performed.	see above
Payments			
Suppliers and employees	-12%	More payments were made out to suppliers to settle the large creditor balance accumulated at year end and comply with Section 65(2)(e)MFMA	Council should encourage on better cash management, possibly prioritising spending
No non current investments		Cash flow constraints in prior period have forced the municipality to keep only call investments.	Nil
Repayment of borrowing	100%	There was no payment made for the scheduled premium because a statement was not received timely from DBSA but an adjustment will be made in the next month.	Nil

Table SC2 Quarterly Budget Statement - performance indicators - Q01 September

Description of financial indicator	Basis of calculation	2010/11	Budget Year 2011/12			
		Pre-audi outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Percentage						
<u>Borrowing Management</u>						
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets	6.9%	9.9%	0.0%	7.7%	6.5%
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	0.7%	2.0%	0.0%	0.1%	0.1%
Borrowed funding of capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	0.0%	6.8%	0.0%	0.0%	6.8%
<u>Safety of Capital</u>						
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	281.8%	86.1%	0.0%	16.3%	10.9%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	13.7%	9.1%
<u>Liquidity</u>						
Current Ratio 1	Current assets/current liabilities	25.7%	59.4%	0.0%	45.9%	54.4%
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5%	4.3%	0.0%	37.1%	44.0%
<u>Revenue Management</u>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing				75.4%	40.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	8.1%	11.9%	0.0%	17.7%	14.3%
Longstanding Debtors Reduction Due To Recovery	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	86.0%	100.0%	0.0%	24.0%	54.3%
<u>Funding of Provisions</u>						
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions					
<u>Other Indicators</u>						
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	8.3%	13.6%	0.0%	16.0%	8.3%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	11.0%	11.0%	0.0%	TBA	TBA
Employee costs	Employee costs/Total Revenue - capital revenue	41.5%	34.1%	0.0%	32.7%	28.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0.0%	3.1%	0.0%	1.7%	6.3%
Interest & Depreciation	I&D/Total Revenue - capital revenue	0.7%	1.8%	0.0%	0.1%	1.7%
<u>IDP regulation financial viability indicators</u>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	118.7%	51.1%	0.0%	244.5%	276.2%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	81.9%	54.6%	0.0%	37.7%	578.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	392.7%	70.0%	0.0%	52.2%	45.1%

Table SC3 Quarterly Budget Statement - aged debtors - Q01 September

Description	NT Code	Budget Year 2011/12										
		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	Provision for Bad Debts	
R thousands												>90 days
Debtors Age Analysis By Revenue Source												
Rates	1200	586	282	234	436	11 977	–	–	–	13 515	12 967	12 413
Electricity	1300	1 136	233	70	58	1 414	–	–	–	2 911	4 437	1 472
Water	1400	1 536	2 541	856	622	12 907	–	–	–	18 461	14 044	13 529
Sew erage / Sanitation	1500	581	331	287	229	5 558	–	–	–	6 986	5 817	5 787
Refuse Remov al	1600	430	250	215	174	4 236	–	–	–	5 306	4 486	4 410
Housing (Rental Revenue)	1700	23	10	9	9	2 198	–	–	–	2 249	–	2 208
Other	1900	401	315	353	577	28 787	–	–	–	30 433	30 444	29 364
Total By Revenue Source	2000	4 692	3 962	2 024	2 105	67 078	–	–	–	79 861	72 195	69 183
2010/11 - totals only		4 458	3 764	1 923	1 999	63 724	–	–	–	75 868	59 282	65 724

Debtors' age analysis

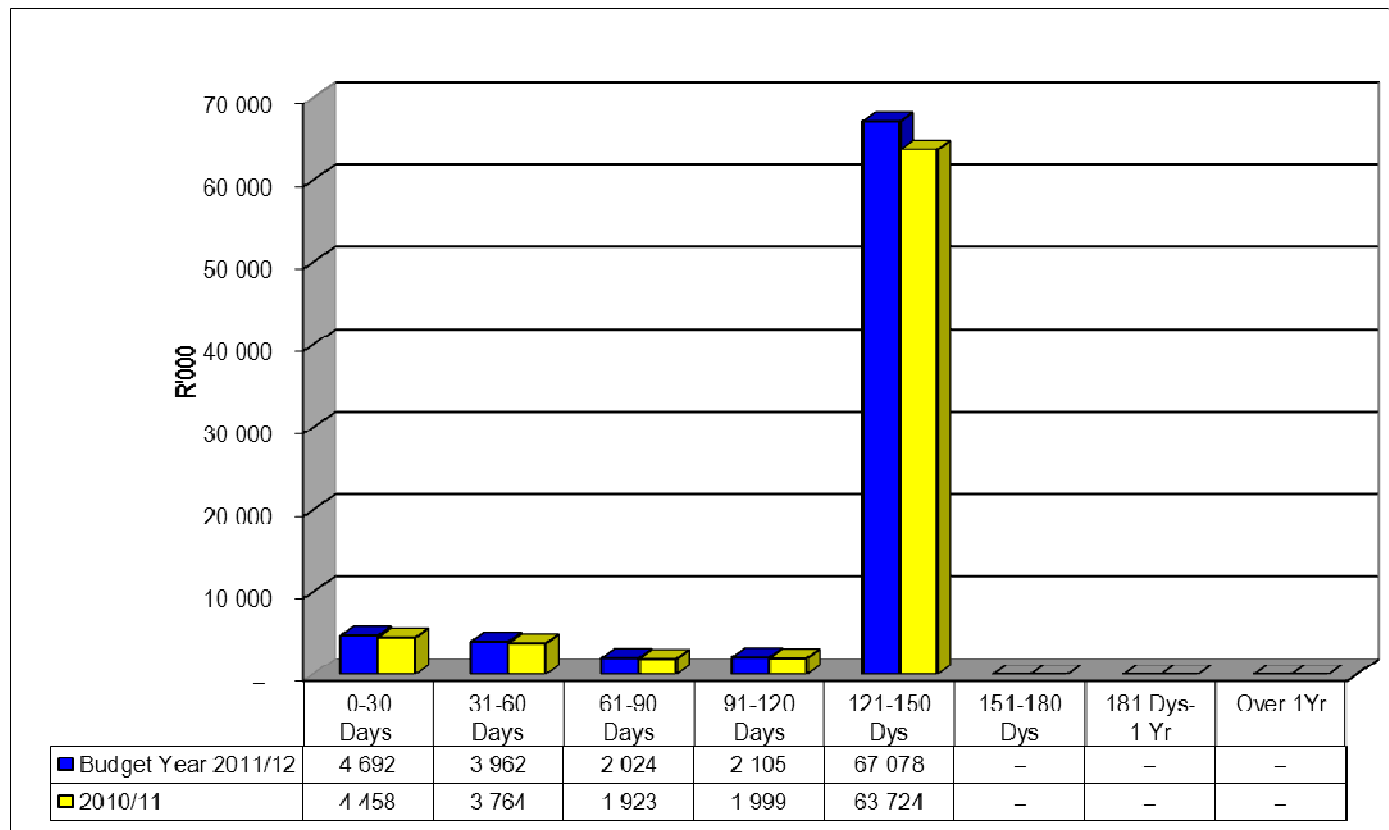


Table SC4 Quarterly Budget Statement - aged creditors - Q01 September

Description	NT Code	Budget Year 2011/12								
		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
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	2 860	–	–	–	–	–	–	–	2 860
Bulk Water	0200	3 650	–	–	–	–	–	–	–	3 650
PAYE deductions	0300	815	–	–	–	–	–	–	–	815
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	707	–	–	–	–	–	–	–	707
Loan repayments	0600	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	1 171	–	–	–	–	–	–	–	1 171
Auditor General	0800	–	–	–	–	–	–	–	–	–
Other	0900	–	–	–	–	–	–	–	–	–
Total By Customer Type	2600	9 203	–	–	–	–	–	–	–	9 203

Chart C4 2011/12 Creditors' age analysis

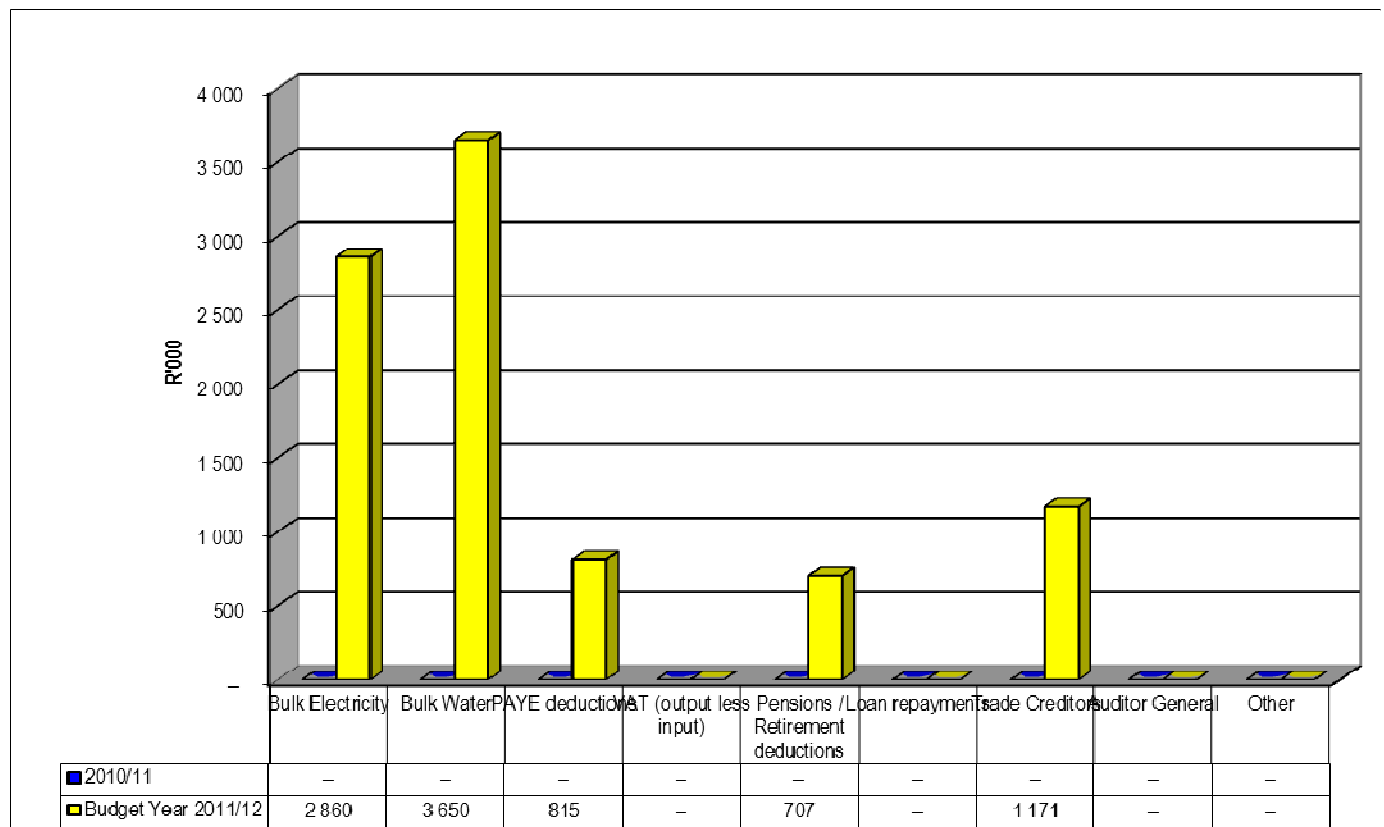


Table SC5 Quarterly Budget Statement - investment portfolio - Q01 September

Investments by maturity	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning	Change in market value	Market value at end of the
Name of institution & investment ID	Yrs/Months							
R thousands								
Municipality								
Sanlam 870/870/0880	1 month	Money market	–	–	0.0%	2 000	–	2 000
Sanlam 870/870/0881	1 month	Money market	–	–	0.0%	316	–	316
Sanlam 870/870/0882	1 month	Money market	–	–	0.0%	37	–	37
Absa 870/870/0883	1 month	Money market	–	–	0.0%	142	–	142
Sanlam 870/870/0884	1 month	Fund share	–	–	0.0%	–	–	–
Old-Mutual 870/870/0885	1 month	Money market	–	–	0.0%	358	–	358
Municipality sub-total				–		2 853	–	2 853

Table SC6 Monthly Budget Statement - transfers and grant receipts - Q01 September

Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	50 546	55 385	–	24 113	24 113	30 144	(6 031)	-20.0%	55 385
Equitable share	48 296	53 095	–	21 823	21 823	27 854	(6 031)	-21.7%	53 095
Finance Management grant	1 500	1 500	–	1 500	1 500	1 500			1 500
Municipal Systems Improvement	750	790	–	790	790	790			790
Provincial Government:	317	241	–	58	58	60	(2)	-3.0%	241
LG SETA	317	241	–	58	58	60	(2)	-3.0%	241
District Municipality:	156	1 014	–	93	93	254	(160)	-63.1%	1 014
Fire subsidy	156	1 014	–	93	93	254	(160)	-63.1%	1 014
Other grant providers:	–	–	–	–	–	–	–		–
Total Operating Transfers and Grants	51 019	56 640	–	24 265	24 265	30 458	(6 193)	-20.3%	56 640
Capital Transfers and Grants									
National Government:	28 892	34 750	–	25 158	25 158	18 563	6 595	35.5%	34 750
Municipal Infrastructure Grant (MIG)	28 892	34 750	–	25 158	25 158	18 563	6 595	35.5%	34 750
Provincial Government:	–	–	–	–	–	–	–		–
District Municipality:	–	–	–	–	–	–	–		–
Other grant providers:	5 000	1 600	–	801	801	801	–		1 600
Department of Mines and Energy	5 000	1 600	–	801	801	801	–		1 600
Total Capital Transfers and Grants	33 892	36 350	–	25 959	25 959	19 364	6 595	34.1%	36 350
TOTAL RECEIPTS OF TRANSFERS & GRANTS	84 911	92 990	–	50 224	50 224	49 822	402	0.8%	92 990

Table SC7 Quarterly Budget Statement - transfers and grant expenditure - Q01 September

Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	50 546	55 385	–	21 847	21 847	13 846	8 000	57.8%	55 385
Equitable share	48 296	53 095	–	21 823	21 823	13 274	8 549	64.4%	53 095
Finance Management grant	1 500	790	–	–	–	198	(198)	-100.0%	790
Municipal Systems Improvement	750	1 500	–	–	24	375	(351)	-93.7%	1 500
Provincial Government:	164	241	–	58	58	60	(2)	-3.0%	241
LG SETA	164	241	–	58	58	60	(2)	-3.0%	241
District Municipality:	953	1 014	–	93	93	254	(160)	-63.1%	1 014
Fire subsidy	953	1 014	–	93	93	254	(160)	-63.1%	1 014
Other grant providers:	–	–	–	–	–	–	–		–
Total operating expenditure of Transfers and Grants:	51 663	56 640	–	21 999	21 999	14 160	7 839	55.4%	56 640
Capital expenditure of Transfers and Grants									
National Government:	26 408	34 750	–	1 375	1 375	8 688	(7 312)	-84.2%	34 750
Municipal Infrastructure Grant (MIG)	26 408	34 750	–	1 375	1 375	8 688	(7 312)	-84.2%	34 750
Provincial Government:	–	–	–	–	–	–	–		–
District Municipality:	–	–	–	–	–	–	–		–
Other grant providers:	5 000	1 600	–	912	912	1 600	(688)	-43.0%	1 600
Department of Mines and Energy	5 000	1 600	–	912	912	1 600	(688)	-43.0%	1 600
	–	–	–	–	–	–	–		–
Total capital expenditure of Transfers and Grants	31 408	36 350	–	2 287	2 287	10 288	(8 000)	-77.8%	36 350
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	83 071	92 990	–	24 286	24 286	24 448	(162)	-0.7%	92 990

Table SC8 Quarterly Budget Statement - councillor and staff benefits - Q01 September

Summary of Employee and Councillor remuneration	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Councillors (Political Office Bearers plus Other)									
Salary	2 994	3 218	–	1 288	1 288	805	483	60%	5 152
Cell phone and other allowances	1 890	1 582	–	231	231	396			922
Sub Total - Councillors	4 884	4 800	–	1 518	1 518	1 200	318	27%	6 074
% increase		-1.7%							24.4%
Senior Managers of the Municipality									
Salary	5 222	3 284	–	1 156	1 156	821	335	41%	4 625
Pension Contributions	266	–	–	–	–	–	–		–
Medical Aid Contributions	109	–	–	–	–	–	–		–
Motor vehicle and cell phone	1 074	–	–	–	–	–	–		–
Other benefits or allowances	97	2 065	–	117	117	516	(399)	-77%	468
Sub Total - Senior Managers of Municipality	6 768	5 349	–	1 273	1 273	1 337	(64)	-5%	5 093
% increase		-21.0%							-24.7%
Other Municipal Staff									
Basic Salaries and Wages	34 985	40 343	–	9 921	9 921	10 086	(165)	-2%	39 683
Pension Contributions	6 457	8 713	–	1 741	1 741	2 178	(437)	-20%	6 965
Medical Aid Contributions	2 078	1 974	–	517	517	494	24	5%	2 069
Motor vehicle and cell phone	2 821	4 379	–	878	878	1 095	(217)	-20%	3 511
Housing allowance	84	47	–	22	22	12	10	84%	87
Overtime	3 495	1 422	–	870	870	356	515	145%	3 482
Other benefits or allowances	2 396	5 879	–	613	613	1 470	(857)	-58%	2 451
Sub Total - Other Municipal Staff	52 316	62 757	–	14 562	14 562	15 689	(1 128)	-7%	58 247
% increase		20.0%							11.3%
Total Parent Municipality	63 968	72 906	–	17 354	17 354	18 227	(873)	-5%	69 414
TOTAL SALARY, ALLOWANCES & BENEFITS	63 968	72 906	–	17 354	17 354	18 227	(873)	-5%	69 414
% increase		14.0%							8.5%
TOTAL MANAGERS AND STAFF	59 084	68 106	–	15 835	15 835	17 027			63 340

Table SC9 Quarterly Budget Statement - Borrowings - Q01 September

Details	Loan Number	Redeemable	Balance Closing	Paid During the period	Redeemed written off during the period	Balance at 30 June 2011
Development Bank of South Africa						
Streets & storm water	10719/101	30/09/2018	4 304 606	-	-	4 304 606
Resealing of streets	10916/303	31/03/2018	184 826	-	-	184 826
Upgrading of sewer purification of works	13523/101	31/03/2018	274 500	-	-	274 500
Upgrading of sewer purification of works	10916/203	31/03/2018	194 270	-	-	194 270
Electricity Lalf 15498	12945/101	30/06/2015	1 039 153	-	-	1 039 153
Upgrading of electricity network	10916/103	31/03/2018	420 385	-	-	420 385
Leeupoort Lalf 15327	12386/101	31/12/2012	543 871	-	-	543 871
Northam Lalf 15330	12391/5/6/7	31/12/2012	88 061	-	-	88 061
Regorogile Road Brick Paving	101958/1	30/06/2016	1 929 659	-	-	1 929 659
			8 979 331	-	-	8 979 331

Table SC12 Quarterly Budget Statement - capital expenditure trend - Q01 September

Month	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands								%	
Monthly expenditure performance trend									
July	811	5 063	-	-	-	5 063	5 063	100.0%	0%
August	180	5 007	-	1 259	1 259	10 070	8 811	87.5%	2%
September	4 143	6 373	-	1 028	2 287	16 443	14 156	86.1%	4%
October	2 639	8 073	-	-	-	24 516	-		
November	5 701	6 120	-	-	-	30 636	-		
December	5 226	8 520	-	-	-	39 156	-		
January	379	4 545	-	-	-	43 701	-		
February	2 650	2 675	-	-	-	46 376	-		
March	5 894	3 345	-	-	-	49 721	-		
April	121	3 470	-	-	-	53 191	-		
May	-	1 332	-	-	-	54 523	-		
June	9 579	3 450	-	-	-	57 973	-		
Total Capital expenditure	37 323	57 973	-	2 287					

Table SC13a Quarterly Budget Statement - capital expenditure on new assets by asset class - Q01 September

Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	32 853	44 500	-	1 419	1 419	8 314	6 895	82.9%	50 001
Infrastructure - Road transport	23 783	-	-	1 375	1 375	-	(1 375)		5 501
Roads, Pavements & Bridges	23 783	-	-	1 375	1 375	-	(1 375)		5 501
Infrastructure - Electricity	4 833	4 800	-	44	44	8 314	8 271	99.5%	4 800
Street Lighting	4 833	4 800	-	44	44	8 314	8 271	99.5%	4 800
Infrastructure - Water	4 237	2 350	-	-	-	-	-		2 350
Water purification	4 237	2 350	-	-	-	-	-		2 350
Infrastructure - Sanitation	-	37 350	-	-	-	-	-		37 350
Sewerage purification	-	37 350	-	-	-	-	-		37 350
Community	503	4 500	-	-	-	-	-		4 500
Recreational facilities	503	-	-	-	-	-	-		-
Cemeteries	-	4 500	-	-	-	-	-		4 500
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	3 967	8 973	-	868	868	1 756	888	50.5%	8 966
General vehicles	-	3 950	-	-	-	1 600	1 600	100.0%	3 950
Plant & equipment	-	2 416	-	796	796	-	(796)		2 416
Computers - hardware/equipment	-	1 375	-	33	33	6	(27)	-450.0%	1 375
Furniture and other office equipment	2 115	232	-	39	39	150	111	74.1%	225
Civic Land and Buildings	1 852	-	-	-	-	-	-		-
Other Buildings	-	1 000	-	-	-	-	-		1 000
Intangibles	-	-	-	-	-	-	-		-
Total Capital Expenditure on new assets	37 323	57 973	-	2 287	2 287	10 070	7 783	77.3%	63 467

Table SC13c Quarterly Budget Statement - expenditure on repairs and maintenance by asset class - Q01 September

Description	2010/11	Budget Year 2011/12							
	Pre-audit outcome	Original Budget	Adjusted Budget	Quarterly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	12 395	14 794	-	825	825	3 699	2 874	77.7%	3 298
Infrastructure - Road transport	3 387	7 608	-	15	15	1 902	1 887	99.2%	60
Storm water	3 387	7 608	-	15	15	1 902	1 887	99.2%	60
Infrastructure - Electricity	1 690	1 323	-	148	148	331	183	55.3%	592
Street Lighting	1 690	1 323	-	148	148	331	183	55.3%	592
Infrastructure - Water	4 007	3 828	-	646	646	957	311	32.5%	2 582
Reticulation	4 007	3 828	-	646	646	957	311	32.5%	2 582
Infrastructure - Sanitation	3 311	2 035	-	16	16	509	493	96.8%	65
Sewerage purification	3 311	2 035	-	16	16	509	493	96.8%	65
Infrastructure - Other	-	-	-	-	-	-	-		-
Community	1 818	-	-	81	81	-	(81)	#DIV/0!	325
Parks & gardens	-	-	-	-	-	-	-		-
Sportsfields & stadia	1 818	-	-	81	81	-	(81)	#DIV/0!	325
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	139	1 174	-	5	5	294	289	98.3%	19
Plant & equipment	123	755	-	5	5	189	184	97.4%	19
Computers - hardware/equipment	-	301	-	-	-	75	75	100.0%	-
Furniture and other office equipment	16	118	-	-	-	30	30	100.0%	-
Agricultural assets	-	-	-	-	-	-	-		-
Biological assets	-	-	-	-	-	-	-		-
Intangibles	-	-	-	-	-	-	-		-
Total Repairs and Maintenance Expenditure	14 352	15 968	-	911	911	3 992	3 081	77.2%	3 643

Table SC15 Quarterly Budget Statement - Deviations from supply chain policy - Q01 September

Date	Details	Value (R)	Reasons
July 2011	Purchase of Mayoral car	R722 265	The car was overdue since the Mayor had been sworn-in in May and it took time before council could deliberate on her car. The first new council meeting approving the acquisition was in July.

Quality certificate

I, TSR. Nkumise, the municipal manager of Thabazimbi Local Municipality, hereby certify that the Quarterly budget statement for the quarter ended 30 September 2011 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Theetsi. Roger Nkumise

Municipal manager of Thabazimbi Local Municipality (NP361)

Signature.....

Date.....

ANNEXURE 1 – QUARTERLY PERFORMANCE INFORMATION

The following is an analysis of performance of the municipality as a whole based per Key Performance Area as reported by different departments. All senior managers have taken their time to compile respective departmental service delivery information for the first quarter of 2011-12 for the purpose of this but this information is unaudited. This information also forms the basis for individual managers' assessment by the Accounting Officer in terms Regulation 13 of the Municipal Performance Regulations. Annexure 2 contains an assessment report that will be based on this information

Function	Budget and Treasury				
Sub function	Chief Financial Officer Supply Chain Management and Expenditure Debtors' Management and Income Budgeting and Reporting				
KPA	Programme/Focus Area	Performance Indicators	Quarter ending		Comment
			Sep-11		
			Projected Target	Actual Result	
Good governance and public participation	Administration and governance support	Percentage management decisions related to department implemented within timeframes(Number of decisions/ Number of decisions taken as percentage)	100%	100%	
Good governance and public participation	Administration and governance support	Percentage council resolutions related to department implemented within timeframes.	100%	100%	
Good governance and public participation	Administration and governance support	Percentage departmental meetings resolutions implemented within timeframes	100%	100%	
Good governance and public participation	Auditing	Percentage issues related to department raised by AG report addressed.	n/a	85%	The only outstanding issues pertain to breaches of certain procurement procedures, which the department is working hard to curb(Obviously with the support of the entire municipality). Other remaing issues include financial reporting deficiencies in terms of GRAP that will still remain until we fully comply with GRAP. Deficiencies in accounting system controls are still to be addressed as a temporary measure while we wait for the District to procure a District wide system.
Good governance and public participation	Auditing	Percentage of risks related to department identified during risk based audit plan addressed year to date	25%	60%	
Municipal financial viability	Asset management	Percentage financial reporting on asset register management within timeframe	100%	100%	
Municipal financial viability	Asset management	Percentage allocation of premiums to votes by 30 September every year	100%	n.a	No claims were made during the quarter
Municipal financial viability	Asset management	Percentage of claims received submitted to insurance broker within 7 days from receipt of all relevant documents	100%	n.a	No claims were made during the quarter

Function	Budget and Treasury				
Sub function	Chief Financial Officer Supply Chain Management and Expenditure Debtors' Management and Income Budgeting and Reporting				
KPA	Programme/Focus Area	Performance Indicators	Quarter ending		Comment
			Sep-11		
			Projected Target	Actual Result	
Municipal financial viability	Asset management	Number of monthly meetings held with insurance broker ytd	3	n.a	meetings are held only when its necessary. Nothing triggered meetings with the insurer during this quarter.
Municipal financial viability	Asset management	Number of claims submitted to broker/total number claims received as percentage	100%	n.a	
Municipal financial viability	Financial management and reporting	Percentage statutory payments made within precribed timeframes	100%	100%	All formal statutory payments were always paid within 7 days of end of each month during the quarter.
Municipal financial viability	Financial management and reporting	Percentage creditors paid within 30 days	100%	40%	Attempts were made to settle accumulated supplier invoices at
Municipal financial viability	Financial management and reporting	Percentage of salary transfers within determined time frames	100%	100%	
Municipal financial viability	Financial management and reporting	Percentage variance between operational budget projections and actual expenditure related to department ytd	10%	-20%	An underspending of 20% is much greater than the targeted variance for the department. This is however mainly because of the planned projects that have not yet been implemented. This variance will therefore be monitored closely ensuring especially that all budgeted projects are implemented.
Municipal financial viability	Financial management and reporting	Percentage variance between capital budget projections and actual expenditure related to department ytd	10%		This amount represents the actual cost of the capex that had been budgeted. The variance therefore represents a saving rather than underperformance.
Municipal financial viability	Financial management and reporting	Financial statements for FY submitted to the AG & NT by 31 August(MFMA)	100%	100%	This was done done timeously as required.
Municipal financial viability	Financial management and reporting	Auditor General audited financial statements for previous year	n/a	n.a	The Auditor General team is on site since August and is busy with their field work.
Municipal financial viability	Financial management and reporting	Number of monthly MSIG reports submitted to Treasury database by the 10th of each month ytd	3	3	
Municipal financial viability	Financial management and reporting	Number of quarterly SCM reports submitted to council and NT on time ytd	1	1	Supply chain issues are tabled in council as part of the Monthly Budget statement in terms of section 71 MFMA and Regulation 29 of MBRR as well as Quarterly Budget Statements (s52d MFMA)
Municipal financial viability	Financial management and reporting	Number of monthly SCM reports submitted to council and NT on time ytd	3		Supply chain issues are tabled in council as part of the Monthly Budget statement in terms of section 71 MFMA and Regulation 29 of MBRR as well as Quarterly Budget Statements (s52d MFMA)
Municipal financial viability	Financial management and reporting	Total number of monthly cash reconciliations reports done ytd	3	3	This is part of the Operation Clean Audit project that is running smoothly to date.
Municipal financial viability	Revenue management	Percentage revenue generated through services(R-value revenue from services/R-value total revenue)	27%	33%	Water and sanitation revenue have contributed to the slightly positive result.

Function	Budget and Treasury				
Sub function	Chief Financial Officer Supply Chain Management and Expenditure Debtors' Management and Income Budgeting and Reporting				
KPA	Programme/Focus Area	Performance Indicators	Quarter ending		Comment
			Sep-11		
			Projected Target	Actual Result	
Municipal financial viability	Revenue management	R-value bill revenue/R-value bill revenue actually received as percentage	73%	77.80%	This rate takes into account provision for bad debts(mainly on long outstanding debtors from years back). In other words this rate pertains only to current billings.
Municipal financial viability	Revenue management	Percentage MIG funding received and spent	100%	92%	The remainder represents funds that are temporarily diverted for other purposes or for which invoices are still not received from contractors.
Municipal financial viability	Revenue management	Percentage of daily cash banking (R-value cash banked daily/R-value cash received daily as a percentage)	100%	99%	1% represents a small proportion of the cash that is sometimes diverted to replenish petty cash floats. Controls are in place to ensure proper accounting for such anomalies.
Municipal financial viability	Revenue management	Percentage deposits allocated to correct account.	100%	60%	The rest of the unallocated deposits are however eventually allocated after performing bank reconciliations.
Municipal financial viability	Revenue management	Average percentage payment rate for municipal area	73%	77.80%	
Municipal financial viability	Project Management	Percentage projects completed within budget per department	100%	91%	10 of the 11 targeted projects have either been fully implemented or are ongoing as planned.
Spatial Rationale	Organisational Performance Management	Number of Quarterly departmental performance reports completed within 10 working days of end of previous quarter ytd	1	1	
Spatial Rationale	Organisational Performance Management	Total number monthly departmental reports submitted vtd.	3	3	

Function	Budget and Treasury			
Sub function	Chief Financial Officer Supply Chain Management and Expenditure Debtors' Management and Income Budgeting and Reporting			
PROJECTS AND MILESTONES				
RESPONSIBLE DEPARTMENT	PROJECT NAME	Quarter 1 end September		
		Projected progress with project	Actual progress	Comment
Budget and Treasury	Data cleansing	100%	Nil	Awaiting end of audit by AG to incorporate audit recommendations into the whole project and save costs.
Budget and Treasury	Operation clean audit	25%	25%	This is an ongoing process that involves performing of reconciliations of all control accounts. It also involve preparation for the audit(done) as well as preparation of annual financial statements(done) and attending to audit requests and queries during the audit(ongoing).
Budget and Treasury	Accounting packages-licences	25%	25%	This involves maintaing the accounting package through supplier support as we pay for the maintenance charges. The licence fee is fixed and is payable monthly(done).
Budget and Treasury	Acquisition of caseware	0%	nil	Targeted for 4th quarter
Budget and Treasury	New Office furniture	100%	100%	Office furniture purchased for the CFO as planned.
Budget and Treasury	VAT Review	25%	25%	Continuous process
Budget and Treasury	Meter audits in Northam	100%	100%	UMS was appointed to undertake the project and was completed successfully.
Budget and Treasury	Compilation of valuation roll including reconciliation to billing system	5%	NIL	Plans to appoint service provider are underway at Bid Adjudication level. It is intended to appoint in the second quarter as soon as the Procurement procedures are completed.
Budget and Treasury	Credit control and debt collection	25%	25%	UMS appointed to assist the existing Revenue Enhancement Strategy and Credit Control Policy together with municipal staff in the Income Department. The project is running smoothly.
Budget and Treasury	Meter reading services	25%	25%	UMS was appointed on 1 July 2011 to render the services of meter reading throughout the Thabazimbi municipal area.
Budget and Treasury	Indigent management	25%	25%	UMS appointed to manage the Indigents Management Programme together with municipal staff in the Income Department. The project is running smoothly.
Budget and Treasury	Printing, sorting and posting of consumer accounts	25%	25%	Ongoing process that involves the regular month on month printing of consumer accounts as billed.
Budget and Treasury	Development and implementation of revenue enhancement strategy	75%	Nil	The Budget and Treasury Office resolved to develop the startegy inhouse to avoid buying generic strategies that may not suit the Municipality. No progress reported yet but plans are already underway.

Performance indicators - Corporate services								
Function	Corporate services							
Sub function	Human resources							
	Administration and council support							
	Legal services							
KPA	Focus Area	KPI	Baseline	Annual Target	BUDGET	QTR Ending 30 Sept 2011		Expenditure and Explanation of Variance & Actual Performance
						Proj	Act	
Good Governance and Public Participation	Information and Communication Technology	% MFMA required website updated submitted to SETA on quarterly basis	Updated website	100%	Operational	100%	Submitted website updates to SITA.	
	Administration and Governance Support	% Departmental Meeting resolutions implemented with time frames	Departmental meetings are held monthly	12 x meetings	Operational	100%	80%	Essential Services, Job Descriptions and By Laws
	Administration and Governance Support	%management decisions related to department implemented within timeframes (No. of decisions implemented /No.management decisions taken as %	Management meetings are held.	100%	Operational	100%	76%	
	Administration and Governance Support	* % Council resolutions related to department implemented within time frames .	Council resolution implemented	100%	operational	100%	100%	
	Audit	% Council minutes completed within 5 working days after meeting.	Council meetings are held and minutes available	4 x Council meetings	Council and Support	Minutes to be completed within 5 working days	Quarterly target achieved	
	Audit	% of risks related to departmenta identified during risk base audit paln adressed year to date	Risk mitigating plan in place	100%	Operational	Mitigate in order to minimize risks	Fuel functions centralized at stores.	
	Fleet Management	% compliance services intervals of fleet vehicles	Vehicles are sent for service on expiry	100%	Maintenance	All vehicles due, to be sent for service	Vehicles are sent for service on expiry	
	Legals	Legislation and regulation compiled within 2 weeks of publication of new legislation and reulation	Legislation executed as per changes	100%	Legal	Legislation executed as per changes (Ongoing)	Legislation executed as per changes (Ongoing)	
	Legals	No. of disciplinary cases resolved within 3 months per total number of disciplinary cases as %	Legal unit capacitated	N/A	N/A	N/A	No disciplinary cases for the quarter	
	Legals	% of employees grievances finalised with one month of grievance lodged	Legal unit capacitated	N/A	N/A	N/A	No grievances for the quarter	

Performance indicators - Corporate services								
Function	Corporate services							
Sub function	Human resources							
	Administration and council support							
	Legal services							
KPA	Focus Area	KPI	Baseline	Annual Target	BUDGET	QTR Ending 30 Sept 2011		Expenditure and Explanation of Variance & Actual Performance
						Proj	Act	
Good Governance and Public Participation	Legals	No. of people who violated code of conduct	Legal unit capacitated	N/A	N/A	N/A	No violation of code of conduct	
	Legals	No. of By -Laws submitted to province for promulgation	No by-laws promulgated	32 By-laws	Legal	5 By-laws	No By-laws promulgated due to attendance registers	No By-laws promulgated due to attendance registers
	Legals	No. of policies reviewed.	Policies available but must be reviewed	12 policies	Legal	2 policies to be reviewed	None	Stakeholders delaying with comments
Spatial Rationale	Organisational Performance Management	No. of Quarterly departments performance reports	Quarterly performance reports available	4 x reports	Corporate Services	1 x report	1 x report	
	Organisational Performance Management	Total no. of Departmental reports submitted	Reports submitted as per requirements	100%	Corporate Services	100%	100%	
Municipal Financial Viability	Financial Management and Reporting	% variance between operational budget projections and actual expenditure related to department (Year -to-date)	55% of the approved budget was spent on capital projects	100%	Corporate Services	100%	-38%	

Performance indicators - Corporate services								
Function	Corporate services							
Sub function	Human resources							
	Administration and council support							
	Legal services							
KPA	Focus Area	KPI	Baseline	Annual Target	BUDGET	QTR Ending 30 Sept 2011		Expenditure and Explanation of Variance & Actual Performance
						Proj	Act	
	Office of the Manager: Corporate Services							
Municipal Transformation and Organisational Development	HR	* % Job Descriptions	177 Job descriptions developed	100%	Operational	Verify 177 job descriptions and complete 20 job descriptions	Progressive 197 job descriptions completed	
	HR	* For new Posts	19 new positions budgeted for	100%	Operational	To fill 4 x vacancies	Filled 6 x vacancies	
	HR	* % Job Descriptions signed for all staff	Job descriptions not signed	100%	Operational	Sign off 12%	47 job descriptions signed off by staff members.	
	HR	* % of EAP cases attend to successful	EAP Unit capacitated with 2 x officials to attend to cases.	100%	EAP	100%	100%	Referral places a challenge
	HR	No. of EAP awareness campaign conducted	3xSessions per Department per quarter	12xSessions per Department	EAP	3xSessions per Department	3xSessions per Department	
	HR	* % employees trained	150 employeeestrained for the financial 2010/2011	100%	Training	28%	71 Employees were trained Target = 70 = 28%	Scarcity Accredited Service Providers for crical Skills
	HR	% training budget spent	R373 443 spend on Traing in Financial year 2010/11	100%	Training	R375 000	R92 000	Some interventions were sponsored by KUMBA mine.
Services Delivery and Infrastructure	Project Management	% Projects completed within budget per Deparment	55% of the approved budget was spent on capital projects	100%	Capital	15%	0%	

Performance indicators - Corporate services										
Function	Technical services									
Sub function	Roads and stormwater									
	Water services									
	Wastee water services									
	Electricity distribution									
	Mechanical workshop									
Office of the Manager Technical Services										
KPA	Directorate objective	Indicator	Unit of measurement	Baseline	Annual target	1st Qtr September 2011		VARIANCE	CHALLENGES	Explanation of variance and actual performance
						Proj.	Act.			
1.Municipal Transformation and organization Development	Departmental meetings	% of departmental meetings held	Every 2nd Week		24	6	2		Dates sometimes clashes with emergency meetings	Scheduled program as per the subdirectorates and minutes
	Departmental Training	% of departmental trainings								
2.Basic Services										
2.1 Water Supply	Upgrading of pumpstation and pipeline							-	None	Combined with project "Investigation of new water resources"
	Regorogile Pipe Systems Upgrades							-	None	Combined with project "Investigation of new water resources"
	Replacement of domestic water meters							-	None	Combined with project "Investigation of new water resources"
	Investigation of new water resources	Study of the existing water demands, existing water source capacities, existing water storage capacity, existing transmission capacity as well as projected demands in the next 30 years		Collected information will be used to lead discussin in the task team regarding soud approach on addressing Thabazimbi potable water crisis and hence address the council accordingly.			Advert was placed for consultants to do a feasibility study, closed on the 7th October 2011			
	Regorogile Ex16 and 7 construction of water reticulation network	To supply 100 households with water reticulation		100 Households without water reticulation						
		Repair of leaks on pipelines, faulty meters	Response rate	Maintenance	Maintenance as and w hen required	Maintenance as and w hen required	Maintenance as and w hen required			
2.1 Water Supply (continuing)		Illegal connections and meter audits	Number of identified connections	Maintenance	Maintenance as and w hen required	Maintenance as and w hen required	Maintenance as and w hen required			
		Maintenance on pipelines	Response rate	Maintenance	Maintenance as and w hen required	Maintenance as and w hen required	Maintenance as and w hen required			
		New connections	Number of connections	- Maintenance - Demand due to new developments	- Number of new connections will be done and informed by the number applications that are received.	- Number of new connections will be done and informed by the number applications that are received.	12 New connections			
		Call - outs	Response rate as require	Maintenance	100% response rate to all the call - outs	100% response rate to all the call - outs	100% response rate to all the call - outs			
		Water Quality Monitoring	To offer water quality monitoring services for Thabazimbi Local Municipality, in order to ensure compliance with the DWA requirements.	Complying to the requirements of the National Water Act for monitoring the quality fo water supplied to different water users and the wastewater discharged into rivers, streams and canals	To ensure compliance with the South African national Standards to promote safety in the quality of water supplied to the community		Advert was placed for the monitoring of water quality - closed on the 23rd September 2011			
		Supply of Chlorine Gas					Advert was placed for the supply, delivery, installation of chlorine gas, monitoring and maintenance of chlorine gas system closed on the 23rd September 2011			
	Expenditure on Maintenance of Water Infrastructure	To operate and maintain the water infrastructure		R budget needed to maintain the infrastructure		R 1 067 661.20	R 1 067 661.20		Budget constrains	

Performance indicators - Corporate services													
Function	Technical services												
Sub function	Roads and stormwater												
	Water services												
	Wastee water services												
	Electricity distribution												
	Mechanical workshop												
Office of the Manager Technical Services													
KPA	Directorate objective	Indicator	Unit of measurement	Baseline	Annual target	1st Qtr September 2011		VARIANCE	CHALLENGES	Explanation of variance and actual performance			
						Proj.	Act.						
2.2 Sanitation	Norham upgrading of sewer network								None				
	VIP Toilets for Informal Settlements	To supply 169 households with VIP toilets		169 Households without sanitation facilities	169	43	-						
	Regorogile Ext16 & 7 constiuction of sewer reticulation network	To supply 100 households with sewer reticulation		100 Households without sewer reticulation	100	Site Establishment - 20	Construction - 0						
	Thabazimbi upgrading of WWTW	To increase the waste water treatment plant capacity from 3,34Ml/day to 6,5Ml/day (3 152 households)		3,16Ml/day shortfall of the waste water treatment capacity	3,16Ml/day	3,16Ml/day additional capacity - 0	Final designs completed, project will start 2011/2012 - 0			KMSD and Aurecon appointed as Consultants			
	Norham construction of new WWTW	To provide 4 205 households in Norham with a new 5 Ml/day waste water treatment facility		5 Ml/day waste water treatment facility required for households in Norham		5 Ml/day	Detailed designs completed, tender stage for the appointment of the contractor			KMSD and Aurecon appointed as Consultants			
		Repair of sewer blockages	Response rate	Maintenance	Maintenance as and when required	Maintenance as and when required	Maintenance as and when required						
2.2 Sanitation (continuing)		New connections	Number of connections	- Maintenance - Demand due to new developments	- Number of new connections will be done and informed by the number applications that are received.	- Number of new connections will be done and informed by the number applications that are received.	0						
		Call - outs	Response rate as required	Maintenance	100% response rate to all the call - outs	100% response rate to all the call - outs	100% response rate to all the call - outs						
	Ex penditure on Maintenance of Sanitation	To maintain sanitation infrastructure		R budget needed to maintain the infrastructure		R 104 771.73	R 104 771.73						
2.3 Electricity	Electrification of Raphuti RDP houses	156 households having access to electricity		156 households without access to electricity		Site Establishment	Construction		None				
	Regorogile Ext15 & 9 upgrading of pre-paid meters	To upgrade the metering system and to enhance revenue collection		Households not paying for electricity			Specification Committee Meeting was held on the 14th October 2011, will be advertised (unsolicited bids)						
	Upgrading of electrical network						Specification Committee Meeting was held on the 14th October 2011, will be advertised		None				
2.3 Electricity (continuing)	Raphuti installation of high mast lights						Specification Committee Meeting was held on the 14th October 2011, will be advertised						
		Resets of Circuit Breakers	Response rate	Maintenance	Maintenance as and when required	Maintenance as and when required	66						
		Replacement of faulty meters	Response rate	Maintenance	Maintenance as and when required	Maintenance as and when required	12						
		Repair of faulty Cables HT and LT	Response rate	Maintenance	Maintenance as and when required	Maintenance as and when required	9						
		Streetlights Repair	Response rate	As required	Maintenance as and when required	Maintenance as and when required	30						
		Maintenance of HT and LT overhead lines	Response rate	Maintenance	Maintenance as and when required	Maintenance as and when required	25						
		Illegal connections and meter audits	Number of identified connections	Maintenance	Maintenance as and when required	Maintenance as and when required	R 30.00						

Performance indicators - Corporate services													
Function	Technical services												
Sub function	Roads and stormwater												
	Water services												
	Waste water services												
	Electricity distribution												
	Mechanical workshop												
Office of the Manager Technical Services													
KPA	Directorate objective	Indicator	Unit of measurement	Baseline	Annual target	1st Qtr September 2011		VARIANCE	CHALLENGES	Explanation of variance and actual performance			
						Proj.	Act.						
2.3 Electricity (continuing)		Water and sewer Pump Station Call-Outs	Response rate	Maintenance	Maintenance as and when required	Maintenance as and when required	36						
		New connections	Number of connections	- Maintenance Demand due to new developments	- Number of new connections will be done and informed by the number applications that are received.	- Number of new connections will be done and informed by the number applications that are received.	8						
		Call - outs	Response rate as require	Maintenance	100% response rate to all the call - outs	100% response rate to all the call - outs	100%			All 850 call outs attended to			
	Expenditure on maintenance electricity	To maintain electrical and workshop infrastructure		R budget needed to maintain the infrastructure		R 10 495 000.00	R 11 108 000.00	6%	Budget constrains	Reasonable			
2.4 Roads Infrastructure	Rooiberg Paving of Internal Streets	To pave 1.6 km. of roads and rehabilitate 1.285 km of roads for easy access by households		1,6km of roads not paved and 1,285km of roads not rehabilitated			Financial constraints to pay the Service Provider			0,2km still needs to be paved and 1,285km must be rehabilitated. Extension of time until March 2012			
		Traffic Calming Measure	No of speed humps erected	36 speed humps that exist	18 additional speed humps	10	8						
2.4 Roads Infrastructure (continuing)		Maintenance of stormwater drainage construction	Response rate	Maintenance	On-going					On-going			
		Patching of potholes	Response rate	Maintenance	On-going					On-going			
		Maintenance of Buildings	Response rate	Maintenance	Full response to the maintenance required for Municipal Buildings	Full response to the maintenance required for Municipal Buildings				On-going			
	Expenditure on Maintenance Road	To maintain the road infrastructure		R budget needed to maintain the infrastructure			R 918 452.86	R 918 452.86		It was overlooked in the budget prep that some projects prior year were still running.			
2.5 Public Facilities / Cemetery													
3.LOCAL ECONOMIC DEVELOPMENT													
4.Financial Viability and Management	Management of key financial area	% expenditure on Capital project	%										
		% Expenditure on Operating budget	%		R 88 698 000.00	R 26 885 000.00	R 18 530 000.00	-31%		mainly because of repairs and maintenance projects still a preliminary stages			
		MIG amount allocated %		To provide basic levels of service to the community of TLM and to meet the 2014 millennium targets		R12 579 000 36%	R12 579 000 36%						
		MIG expenditure to date %		To provide basic levels of service to the community of TLM and to meet the 2014 millennium targets		R 8 688 000.00	R 1 375 000.00						
		Number of EPWP projects		To implement projects using labour intensive methods									
		Number of jobs created through EPWP projects		To create job opportunities									
5.Good Governance	Attendance of Executive committee and council meetings	As per approved scheduled	Exco - Once per Quarter and when need arises. Council - Once per month (except Dec.)		15	4	6			Attended as scheduled and during emergency			

Performance Indicators - Corporate services										
Function	Community and Social services									
Sub function	Protection services Fire fighting Libraries Community development Cemeteries Parks, Sport and Recreation Mechanical workshop									
KPA	Directorate objective	Indicator	Unit of measurement	Baseline	Annual target	1st Qtr September 2011		VARIANCE	CHALLENGES	Explanation of variance and actual performance
						Proj.	Act.			
1.Municipal Transformation and organization Development	Departmental meetings	% of departmental meetings held	Quarterly	4	4	1	1			One Departmental meeting was held and minutes are available
	Departmental Training	% of departmental trainings	Quarterly	10	10	3	Landfill operators and managers Training attended			Training attended as per the skilled development plan of the Department.
2. Basic Services										
	2.1.COMMUNITY HOUSING	To eradicate housing backlog by 2014 .Unblock by providing houses and Implementation of a housing strategy as approved by Council	Compilation of beneficiary list and submit to Local Government and have Meetings with the Committee members and community	3500 housing backlog and implementation as per stipulated time frames.	100 houses provided for unblocking the backlog and implementation for 2011/2012 financial year	1st meeting held between the committee members	Letters written for assistance to agencies such as HAD and also to the Provincial and National Department of Local Government			100 houses provided and invitations of stakeholders to take part in the implementation of a Housing strategy.
	2.2.PARKS ,SPORTS FIELD AND CEMETRIES	Maintaining parks,cemeteries and sports field .Clean 4 parks,3 cemeteries and 3	Once weekly maintenance	Cleaning of 4 parks,3	100% maintenance	20% maintenance	3 parks in town attended			A piece of land have been acquired by the
		Grass cutting in open spaces, parks, sports fields and cemeteries	Clean open spaces, parks, sports field and cemeteries	About 50 ha of space	100% Cut grass at	20% as and when required	The Warmbad weg spruit			Done every 2 weeks
		Pruning of trees along streets, open spaces, parks, sports fields and cemeteries.	Trees cut and pruned along streets, open spaces and cemeteries	100 ha of streets and outskirts	100% Pruning of trees as and when required in streets, open spaces, parks, sports fields and cemeteries.	400% maintenance	Trees along Steenbok Street were pruned and Regorogile Sports ground lawn attended			Cutting trees and outskirts done every Winter season or when there is a need.
		Collect tree branches along streets in Thabazimbi Townships	Weekly service	Problem of tree branches along streets in Thabazimbi Townships	100% weekly service throughout the year	100% weekly service	50% as requested and Regorogile was attended to.			Done once a month and when there is a need.
		Provision of graves	Number of graves provided	Graves provided as booked	Provide 100% of graves as booked	Provide 100% of graves as booked	100%,have provided 90 graves at Regorogile,30 in town,20 for Northam and 10 for Rooiberg.			Provide 30 graves per month in Regorogile and ±10 graves in town.For Northam ±5 graves per month and Rooiberg ±3 per month.
		Maintenance of sports field	Well - Maintained sports fields	All sport fields owned by Thabazimbi municipality	3 sports fields	3 sports fields	3			Cutting grass every 2 weeks
		Maintaining the community halls	Halls well-maintained	Halls in Regorogile and in	3 Halls	3 Halls	3			Cutting grass every 2 weeks and pruning of trees
		Provision of library services to the community including Disabled and procurement of new books	Number of new books procured	3000	3000	1000	Service provider appointed and still awaiting delivery.			Department of Arts and Culture is assisting with the supply of other books and equipments in the Library.

Function	Community and Social services									
Sub function	Protection services Fire fighting Libraries Community development Cemeteries Parks, Sport and Recreation Mechanical workshop									
KPA	Directorate objective	Indicator	Unit of measurement	Baseline	Annual target	1st Qtr September 2011		VARIANCE	CHALLENGES	Explanation of variance and actual performance
						Proj.	Act.			
	2.3.Waste Management	Percentage of by law infringements cases related to solid waste removal attended to within 2 weeks of discovery .	100%	Refuse collection is rendered to a total of 20 355 households within thabazimbi local municipality with a total of 7 714 informal settlements household and a total of 12 641 formal households.	100% attended.	100%	100% cases attended		Breakdowns	Collection is done according to the weekly schedule.
		Street Cleansing Services	Weekly services and monitoring	Town and Township	100% weekly	100%	100% weekly cleaning			Street cleaning and sweeping done on a
		Clearing illegal refuse dumps	Weekly services and monitoring	Percentage of illegal refuse	100% weekly	100% weekly	40%		Non compliance by community	Illegal dumping cleaned and the signs for no
	2.4.Traffic Management	Traffic Safety promotion	Number of traffic fines issued.	7000	3500	500 to be issued	1552 total number of offences			There is a big improvement due to the installation of the traffic contravention system which was implemented in March 2011.
		Testing of learners	No. of learners tested	5000	3500	500 learners to be tested	454 tested and 257 passed and 197 failed.			Office space
		Testing of drivers	No. of drivers tested	5000	3000	750 to be tested	337 drivers tested and 258 passed and 79 failed		Office space is the biggest problem and the equipments used are not movable there must be an approval from Department of transport for the approved centre	New office to be build and extra three examiners are back from the training.
		Registered and licensed vehicles	No. of vehicles tested	10 000	10 000	5000 to be registered.	4193 registered and licenced vehicles			There is a vehicles test centre within the municipality and an examiner responsible
		Number fire prevention inspections conducted per year		12	20	10	6 inspections conducted			
		Number fire protection Association meetings held per year		6	12	1	1 meeting attended			
		Percentage emergency incidents reached within 60 minutes from dispatch.		100%	50%	50%	50% attended			
4.Financial Viability and Management	Financial Management and reporting	Percentage variance between operational budget projections and actual expenditure related to department (year to date)		100%	100%	10%	32%			
		Percentage variance between capital budget projections and actual expenditure related to department (year to date)		23%	50%	10%	-100%			Requests made to supply chain for the procuments of goods,money not yet committed.

Function	Community and Social services									
Sub function	Protection services									
	Fire fighting Libraries Community development Cemeteries Parks, Sport and Recreation Mechanical workshop									
KPA	Directorate objective	Indicator	Unit of measurement	Baseline	Annual target	1st Qtr September 2011		VARIANCE	CHALLENGES	Explanation of variance and actual performance
						Proj.	Act.			
5.Good Governance	Administration and Governance support	Percentage departmental meeting resolutions implementd		100%	100%	100%	2 departmental meetings held and reslutions implemented.	Operational budget		A schedule of meetings set per sub-directorates and followed accordingly .
	Administration and Governance support	Percentage management decision related to department implemented within timeframes.		100%	100%	100%	All resolutions implemented as per the agreement.	Operational budget		Attended per the invitation and all attended.
	Administration and Governance support	Percentage council resolutions related to department implemented within timeframes		100%	100%	100%	100% implemented	Operational budget		All resolutions implemented in time.
	Auditing	Percentage issues related to department raised in last AG report addressed.		100%	100%	100%	All issues raised by AG addressed.	Operational budget		All issues raised by Ag addressed.
	Auditing	Percentage of risks related to department identified during risk base audit plan addressed year to date.		100%	100%	100%	All risk related to the department addressed.	Operational budget		All risk related to the department addressed.

Function	Community and Social services									
Sub function	Town planning									
	Local economic development									
	Game reserve									
KPA	Objective	KPI	Baseline	Annual Target	Budget	QTR Ending 30 Sept 2011		Achievements	Challenges	Expenditure and Explanation of Variance and Actual Performance
						Proj	Act			
Transformation and organisational development	To evaluate performance of the Department	# of quarterly departmental performance reports completed within one week of end of quarter	4 reports per annum	4 reports per annum	Operational Budget	1 report	1 report submitted	The target was achieved.		No variance
Transformation and organisational development	To evaluate performance of the Department	# of monthly departmental reports submitted	12 departmental reports per annum	12 departmental reports per annum	Operational Budget	3 departmental reports	3 departmental reports submitted	The target was achieved.		No variance
Basic Services	To ensure timely commencement of projects	% projects started on time	100% of the projects start on time.	100% of the 13 projects should start on time. They are 8 for spatial planning, and 6 for LED.	Operational Budget	100% of the projects started on time. They are 6 in total. These are 3 for spatial planning : Regorogile ext 10, and Regorogile erven rezoning. The 3 LED projects are agric strategy, Northam market stalls, game count & Leeuport maintenance	100% of the projects started on time.	The target was achieved.		No variance
Basic Services	To ensure timely completion of projects	% projects completed on time	86% projects are completed on time.	90% of the 13 projects should be completed on time. They are 8 for spatial planning, and 5 for LED.	Operational Budget	90% projects completed on time. The project that should be completed this quarter is one, which is the game count.	100% of the projects completed, which is the game count only. was on time.			There is a performance variance of +10%
Basic Services	To ensure that projects are completed within budget	% projects completed within budget	100% projects are completed within budget.	90% of the 13 projects should be completed within budget. They are 8 for spatial planning, and 5 for LED.	Operational Budget	90% projects completed within budget	100% of the projects completed, which is the game count only. was within budget			There is a performance variance of +10%
Basic Services	To ensure that projects are completed within the set specifications	% projects completed that achieved specifications of the project	90% projects completed achieved specifications of the project	90% of the 13 projects should be completed within specifications. They are 8 for spatial planning, and 5 for LED.	Operational Budget	90% projects completed should have achieved their specifications	100% of the projects completed, which is the game count only, achieved its specifications.			There is a performance variance of +10%
Spatial Development	To comply on the provision of information to the relevant sectors.	Monthly submission of building statistics reports to STATSSA.	12 reports per annum	12 reports per annum	Operational Budget	3 reports	3 reports were submitted to STATSSA	The target was achieved.		No variance
Spatial Development	To ensure that the building developments comply with the National Building Regulation	% building plans processed/ building plans received	Process 100% of submitted building plans per Quarter.	Process 100% of building plans submitted per Quarter	Operational Budget	Process 100% of building plans submitted per Quarter	71 building plans were received, and all (100%) were processed.	The target was achieved.		No variance

Function	Community and Social services									
Sub function	Town planning									
	Local economic development									
	Game reserve									
KPA	Objective	KPI	Baseline	Annual Target	Budget	QTR Ending 30 Sept 2011		Achievements	Challenges	Expenditure and Explanation of Variance and Actual Performance
						Proj	Act			
Spatial Development	To ensure that the building developments comply with the National Building Regulation	% building inspections conducted.	Inspect 100% of building development activities within Municipal jurisdiction	Inspect 100% of building development activities within Municipal jurisdiction	Operational Budget	100% inspection of building development activities within municipal area	85 building inspections were requested, and they were all (100%) conducted.	The target was achieved.		No variance
Spatial Development	To ensure that the land/site developments are in line with the SDF and land use legislation	% site applications processed/ applications received	Process 80% of submitted site applications per quarter.	80% of site applications received should be processed.	Operational Budget	80% of site applications received should be processed.	5 site applications were received, and all (100%) were processed.			There is a performance variance of +20%
Spatial Development	To ensure that proper building procedures are adhered to.	% illegal Structures attended to / illegal structures identified	Address 100% of illegal structures identified.	100% of identified illegal structures should be attended to.	Operational Budget	Address 100% of identified illegal structures.	70 illegal structures were identified, and all (100%) were attended to.	The target was achieved.		No variance
Spatial Development	To comply with the development & land use legislation	Township Establishment : Apiesdoring (Provincial Hospital Site)	Layout Plan in place	Township establishment package submitted to Deeds Office	315 000	Not applicable this quarter	Not applicable this quarter			
Spatial Development	To comply with the development & land use legislation	Township Establishment : Rosseauspoort (Regorogile Ext 10)	Municipal land available	Submission of township development package to Deeds Office	Included in the budget for Apiesdoring (315 000)	Appoint service provider for the layout plan	Service Provider appointed	The target was achieved.		No variance
Spatial Development	To comply with the development & land use legislation	Township Establishment : Portion 144 Doornhoek 318 KQ Thabazimbi Ext 58 (Civic Centre site)	Layout Plan in place	Submission of township development package to Deeds Office	93 000	Not applicable this quarter	Not applicable this quarter			
Spatial Development	To comply with the development & land use legislation	Subdivision & Rezoning : Erf 490 Regorogile (Regorogile Taxi Rank site)	Layout Plan in place	Submission of rezoning package to Deeds Office	150 000	Not applicable this quarter	Not applicable this quarter			
Spatial Development	To comply with the development & land use legislation	Rezoning - Business to Residential Erven : Regorogile (Behind Council Building)	Layout Plan in place	Submission of rezoning package to Deeds Office	120 000	Appoint Land Surveyor	Surveyor appointed	The target was achieved.		No variance
Spatial Development	To obtain development guidelines for neighbourhoods and properties within the Northam urban edge.	Development Plan for Northam Area	Guidelines from the SDF	Development Plan for Northam Area	200 000	Not applicable this quarter	Not applicable this quarter	Local Area Development Plan		
Spatial Development	To comply with the development & land use legislation	Amendmend to the general plan : Regorogile Ext 6 & 7	Approved Surveyor General diagrams	Re-layout plan submitted to Deeds office	10 000	Not applicable this quarter	Not applicable this quarter			
Spatial Development	To determine the actual size of Leeuport farm	Determination of the Leeuport Farm Size for planning purposes	Proclaimed Township	Actual size for Leeuport farm determined	Operational Budget	Not applicable this quarter	Not applicable this quarter			

ANNEXURE 2 - PERFORMANCE ASSESSMENT REPORT

Thabazimbi Municipality conducted the first quarter assessment for section 57 managers on the 31st October 2011 at the office of the Municipal manager. The session was conducted by the Municipal manager as the chairperson, chief internal auditor as the independent unit and the PMS co-ordinator as the scribe of the session.

All managers availed themselves as per schedule. Each section 57 manager was given thirty minutes to present their respective report regarding their departmental performance. Common challenges were identified on most of the reports presented whereby SDBIP was not utilized to compile their quarterly reports and even reporting about KPI's which are not emanating from the SDBIP. Some of the information provided and presented was compressed instead of quantifying it according to the projections and actuals. It was even identified that where results were not achieved as targeted there was no interventions stated as to how the under-achieved targets will be tackled in subsequent quarters and in some other instances managers were still reporting the results which were achieved during the previous financial year 2010/2011 as like they were achieved the year under review of 2011/2012.

This could have been avoided if managers take the SDBIP and the performance plan as their working tool to compile performance reports. The PMS unit had distributed 2011/12 SDBIP to managers both as the hard copy and the electronic one. This shows that managers did not dedicate more time when compiling their PMS reports or else they are not familiar with the contents of what is supposed to be reported as part of their quarterly SDBIP reports as mostly they normally utilized different templates.

The PMS unit recommended that through the office of the municipal manager that all section 57 managers must be taken for the workshop on how they must report in terms of the Performance Management. The department of Co-operative Governance Human Settlements and Traditional Affairs volunteered to facilitate training on how PMS reports should be compiled using similar template on reporting. This has to be done before the second quarter assessment to enable section 57 managers to compile reports which are in line with municipal SDBIP and PMS framework. However prior quarterly assessment, section 57 managers are required to submit their SDBIP quarterly reports before the 10th after the end of quarter together with their portfolio of evidence to Internal Audit Unit for audit purposes.

.....END OF REPORT.....