**eDumbe Local Municipality**

**(KZN 261)**

**MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT**

**IN-TERMS OF SECTION 72**

**OF THE MFMA**

**2018-2019**

1. MIDTERM REPORTING LEGISTLATION

**Section 72 (1) (a) of the MFMA outlines the requirements for mid‐year reporting.**

The Accounting Officer is required by the 25th January of each year to assess the performance of the municipality during the first half of the year taking into account:

* *The monthly statements referred to in section 71 of the first half of the year;*
* *The municipalities service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the Service Delivery and Budget Implementation Plan*
* *The past year’s annual report, and progress on resolving problems identified in the annual report; and*
* *The performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities.*

**Section 54 outlines Budgetary Control and early identification of financial problems, and states that**

*1)    On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must:*

1. *Consider the statement or report*
2. *Check whether the municipality’s approved budget is implemented in accordance with the service delivery and budget implementation plan;*
3. *Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;*
4. *Issue any appropriate instructions to the accounting officer to ensure:*
5. *that the budget is implemented in accordance with the service delivery and budget implementation plan; and*
6. *that spending of funds and revenue collection proceed in accordance with the budget;*
7. *Identify any financial problems facing the municipality, including any emerging or impending financial problems; and*
8. *In the case of a section 72 report, submit the report to the council by 31 January of each year.*

*2)    If the municipality faces any serious financial problems, the Mayor must:*

1. *Promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include:*
2. *steps to reduce spending when revenue is anticipated to be less than projected in the municipality’s approved budget;*
3. *the tabling of an adjustments budget; or*
4. *steps in terms of Chapter 13; and*
5. *Alert the council and the MEC for local government in the province to those problems.*

*3)    The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.*

**Chapter 13 (135) of MFMA – which outlines Resolution of Financial Problems; states that*:***

1. *The primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality itself.*
2. *A municipality must meet its financial commitments.*
3. *)  If a municipality encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately:*
4. *Seek solutions for the problem;*
5. *Notify the MEC for local government and the MEC for finance in the province; and*
6. *Notify organised local government*

This report has been prepared in terms of the Local Government: Municipal Finance Management Act Number 56 of 2003: Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 April 2009.

1. **MAYORS REPORT**

For the mid-year budget and performance assessment, the mayor's report must also provide \_

1. A summary of the past year's annual report, and progress on resolving problems identified in the annual report and the audit report;
2. A summary of any potential impact of the national adjustments budget and the relevant provincial
3. A recommendation as to whether an adjustments budget for the municipality is necessary
	1. **Summary of the previous year's annual report**

Whilst EDumbe has over years has been experiencing financial challenged it need to start maintaining a strong financial position through having sufficient reserves. Our reserves depleted long time as were financing long term contracts, capital and operational projects internally. The municipality is experiencing a service delivery backlogs and financial intervention is from National Treasury. Due to the rural nature of the municipality, we rely heavily on government grants as we have a low.

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| **Consolidated Overview of the Draft Budget 2018/19** |
| **Description** | **Approved Budget** | **Actual Budget** |
| Revenue |  154,441,934  |  152,347,458.00  |
| **Total Revenue** |  **154,441,934.11**  |  **152,347,458.00**  |
|   |   |   |
| Total Operation Expenditure |  109,922,000.00  |  118,103,938.00  |
| Total Capital Expenditure |  41,364,800.00  |  49,823,869.00  |
| **Total Expenditure** |  **151,286,800.00**  |  **167,927,807.00**  |
| **Surplus (Deficit)** |  **3,155,134.11**  |  **(15,580,349.00)** |
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The Municipality had a deficit which was caused by multi-year capital projects and existing long term contracts.

* 1. **Financial problems or risks facing the municipality**

It is a known fact that due to the nonpayment of debtors and endemic poverty in the area, the collection rate for municipal services and Rates debt recovery is low. This has a detrimental effect on the municipality’s financial resources.

Financial administration should be the second most important focus point of municipality with basic service delivery as the most important. Any additional resources should be directed at developing a financial administration turnover strategy. It must concentrate on in-service training and assistance on every aspect of financial administration with detail to the lowest level and administrative powers be delegated to the lowest level without impeding on proper internal control.

* 1. **Remedial Action Taken on Audit Outcomes of Prior Year**

EDumbe Local Municipality had received the unqualified audit report with Emphasis of matters.

The Municipality put extensive effort into implementing the recommendations in respect of prior year’s findings that were made during the previous audit. All the audit recommendations are within the Audit Action Plan where progress is regularly monitored. The Audit Action Plan form part of the 2017/18 Annual Report.

The annual report of the 2017/18 financial year is covered in a separate report to Council. Any problems and/or corrective actions identified in the oversight by Council will be monitored and action for correction in the current financial year.

* 1. **Mid-Year Performance Assessment Municipal Adjustments Budgets**

A municipality may revise an approved annual budget through an adjustments budget.

An adjustments budget—

* Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
* May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programs already budgeted for;
* May, within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
* May authorize the utilization of projected savings in one vote towards spending under another vote;
* May authorize the spending of funds that were unspent at the end of the past financial year where the under spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
* May correct any errors in the annual budget; and
* May provide for any other expenditure within a prescribed framework.

“An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year. Furthermore, except under certain circumstances only one adjustment budget may be tabled in Council during a financial year.”

* 1. **Conclusion**

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| The mid-year budget and performance assessment indicates that: |

1. An adjustments budget for 2018/19 will be prepared and this must be approved by Council by no later than 28 February 2019; and
2. The revised SDBIP which forms the basis for the mid-year performance assessments must include adjustments necessitated by a review of the predetermined objectives and adjustments as a result of the adjustments budget, must be approved by Council,

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1. **THE EXECUTIVE SUMMARY**

The executive summary of the mid-year budget and performance assessment must, in addition to the information in executive summary of the monthly budget statement as well as on the quarterly report on the implementation of the budget and the financial affairs for the municipality provide a summary of the impact of the national adjustments budget and the relevant provincial adjustments budget.

**INTRODUCTION**

The Mid-Year Review has been prepared in terms of the Local Government: Municipal Budget and Reporting Regulations (as per the prescribed formats) Government Gazette 32141, 17 April 2009.

It must be noted that in all instances where the tables contained within this report include the audited outcomes for 2017/18 that these results are based on the audited annual financial statements that were audited by the Auditor General in accordance with Section 126 (3) of the Municipal Finance Management Act.

1. **BUDGET OVERVIEW - 2018/19 MID-TERM BUDGET PERFORMANCE**

**OPERATING REVENUE**

It should be noted that column full year forecast should be used as guidance for adjustments except for projects and programmes that are seasonal in nature. Line managers are expected to study their expenditure trends as they have an insight at this stage considering the duration and payment schedule for such projects. Under normal circumstances, Pro-rata expenditure should be around 100% and 110% as at December 2018 and departments need to analyse all votes that are against the norm to be considered during the adjustment budget.

**Monthly Budget Statement Summary**

For the month of December 2018, the municipality have realised a revenue of R135,4 million this is due to the grants received, an equitable trench as well as own revenue.

Operating expenditure year to date expenditure is R53, 9 million against the budgeted expenditure of R124, 5 with a variance of R8, 3 million. The expenditure includes the amount of orders issued not processed for payment of R1, 7 million. The reconciliation has started in ensuring that service is rendered or not and follow up on the invoices

The total outstanding debtors’ amount to R126, 6 million Total amounts of creditors is R12, 2 million which included prior year accruals.

The year-to-date performance indicate that own operating revenue is below the projected revenue; and this need attention and strategies to increase our revenue base as the municipality

There is no alignment between the financial system and Schedule C and NT reports, actually the report has not been populated in full, making it hard to produce credible financial information and analysing report. The municipality needs to align all returns that are submitted to NT with Schedule C returns for compliance and credible information

The municipality is under spending when compared to their projections as per table General Expenditure. This is due to the fact that Accrual was not taken care of when the budget was approved. The Available Cash received get allocated to creditors owed first before if get distributed to the approved Budget activities.

**Monthly Financial Performance by Revenue Source**

**The municipality have managed to collect as per below**

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| **MID-TERM REVENUE ANALYSES - DECEMBER 2018** |
| **SOURCE OF REVENUE**  |  **ORIGINAL BUDGET**  |  **MIDTERM PRORATA BUGET**  |  **Mid Year**  |  **Variance**  | **% Variance**  | **COMMENTS** |
| Rates  |  20,313,186  |  10,156,593  |  **7,254,419**  |  2,902,174  | 29% | The municipality needs to implement debt management and credit control policy to improve the collection rates |
| Electricity |  11,828,960  |  5,914,480  |  **7,512,118**  |  -1,597,638  | -27% |   |
| Prepaid  |  7,000,000  |  3,500,000  |  **4,682,323**  |  -1,182,323  | -34% |   |
| Refuse  |  6,074,243  |  3,037,122  |  **909,439**  |  2,127,682  | 70% | The nonpayment was caused by the availability of service rendered to the community affecting collection rates. The refuse trucks were only delivered this financial year |
| Fines |  3,803,747  |  1,901,874  |  **110,020**  |  1,791,853  | 94% | The budget needs to be revised. New strategies need to be introduced to improve collection |
| Licenses and Permits |  954,244  |  477,122  |  **336,733**  |  140,389  | 29% |   |
| Rental From Fixed Assets  |  1,235,059  |  617,530  |  **1,356,107**  |  -738,578  | -120% |   |
| Other  |  618,000  |  309,000  |  **4,457,774**  |  -4,148,774  | -1343% | The BTO is busy with the reconciliation to ensure that funds are receipted in the correct votes to ensure that we are not overstating our budget |
| **TOTAL INCOME**  |  **51,827,439**  |  **25,913,720**  |  **26,618,934**  |  **-705,215**  |  |   |

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| **TOTAL REVENUE - DECEMBER 2018** |
| **Description** |  **Budget**  |  **YTD Actual**  |  **Year TD budget**  |  **YTD variance**  | **YTD variance** |  **Full Year Forecast**  |
| Default [Revenue] |  -  |  (43,864) |  -  |  (43,864) | 0% |  -  |
| Interest, Dividend and Rent on Land |  (480,000) |  (523,304) |  (240,000) |  (283,304) | 118% |  (1,046,608) |
| Licences or Permits  |  (502,536) |  (206,259) |  (251,268) |  45,009  | -18% |  (412,518) |
| Operational Revenue [Revenue  |  (318,000) |  -  |  (159,000) |  159,000  | -100% |  -  |
| Rental from Fixed Assets |  (1,586,119) |  (1,460,017) |  (793,060) |  (666,958) | 84% |  (2,920,034) |
| Sales of Goods |  (203,070) |  (139,280) |  (101,535) |  (37,745) | 37% |  (278,560) |
| Service Charges |  (24,903,204) |  (13,523,350) |  (12,451,602) |  (1,071,748) | 9% |  (27,046,700) |
| Fines, Penalties and Forfe. |  (3,828,291) |  (125,610) |  (1,914,146) |  1,788,536  | -93% |  (251,220) |
| Licences or Permits  |  (451,709) |  (210,014) |  (225,855) |  15,841  | -7% |  (420,028) |
| Property Rates  |  (20,313,186) |  (14,044,816) |  (10,156,593) |  (3,888,223) | 38% |  (28,089,632) |
| Transfers and Subsidies |  (72,621,100) |  (81,052,793) |  (36,310,550) |  (44,742,243) | 123% |  (81,052,793) |
| CAPEX |  (40,913,900) |  -24,116,602  |  (20,456,950) |  (3,659,652) | 18% |  (48,233,203) |
| **Total Operating Revenue** |  **(165,881,115)** |  **(135,445,909)** |  **(83,060,558)** | **52,385,351** |  |  **(189,751,296)** |

Based on the above analysis, the collection levels are very low meaning that the municipality is depending on grant funding. Therefore the municipality needs to invest in Infrastructure Assets i.e. to priorities in Road and Electricity Infrastructure and look at other Sources of funding that may increase revenue base such as New Developments, Property Investments, Rental of Municipal Houses and revising existing lease agreements to identify if what we get is market related or not

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| **ACTUAL VS BILLING (Collections)** |
| **DESCRIPTION** |  **BILLING**  |  **INCOME RECEIVED**  | **%** |  **ESKOM PAYMENT**  |  **ELECTRICITY SALES**  | **%** |
| ELECTRICITY BILLING VS C |  5,538,092  |  7,138,809  |  129  |  10,540,117  |  11,821,132  |  0.89  |
| PREPAID SALES BUDGET  |  3,975,707  |  4,682,323  |   |   |   |   |
| RATES  |  14,044,817  |  7,254,419  |  52  |   |   |   |
| REFUSE REMOVAL  |  3,628,309  |  909,439  |  25  |   |  |   |
| **TOTAL**  |  **27,186,924**  |  **19,984,990**  |   |  **10,540,117**  |  **11,821,132**  |   |

* Our Billing system needs to improve to work reasonably well. The audit needs to take place to identify gaps, errors and areas which are not being billed. This in the process of being addressed when we start employing the Debt Management and Credit Control Policy in February 2019
* Electricity Meter readings- All queries need to be attended to and the fact that officials can’t read some meters to access control
* Credit control and debt management policy. This policy had been approved by the eDumbe Council and only needed to be promulgated into a bylaw. This would be done in the very near future.
* Indigent policy - The municipality has a policy and busy updating the indigent register and those listed would be double-checked once we have established a cheaper way of verification.
* Cleaning up of data – This project is on the pipeline. With the Compilation of Valuation Roll and Debt Management in place, it will address done.

**Monthly Financial Performance by Expenditure Type**

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| **TOTAL EXPENDITURE - DECEMBER 2018** |
| **Description** |  **Budget**  |  **YTD Actual**  |  **YearTD budget**  |  **YTD variance**  | **YTD** **Var.** |  **Full Year Forecast**  |
| Bad Debts Written Off |  10,907,110  |  -  |  5,453,555  |  (5,453,555) | -100% |  10,907,110  |
| Bulk Purchases |  18,163,180  |  10,540,116  |  9,081,590  |  1,458,526  | 16% |  21,080,232  |
| Contracted Services |  17,971,499  |  10,660,999  |  8,985,750  |  1,675,250  | 19% |  21,321,998  |
| Depreciation and Amortisation |  7,254,300  |  -  |  3,627,150  |  (3,627,150) | -100% |  7,254,300  |
| Interest, Dividends and Rent on Land |  150,000  |  297,974  |  75,000  |  222,974  | 297% |  595,948  |
| Inventory Consumed |  2,600,000  |  436,116  |  1,300,000  |  (863,884) | -66% |  872,232  |
| Operating Leases |  450,000  |  271,406  |  225,000  |  46,406  | 21% |  542,812  |
| Operational Cost |  9,178,580  |  3,303,721  |  4,589,290  |  (1,285,569) | -28% |  6,607,442  |
| Transfer and Subsidies |  2,700,000  |  440,000  |  1,350,000  |  (910,000) | -67% |  880,000  |
| Impairment Loss  |  (500,000) |  -  |  (250,000) |  250,000  | -100% |  (500,000) |
| Remuneration of Councillors |  5,463,940  |  3,381,167  |  2,731,970  |  649,197  | 24% |  6,762,334  |
| Employee Related Cost |  50,247,898  |  24,582,494  |  25,123,949  |  (541,455) | -2% |  49,164,988  |
| **Total Revenue** |  **124,586,507**  |  **53,914,153**  |  **62,293,254**  |  |  |  **125,489,396**  |

This monthly expenditure management ensures that funds of the Municipality are spent in terms of an approved budget and sets up controls to minimize misuse of funds through fraud and corruption and it ensures that the municipality is financially viable

Operating expenditure year to date expenditure is R53, 9 million against the budgeted expenditure of R124, 5 with a variance of R8, 3 million. Total amount of creditors is R12, 2 million which includes prior year accruals. Payments are not yet all processed within 30 days of receipt of invoice due to financial constraints

During the Assessment review it was identified that municipality has incurred unforeseeable and unavoidable expenditure recommended by the mayor of the municipality. Some errors were identified during the year. Some vote have been under/over spent due it nature. The municipality needs to reprioritise

**4.5. Table C5: Monthly Budget Statement -Capital Expenditure**

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| **CAPITAL EXPENDITURE DECEMBER 2018** |
| **DESCRIPTION** |  **Budget**  |  **YTD Actual**  |  **YearTD budget**  |  **YTD variance**  | **YTD****Var.** |  **Full Year Forecast**  |
| EDUMBE LINE UPGRADE  |  4,300,000  |  3,913,378  |  2,150,000  |  1,763,378  | 82% |  4,300,000  |
| ZUNGWINI ELECTRIFICATION |  4,000,000  |  4,193,580  |  2,000,000  |  2,193,580  | 110% |  4,000,000  |
| KWASONKELA ELECTRIFICATION |  5,000,000  |  4,872,842  |  2,500,000  |  2,372,842  | 95% |  5,000,000  |
| NHLAKANIPHO PEDESTRIAN CROS. |  2,674,000  |  1,811,820  |  1,337,000  |  474,820  | 36% |  2,674,000  |
| eDumbe CEMETERY ROAD |  2,200,000  |  280,320  |  1,100,000  |  -819,680  | -75% |  2,200,000  |
| EBHISHI ACCESS ROAD |  1,500,000  |  761,180  |  750,000  |  11,180  | 1% |  1,500,000  |
| KWAGEDLASE HALL |  3,000,000  |  1,182,017  |  1,500,000  |  -317,983  | -21% |  3,000,000  |
| LUNEBURG COMMUNITY HALL |  3,000,000  |  1,941,749  |  1,500,000  |  441,749  | 29% |  3,000,000  |
| KwaNGWANYA SPORTFIELD |  3,000,000  |  1,845,720  |  1,500,000  |  345,720  | 23% |  3,000,000  |
| ABAQULUSI SPORTFIELD |  1,500,000  |  1,776,731  |  750,000  |  1,026,731  | 137% |  1,500,000  |
| BILANYONI SPORTFIELD |  9,500,000  |  667,266  |  4,750,000  |  -4,082,734  | -86% |  9,500,000  |
| MOTOR VEHICLES  |  1,000,000  |  870,000  |  500,000  |  370,000  | 74% |  1,000,000  |
| Laptops |  240,000  |  -  |  120,000  |  -120,000  | -100% |  240,000  |
| **OTHER EXPENSES** |  **40,914,000**  |  **24,116,602**  |  **20,457,000**  |  **3,659,602** |  |  **40,914,000**  |

Table C5 indicates the year actual expenditure on capital expenditure for all votes of Capital expenditure amounts to R19, 3 were realized against the budgeted amount of R17, 6 million as at the end December 2018. This expenditure is in a form of infrastructure projects and motor vehicles. The municipality only budget for Laptops under furniture and equipment due to adverse cash flow. The laptops will be delivered before the end of the January 2018 and expenditure already committed.

The municipality has 5 months to ensure that projects are implemented and budget will be completed. The amount .of R9, 5 million not received to date for Bilanyoni is a concern and it must be acted on as possible

**Monthly Statement Cash Flow**

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| **CFA : CASH FLOW STATEMENT ACTUALS - DECEMBER 2018** |
| **Detail** |  **Jul**  |  **Aug**  |  **Sep**  |  **Oct**  |  **Nov**  |  **Dec**  |
| **Cash Receipts by Source** |
| Property rates |  372,991  |  345,926  |  444,601  |  644,667  |  1,612,206  |  3,000,539  |
| Property rates - penalties & collection charges |  -  |  -  |  -  |  -  |  -  |  -  |
| Service charges - electricity revenue |  605,820  |  1,134,195  |  921,963  |  994,508  |  676,519  |  680,389  |
| Service charges - refuse revenue |  151,455  |  283,549  |  230,491  |  248,627  |  169,130  |  170,097  |
| Rental of facilities and equipment |  -  |  25,678  |  1,355,977  |  -  |  25,678  |  6,419  |
| Interest earned - external investments |  106,766  |  105,899  |  69,453  |  33,943  |  16,026  |  41,649  |
| Fines |  27,050  |  15,970  |  12,550  |  24,650  |  18,350  |  11,450  |
| Licences and permits |  75,856  |  76,328  |  72,876  |  74,336  |  65,580  |  52,763  |
| Agency services |  -  |  -  |  -  |  -  |  -  |  -  |
| Transfer receipts - operational |  28,625,000  |  2,247,000  |  2,770,000  |  2,000,000  |  546,000  |  22,623,222  |
| Other revenue |  969,324  |  951,052  |  827,456  |  1,067,212  |  4,744,204  |  5,920,178  |
| Cash Receipts by Source |  30,934,262  |  5,185,597  |  6,705,367  |  5,087,943  |  7,873,693  |  32,506,706  |
| Transfer receipts - capital |  15,000,000  |  -  |  -  |  5,000,000  |  -  |  8,550,000  |
| **Total Cash Receipts by Source** |  **45,934,262**  |  **5,185,597**  |  **6,705,367**  |  **10,087,943**  |  **7,873,693**  |  **41,056,706**  |
| **Cash Payments by Type** |  |  |  |  |  |  |
| Employee related costs |  2,686,800  |  5,483,538  |  4,267,000  |  2,405,135  |  2,734,461  |  3,634,279  |
| Remuneration of councillors |  306,023  |  1,209,035  |  306,023  |  306,023  |  306,023  |  306,023  |
| Interest paid |  5,573  |  5,306  |  5,833  |  5,553  |  5,687  |  33,435  |
| Bulk purchases - Electricity |  2,723,187  |  8,066,202  |  |  5,984,278  |  2,507,048  |  2,741,373  |
| Contracted services |  2,300,000  |  594,258  |  609,913  |  609,913  |  633,327  |  609,928  |
| General expenses |  2,329,517  |  1,799,088  |  13,361,543  |  3,335,870  |  1,948,415  |  26,662,624  |
| Cash Payments by Type | 10,351,10  |  17,157,427  |  18,550,312  |  12,646,772  |  8,134,961  |  33,987,662  |
| Capital assets |  -  |  2,183,012  |  -  |  5,331,567  |  3,464,726  |  5,595,534  |
| **Total Cash Payments by Type** |  **10,351,100**  |  **19,340,439**  |  **18,550,312**  |  **17,978,339**  |  **11,599,687**  |  **39,583,196**  |
| Net Increase /(Decrease) in Cash Held | 35,583,12  | (14,154,84) | (11,844,94) | (7,890,39) | (3,725,994) |  1,473,510  |
| Cash/cash equivalents at the month/year begin: |  2,794,275  |  38,377,437  |  24,222,595  |  12,377,650  |  4,487,254  |  761,260  |
| **Cash/cash equivalents at the month** |  **38,377,437**  |  **24,222,595**  |  **12,377,650**  |  **4,487,254**  |  **761,260**  |  **2,234,770**  |

The municipality’s cash flow is still negative currently, which shows that the municipality still needs to recover its financial stability but the current status has improved as compared to the previous years; this is due to the approved cost cutting measures that the municipality is strongly applying. The second tranche of the equitable share and other conditional grants have also contributed on revenue increase. Also the monies that are not used immediately are being invested on call accounts to attract. There are no Borrowing that exist within the institution except money owed by creditors

**Debtors’ ageing report**

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| **AD : AGE ANALYSIS OF DEBTORS December 2018** |
| **Detail** | **0 - 30 Days** | **31 - 60 Days** | **61 - 90 Days** | **91 - 120 Days** | **121 - Over year** | **Total-** | **%** |
|  **Debtors Age Analysis By Income Source**  |   |
|  Electricity  |  1,082,176  |  561,149  |  (365,627) |  198,531  |  4,250,840  |  **5,727,069**  |   |
|  Property Rates  |  1,087,561  |  928,175  |  (16,167) |  4,891,639  |  32,679,138  |  **39,570,346**  |   |
|  Waste Management  |  686,165  |  664,674  |  8,945  |  658,334  |  79,324,085  |  **81,342,203**  |   |
|  Other  |  -  |  -  |  -  |  -  |  500  |  **500**  |   |
|  **Total By Income Source**  |  **2,855,902**  |  **2,153,998**  |  **(372,849)** |  **5,748,504**  |  **116,254,53**  |  **126,640,19**  |  |
|  **Debtors Age Analysis By Customer Group**  |
|  Organs of State  |  415,244  |  471,448  |  -  |  4,029,330  |  11,201,605  |  **16,117,627**  | 13% |
|  Commercial  |  1,305,704  |  747,976  |  (381,196) |  570,451  |  14,352,565  |  **16,595,500**  | 13% |
|  Households  |  958,069  |  763,814  |  8,347  |  980,212  |  85,685,707  |  **88,396,148**  | 70% |
|  Other  |  176,884  |  170,761  |  -  |  168,512  |  5,014,687  |  **5,530,844**  | 4% |
|  Total By Customer Group  |  2,855,902  |  2,153,998  |  (372,849) |  5,748,504  |  116,254,53  |  **126,640,19**  |   |

The total debtor’s book continues to grow and to-date, total debtors amount to R126.6 million

An intensive collection drive aimed at ensuring that collection of outstanding debtors is improved is underway and this will be implemented during the current financial year. This process will unfold in February which will start by ensuring that debtors are encouraged to ensure that their current monthly account is settled by implementing the credit control and debt management policy. Also, a Revenue Enhancement Strategy is currently being developed it will include projects such as meter audit, customer care line, correctness of billing and will ensure that queries are attended to timorously, faulty meters are being fixed to ensure the correctness and also to avoid customer dissatisfaction. This will ensure Statements to the customers are issued on a monthly basis.

Arrears – we have lot of queries relating to customer account. The municipality needs to tackle to 100 debtors and to deal with problematic government accounts.

Customer care we need to improve on this can find a way of providing a service to customers with a ‘one-stop shop’ where all accounts could be paid to allow accounts to be paid at banks, the Post Office, retail chain stores, etc.

**4. Table SC4- creditors Age Analysis**

|  |
| --- |
| **Accounts Payable Age Analysis - December 2018** |
| **Supplier** |  **150 Days**  |  **120 Days**  |  **90 Days**  |  **60 Days**  |  **30 Days**  |  **Current**  |  **Monthly Date of Invoice**  | **Balance** |
| SALGA |  2,653,842  |  -  |  -  |  -  |  -  |  -  |  -  | **2,653,842.00** |
| ESKOM HOLDINGS SOC LIMITED) |  2,021,092  |  -  |  -  |  1,406  |  33  |  16  |  19,234  | **2,041,779.82** |
| NGWEKAZI SECURITY |  767,915  |  236,407  |  -  |  -  |  236,407  |   |  -  | **1,240,729.58** |
| SIBGEM MANAGEMENT & |  1,181,823  |  -  |  -  |  -  |  -  |  -  |  -  | **1,181,823.39** |
| AROS PROTECTION SERVICES) |  538,554  |  -  |  235,886  |   |  235,886  |  -  |  -  | **1,010,327.09** |
| ISULAMI TRADING AND |  444,215  |  137,619  |  137,619  |  -  |  -  |  41,286  |  -  | **760,739.07** |
| AUDITOR GENERAL) |  -  |  -  |  -  |  -  |  -  |  488,465  |  157,221  | **645,685.24** |
| BTMN ENGINEERS) |  385,498  |  -  |  -  |  -  |  -  |  -  |  -  | **385,498.16** |
| BOSTON INK) |  376,257  |  -  |  -  |  -  |  -  |  -  |  -  | **376,256.50** |
| INNOVATION GOVERNMENT |  325,000  |  -  |  -  |  -  |  -  |   |  -  | **325,000.00** |
| SIBAYA ASPHALTING JV ZT |  303,873  |  -  |  -  |  -  |  -  |  -  |  -  | **303,872.99** |
| MILLS FITCHET AFRICA) |   |  -  |  -  |  -  |  -  |  -  |  277,811  | **277,811.25** |
| SIYATHEMBA ELECTRICAL PTY |   |  -  |  -  |  -  |  -  |  -  |  235,528  | **235,527.52** |
| SHEPSTONE & WYLIE |  198,536  |  -  |  -  |  -  |  -  |  -  |  -  | **198,535.78** |
| OTSG TECHNOLOGIES) |  172,800  |  -  |  -  |  -  |  -  |  -  |  -  | **172,800.00** |
| DUCHARME CONSULTING) |   |  -  |  -  |  -  |  -  |  87,829  |  45,540  | **133,368.50** |
| OTHER CREDITORS |  72,792  |  -  |  -  |  -  |  -  |  23,835  |  169,308  | **265,935** |
| **TOTALS** |  **9,442,197**  |  **374,026**  |  **373,506**  |  **1,406**  |  **472,326**  |  **641,429**  |  **904,641**  | **12,209,531.20** |

Table SC4 shows the amount of Creditors ageing as at 31 December 2018.
An amount of R12, 2 million remains a liability at the end of the month; the table also shows how the municipality arrived to this amount. Even though the municipality is not paying its creditors within 30 days as required by the MFMA, the ageing of the creditors has been reduced as compared to the previous years. The 2018/19 budget did not consider the accruals since the municipality does not have any investment that is cashed backed.

It should be noted that withdrawals in terms of Section 11(1) (b) to (j) of the Local Government Municipal Finance Management Act, 2003 are prohibited and the municipality made no such withdrawals during the midterm from July 2018 to December 2018.

The following information should be noted:

Section 11(1) (b): Expenditure that was authorised in terms of Section 26(4)

* No withdrawals in terms of this section

Section 11(1) (c) Unforeseeable and unavoidable expenditures

* No withdrawals

Section 11(1) (d): Withdrawals in respect of Trust and so forth

* No withdrawals

Overpayments on monies received on behalf of a person or state body

* No withdrawals

Section 11: Withdrawals 11(1) (f): Monies erroneously deposited into bank account

* No withdrawals

Section 11 (1) (g): Guarantees, sureties and security deposits refunded

* No withdrawals

**Investment Portfolio**

Investment revenue is the amount of interest earned on the amount invested with various financial institutions registered with South African Banking Council. The total amount of money in the bank amounts to R39 Million as at the end of December 2018.

In line with the investment policy, funds are invested only on call accounts with FNB and Grin rod institutions. The municipality is still dealing with it financial state which does not allow us to start looking for better interest rates as cash is needed now and then and has no reserves.

**Grants Income and Expenditure December 2018**

|  |
| --- |
| **EDUMBE MUNICIPALITY - GRANTS REGISTER DECEMBER 2018** |
| **GRANT** |  **GRANT' BUDGET(DoRA) 2018 - 2019**  |  **AMOUNT RECEIVED**  |  **YEAR-TO-DATE PAYMENTS**  |  **UNSPENT CLOSING BLANCE**  | **% Spent** | **COMMENTS** |
| Equitable Share |  66,301,000  |  (49,168,131) |  35,301,000  |  (13,867,131) | 53% | The amount of R62K was withheld for EPWP due to non-submission of the grant roll over application. The MIG finding of R494K is withheld due to recognition of funds; the final AFS has been submitted to NT to recoup these funds after corrections |
| FMG |  1,970,000  |  (1,970,000) |  1,151,334  |  (818,666) | 58% |   |
| Energy |  13,300,000  |  (12,780,587) |  12,979,800  |  199,212  | 98% |   |
| MIG |  17,762,000  |  (12,970,548) |  10,266,802  |  (2,703,746) | 58% |   |
| EPWP |  1,103,000  |  (835,756) |  454,452  |  (381,303) | 41% |   |
| Art & Culture |  2,770,000  |  (3,204,004) |  671,385  |  (2,532,619) | 24% | The amount include R434k from previous year |
| Bilanyoni Sport field - NT |  9,500,000  |  -  |  -  |  -  | 0% | The amount is erroneously included in the MIG funding of R17, 7. The matter has been escalated to CoGTA, Sports Dep., PT and NT |
| Bilanyoni Sport field - PT |  4,500,000  |  (2,250,000) |  -  |  (2,250,000) | 0% | This is a top up to the R9.5 Bilanyoni Sport field and has been transferred in this current year. The budget need to be adjusted to include |
| Sports and Recreation |  89,000  |  (50,000) |  8,000  |  (42,000) |   | To be adjusted downward. The allocation has been revised down wards to R50k |
| Zoning of Land |  -  |  (50,000) |  -  |  (50,000) |   | To be included in the Adj. Budget |
| Spatial Development Fram. |  1,000,000  |  (1,000,000) |  823,975  |  (176,025) | 82% | To be included in the Adj. Budget |
| COGTA Informal Trading Stalls |  2,000,000  |  (2,000,000) |  -  |  (2,000,000) |   | The specification will be submitted before the end of January and Awarded by February 2019. Should be included in the Adj. Budget |
| **AMOUNT RECEIVED** |  **53,994,000**  |  **(37,110,895)** |  **26,355,748**  |  **(10,755,147)** |  |  |

|  |
| --- |
| **FUNDS RECEIVED IN THE PREVIOUS YEAR** |
| **GRANT** |  **GRANT' BUDGET(DoRA) 2018 - 2019**  |  **OPENING BALANCES**  |  **YEAR-TO-DATE PAYMENTS**  |  **UNSPENT CLOSING BLANCE**  | **% Spent** | **COMMENTS** |
| COGTA Elec..: Mbizeni |  -  |  (18,361) |  -  |  (18,361) | 0% |   |
| COGTA IDP Grant |  -  |  (5,000) |   |  (5,000) | 0% |   |
| COGTA Wall to Wall |  -  |  (629,936) |  317,400  |  (312,536) | 50% |   |
| COGTA Electrification |  -  |  (3,000,000) |  1,945,336  |  (1,054,664) | 65% |   |
| EPWP |  -  |  (62,756) |  -  |  -  | 0% | Withheld  |
| COGTA Refuse Truck |  -  |  (3,000,000) |  3,314,049  |  -  | 110% | The grant has been used and completed. The amount of R314,048.50 was funded internally |
|   |  **-**  |  **(6,716,052)** |  **5,576,785**  |  **(1,390,560)** |   |   |
|   |   |   |   |   |   |   |

The transfers recognised relates to grants and subsidies received. Operational and Capital Grants recognised. The municipality received a further allocation of R6, 5 million during the midterm an amount of R4, 5m and R2, 0 from Sport and Recreation Department and CoGTA respectively. The amount of R9, 5 which is erroneously included to MIG need attention administratively and political. The communication from the relevant transferring department is taking place to ensure that funds are received as this will affect our budget negatively

**Grant Expenditure**

It should be noted that some of the operational grants have low percentage in terms of their spending; this due to the nature of the grant and some expenditures will be reflected in the following months once they are included in the approved budget

**Table SC8Councillor and Staff benefits**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **DESCRIPTION**  |  **June**  |  **July**  |  **August**  |  **September**  |  **October**  |  **November**  |  **December**  |
|
| Salary |  2,288,413  |  2,285,442  |  2,461,887  |  2,537,844  |  2,578,784  |  2,610,951  |  **14,763,319**  |
| Councillor Allowance |  306,023  |  306,023  |  306,023  |  306,023  |  306,023  |  306,023  |  **1,836,137**  |
| Cell phone Allowance |  50,324  |  50,324  |  50,324  |  50,324  |  54,224  |  53,224  |  **308,744**  |
| Acting Allowance |  75,827  |  93,943  |  93,943  |  51,636  |  51,636  |  71,020  |  **438,004**  |
| Standby Allowance |  4,037  |  7,568  |   |  27,664  |  14,172  |  9,958  |  **63,399**  |
| Housing |  34,077  |  34,077  |  34,434  |  41,434  |  51,202  |  51,202  |  **246,425**  |
| Travel 80% |  258,486  |  258,486  |  258,486  |  246,815  |  259,815  |  253,315  |  **1,535,405**  |
| Annual Bonus |  147,088  |  366,313  |  224,226  |  218,256  |  464,359  |  72,055  |  **1,492,297**  |
| Unpaid |   |   |   |  -  |  -21,056  |  -  |  **-21,056**  |
| Leave Sold |  8,611  |  11,658  |   |  -  |  -  |  42,232  |  **62,501**  |
| Back Pay |  18,060  |   |  323,804  |  25,584  |  -  |  113,683  |  **481,131**  |
| Long service |   |   |   |  -  |   |  17,931  |  **17,931**  |
| Responsible Person |  3,500  |  3,500  |  3,500  |  3,500  |  3,500  |  3,500  |  **21,000**  |
| Pension Portion |  16,104  |  16,104  |  16,104  |  16,104  |  16,104  |  16,104  |  **96,626**  |
| Reimbursement |  320,226  |  177,075  |  34,993  |  -  |  2,426  |  2,041  |  **536,761**  |
| Medical Aid Allowance |  10,461  |  10,461  |  10,461  |  10,461  |  10,461  |  10,461  |  **62,764**  |
| 4% Remote Allowance |  5,756  |  5,756  |  5,756  |  5,756  |  5,756  |  13,410  |  **42,191**  |
| Motor vehicles |   |   |   |  11,671  |  27,951  |  27,951  |  **67,573**  |
| REFUND |   |  8,308  |   |   |  -  |   |  **8,308**  |
| Reimbursement KM |   |   |   |   |   |  194,241  |  **194,241**  |
| UIF CC |  19,011  |  19,105  |  20,050  |  19,797  |  20,096  |  19,770  |  **117,828**  |
| SDL CC |  31,917  |  34,204  |  37,408  |  34,989  |  37,492  |  36,221  |  **212,230**  |
| Pension CC |  138,575  |  138,004  |  145,119  |  145,333  |  145,361  |  146,990  |  **859,381**  |
| SUNDRY |   |  285  |   |   |   |   |  **285**  |
| NJMPF Provident CC |  253,051  |  253,352  |  272,396  |  286,519  |  286,799  |  287,643  |  **1,639,760**  |
| Medical Aid CC |  150,297  |  151,515  |  150,809  |   |  157,015  |  151,849  |  **761,486**  |
| Bargaining Council CC |  1,383  |  1,374  |  1,356  |  1,243  |  1,234  |  1,234  |  **7,823**  |
| **TOTAL** |  **4,141,226**  |  **4,232,876**  |  **4,451,078**  |  **4,040,952**  |  **4,473,354**  |  **4,513,008**  |  **25,852,494**  |
|  |  |  |  |  |  |  |  |

In terms of section 66 of the Municipal Finance Management Act number 56 of 2003, the Accounting Officer of a Municipality must report to the council on all expenditure incurred by the municipality on staff salaries, allowances and benefit.

**Employee related costs**The expenditure to date for employee related costs amounts to R24, 5 million against the expected expenditure of R25, 6 million. This is still within. For the breakdown of the employee related costs please refer to table SC8

**Remuneration of Councillors**

The expenditure to date for remuneration of Councillors amounts to R3, 3 Million against the expected budget of 2, 7 million. The variance is caused by the travel cost that has been paid out which exceeds the amount budgeted for

**CHALLENGES: IN YEAR MONITORING (IYM)**

* The in year reporting (IYM) or Schedule C template is not adhered to nor completed; only returns are submitted to treasury. We are still using the manual format when submitting our report
* Lack of review by senior managers on submissions made to Provincial Treasury;
* Cash flow projections for the municipality are prepared on the straight line basis, therefore not realistic;
* The creditors reports which is AC of appendix B and Schedule C report submitted are often not aligned;
* Municipal commitments are also understated as the municipal orders are not all disclosed, therefore the contracts register and commitments register not updated monthly;
* The municipal under spending is also due to bid committees not sitting and appointment of bid committees;
* The municipality not submitting the narrative document and therefore not complying with Municipal Budgeting and Reporting Regulations (MBRR).
1. **2016/17 MID-TERM BUDGET PERFORMANCE: RECOMMENDATIONS**
* The In Year Reporting (IYR) which is schedule C must be submitted on a monthly basis and report be submitted to all portfolio using the format not the manual format
* More effort should be put in reviewing the IYM submission made to PT;
* The municipality is advised to revise cash flows to align with municipal procurement plans;
* The municipality must at all times align AC of appendix B and Schedule C reports;
* The municipality needs to state names of the top 10 creditors. However, the municipality is commended for paying is creditors within 30 days;
* Municipality must update the contracts register and commitments register on monthly basis;
* The municipality is advised to have a schedule of meeting for all bid committees and honor the dates;
* The opening cash flow balance at the beginning of the month must always be captured in the CFA return; and
* The municipality is urged to adhere to submission dates and times and to submit credible reviewed work.

**BUDGET PERFOMANCE vs. ADJUSTMENT BUDGET**

Factors that informs the need for adjustment of the budget

Having considered the financial performance for the half year period, the following factors informed the need for the adjustment

* Under collection on own revenue
* Recognition of grants and income that were not budgeted for during the approved 2018/2019 final budget
* Withheld funds affecting equitable share downward by R465,000
* Grants budgeted but there was no written commitment from the relevant department nor included in the Division of revenue act as a results no funds were received from the Department such as Bilanyoni sport field grant for R9,500,000
* Unbudgeted capital project that are in progress that need the more funds
* Over/under spending on general expenditure

**2019-20 BUDGET FOCUS AREAS**

The local government equitable share will grow at an average annual rate of above 9 per cent over the MTEF, this is as a result of funds that will be added in 2019/20 and 2021/22 to offset the cost pressures of electricity purchases which continue to grow faster than inflation;

The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore we must consider the following when compiling their 2019/20 MTREF budgets:

* Cost Containment Measures are effected and that non-core items as outlined in Circular 82 are kept at a ceiling or reduced;
* Improving the effectiveness of revenue management processes and procedures;
* Ensure locative efficiency and the protection of core service delivery items; and
* The affordability of providing free basic services to all households.
1. **SCM ISSUES**

**Irregular expenditure**

The Municipality reported, through the SCM policy implementation report, an irregular expenditure are yet to be investigated and recovered by the municipality. The irregular expenditure is caused, inter alia, by non-compliance to the PPPFA and SCM regulations.

It is therefore recommended that:

* Compliance to the relevant legislations and regulations is always adhered to in order to minimize and stop the irregular expenditure.
* Recovery of irregular expenditure.

**SCM Reg. 36 Deviations from normal procurement processes**

The municipality reported a very minimum number of procurement done through SCM Reg. 36. The municipality is applauded for keeping a very minimum number of procurement done through regulation 36.

**Compliance issues**

* **Website information**

The website of the municipality does not show up to date bid information as required in terms of Supply Chain Management Regulations. For example the advertisement of all bid invitation, Bid received register & awarded bids.

It is recommended that all the required information be published on the website so as to achieve the transparency of the procurement system and fairness as envisaged by the MFMA and SCM policy of the municipality.

* **Other matters**
* Model SCM Policy for infrastructure (MFMA circular 77)
* Procurement Plan vs. SDBIP & IDP
* Centralised supplier database (CSD) and adverting of tender as per MFMA circular 83 of

Quarter report is attached

1. **ANNUAL REPORT FOR 2016/17**

**AUDIT OUTCOME**

The financial statements were submitted on time and Final audit Outcome is Unqualified with emphasis of matters.

* Irregular Expenditure
* Unauthorised Expenditure
* Fruitless and wasteful expenditure
* Commitments understated

**BTO ASSESSMENT**

The functionality of the BTO within our municipality has such challenges:

* Approval of the Organogram and Filling of vacant post on the organogram especially the Asset Management Unit
* No aligned reporting process
* No Chief Financial Officer 8 months
* Lack of implementation of internal controls (Weak internal controls) and accountability
* No capacitating of staff
* Dependency on consultants
* Subordinates are not supervised as reports are submitted to outside stakeholders without the knowledge of supervisors;
* The intervention through internal audit, when doing their audit charter is critical to BTO, so as to ensure implementation of the recommendations raised in this report

|  |  |  |
| --- | --- | --- |
| **NO.** | **CHALLENGES / PROGRAMMES IDENTIFIED** | **PROGRESS ON RESOLVING PROBLEMS** |
| 1. | The municipality does not collect revenue to its maximum level | The municipality is facing serious backblocks especially with the roads infrastructure and maintenance thereafter. The municipality must develop and adopt Revenue Enhancement Strategy There has been a slight improvement for revenue collection. In order to effectively implement this strategy we need more funding for installation of metersWe need to maintain credible Indigent register to identify qualifying indigent consumers for free basic services and ensure that we don’t increase our debt book with consumers who are indigent |
| 2. | Non Payment of Service providers and Inadequate Spending Against Capital Budget.  | The municipality is looking at other source of financial modeling to speed up the implementation of projects and to strengthen the municipal cash flows. Several tenders have been advertised for Source of fundingThe municipality has multi projects that have not been completed affecting the service delivery and this should be addressed in the next two years once as our financial situation is improving |
| 3. | Grants Expenditure not in line with DORA requirements.  | The normally affects and reduces grant allocation for outer year. The municipality to fast-track and accelerate projects and to utilise entire funding as allocated to avoid holding of funds by NT |
| 4. | Inadequate funding for Repairs and Maintenance. The budget does not provide enough funding to meet the demand of repairing existing water infrastructure asset. | Funding should be made available for the Development of Asset Maintenance and Replacement plan. This will assist the municipality to budget accordingly to meet the challenges faced for un-maintained infrastructure assets |
| 5. | Multi Year projects not completed on time and poor contract management | The issue of work in progress remain a challenge even the audit has vast of issues raised for projects not completed on time, non-performing Service Providers (SP’s) not charged penalties and extension of Contract now and thenThe projects which are under construction to be completed within time frames and be capitalised; and non performing SP be charged penalties The project files be updated monthly with financial and non-financial information and this will assist in compiling credible Contract Management Register. |
| 6. | Supply Chain Management – Non sitting of bid committees causing delay in the implementation of projects | The bid committees to adhere to the calendar for bid schedule meeting. The report for sitting of bids and implementation of procurement plans be submitted to Municipal Manager on a monthly basis |
| 7. | Supply Chain Management – non implementation of SCM policy resulting to deviation from SCM regulations | The deviation reports are being compiled on monthly bases but no investigations have taken place as per the Municipal Public Accounting Committee |
| 8. | Lack of Office Space | ANDM need to source funding for the construction or of municipal office space, this will ensure that service delivery is appropriately implemented and improve performance |
| 9. | No Standard Operating Procedures (SOP’s) | The SOP’s are currently being reviewed to assist with the segregation of duties within the Budget and Treasury Office (BTO). The document should be ready for implementation by end of January 2018 and are in the stage of finalisation.  |
| 10. | Non-Implementation of audit action plan | The non-resolve issues will be included in the audit action plan and implementation is imperative to improve audit opinion from **Unqualified to Clean Audit Opinion.** Some of the queries were addressed during the preparation of Annual Financial Statement (AFS) |
| 11. | Delay in implementation of Data Cleansing project due to planning  | The municipality need to launch the Data Cleansing exercise ASAP. Community outreach and other source of communication will be utilised to communicate this project to all communities. The revenue to perform reconciliation between billing system, data collected to date as well valuation roll information |
| 12 | Non – implementation of Standard Chart of Accounts (SCOA) | The current financial system has been upgraded to be SCOA compliant. This is an ongoing process and everyone need to participate and be trained to ensure that everyone understand their requirements |

1. **RECOMMENDATIONS**

**RECOMMENDATIONS ON PLANNING AND BUDGET PROCESS**

* The municipality must put added effort in ensuring that all the information that is indicated as not submitted/populated in the budget check list is fully submitted and or populated to achieve full compliance;
* The municipality's grant budget must be captured as per DoRA and gazette Provincial allocations;
* The executive summary must encompass all the critical components of the budget;
* Clear and sufficient information on measurable performance objectives and indicators must be included in the budget report;
* An explanation on movements that are above or below the norm must be provided in the municipality's budget report;
* An allocation towards repairs and maintenance budget must be increased;
* The MTREF budget and IDP has to be fully aligned and SA tables A4 to A6 must be fully populated;
* The municipality must state clear and measurable objectives and also populate Table SA7;
* The must be clear information on how the municipality's SDF, IDP priorities, SDBIP and budget are aligned;
* Previous years' figures must be submitted to the LG-database; and the municipality must ensure at all times when preparing its budget that it is fully funded budget and realistic in accordance with Circular 28.

**RECOMMENDED for THE BUDGET ADJUSTMENT THAT:**

1. The Mid-year Budget and Performance Assessment Report of eDumbe Municipality for the period ended 31 December 2018 as referred to in S72 of the MFMA be and are hereby NOTED.
2. The Monthly Budget Statement for the month of December 2018 and the supporting documents as referred to in S71 of the MFMA be and is hereby NOTED.
3. The Quarterly Budget Implementation Report and supporting documents as referred to in S52 (d) of the MFMA be and is hereby NOTED.
4. The Consolidated Report of withdrawals from municipal bank account be and is hereby NOTED.
5. The Mid-Year Budget and Performance Assessment 2018-2019 be submitted to the Provincial and National Treasury in both electronic and hard copies.
6. The revision to the Service Delivery and Budget Implementation plan as referred to in S54(c) of the MFMA be and is hereby APPROVED.
7. The service delivery targets and performance indicators in the SDBIP will only be approved by Council following the approval of the adjustment budget.
8. The financial problems facing the municipality including any pending financial problems be and is hereby NOTED.
9. Instructions as referred to in S54(d)(i) of the MFMA be and is hereby given to the Municipal Manager to ensure that the budget is implemented in accordance with the service delivery and budget implementation plan be NOTED.
10. Instructions as referred to in S54 (d) (ii) of the MFMA be and hereby given to the Municipal Manager that spending of funds and revenue collection proceed in accordance with the budget be NOTED.
11. The municipality as referred to in S54(2)(a) of the MFMA be and is hereby committing to:-
12. Introduce steps spending since revenue anticipated is less than the projected in the municipality’s approved budget;
13. Steps in terms of section Chapter 13 of MFMA is and hereby NOTED;
14. The MEC for the Department of Co-operative Governance and Traditional affairs as referred to in S54 (2) (b) of the MFMA be and is hereby alerted to the financial problems facing EDumbe Local Municipality