

CAPE AGULHAS MUNICIPALITY



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

2023/24

**SECTION 52 REPORT FOR THE
1st QUARTER ENDING 30 SEPTEMBER 2023**
(Section 71 report incorporated)

TABLE OF CONTENTS

INTRODUCTION	4
1. STRATEGIC OBJECTIVE	4
3. MAYOR'S SUMMARY	5
4. VARIANCE ANALYSIS BASED ON C4 BUDGET SUMMARY	7
5. COUNCIL – EQUITABLE SHARE ALLOCATION FUNDING	9
6. MFMA LEGISLATED DUE DATES / LIST OF ACTIVITIES.....	10
7. BANK RECONCILIATION	11
8. INVESTMENT PORTFOLIO	12
9. LONG-TERM BORROWING / DEBT	13
10. CASH AND CASH COMMITMENTS / LIQUIDITY ASSESSMENT	14
11. DEBTORS MANAGEMENT / INTERVENTIONS	15
12. AGE ANALYSIS CREDITORS.....	17
13. mSCOA ROADMAP	18
14. COST CONTAINMENT REGULATION AND CIRCULAR REQUIREMENTS	23
15. SECTION 11 (4) MFMA WITHDRAWALS	25
16. LEGISLATED INFORMATION.....	26
17. QUALITY CERTIFICATE.....	32

To The Executive Mayor

In accordance with **Section 71(1)** of the Municipal Finance Management Act, I submit the required statement on the state of Cape Agulhas Municipality's budget implementation and the financial state of the municipality's affairs reflecting the particulars up until the end of **30 September 2023**.

52. The mayor of a municipality—

(d) 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.

Section 54(1) of the MFMA requires the Mayor of a municipality to take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

Recommendations

- The content of the **quarterly report for the 1st quarter ending 30 September 2023** and supporting documentation for the consolidated period be noted.
- It be noted that the directors ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan projections and in accordance with the approved budget.
- It be noted that any material variances will receive remedial or corrective steps.

INTRODUCTION

2.1 PURPOSE

The purpose of this report is to comply with section 71 of the MFMA and the requirements as promulgated in Government Gazette No 32141 of 17 April 2009 (Municipal budgeting and reporting requirements).

1. STRATEGIC OBJECTIVE

“To comply with MFMA priorities as well as MFMA implementation plan”.

BACKGROUND

Section 71 of the MFMA and Section 28 of Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations” necessitate that specific financial particular be reported on and in the format prescribed, hence this report to meet legislative compliance.

“Section 52(d) of the MFMA states that, the executive 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.

However, section 71 of the MFMA states that, the accounting officer of a municipality must by no later than **10 working days after the end of each month** submit to the mayor of the municipality and the relevant treasury a statement in the prescribed format on the implementation of the municipality’s approved budget”.

“Section 28 of the Government Notice 32141, the monthly budget statement of a municipality must be in the format specified in Schedule C and include all required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act”.

Section 54 of the MFMA requires the Mayor to consider the Section 71 report and take appropriate action to ensure that the approved budget is implemented in accordance with the SDBIP.

3. MAYOR'S SUMMARY

The Budget and Reporting regulations become effective during April 2009 and the municipality is obliged to report in the prescribed format to National & Provincial Treasury, the Executive Mayor and council accordingly.

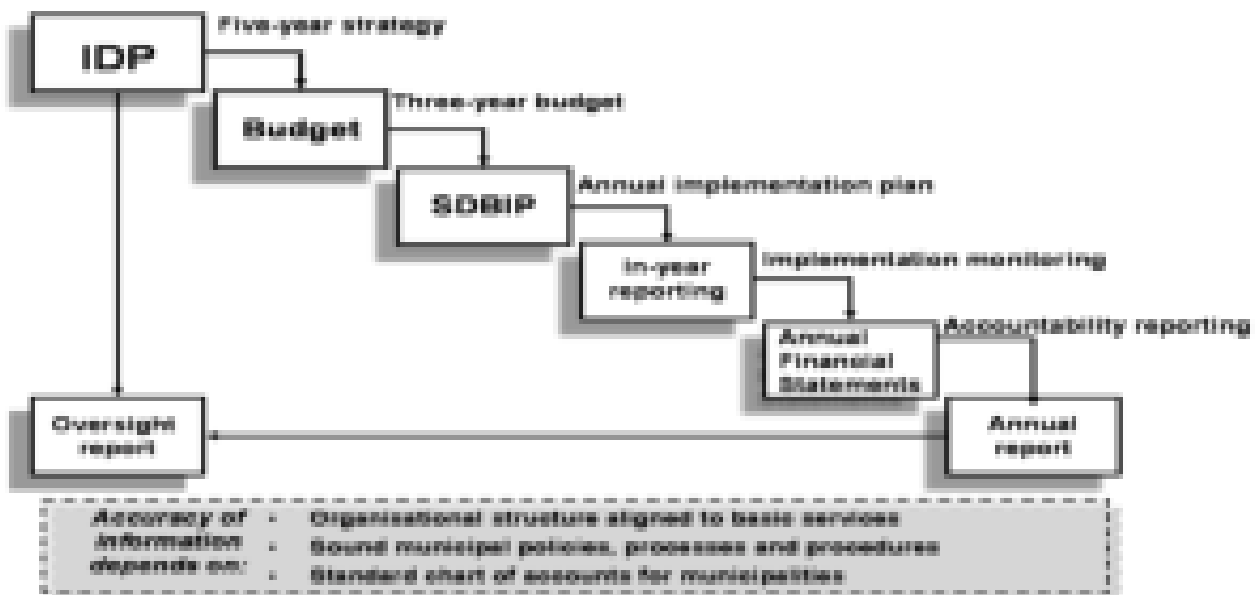
3.1 Budget Process:

Section 53(1)(a) of the MFMA stipulates that the Executive Mayor of the Municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

The flowchart on the budget process basically reflecting three different processes in the budget cycle at the same time, namely:

- Reporting on the previous year budget.
- Current year budget implementation; and
- Preparation of the new financial year's budget (including the budget estimates for the two outer financial years)

The municipal planning and budget cycle processes consist of the following:



The end of the quarter corresponds with the following main activities in process in finance:

- Auditor General is in process of auditing the 2022/23 Annual Financial statements submitted on the 31st of August as per legislation.
- Quarterly reporting of the financial information in terms of S71 and S52 of the MFMA.

4.SUMMARY FINANCIAL PERFORMANCE

Revenue performance

The total revenue recorded at end of quarter totals R139,523m of a budget of R455,677. That is 30.6% of the budgeted amounts. The quarter the municipality received all promulgated operational grants approved as per the National and Provincial gazettes. The main revenue source is the service charges: electricity as well as the property rates revenues. The municipal operational revenue package consists of 13% grant funded income, that is a positive aspect showing that the municipality is self sufficient and able to generate its own revenues. This also poses significant risk, if the protection of revenue sources is not prioritized by administration and council. To this effect the importance of the Long-term financial plan and the financial sustainability report needs to be prioritized as guiding documents for revenue protection mechanism that needs to be implemented.

Expenditure performance

Total expenditures for the quarter ending 30 September 2023 totals R110,811m of a total budget of R454,306m. The main expenditures categories are the employee-related cost as well as bulk purchases: electricity, contributing 80.3% of the total expenditure to date. This is as per normal business practices for municipal spending. The significant risk associated with the impact of loadshedding needs to be closely monitored to ensure that bulk purchases are managed within the budget parameters.

The municipality is also in the process of reviewing the Organigram and the implementation of a “streamlining of municipal functions”. The potential outcome of this process will hopefully be a positive effect on municipal expenditures and operations.

Capital Performance

The capital expenditures for the period ending 30 September 2023 are R8.594m of a budget of R59,933m. Performance to date of 14.3% that is below the 25% equal quarterly targets. The municipality is continuously assessing the risk of underspending of the capital budget and the administration has a standing item relating to project implementation.

Historically the municipality has been struggling to implement and spend capital budget over the last 3 financial years. This is placing significant risk on council infrastructure implementation, and in the current socio and economic climate and consult in dire outcome like unrest and riots in the community.

4. VARIANCE ANALYSIS BASED ON C4 BUDGET SUMMARY

Analysis of variance on the C4 report with a 10% variance on the performance of the municipality.

Financial Performances

Revenue items

Service charges – Electricity

The municipal performance for sale of electricity revenues is playing a significant role in the budget revenue mix. The impact of load-shedding and the corresponding drop in sales of electricity needs to be carefully monitored to ensure that revenue protection measures can be implemented. To date the total reflects at R42.4m of a budget of R161.8m or 26% of budgeted amounts. The current trends of reductions in the loadshedding being implemented by Eskom have a positive effect on the trends.

Service charges – Water

The performance for water services revenues is above the projections for the quarter ending 30 September. Based on the budgeted amounts a total of 27% of revenues are reflected on 30 September. This can be the result of new initiatives that were introduced with the water tariff structures during the budget process. The effect of the reduction from 6kl free basic water to all residents to only 3kl is producing a positive impact. The other changes implemented in the municipal water structure tariffs of ensuring the penalization of users using more than 20kl water also contribute to this positive performance recorded. A reassessment of the budgeted amounts will be done with the mid-year budget assessment to reflect this positive outcome.

Service charges – Waste management

Waste management revenues also reflect positive for the quarter based on year-to-date budgeted projections. This can be because of additional service requested during the wet weather experienced during the quarter. The revenue source consists mostly of monthly billed revenues (basic charge) as well as ad-hoc billing of consumers that use septic tank services (residents not connected to the infrastructure network). Risk also exists with challenges with the billing of debtors and finance is continuously monitoring the billing to ensure errors are kept to minimum. For the quarter ending September revenues of R6,189m are recorded against a budget of R21,524 or 29% of budgeted amounts.

Interest from Current and Non-Current Assets

The current high interest rate climate in the South African economy context result in the municipal interest from external investments performing better than projected. The totals interest for the quarter of R1,915m based on a budget of R6,194 or 31% of budget. The income source will be reassessed with the mid-year budget assessment in December for realistic budgeted amounts.

Rental from Fixed Assets

The municipality needs to ensure that the transactions processed are correctly accounted. Allocation issues exist with the rental from fixed assets allocated and the balance reflects a debt transaction on the revenue category. This needs to be checked and corrected in next reporting cycle.

Gains on disposal of Assets

As part of the budget process the council identified numerous strategic properties for sale. The administrative process will be implemented during the 2nd quarter of the financial year. Administration is busy compiling the list of properties and council item to ensure the SCM process can commence within the next quarter. The municipality budgeted a total of R15m from the disposal of assets.

The non achievement of the above targets will place a significant risk on the municipal revenue mix due to the allocation of additional budgeted expenditures based on the projections. This will need to be carefully monitored and managed.

Expenditure items

Remuneration of councillors

This is mainly due to the Gazetted increase that was not processed to date and only accounted for during October 2023.

Bulk purchases – electricity

The risk of the Bulk purchases: Electricity expenditures need to be closely monitored due to the impact of the revenue side of a reduction in sale on the overall performance of the municipality.

Debt impairment

Debt impairment is mostly accounted for at the end of the financial year. The provincial treasury already indicated that the municipality needs to implement internal controls to ensure that expenditures can be accounted for throughout the financial year to ensure monitoring of expenditures can be implemented.

Contracted services

Contracted services consist of the following – external consultancy services, example town planning / rezoning / financial consultancy services as well as repairs and maintenance related expenses.

This differentiation needs to be made in the assessment of expenditures on contracted services is evaluated. For the end of quarter, no significant risk is identified with spending and reassessment will be done with mid-year review.

5. COUNCIL – EQUITABLE SHARE ALLOCATION FUNDING

Equitable share is a allocation received from National Government as part of the yearly Budget allocations of government as communicated in the yearly budget speech of the Minister of Finance during February yearly.

The Equitable share allocation is a Schedule 3 and based on the yearly DORA Division of Revenue Act the allocation formulae - **LGES = BS + (I + CS)xRA ± C**

where

- LGES is the local government equitable share
- BS is the basic services component
- I is the institutional component
- CS is the community services component
- RA is the revenue adjustment factor
- C is the correction and stabilisation factor

2023/24	2024/25	2025/26
R40,380,000	R43,729,000	R47,082,000

The funds is used to fund the following expenditures in the municipal budget with year to date expenditures as follows:

mSCOAConfigDescription	TotalBudget	YearToDateBudge	YearToDateActual
FREE BASIC SERVICES - WATER	8 750 740,00	2 702 896,00	1 637 801,19
FREE BASIC SERVICES - SANITATION	6 468 060,00	1 963 125,00	769 215,45
FREE BASIC SERVICES - REFUSE REMOVAL	9 214 810,00	2 828 913,00	1 135 715,84
FREE BASIC SERVICES - ELECTRICITY	500 000,00	196 708,00	22 385,47
FREE BASIC SERVICES - ELECTRICITY (ESCOM)	658 810,00	223 769,00	207 925,48
	25 592 420,00	7 915 411,00	3 773 043,43

Based on the above table it is evident that the municipal Equitable share allocation is allocated to the provision of basic services of 63% of the allocation received. The EQS is also used to fund other Operational expenditures as per the grant conditions etc. Councillor allowances, administrative expenditure relating to the functioning of the municipality.

The review of the municipal monthly billing of household on the municipal indigent register / masakhane will impact the spending reflected on free basic services spending reported. This reduced the budgeted totals from the 2022/23 financial year.

6. MFMA LEGISLATED DUE DATES / LIST OF ACTIVITIES

THE FOLLOWING LIST OF ACTIVITIES IS DUE FOR THE REPORTING MONTH OF SEPTEMBER 2023 IN TERMS OF LEGISLATION

<u>LEGISLATIVE REFERENCE</u>	<u>DATE</u>	<u>ACTIVITY</u>	<u>STATUS</u>
Section 71	14 October	Monthly budget statement (FMR) – 10 th working day to Mayor / Provincial / National Treasury	
Section 74	14 October	Cash Management Reporting – Provincial Treasury	
Section 11	31 October	Quarterly withdrawals and report – Submitted to Council	
Section 52	31 October	Quarterly section 52 report to Council	

8. INVESTMENT PORTFOLIO

WC033 CAPE AGULHAS MUNICIPALITY							
CASH FLOW INFORMATION IN TERMS OF PROVINCIAL CIRCULAR 10 & 50							
DETAILS	Balance as at 01 Sept 2023	Movements for the month			Balance as at 30 Sept 2023	Interest earned	Interest earned
		Investments matured	Investments made	Interest capitalised			
					Month	Year to date	
Municipality							
<i>Interest Received YTD</i>	-				-		
<i>Standard Bank (CRR)</i>	10 000 000	-	-		10 000 000	71 836	375 466
<i>Standard Bank</i>	25 000 000	-	-		25 000 000	181 524	485 154
ABSA (CRR)	-	-	-		-	-	-
Nedbank (CRR)	-	-	-		-	-	-
Nedbank (Housing)	15 000 000	-	-		15 000 000	109 110	335 745
Nedbank	20 000 000	-	-		20 000 000	144 296	413 441
<i>ABSA (ESKOM Deposit)</i>	1 254 000	-	-		1 254 000	5 164	15 493
<i>ABSA (ESKOM Deposit)</i>	2 535 000	-	-		2 535 000	10 442	31 326
<i>Nedbank</i>	-	-	-		-	-	-
<i>Investec</i>	-	-	-		-	-	-
	-				-		
BANK DEPOSITS	73 789 000	-	-	-	73 789 000	522 372	1 656 626

9. LONG-TERM BORROWING / DEBT

CASH FLOW REPORT IN TERMS OF PROVINCIAL CIRCULAR 10 & 50

Name of municipality

SUMMARY OF EXTERNAL LOANS FOR MONTH - 30 SEPTEMBER 2023

Lending Institution	Loan Number	Institution	Loan start date	Loan settlement date	Loan Amount	Balance 01 September 2023	Balance 30 September 2023
ABSA - Infrastr. (Old Nostra)	3044713107	ABSA	30 June 2016	30 June 2026	1 200 000,00	501 668,00	501 668,00
ABSA - Various	3046537820	ABSA	06 July 2017	30 June 2027	2 400 000,00	1 243 529,00	1 243 529,00
Nedbank - Infrastructure Medium Term	INFRA 4	ABSA	27 June 2019	30 June 2024	4 120 000,00	824 000,00	824 000,00
Nedbank - Infrastructure Long Term	INFRA 2	Nedbank	26 June 2018	30 June 2028	7 000 000,00	3 500 000,00	3 500 000,00
Nedbank	Asset Finance	Nedbank	26 June 2019	30 June 2024	2 880 000,00	576 000,00	576 000,00
Nedbank - Infrastructure	INFRA 1	Nedbank	26 June 2018	30 June 2023	3 000 000,00	-	-
Nedbank - Infrastructure	INFRA 3	Nedbank	27 June 2019	30 June 2029	10 000 000,00	6 000 000,00	6 000 000,00
Std Bank - Motor Vehicle Fleet	Medium (655404)	Standard Bank	29 June 2021	30 June 2024	4 800 000,00	1 698 194,00	1 698 194,00
Std Bank - New and Upgrade Infrastructure	Asset (655433)	Standard Bank	29 June 2021	30 June 2026	2 318 000,00	1 476 485,00	1 476 485,00
Std Bank - New and Upgrade Infrastructure	Long (655414)	Standard Bank	29 June 2021	30 June 2031	27 082 000,00	22 857 172,00	22 857 172,00
FNB - Motor Vehicle Fleet	4-000-520-347-105	First National Bank	27 June 2022	30 June 2027	8 542 000,00	7 086 630,00	7 086 630,00
FNB - New and Upgrade Infrastructure	4-000-520-347-543	First National Bank	27 June 2022	30 June 2027	4 091 200,00	3 395 024,00	3 395 024,00
FNB - New and Upgrade Infrastructure	4-000-520-347-806	First National Bank	27 June 2022	30 June 2032	21 992 850,00	20 454 270,00	20 454 270,00
Total						69 612 972,00	69 612 972,00

10. CASH AND CASH COMMITMENTS / LIQUIDITY ASSESSMENT

As part of the Provincial Treasury legislated oversight responsibilities the municipality is required to report on Cash and Cash Commitments relating to the available cash balance at the end of the reporting period. A report is submitted to Treasury reflecting the available cash with related commitments as required.

Please find below the detail report as per Cash Management commitments as follows:

WC033 - CAPE AGULHAS MUNICIPALITY		
REPORTING MONTH:		30 SEPTEMBER 2023
Commitments against Cash & Cash Equivalents		
DESCRIPTION	Previous Month R'000	Current Month R'000
Cash & Cash Equivalents	117 633	101 744
Commitments:	68 225	68 181
Unspent Loans	17 140	16 650
Unspent Grants	3 199	5 370
Capital Funding Requirement	-	-
Capital Replacement Reserve by 30 June 2023	39 500	39 500
Loan repayment due 30 June	-	-
Projected salary	-	-
Projected creditors	4 630	5 217
Capital commitment outstanding	3 756	1 444
Year-end creditor payments (partly funded)		
Surplus / (Deficit)	<u>56 646</u>	<u>33 563</u>

The cash commitments are used to determine the level of "FREE CASH" available at the municipality. This is a barometer to determine the level of liquidity and cash coverage of the municipality.

11. DEBTORS MANAGEMENT / INTERVENTIONS

Detail	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
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	5 712 554	1 507 760	945 437	708 677	939 108	290 763	1 914 700	2 783 931	14 802 930
Trade and Other Receivables from Exchange Transactions - Electricity	12 667 719	2 089 489	636 277	370 196	541 944	277 768	1 157 453	1 941 612	19 682 458
Receivables from Non-exchange Transactions - Property Rates	5 250 956	1 407 582	17 003 981	554 080	492 446	159 451	1 724 470	4 006 095	30 599 061
Receivables from Exchange Transactions - Waste Water Management	2 424 538	741 648	379 562	446 889	602 095	190 887	1 243 496	1 771 489	7 800 604
Receivables from Exchange Transactions - Water Management	3 622 761	1 005 805	566 948	611 156	757 327	267 581	1 698 169	2 540 226	11 069 973
Receivables from Exchange Transactions - Property Rental Debtors	- 55 942	210 689	26 046	16 425	216 137	6 339	139 863	824 701	1 384 258
Interest on Arrear Debtor Accounts	440 429	240 230	142 964	180 035	253 013	82 419	626 412	1 550 712	3 516 214
Recoverable unauthorised or irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-
Other	- 3 525 136	82 957	11 447	42 551	52 051	4 018	144 138	407 051	- 2 780 923
Total By Income Source	26 537 879	7 286 160	19 712 662	2 930 009	3 854 121	1 279 226	8 648 701	15 825 817	86 074 575
Debtors Age Analysis By Customer Group									
Organs of State	- 607 791	355 522	295 046	221 516	83 075	66 971	426 552	1 386 324	2 227 215
Commercial	6 949 023	977 716	3 088 496	208 742	172 922	262 616	920 433	2 134 707	14 714 655
Households	19 210 439	5 944 309	16 318 383	2 489 324	3 596 725	948 331	7 285 007	12 232 045	68 024 563
Other	986 208	8 613	10 737	10 427	1 399	1 308	16 709	72 741	1 108 142
Total By Customer Group	26 537 879	7 286 160	19 712 662	2 930 009	3 854 121	1 279 226	8 648 701	15 825 817	86 074 575



The age analysis for debtors reported that a total of **R86.07m** of debt is outstanding for the reporting period.

Analysis of the outstanding debtor balances as follows:

- The debtors balance decreases on a month-to-month basis from August 2023 totals of R89.8m.
- The outstanding debtor balances over the period of 365 days increase in September.
- The risk for the municipality is the increase in debt for the period 60-90 days, due the difficulty with the ability to collect the funds in the current economic conditions if not debt collection measures is implemented timeously.
- A possible reason for this increase can be due to the property rates payable at the end of October.
- The collection rate for the month of **30 September 2023** is above the **National norm of 95% at 111.47%**.
- This is positive but a complete assessment of outstanding debts is required.

12. AGE ANALYSIS CREDITORS

Year	Month End	Mun							
2024	M03-SEP	WC033							
Detail	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
Bulk Electricity	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-	-	-	-
VAT [output less input]	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	595 846	861 993	-	4 989 986	-	-	-	-	6 447 825
Auditor General	-	-	-	-	-	-	-	-	-
Other	120 383	-	-	-	-	-	-	-	120 383
TOTAL	716 229	861 993	-	4 989 986	-	-	-	-	6 568 208

The outstanding creditors is mainly the result of the Capital project provisions at the year-end 30 June 2023. The municipality experience challenges with the purchasing of generators for the 2022/23 financial year. The supplier delivered the incorrect product, and the generators had to be returned. The transactions is still in process of being finalized.

13. mSCOA ROADMAP

In terms of section the yearly Municipal Budget Circular no 122 section 4.4 reads as follows –

Regulation of Minimum Business Processes and System Specifications:

“Where a municipality is not fully compliant with the mSCOA requirements, a mSCOA Road Map must be in place to drive and fast track the mSCOA implementation in the municipality. The mSCOA Steering Committee, chaired by the Accounting Officer or his/her delegate, must use the mSCOA Road Map to track process and take correction action where required.”

The mSCOA Road Map needs to address the municipal approach to ensuring full mSCOA compliance and the roadmap must be table to Council on a quarterly basis as part of their in-year reporting.

The municipality needs to ensure that the mSCOA requirements are implemented based on the Roadmap plan tabled.

Msoa Roadmap – For implementation and action plans required.

<u>Category</u>	<u>Description of changes required</u>	<u>Target date / Actions</u>
Item		
Borrowing / Loan balances	The municipality needs to ensure that the Loans/ Borrowing is budgeted per department and the corresponding Interest payments are processed with the department where the Capital expenditures is incurred.	This is currently being implemented with the current borrowings / loans and needs to be budget corrected with the new loans for the new financial year.
Item: Donations	The municipality need to ensure the allocations (Donations and other allocations) needs to be processed via the Creditors / Accrual balance vote. This is to ensure that the Cashflow can be correctly reflected within the cashflow statement of the monthly budget statement	2024/25 financial year.
Item: Bulk purchases	Split of bulk purchases in the different wards to ensure that the municipality can implement regional budgeting and reporting	2024/25 financial year
Function		
Core vs non-core	An analysis of the Core vs non-core functions needs to be done to ensure that the municipality budget based on the Constitutional functions of Schedule 4 and 5. Unfunded mandates need to be addressed and limited to allocated resources to the municipal functions.	This needs to be reviewed for the 2023/24 financial year. Changes needs to be recorded to ensure new MTREF budget correctly allocated to Core vs non-core.

<u>Category</u>	<u>Description of changes required</u>	<u>Target date / Actions</u>
Fund		
Control accounts per service - Fund	The classification of the control accounts to ensure that all services is allocated the corresponding fund segment based on the basic services [Water / Electricity / Refuse / Sewerage]	3 rd quarter 2023/24
Region		
Ward based budgeting	Implement ward-based budgeting to ensure that reporting to citizens can be done to improve accountability during the public participation and IDP engagement processes	2024/25
Costing		
Basis municipal services	Needs to implement the costing for the Basic services component to ensure more realistic cost, that is direct and indirect cost allocated to the different services. This is required for the following services – - Water / Electricity / Sewerage / Refuse	2024/25 implementation

<u>Category</u>	<u>Description of changes required</u>	<u>Target date / Actions</u>
Project		
Elec FBS project 0PO003060	Required Rebates project needs to be implemented to account for the correct reporting of Free basic services (FBS) to informal areas.	January 2024 Adjustment budget
OPO 003 058	Operational: Typical Work Streams: Revenue Cost of Free Services – The additional cost associated with the FBS allocated to the citizens to ensure that municipality account for loss of revenue that can be billed / additional services provided	January 2024 Adjustment budget
Other items		
Council parameters (Vat) indicators	The municipality needs to be ensured that the VAT indicators is correctly indicated before the start of the financial year. Items created needs to be correctly indicated on the VAT indicator parameter to ensure that the legislated compliance is complied with	This can only be done for new items in the financial year. Current items that need to be changed that already transacted on needs to be correctly at the beginning of the financial year.
Budget and virement Policy	The policy needs to be reviewed to ensure that virements is only processed within the different categories of the mSCOA categories as follows: - Function / Funding	Amendment and review of policy for implementation in the 2024/25 financial year.
Payday full integration	The full integration of the Third party (Payday) salary control accounts into the Phoenix (Vesta) financial system. Review of the data strings to ensure the correct guids is selected for the seamless integration of the financial information.	2 nd quarter 2023/24 financial year

<u>Category</u>	<u>Description of changes required</u>	<u>Target date / Actions</u>
IDP review	Review of the IDP to ensure that the relevant National KPA is selected relevant to Local government, and excluding the KPA's not applicable	2024/25 financial year
Asset Module	Implementation of the Electronic asset module into Vesta to ensure seamless integration into the financial system	3 rd quarter 2023/24 financial year.
NT AFS template	The National Treasury issued a Template for use with the compilation of the Annual financial statements, which is compulsory to be extracted from the financial system for the 2023/24 financial year.	3 rd quarter 2023/24 action plan needs to be compiled

14. COST CONTAINMENT REGULATION AND CIRCULAR REQUIREMENTS

National Treasury as part of the drive for more efficient use of government resources introduced the **Local Government: Municipal Cost Containment regulation (MCCR)** promulgated on the 7 June 2019 with effective date of **1 July 2019**.

As part of the regulation municipalities is required to report as part of the in-year reporting mechanisms of the MFMA to the municipal council's relating to **COST CONTAINMENT** initiatives implemented. Numerous other requirements were also introduced that enforce reviewed of municipal policies and documentation as well as business processes. These will be implemented by the Chief Financial Officer as required.

Below the standardised report relating to ***Cost containment measures*** implemented by the municipality.

The administration as part of the strategic planning and processes needs to review the approach followed with respect to the implementation of the Cost containment measures and policy. This needs to be escalated to a higher priority on the radar screens to ensure that the municipality will ensure that long-term benefits can achieved with the implementation of these measures.

Total cost saving disclosure in the In-year report

COST CONTAINMENT IN-YEAR REPORT - 30 SEPTEMBER 2023

MEASURES	APPROVED BUDGET	Q1 - 30 Sept	Q2 - 31 Dec	Q3 - 31 Mrch	Q4 - June	YTD TOTAL	Unspent	% Spent
<i>Use of Consultants</i>	7 282 510,00	731 073,28	-	-	-	731 073,28	6 551 436,72	10,0%
<i>Use of RME contractors</i>	10 389 340,00	2 020 362,78	-	-	-	2 020 362,78	8 368 977,22	19,4%
<i>Travel and subsistence</i>	368 000,00	85 347,78	-	-	-	85 347,78	282 652,22	23,2%
<i>Domestic accommodation</i>	208 120,00	43 931,18	-	-	-	43 931,18	164 188,82	21,1%
<i>Sponsorship, events and catering</i>	186 950,00	42 004,65	-	-	-	42 004,65	144 945,35	22,5%
<i>Communication</i>	242 740,00	60 423,89	-	-	-	60 423,89	182 316,11	24,9%
<i>Other related expenditures</i>	961 150,00	165 691,90	-	-	-	165 691,90	795 458,10	17,2%
Total	19 638 810,00	3 148 835,46	-	-	-	3 148 835,46	16 489 974,54	16,0%

PART B

16. LEGISLATED INFORMATION

C1 – Budget statement -Summary

PC0001 Capital Allocation - Table C1 Monthly Budget Statement Summary - 0001 September

Description	Budget Year 2020/21								
	2020/21 Actual Outcome	Original Budget	Revised Budget	Monthly actual	YearTD actual	YearTD Budget	YTD variance	YTD variance %	Full Year Forecast
01 Revenue									
Revenue Performance									
Property rates	-	62 000	-	2 200	42 700	42 700	0%	0%	62 000
Service charges	-	228 500	-	20 000	62 000	62 000	0%	0%	228 500
Investment revenue	-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	-	18 000	-	2 000	16 000	16 000	0%	0%	18 000
Other non-revenue	-	67 000	-	2 000	61 400	62 000	(600)	-1%	-
Total Revenue (including capital transfers and contributions)	-	485 500	-	24 200	182 100	182 700	(600)	-1%	485 500
02 Expenditure									
Employee costs	-	118 576	-	14 000	40 700	40 400	300	1%	118 576
Remuneration of Councilors	-	2 750	-	600	1 600	1 700	(100)	-10%	2 750
Depreciation and amortisation	-	11 011	-	600	2 600	2 600	0%	0%	11 011
Interest	-	6 000	-	-	-	200	(200)	-100%	6 000
Inventory consumed and sold purchases	-	182 045	-	27 700	48 000	48 000	0 000	0%	182 045
Transfers and subsidies	-	2 260	-	200	200	200	0 000	0%	2 260
Other expenditure	-	64 000	-	4 000	17 000	18 000	(1 000)	-10%	64 000
Total Expenditure	-	486 588	-	49 500	189 900	189 900	0 000	0%	486 588
Surplus/Deficit									
Transfers and subsidies - capital (investment)	-	18 000	-	1 000	28 000	28 000	0 000	0%	18 000
Transfers and subsidies - capital (in kind)	-	-	-	-	-	-	-	-	-
Repayment/other capital transfers & contributions	-	18 000	-	(14 400)	68 000	67 000	1 000	100%	18 000
Share of surplus (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus (Deficit) for the year	-	18 912	-	(14 400)	68 000	67 000	1 000	100%	18 912
Capital operations & funds sources									
Capital expenditure	-	24 000	-	2 000	2 000	4 000	2 000	100%	24 000
Capital transfers recognised	-	18 000	-	2 000	4 000	200	3 800	100%	18 000
Borrowing	-	22 000	-	400	400	1 700	(1 300)	-100%	22 000
Internally generated funds	-	28 000	-	2 000	2 000	2 000	0 000	100%	28 000
Total movement of capital funds	-	92 000	-	6 000	6 000	8 000	2 000	100%	92 000
Financial position									
Total current assets	-	282 776	-	-	272 000	-	-	-	282 776
Total non-current assets	-	672 700	-	-	608 000	-	-	-	672 700
Total current liabilities	-	68 000	-	-	162 000	-	-	-	68 000
Total non-current liabilities	-	218 271	-	-	181 000	-	-	-	218 271
Community wealth/Equity	-	687 485	-	-	529 000	-	-	-	687 485
Cash flows									
Net cash from (used) operating	-	18 900	-	198 000	162 000	28 000	(132 000)	-80%	18 900
Net cash from (used) investing	-	(44 000)	-	(8 000)	(18 000)	(800)	16 200	200%	(44 000)
Net cash from (used) financing	-	18 000	-	27	20	(20)	(10)	-50%	18 000
Contributions equivalents at the month/year end	-	100 000	100 000	-	242 000	180 000	(110 000)	-100%	100 000
Balance & credits analysis									
	01-08 Days	09-16 Days	17-24 Days	25-31 Days	10% - 100 Days	10% - 180 Days	10% - 360 Days	Over 360	Total
Debtors Age Analysis									
Debtors By Income Source	-	2 200	18 700	2 000	2 000	1 200	8 000	10 000	66 000
Creditors Age Analysis									
Total Creditors	-	600	-	8 000	-	-	-	-	8 600

Financial Performance (Functional classification)

WCCO3 Cape Agulhas - Table C3 Monthly Budget Statement - Financial Performance (functional classification) - 003 September

Description	Ref	2022/23	Budget Year 2023/24							
		Actual Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD Budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		-	174 821	-	8 434	88 174	88 647	(2 473)	-4%	174 821
Executive and council		-	40 380	-	-	14 825	14 825	00	0%	40 380
Finance and administration		-	125 441	-	8 434	49 749	52 221	(2 472)	-5%	125 441
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	24 731	-	2 048	4 825	2 828	1 804	60%	24 731
Community and social services		-	19 476	-	1 820	1 981	176	1 845	100%	19 476
Sport and recreation		-	10 027	-	1 419	2 845	2 407	438	18%	10 027
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	4 225	-	29	29	95	(66)	-6%	4 225
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	18 989	-	1 888	2 473	2 762	(274)	-10%	18 989
Planning and development		-	3 040	-	259	662	626	(36)	-3%	3 040
Road transport		-	4 287	-	785	1 638	462	557	18%	4 287
Environmental protection		-	5 221	-	782	233	1 484	(711)	-44%	5 221
Trading services		-	294 185	-	22 888	67 488	68 588	65	1%	294 185
Energy services		-	182 883	-	14 174	43 476	44 727	(1 251)	-1%	182 883
Water management		-	47 142	-	4 673	11 888	9 748	2 140	23%	47 142
Waste water management		-	20 019	-	1 742	4 993	5 288	(288)	-7%	20 019
Waste management		-	26 024	-	2 889	7 265	6 626	634	8%	26 024
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	471 269	-	32 667	148 888	149 421	(533)	-1%	471 269
Expenditure - Functional										
Governance and administration		-	154 281	-	8 591	21 238	20 824	(614)	-4%	154 281
Executive and council		-	34 228	-	1 821	4 091	10 642	(4 751)	-44%	34 228
Finance and administration		-	94 437	-	7 829	22 116	21 236	880	17%	94 437
Internal audit		-	1 888	-	124	249	495	(271)	-27%	1 888
Community and public safety		-	40 728	-	2 962	7 125	6 828	(297)	-1%	40 728
Community and social services		-	14 124	-	924	2 798	2 417	(381)	-10%	14 124
Sport and recreation		-	16 491	-	1 388	2 431	2 281	150	7%	16 491
Public safety		-	5 537	-	252	529	512	17	1%	5 537
Housing		-	7 488	-	260	277	1 787	(1 517)	-67%	7 488
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	54 228	-	2 876	6 894	11 248	(4 354)	-19%	54 228
Planning and development		-	16 628	-	1 122	2 221	2 095	(124)	-4%	16 628
Road transport		-	24 002	-	1 888	4 812	3 214	(1 600)	-10%	24 002
Environmental protection		-	12 278	-	607	1 931	2 628	(697)	-32%	12 278
Trading services		-	222 817	-	22 847	67 884	68 885	(999)	-1%	222 817
Energy services		-	148 888	-	27 277	44 828	24 276	44 544	62%	148 888
Water management		-	27 987	-	1 728	5 667	4 463	(1 204)	-10%	27 987
Waste water management		-	10 683	-	1 249	3 493	4 028	(535)	-14%	10 683
Waste management		-	24 221	-	1 636	4 142	3 278	(864)	-20%	24 221
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	454 288	-	48 418	159 871	160 075	(2 204)	-1%	454 288
Surplus/ (Deficit) for the year		-	16 981	-	(15 751)	28 178	(2 654)	(2 718)	-20%	16 981

Capital Expenditure – Functional Classification

Total Capital Expenditure		-	28 033	-	5 807	8 564	4 630	3 964	88%	28 033
Capital Expenditure – Functional Classification										
Governance and administration		-	3 791	-	1 078	1 080	262	881	43%	3 791
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	3 791	-	1 078	1 080	262	881	43%	3 791
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	5 258	-	128	154	380	(8)	-3%	5 258
Community and social services		-	2 024	-	35	35	340	(22)	-6%	2 024
Sport and recreation		-	2 024	-	83	119	-	119	62%	2 024
Public safety		-	410	-	-	-	-	-	-	410
Firefighting		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	20 247	-	3 188	6 112	373	3 627	182%	20 247
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	19 842	-	3 188	6 112	278	3 627	182%	19 842
Environmental protection		-	405	-	-	-	-	-	-	405
Trading services		-	20 888	-	1 481	3 345	3 913	(44)	-1%	20 888
Energy services		-	7 828	-	666	647	762	(14)	-1%	7 828
Water management		-	12 488	-	815	1 321	1 833	(87)	-2%	12 488
Waste water management		-	1 610	-	-	-	60	(6)	-100%	1 610
Waste management		-	8 708	-	-	1 277	1 281	18	1%	8 708
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure – Functional Classification	3	-	28 033	-	5 807	8 564	4 630	3 964	88%	28 033
Funding:										
National Government		-	10 123	-	2 788	4 140	136	4 024	290%	10 123
Provincial Government		-	1 000	-	30	30	240	(20)	-6%	1 000
District Municipality (Council and business – capital (money) allocations) (Rat / Pro/ Dep/Int Agency)		-	-	-	-	-	-	-	-	-
Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Education Institutions		-	-	-	-	-	-	-	-	-
Transfers received – capital		-	16 823	-	2 823	4 175	324	3 888	101%	16 823
Borrowing	4	-	22 624	-	488	488	1 763	(1 282)	-7%	22 624
Internally generated funds		-	20 675	-	2 490	3 820	2 471	1 457	58%	20 675
Total Capital Funding		-	28 033	-	5 807	8 564	4 630	3 964	88%	28 033

Financial position

WCCM Cape Agulhas - Table C3 Monthly Budget Statement - Financial Position - M03 September

Description	R	2020		Budget Year 2024		
		Actual Outcome	Original Budget	Adjusted Budget	Year to date	FY to date Forecast
R thousands	+					
ASSETS						
Current assets						
Trade and other receivables	-	181 888	-	187 125	181 888	
Trade and other receivables from exchange transactions	-	102 888	-	98 900	102 888	
Receivables from non-exchange transactions	-	18 871	-	18 925	18 871	
Current portion of non-current liabilities	-	2	-	2	2	
Inventory	-	1 150	-	2 280	1 152	
VAT	-	4 917	-	4 899	4 917	
Other current assets	-	855	-	753	855	
Total current assets	-	388 779	-	412 982	388 778	
Non-current assets						
Investment:						
Investment property	-	48 187	-	48 988	48 187	
Property, plant and equipment	-	627 440	-	668 987	627 440	
Biological assets	-	-	-	-	-	
Long-term financial investments	-	-	-	-	-	
Intangible assets	-	-	-	-	-	
Intangible assets	-	2 080	-	2 128	2 080	
Trade and other receivables from exchange transactions	-	-	-	-	-	
Non-current receivables from non-exchange transactions	-	147	-	138	147	
Other non-current assets	-	-	-	-	-	
Total non-current assets	-	678 754	-	728 241	678 754	
TOTAL ASSETS	-	1067 533	-	1141 223	1067 532	
LIABILITIES						
Current liabilities						
Bank overdraft	-	-	-	-	-	
Financial liabilities	-	12 287	-	11 862	12 287	
Consumer deposits	-	2 882	-	4 243	2 882	
Trade and other payables from exchange transactions	-	58 711	-	114 282	58 711	
Trade and other payables from non-exchange transactions	-	2 448	-	7 795	2 448	
Provision	-	15 885	-	15 208	15 885	
VAT	-	2 580	-	2 273	2 580	
Other current liabilities	-	-	-	-	-	
Total current liabilities	-	94 993	-	161 473	94 993	
Non-current liabilities						
Financial liabilities	-	87 588	-	87 882	87 588	
Provision	-	82 182	-	85 880	82 182	
Long-term portion of trade payables	-	-	-	-	-	
Other non-current liabilities	-	42 500	-	38 292	42 500	
Total non-current liabilities	-	132 270	-	132 054	132 270	
TOTAL LIABILITIES	-	227 263	-	293 527	227 263	
NET ASSETS	-	840 270	-	847 696	840 269	
COMMUNITY DEVELOPMENT						
Associated (unsuccessful)	-	288 280	-	482 881	288 280	
Grants and loans	-	58 500	-	58 404	58 500	
Other	-	-	-	-	-	
TOTAL COMMUNITY DEVELOPMENT	-	346 780	-	541 285	346 780	

Cash flow

WC010 Cape Agulhas - Table C7 Monthly Budget Statement - Cash Flow - M09 September

Description	Ref	2022		Budget Year 2023						
		Actual Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R Thousands	1									
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	81 147	-	8 678	10 594	40 071	(29 393)	-40%	81 147
Service charges		-	273 800	-	18 488	38 140	70 582	(44 412)	-20%	273 800
Other revenue		-	21 500	-	5 023	14 600	5 007	9 593	114%	21 500
Transfers and Subsidies - Operational		-	18 086	-	48	18 442	1 813	17 629	97%	18 086
Transfers and Subsidies - Capital		-	18 400	-	-	1 400	-	1 400	8000%	18 400
Interest		-	3 000	-	-	-	64	(64)	-100%	3 000
Dividends										
Payments										
Suppliers and employees		-	(81 707)	-	(17 462)	(82 18)	(81 317)	(149 032)	188%	(81 707)
Interest										
Transfers and Subsidies										
NET CASH FROM/USED IN OPERATING ACTIVITIES		-	18 880	-	14 638	16 448	26 271	(12 076)	-40%	18 880
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	18 880	-	-	-	3 750	(3 750)	-100%	18 880
Decrease (increase) in non-current receivables										
Decrease (increase) in non-current investments										
Payments										
Capital assets		-	(24 800)	-	(8 800)	(18 071)	(4 600)	14 087	-27%	(24 800)
NET CASH FROM/USED IN INVESTING ACTIVITIES		-	(4 920)	-	(8 800)	(18 071)	(880)	18 107	-98%	(4 920)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term financing		-	18 880	-	-	-	-	-		18 880
Increase (decrease) in consumer deposits		-	3 800	-	37	88	-	88	8000%	3 800
Payments										
Repayment of financing		-	(8 200)	-	-	-	(20)	(20)	100%	(8 200)
NET CASH FROM/USED IN FINANCING ACTIVITIES		-	14 480	-	37	88	(30)	(30)	100%	14 480
NET INCREASE (DECREASE) IN CASH HELD		-	(8 270)	-	14 673	16 383	28 288			(8 270)
Contract payments at beginning		-	144 678	119 070	119 070	119 070	119 070			119 070
Contract payments at month/year end		-	152 948	119 070		282 108	148 142			119 070

17. QUALITY CERTIFICATE

ISSUANCE
ENGINEER: S. Stanley

CONTACT
CONTACT NO: 028 425 5798

VERIFICATION
REF: 5/3/2023-24 (M03_5719502)

ISSUANCE
OFFICE: Bredasdorp

ISSUANCE
DATE: 12 October 2023



QUALITY CERTIFICATE

I, **EBEN PHILLIPS** the accounting officer / chief financial officer of **CAPE AGULHAS MUNICIPALITY WC033** (name of municipality), hereby certify that –

(mark as appropriate)

- The monthly budget statements.
- Quarterly report on the implementation of the budget and financial state affairs of the municipality
- Mid-year budget and performance assessment

For the month ended **30 September 2023** (month/year) has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: **EBEN OLIVER PHILLIPS**

Accounting Officer / Chief Financial Officer of **CAPE AGULHAS MUNICIPALITY WC033** (name and demarcation of municipality)

Signature: _____

Date: 12 October 2023