

IDP01 of 2019

MID-YEAR BUDGET AND PERFORMANCE REPORT - 1 JULY 2018 - 31 DECEMBER 2018 (CSSS) (12/1/1)

PURPOSE

To present to Council a report on the Mid-year Budget and Performance Report of the Municipality for the period 1 July to 31 December 2018 as required by Section 72 of the Municipal Finance Management Act No 56 of 2003 .

BACKGROUND

In accordance with Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), hereafter referred to as the “MFMA”, the Accounting Officer of a municipality must by 25 January of each year-

1. Assess the performance of a Municipality during the first half of the financial year, taking into account-
 - a) The monthly statements submitted for the first half of the financial year in accordance with Section 71 of the MFMA;
 - b) The Municipality’s service delivery targets and performance indicators set in the service delivery and budget implementation plan (SDBIP);
 - c) The past year's annual report, and progress in resolving problems identified in the annual report; and
 - d) The performance of every Municipal entity under the sole or shared control of the Municipality, taking into account reports in terms of section 88 of the MFMA from any such entities.

Section 72 further states that the Accounting Officer must submit to the Executive Mayor a statement in a prescribed format on the state of the municipality’s budget reflecting the following particulars for the six month period from July – December:

- Actual revenue per revenue source
- Actual borrowings
- Actual expenditure per vote
- Actual capital expenditure per vote
- The amount of any allocations received
- Actual expenditure on allocations received

The compilation of Section 72 report is as follows:

- After the billing cycle the Income Department compile the income reports debtors’ age analysis and the top 20 outstanding debtors.
- After month end the Information Communication Technology Department runs all the month end reports.

- The Budget Department then extracts the required income and expenditure information from Solar. This is done with the GS 560 procedures. This report shows the transactions for the month VAT EXCLUSIVE.
- The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- The Costing Section provides the Budget Department with the employee related reports and the overtime per department
- The Section 72 report is then compiled with all the information received from other sections and extracted from the Solar System

*** Attached on the Annexures page 01 to page 72 is the Mid-Year Budget and Performance Report-1 July - 31 December 2018.

DISCUSSIONS

*** The finance reports for July - December 2018 is attached as SEPARATE COVER 1.

FINANCIAL IMPLICATIONS

TABLE 1	Budget for Six months	Actual for Six months (2018/2019)
Revenue	1 014 523 075	496 201 805
Grants & Subsidies	312 329 000	428 383 000
Total Income	1 326 852 075	924 584 805
Total Expenditure	2 413 458 369	721 620 699
Salaries	381 732 091	349 763 441
Water	239 486 739	6 698 696
Electricity	220 126 664	161 229 467
Other/Stationery, Telephone	1 572 112 876	203 929 095
Sub-Total	(1 086 606 294)	202 964 106
Loan Redemptions		
Net Surplus/(Deficit) before Capital Payments	(1 086 606 294)	202 964 106

MIG Payments	53 289 587
INEG Payments	-
WSIG Payments	5 296 345

Capital Assets procured – Equitable Share	-
Fleet & Equipment	-
Office convention / Furniture	-

Net Surplus/(Deficit) after Capital Payments	144 378 174
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Table 1: The Municipality had a surplus of R144 378 174 for the period after Capital Payments. This means that the amount received is above the amount paid.

TABLE 2	Actual for Six months (2018/2019)
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Total Billings	909 502 538
Less: Indigent Billing	12 095 670
Actual Billings	897 406 868
Actual Revenue Received	488 596 413
Consumer Revenue	441 273 329
Other	47 323 084
Grants & Subsidies	428 383 000

Pay rate – (July - December 2018) Billing	54%
Total income percentage – (July - December 2018)	55%

The pay rate on consumer services for January – December 2018 was 54% and the total income percentage for January – December 2018 was 55%.

LEGAL IMPLICATIONS

Both the financial and non-financial reports are submitted in terms of Section 72. (1), Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (Chapter 6 and Sections 16 and 26 of Chapters 4 and 5, respectively), as read with the Local Government: Municipal Systems Amendment Act, 2003 (Act 44 of 2003).

FINANCIAL IMPLICATIONS

The municipality has currently a pay rate of **62%** and a total income percentage of **63%** as at 31 December 2018 which in line with budgeted percentage of **60%**.

RECOMMENDATIONS

1. That the financial and non-financial reports for period of six months (July - December 2018) in terms of Section 72 of the Municipal Finance Management Act, number 56 of 2003, be noted and further be submitted to Provincial and National Treasury.
2. That the Adjustment Budget for 2018/19 be tabled in Council on or before 28 February 2019.

IDP02 of 2019

DRAFT AUDITED ANNUAL REPORT 2017/2018: MATJHABENG MUNICIPALITY
(CSSS) (5/2/1)

PURPOSE

The purpose of the item is to table the draft Annual Report of the financial year 2017/2018 to Council for consideration.

BACKGROUND

After the end of each financial year, the law requires Municipalities to develop draft annual reports for submission to Office of the Auditor General by the end of August which is the first two months of the succeeding financial year. We have been submitting the final draft annual reports as a Municipality for consideration by council for the years and we have not failed as a Municipality.

The purpose of drafting an annual report is to provide evidence of planned tasks and the actual achievements for work that was planned and achievements realized during the financial year that has gone past. In other words, the Municipality makes public a record of performance for the past financial year and in the report we indicate areas that were challenges and how we anticipate solving such challenges going forward.

According to the MFMA, the Annual Report should include:

- The Annual Financial Statements of the Municipality, and consolidated Annual Financial statements as submitted to the Auditor-General for auditing in terms of section 126(1) of the MFMA
- The Auditor General's Audit Report in terms of Section 126(3) of the MFMA on the financial statements in (a) above;
- The Annual performance report of the Municipality as prepared by the Matjhabeng Local Municipality in terms of Section 46 of the Local Government: Municipal Systems Act 32 of 2000 (MSA)
- An assessment of the Municipality's performance against the measurable objectives referred to in Section 17 (3)(b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year 2013/2014.

The Municipality submitted the draft annual report to the Office of the Auditor General which was audited during the months of August until November 2018. The draft unaudited annual performance report was also submitted to council of the 30th August 2018 and the following were the resolutions taken from the council meeting on the basis of the annual unaudited report submitted for 2017/2018:

COUNCIL RESOLVED: (30 AUGUST 2018)

1. That Council **NOTES** the draft unaudited annual report for the financial year 2017/18.

2. That the draft unaudited annual performance report 2017/2018 **BE SUBMITTED** to Office of the Auditor General for audit purpose.
3. That the draft unaudited report **BE SUBMITTED** to the Provincial and National Departments of Cooperative Governance and Traditional Affairs as well as the Provincial and National Treasuries.

There were Audit Steering Committee meetings scheduled for Thursdays throughout the four months from September until mid- December 2018. In the last audit steering committee meeting, office of the Auditor General presented the draft audit report which indicated that the municipality received a qualified audit opinion.

*** The Draft Annual Report is **attached on the SEPARATE COVER 2.**

LEGAL IMPLICATIONS

Local Government: Municipal Finance Management Act 2003(Act No. 56 of 2003)

Section 121(1) states as follows: ... “The council of a Municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control in accordance with section 129”.

Local Government: Municipal Systems Act 2000 (Act No 32 of 2000):

Section 46 (1) “A municipality must prepare for each financial year a performance report reflecting-

- (a) *The performance of the municipality and of each external service providers during the financial year;*
- (2) An annual performance report must form part of the municipality’s annual report in terms of Chapter 12 of the Municipal Finance Management Act.”

FINANCIAL IMPLICATIONS

There were no financial implications for the drafting of draft annual report as it was compiled internally.

RECOMMENDATIONS

It is recommended:

1. The Council considers the Draft Audited Annual Report for the Financial Year 2017/18.
2. That the Draft Annual Report for the 2017/18 financial year be subjected to the public participation process before final adoption.