

# SCHEDULE B

## AN ADJUSTMENT BUDGET AND SUPPORTING DOCUMENTATION OF EZINQOLENI MUNICIPALITY

ADJUSTMENT BUDGET OF

# **Ezingoleni Municipality**



2014/15 TO 2016/17  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

## Part 1 – Annual Budget

### 1. Mayor's Report

**SPEECH BY HIS WORSHIP THE MAYOR/SPEAKER OF EZINQOLENI MUNICIPALITY  
ON THE OCCASION OF THE PRESENTATION OF REVENUE AND EXPENDITURE  
ESTIMATES FOR THE 2014/2015 FINANCIAL YEAR, COUNCIL CHAMBERS.**

**23 February 2015**

**Leaders of political parties represented on our Council;**

**Fellow Councillors;**

**Municipal Manager Mr. MN Mabece**

**Senior Managers**

**Members of staff;**

**Members of the media**

**Ladies and Gentlemen:**

The council has developed programmes that sought to respect, protect, promote, and fulfil the rights of residents as outlined in the Bill of Rights. We developed, funded and implemented these programmes and plans to, among other things, deal with the challenges of poverty and unemployment. These challenges, together with the need to address the racial and gender imbalances that continue to characterise the communities we serve and the need to achieve the related goals of national reconciliation, building of better and sustainable communities and social transformation.

This council will continue with the implementation of rates as this is a function of Council, not a particular political party. It is assigned to municipalities by the Constitution of the Republic of South Africa and brought to effect by the Local Government Municipal Property Rates Act.

We as council of ezinqoleni have created work opportunities through the CWP programme and EPWP programme, we are now having created employment to 1118 employees through these programme. We are also proud to announce that we as a small municipality managed to put our name in the map by being the best municipality in the province of KwaZulu Natal by obtaining clean audit opinion in the 2014 financial year.

The Medium Term Revenue and Expenditure Framework we present outline the Municipality's revenue and expenditure plans for the next three years. It especially explains how funds will be spent in order to deliver sustainable services to the community. The Medium Term Revenue and

Expenditure Framework is therefore designed to provide a general overview of Municipality's finances and demonstrate its responsibility for the monies it receives.

The goal of the Medium Term Revenue and Expenditure Framework is to build a better life for all the people within Ezinqoleni Municipal area of jurisdiction. The Medium Term Revenue and Expenditure Framework takes into account the long-term financial planning strategy of UGU District Municipality and is in line with its process of continuous improvement. This Budget has taken into account the views and comments of the public that was taken during the consultation process that was undertaken in the Municipal area (ward 1, ward 4 and ward 5) during late April and early May 2014 and the comments from the Provincial Treasury as the budget document was submitted to Provincial and National Treasury.

The entire budget process is directed by Section 21 of the Municipal Finance Management Act, No. 56 of 2003 which makes it incumbent on the Mayor to take responsibility for co-ordinating the preparation of the Medium Term Revenue and Expenditure Framework and the review of the Integrated Development Plan and budget-related policies. The Municipal Manager, the Chief Financial Officer, the Finance Committee and the Budget Officer and Treasury Office assist the Mayor in developing and implementing the budget process. Ezinqoleni Municipality does not have municipal entities and however we contribute to UGU South Coast Tourism.

In the preparation of the revised Medium Term Revenue and Expenditure Framework the following factors were taken into account:

- The need to produce a balanced and credible Budget
- The challenge of delivering quality services
- Cost increases
- Tariff increases
- Debt recovery
- Asset management
- Borrowing levels
- Continuous increase in employee cost

During the process of preparing the Medium Term Revenue and Expenditure Framework we were cognisant of the fact that tough decisions are necessary to ensure that Ezinqoleni Municipality successfully delivers on its programmes. This was necessitated by the challenges we face as a Municipality which include, but are not limited to the following:

- Urgent repairs and maintenance
- High service demands
- Strict budgetary controls
- Staff shortages
- High levels of poverty and unemployment
- Capital spending pressures to eradicate infrastructure backlogs

As a result of constraints on revenue, priority was given to protecting the poor from the worst impacts of the economic downturn, expediting spending on capital projects that are funded by

conditional grants, supporting meaningful LED initiatives, especially those that encourage job creation and urgent repairs and maintenance necessary for Ezinqoleni Municipality.

The inflation rate used for calculating salary and wage increases for all employees, including Section 57 employees, is as per 5.9 per cent cost of living increase.

The following priorities have been incorporated into the MTREF 2014/2015 to 2015/2016 and underpinning the Medium Term Revenue and Expenditure Framework as identified by the President of the Republic, His Excellency JG Zuma, during the State of the Nation Address and the subsequent National Budget review in 2014. In terms of the foregoing local government has an obligation to:

- Education
- Rural Development
- Improving the status of woman
- Criminal investigation
- Prioritise and shift resources
- Hold all staff members accountable, especially political office bearers
- Move towards effective implementation and decisive action, rather than debate
- Deliver increased and improved services in an efficient and caring manner

The National Budget Review 2014 state that local government must:

- Re-prioritise the budget and ensure that monies are moved from low-priority programmes to high-priority programmes
- Implement a new way of working to successfully deliver more services, efficiently, within a tight resource envelope
- Inculcate a performance culture, where people are held responsible for their actions
- Enforce clear and measurable outcomes that are related to key development priorities

The Medium Term Revenue and Expenditure Framework and the Integrated Development Plan are aligned with the KZN Provincial Growth and Development Strategy which strategy involves:

- Strengthening and building government to facilitate sustainable development, public participation in decision-making, implement performance-driven transformation and co-operative governance
- Improve and expand basic service delivery for a better quality of life for all
- Implement economic programmes to raise investments, increase exports and capitalise on provincial resources, strengths and synergies
- Create programmes to increase employment opportunities, access to finance, human capacity and skills development, that also addresses the challenges of the second economy
- Reduce poverty and increase vulnerable groups' access to social security nets and services
- Comprehensively address the spread of HIV/AIDS pandemic and the associated economic and social impacts
- To manage, preserve and enhance the natural environment and comprehensively address an environmental management system for sustainable development.

Ezinqoleni Municipality is one of the municipalities that make up the family of Ugu municipalities. Accordingly, the Medium Term Revenue and Expenditure Framework and the IDP have taken the strategic goals of the Ugu IDP into consideration, which include,

- Promoting investment and development

- Introducing incentives that attract development initiatives
- Establishing and promoting PPPs
- Preserving and protecting the natural environment
- Promoting cultural, community-based tourism and integrated tourism development
- Establishing co-operatives that maximise economic opportunities in the agricultural sector.

The Medium Term Revenue and Expenditure Framework is also informed by the following key IDP projects for the next 5 years:

- Planning and Development for Light Industry Development
- Implementation of the Land Use Management Systems (LUMS)
- Geographical Information Systems (GIS) Implementation (Phase 2)
- Development of the Ezinqoleni CBD Urban Design Framework
- Integrated Waste Management Project
- Development of a “Greening Ezinqoleni” Plan

Inqola yentuthko is has completed of Community halls in ward 1 and 2 namely Wosiyane and Mbeni community halls.

Through these projects we were able to provide employment in our community and we will continue to provide employment through the extended public works programme in the 2013/14 financial year and onwards. We as the ezinqoleni we are striving to provide our community with descent housing, the Ezinqoleni municipality in conjunction with department of human settlement we are currently building 3000 units of housing to the value of R222 million in all wards.

The Medium Term Revenue and Expenditure Framework 2014/15 – 2016/17 that is presented today is made up as follows:

- The Total Budget amounts to R68, 3 million. This represents an increase compared to the 2013/14 Budget which stood at R54, 9 million
- The Operating Expenditure amounts to R47.9 million. This represents a 10 percentage increase compared to the 2013/14 budget which amounted to R33, 1 million
- The Operating Budget reflects an overall surplus on operations of R 11.4 million
- The Capital Expenditure amounts to R 20.3 million. In the 20113/14 budget amounted to R 16 million.

The Budget will be expended as follows:

A total of R1.5 million has been earmarked for Economic Development and Planning, of which

- R900 thousand for LED projects.  
For Municipal Services an amount of R640 thousand is budgeted for the upgrade to the Refuse Removal services.

Other key items of the Municipal Services Capital Budget include:

- MIG Sports fields
- Community halls
- Roads and infrastructure
- Buildings and other assets



The Asset Management Committee held meetings during the current financial year. The Municipality recently undertook an extensive asset verification process. It must also be noted that, in accordance with the relevant regulations, the Fixed Asset Management Policy of Ezinqoleni is reviewed annually.

As part of the maintenance database for the poor, the indigent is reviewed annually. At present, all indigent customers qualify for free basic electricity. Indigent Support is financed from the Equitable Share funding. Ezinqoleni Municipality has an Indigent Policy in place, which also states that all indigent customers are required to register each year for free basic services. Application forms are available at Municipal Offices.

The Capital Budget focuses on the IDP objectives and Municipality's infrastructure needs. Due to limited resources the Municipality has to prioritise its spending.

For the three year period Capital Expenditure amounts to:

The total planned Capital Expenditure over the Medium Term Revenue and Expenditure Framework amounts to over R 61 million.

In conclusion, let us continue the mandate we accepted on accepting the nomination and election into the positions we were placed in with our people of Ezinqoleni.

I firmly believe that I speak on behalf of all the Councillors in thanking the Municipal Manager and his administration for the support they have given us. Let me also thank, on behalf of all of us, members of the public we serve and all the stakeholders, for the privilege they have accorded us to preside over their affairs.

As the council of Ezinqoleni we will continue to craft policies, programmes and plans that will assist us to achieve the noble goal of a better life for all. Whatever the odds, we remain undeterred in our strategic objective to build sustainable and better communities. Together with our people we will make local government work better for all of us.

It is my honour and privilege to present to you the revised Medium Term Revenue and Expenditure Framework.

Thank you.

## **2. Council Resolution**

### 3. Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality is grants dependent and it is 100% rural with high poverty and very low employment rates. The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes as to maintain sound financial stewardship.

National Treasury's MFMA Circular No. 70 and 72 were used to guide the compilation of the 2014/2015 MTREF.

The main challenges experienced during the compilation of the 2014/2015 MTREF can be summarized as follows:

1. The ongoing difficulties in the national and local economy;
2. Lack and poorly maintained roads infrastructure;
3. The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities;
4. Dependency on government grants;
5. Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
6. Affordability of capital projects;

### 4. Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/2015 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

#### Table 1 MBRR Table B1 – Budget Summary

KZN215 Ezingoleni - Table B1 Adjustments Budget Summary - 25 February 2015

Description	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget A	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Nat. or Prov. Govt 5 E	Other Adjusts. 6 F	Total Adjusts. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
R thousands											
<b>Financial Performance</b>											
Property rates	3,100	-	-	-	-	-	(943)	(943)	2,157	3,265	3,460
Service charges	-	-	-	-	-	-	-	-	-	-	-
Investment revenue	1,702	-	-	-	-	-	489	489	2,191	1,872	2,059
Transfers recognised - operational	39,097	-	-	-	-	-	167	167	39,264	46,924	47,849
Other own revenue	370	-	-	-	-	-	330	330	700	421	461
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>44,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>42</b>	<b>44,311</b>	<b>52,482</b>	<b>53,829</b>
Employee costs	13,435	-	-	-	-	-	205	205	13,640	14,295	15,210
Remuneration of councillors	3,176	-	-	-	-	-	280	280	3,456	3,379	3,595
Depreciation & asset impairment	9,900	-	-	-	-	-	-	-	9,900	10,890	11,979
Finance charges	50	-	-	-	-	-	5	5	55	55	61
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants	775	-	-	-	-	-	25	25	800	-	-
Other expenditure	17,425	-	-	-	-	-	2,660	2,660	20,085	17,726	19,595
<b>Total Expenditure</b>	<b>44,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,175</b>	<b>3,175</b>	<b>47,936</b>	<b>46,345</b>	<b>50,439</b>
<b>Surplus/(Deficit)</b>	<b>(492)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,132)</b>	<b>(3,132)</b>	<b>(3,625)</b>	<b>6,136</b>	<b>3,390</b>
Transfers recognised - capital	13,987	-	-	-	-	1,000	-	1,000	14,987	14,464	14,921
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>13,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(3,132)</b>	<b>(2,132)</b>	<b>11,362</b>	<b>20,600</b>	<b>18,311</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>13,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(3,132)</b>	<b>(2,132)</b>	<b>11,362</b>	<b>20,600</b>	<b>18,311</b>
<b>Capital expenditure &amp; funds sources</b>											
Capital expenditure	16,538	-	-	-	-	-	3,850	3,850	20,387	20,564	20,121
Transfers recognised - capital	13,987	-	-	-	-	1,000	-	1,000	14,987	14,464	14,921
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2,551	-	-	-	-	-	2,849	2,849	5,400	6,100	5,200
<b>Total sources of capital funds</b>	<b>16,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>2,849</b>	<b>3,849</b>	<b>20,387</b>	<b>20,564</b>	<b>20,121</b>
<b>Financial position</b>											
Total current assets	43,866	-	-	-	-	-	-	-	43,866	34,789	43,903
Total non current assets	81,380	-	-	-	-	-	2,980	2,980	84,360	92,723	103,845
Total current liabilities	4,411	-	-	-	-	-	-	-	4,411	4,700	5,019
Total non current liabilities	1,134	-	-	-	-	-	737	737	1,871	1,248	1,372
Community wealth/Equity	119,700	-	-	-	-	-	2,243	2,243	121,943	121,564	121,943
<b>Cash flows</b>											
Net cash from (used) operating	25,113	-	-	-	-	1,000	(2,646)	(1,646)	23,467	32,409	31,317
Net cash from (used) investing	(15,711)	-	-	-	-	-	(3,150)	(3,150)	(18,861)	(19,536)	(19,115)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	42,897	-	-	-	-	1,000	(2,666)	(1,666)	41,230	54,104	66,306
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	42,897	-	-	-	-	-	-	-	42,897	34,138	43,220
Application of cash and investments	3,688	-	-	-	-	-	(10)	(10)	3,678	4,597	4,916
Balance - surplus (shortfall)	39,209	-	-	-	-	-	10	10	39,219	29,542	38,305
<b>Asset Management</b>											
Asset register summary (WDV)	81,142	-	-	-	-	-	2,762	2,762	83,904	104,006	124,067
Depreciation & asset impairment	9,900	-	-	-	-	-	-	-	9,900	10,890	11,979
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	930	-	-	-	-	-	(100)	(100)	830	1,043	1,123
<b>Free services</b>											
Cost of Free Basic Services provided	1,272	-	-	-	-	-	-	-	1,272	1,347	1,347
Revenue cost of free services provided	1,272	-	-	-	-	-	-	-	1,272	1,347	1,347
<b>Households below minimum service level</b>											
Water:	2	-	-	-	-	-	-	-	2	2	2
Sanitation/sewerage:	1	-	-	-	-	-	-	-	1	1	1
Energy:	1	-	-	-	-	-	-	-	1	0	0
Refuse:	12	-	-	-	-	-	-	-	12	12	12

**Explanatory notes to MBRR Table B1 - Budget Summary**

1. Table B1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  1. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  2. Capital expenditure is balanced by capital funding sources, of which
    1. Transfers recognized is reflected on the Financial Performance Budget;
    2. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    3. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was able to manage this aspect of its finances, and consequently its obligations are cash-backed.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor.

**Table 2 MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

KZN215 Ezinqoleni - Table B2 Adjustments Budget Financial Performance (standard classification) - 25 February 2015

Standard Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	+1 2015/16
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
<b>Revenue - Standard</b>												
<i>Governance and administration</i>		42,328	-	-	-	-	1,000	97	1,097	43,425	51,693	52,771
Executive and council		-	-	-	-	-	1,000	-	1,000	1,000	-	-
Budget and treasury office		42,092	-	-	-	-	-	(185)	(185)	41,907	51,425	52,481
Corporate services		236	-	-	-	-	-	282	282	518	268	290
<i>Community and public safety</i>		1,941	-	-	-	-	-	(55)	(55)	1,886	789	1,058
Community and social services		1,714	-	-	-	-	-	-	-	1,714	699	956
Sport and recreation		150	-	-	-	-	-	(150)	(150)	-	-	-
Public safety		77	-	-	-	-	-	95	95	172	90	102
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	58,256	-	-	-	-	1,000	42	1,042	59,298	66,946	68,750
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>		35,442	-	-	-	-	-	2,626	2,626	38,068	38,420	41,664
Executive and council		6,914	-	-	-	-	-	1,042	1,042	7,956	7,453	8,037
Budget and treasury office		19,446	-	-	-	-	-	960	960	20,405	21,191	23,104
Corporate services		9,083	-	-	-	-	-	624	624	9,707	9,775	10,523
<i>Community and public safety</i>		3,124	-	-	-	-	-	10	10	3,134	2,250	2,662
Community and social services		2,774	-	-	-	-	-	10	10	2,784	1,865	2,239
Sport and recreation		250	-	-	-	-	-	-	-	250	275	303
Public safety		100	-	-	-	-	-	-	-	100	110	121
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		5,694	-	-	-	-	-	300	300	5,994	5,977	6,446
Planning and development		700	-	-	-	-	-	200	200	900	770	847
Road transport		4,994	-	-	-	-	-	100	100	5,094	5,207	5,599
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		425	-	-	-	-	-	215	215	640	468	514
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		425	-	-	-	-	-	215	215	640	468	514
Other		75	-	-	-	-	-	25	25	100	83	91
<b>Total Expenditure - Standard</b>	3	44,761	-	-	-	-	-	3,176	3,176	47,937	47,197	51,377
<b>Surplus/ (Deficit) for the year</b>		13,495	-	-	-	-	1,000	(3,134)	(2,134)	11,362	19,749	17,373

### Explanatory notes to MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table B4.

Table 3 MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN215 Ezinqoleni - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 25 February 2015

Vote Description <i>(Insert departmental structure etc)</i>	Ref	Budget Year 2014/15								Budget Year +1 2015/16	Budget Year +2 2016/17	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue by Vote</b>	1											
Vote 1 - Executive and Council		-	-	-	-	-	1,000	-	1,000	1,000	-	-
Vote 2 - Budget and Treasury Office		42,092	-	-	-	-	-	(185)	(185)	41,907	51,425	52,481
Vote 3 - Corporate Services		236	-	-	-	-	-	282	282	518	268	290
Vote 4 - Technical and Community Services		15,928	-	-	-	-	-	(65)	(65)	15,873	15,252	15,979
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	58,256	-	-	-	-	1,000	42	1,042	59,298	66,945	68,750
<b>Expenditure by Vote</b>	1											
Vote 1 - Executive and Council		8,049	-	-	-	-	-	1,152	1,152	9,201	8,702	9,410
Vote 2 - Budget and Treasury Office		19,446	-	-	-	-	-	961	961	20,407	21,191	23,104
Vote 3 - Corporate Services		9,083	-	-	-	-	-	740	740	9,823	9,775	10,523
Vote 4 - Technical and Community Services		8,183	-	-	-	-	-	322	322	8,506	7,529	8,340
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	44,761	-	-	-	-	-	3,175	3,175	47,936	47,197	51,377
<b>Surplus/ (Deficit) for the year</b>	2	13,495	-	-	-	-	1,000	(3,133)	(2,133)	11,362	19,748	17,373

### Explanatory notes to MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table shows an analysis of the surplus or deficit.

Table4 MBRR Table B4 - Budgeted Financial Performance (revenue and expenditure)

KZN215 Ezingoleni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2015/16	+2 2016/17
<b>Revenue By Source</b>												
Property rates	2	3,100	-	-	-	-	-	(943)	(943)	2,157	3,265	3,460
Property rates - penalties & collection charges												
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - other												
Rental of facilities and equipment		15						(5)	(5)	10	17	19
Interest earned - external investments		1,702						489	489	2,191	1,872	2,059
Interest earned - outstanding debtors		55						270	270	325	60	65
Dividends received												
Fines												
Licences and permits												
Agency services												
Transfers recognised - operating		39,097						167	167	39,264	46,924	47,849
Other revenue	2	300	-	-	-	-	-	65	65	365	344	377
Gains on disposal of PPE												
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>44,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>42</b>	<b>44,311</b>	<b>52,482</b>	<b>53,829</b>
<b>Expenditure By Type</b>												
Employee related costs		13,435	-	-	-	-	-	205	205	13,640	14,295	15,210
Remuneration of councillors		3,176						280	280	3,456	3,379	3,595
Debt impairment		150								150	165	182
Depreciation & asset impairment		9,900	-	-	-	-	-			9,900	10,890	11,979
Finance charges		50						5	5	55	55	61
Bulk purchases												
Other materials												
Contracted services		2,477	-	-	-	-	-	(1,347)	(1,347)	1,130	2,725	2,997
Transfers and grants		775						25	25	800		
Other expenditure		14,798	-	-	-	-	-	4,007	4,007	18,805	14,836	16,416
Loss on disposal of PPE												
<b>Total Expenditure</b>		<b>44,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,175</b>	<b>3,175</b>	<b>47,936</b>	<b>46,345</b>	<b>50,439</b>
<b>Surplus/(Deficit)</b>		<b>(492)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,132)</b>	<b>(3,132)</b>	<b>(3,625)</b>	<b>6,136</b>	<b>3,390</b>
Transfers recognised - capital		13,987						1,000	1,000	14,987	14,464	14,921
Contributions												
Contributed assets												
<b>Surplus/(Deficit) before taxation</b>		<b>13,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(3,132)</b>	<b>(2,132)</b>	<b>11,362</b>	<b>20,600</b>	<b>18,311</b>
Taxation												
<b>Surplus/(Deficit) after taxation</b>		<b>13,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(3,132)</b>	<b>(2,132)</b>	<b>11,362</b>	<b>20,600</b>	<b>18,311</b>
Attributable to minorities												
<b>Surplus/(Deficit) attributable to municipality</b>		<b>13,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(3,132)</b>	<b>(2,132)</b>	<b>11,362</b>	<b>20,600</b>	<b>18,311</b>
Share of surplus/ (deficit) of associate												
<b>Surplus/ (Deficit) for the year</b>		<b>13,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(3,132)</b>	<b>(2,132)</b>	<b>11,362</b>	<b>20,600</b>	<b>18,311</b>

**Explanatory notes to Table B4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R59.3 million in 2014/2015 and escalates to R68.7 million by 2016/17.
2. Revenue to be generated from property rates is R2.1 million in the 2014/15 financial year and increases to R 3.2 million by 2015/16 which represents only 2.3 per cent of the operating revenue base of the Municipality and therefore remains an insignificant funding source for the municipality.
3. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. Government grants are the main sources of the municipality's revenue since it totals to 92% which makes our municipality grants dependent.
4. There is an increase in transfers recognised operational and capital due grant received from the district and provincial adjustment gazette respectively.

Table 5 MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source



KZN215 Ezingoleni - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjus.	Adjus.	Budget	Budget	Budget
R thousands	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2015/16	+2 2016/17	
<b>Capital expenditure - Vote</b>												
<i>Multi-year expenditure to be adjusted</i>	2											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Technical and Community Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
<i>Single-year expenditure to be adjusted</i>	2											
Vote 1 - Executive and Council		88	-	-	-	-	-	1,063	1,063	1,150	150	175
Vote 2 - Budget and Treasury Office		338	-	-	-	-	-	62	62	400	150	175
Vote 3 - Corporate Services		838	-	-	-	-	-	(38)	(38)	800	650	675
Vote 4 - Technical and Community Services		15,275	-	-	-	-	-	2,763	2,763	18,037	19,614	19,096
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		16,538	-	-	-	-	-	3,850	3,850	20,387	20,564	20,121
Total Capital Expenditure - Vote		16,538	-	-	-	-	-	3,850	3,850	20,387	20,564	20,121
<b>Capital Expenditure - Standard</b>												
<i>Governance and administration</i>		1,264	-	-	-	-	-	1,087	1,087	2,351	950	1,025
Executive and council		88	-	-	-	-	-	1,063	1,063	1,150	150	175
Budget and treasury office		339	-	-	-	-	-	62	62	401	150	175
Corporate services		838	-	-	-	-	-	(38)	(38)	800	650	675
<i>Community and public safety</i>		1,200	-	-	-	-	-	2,100	2,100	3,300	5,000	4,000
Community and social services		1,200	-	-	-	-	-	2,100	2,100	3,300	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	5,000	4,000
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13,987	-	-	-	-	-	600	600	14,587	14,464	14,921
Planning and development		-	-	-	-	-	-	600	600	600	-	-
Road transport		13,987	-	-	-	-	-	-	-	-	14,464	14,921
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		88	-	-	-	-	-	62	62	150	150	175
Total Capital Expenditure - Standard	3	16,538	-	-	-	-	-	3,849	3,849	20,387	20,564	20,121
<b>Funded by:</b>												
National Government		13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Provincial Government		-	-	-	-	-	1,000	-	1,000	1,000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Total Capital transfers recognised	4	13,987	-	-	-	-	1,000	-	1,000	14,987	14,464	14,921
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2,551	-	-	-	-	-	2,849	2,849	5,400	6,100	5,200
Total Capital Funding		16,538	-	-	-	-	1,000	2,849	3,849	20,387	20,564	20,121

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations there is no budget allocated since the municipality does not have multi-year capital projects.
3. Single-year capital expenditure has been appropriated at R20.3 million for the 2014/15 financial year and increased over the MTREF at levels of R2.6 million and R20.1 million respectively for the two outer years.
4. The single-year appropriations relate to expenditure that will be incurred in the specific budget year such as construction of access roads, construction of a sport fields, construction of community halls, procurement of vehicles, plant and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and national grants and transfers and internally generated funds from current year surpluses. For 2014/15, capital transfers totals R13, 9 million and increases to R14, 4 million by 2015/16.
6. An increase in capital expenditure arises from the planned purchases of Grader and mobile library to the value of 2.1 million and 1 million respectively.

**Table 6 MBRR Table A6 - Budgeted Financial Position**

KZN215 Ezingoleni - Table B6 Adjustments Budget Financial Position - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
<b>ASSETS</b>												
<b>Current assets</b>												
Cash		18,107								18,107		
Call investment deposits	1	24,790	-	-	-	-	-	-	-	24,790	34,138	43,220
Consumer debtors	1	770	-	-	-	-	-	-	-	770	651	683
Other debtors		199								199		
Current portion of long-term receivables												
Inventory												
<b>Total current assets</b>		<b>43,866</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,866</b>	<b>34,789</b>	<b>43,903</b>
<b>Non current assets</b>												
Long-term receivables												
Investments												
Investment property												
Investment in Associate												
Property, plant and equipment	1	81,038	-	-	-	-	2,980	2,980	84,018	92,723	103,845	
Agricultural												
Biological												
Intangible		342							342			
Other non-current assets												
<b>Total non current assets</b>		<b>81,380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,980</b>	<b>2,980</b>	<b>84,360</b>	<b>92,723</b>	<b>103,845</b>	
<b>TOTAL ASSETS</b>		<b>125,245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,980</b>	<b>2,980</b>	<b>128,225</b>	<b>127,512</b>	<b>147,748</b>	
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft												
Borrowing												
Consumer deposits												
Trade and other payables		4,049	-	-	-	-	-	-	4,049	4,700	5,019	
Provisions		362							362			
<b>Total current liabilities</b>		<b>4,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,411</b>	<b>4,700</b>	<b>5,019</b>	
<b>Non current liabilities</b>												
Borrowing	1											
Provisions	1	1,134	-	-	-	-	737	737	1,871	1,248	1,372	
<b>Total non current liabilities</b>		<b>1,134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>737</b>	<b>737</b>	<b>1,871</b>	<b>1,248</b>	<b>1,372</b>	
<b>TOTAL LIABILITIES</b>		<b>5,545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>737</b>	<b>737</b>	<b>6,282</b>	<b>5,948</b>	<b>6,391</b>	
<b>NET ASSETS</b>	2	<b>119,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,243</b>	<b>2,243</b>	<b>121,943</b>	<b>121,564</b>	<b>141,357</b>	
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		119,700	-	-	-	-	2,243	2,243	121,943	121,564	121,943	
Reserves												
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>119,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,243</b>	<b>2,243</b>	<b>121,943</b>	<b>121,564</b>	<b>121,943</b>	

**Explanatory notes to Table B6 - Budgeted Financial Position**

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table SB3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
  1. Call investments deposits;
  1. Consumer debtors;
  2. Property, plant and equipment;
  3. Trade and other payables;
  4. Provisions non -current;
  5. Changes in net assets; and
  6. Reserves
7. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
8. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 7MBRR Table B7 - Budgeted Cash Flow Statement**

KZN215 Ezinqoleni - Table B7 Adjustments Budget Cash Flows - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		3	4	5	6	7	8	9	10			
		A	A1	B	C	D	E	F	G	H		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Ratepayers and other		2,588						(428)	(428)	2,160	2,765	2,941
Government - operating	1	39,097						167	167	39,264	46,924	47,849
Government - capital	1	13,987					1,000		1,000	14,987	14,464	14,921
Interest		1,702						489	489	2,191	1,872	2,059
Dividends												
<b>Payments</b>												
Suppliers and employees		(31,611)						(2,844)	(2,844)	(34,455)	(32,900)	(35,666)
Finance charges		(50)						(5)	(5)	(55)	(55)	(61)
Transfers and Grants	1	(600)						(25)	(25)	(625)	(660)	(726)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		25,113					1,000	(2,646)	(1,646)	23,467	32,409	31,317
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE												
Decrease (Increase) in non-current debtors												
Decrease (increase) other non-current receivables												
Decrease (increase) in non-current investments												
<b>Payments</b>												
Capital assets		(15,711)						(3,150)	(3,150)	(18,861)	(19,536)	(19,115)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		(15,711)						(3,150)	(3,150)	(18,861)	(19,536)	(19,115)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans												
Borrowing long term/refinancing												
Increase (decrease) in consumer deposits												
<b>Payments</b>												
Repayment of borrowing												
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>												
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		9,402					1,000	(5,796)	(4,796)	4,606	12,874	12,202
Cash/cash equivalents at the year begin:	2	33,495						3,129	3,129	36,624	41,230	54,104
Cash/cash equivalents at the year end:	2	42,897					1,000	(2,666)		41,230	54,104	66,306

**Table 8 MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN215 Ezinqoleni - Table B8 Cash backed reserves/accumulated surplus reconciliation - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		3	4	5	6	7	8	9	10			
		A	A1	B	C	D	E	F	G	H		
<b>Cash and investments available</b>												
Cash/cash equivalents at the year end	1	42,897					1,000	(2,666)	(1,666)	41,230	54,104	66,306
Other current investments > 90 days		(0)					(1,000)	2,666	1,666	1,666	(19,965)	(23,086)
Non current assets - Investments	1											
<b>Cash and investments available:</b>		42,897								42,897	34,138	43,220
<b>Applications of cash and investments</b>												
Unspent conditional transfers		126								126	132	359
Unspent borrowing												
Statutory requirements												
Other working capital requirements	2	3,200						(10)	(10)	3,190	4,080	4,147
Other provisions		362								362	385	409
Long term investments committed												
Reserves to be backed by cash/investments												
<b>Total Application of cash and investments:</b>		3,688						(10)	(10)	3,678	4,597	4,916
<b>Surplus(shortfall)</b>		39,209						10	10	39,219	29,542	38,305

**Explanatory notes to Table B7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality improved over the MTREF and prior years.
4. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

**Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the municipality is operating at a surplus.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF was funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

KZN215 Ezingoleni - Table B9 Asset Management - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total Adjus.	Adjusted	Adjusted	Adjusted
		A	7	8	9	10	11	12	13	14	Budget	Budget
R thousands		A1	B	C	D	E	F	G	H			
<b>CAPITAL EXPENDITURE</b>												
<b>Total New Assets to be adjusted</b>	1	16,537	-	-	-	-	-	3,850	3,850	20,387	20,064	19,621
Infrastructure - Road transport		13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Community		-	-	-	-	-	-	-	-	-	5,000	4,000
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	2,300	-	-	-	-	-	3,850	3,850	6,150	600	700
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		250	-	-	-	-	-	-	-	250	-	-
<b>Total Renewal of Existing Assets to be adjusted</b>	2	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to be adjusted</b>	4	13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Community		-	-	-	-	-	-	-	-	-	5,000	4,000
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	2,300	-	-	-	-	-	3,850	3,850	6,150	600	700
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		250	-	-	-	-	-	-	-	250	-	-
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	2	16,537	-	-	-	-	-	3,850	3,850	20,387	20,064	19,621
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5											
Infrastructure - Road transport		58,751	-	-	-	-	-	-	-	58,751	73,215	88,136
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		58,751	-	-	-	-	-	-	-	58,751	73,215	88,136
Community		14,242	-	-	-	-	2,700	2,700	2,700	16,942	19,242	23,242
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		7,807	-	-	-	-	62	62	62	7,869	11,267	12,467
Intangibles		342	-	-	-	-	-	-	-	342	282	222
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	81,142	-	-	-	-	2,762	2,762	2,762	83,904	104,006	124,067
<b>EXPENDITURE OTHER ITEMS</b>												
Depreciation & asset impairment		9,900	-	-	-	-	-	-	-	9,900	10,890	11,979
Repairs and Maintenance by asset class	3	930	-	-	-	-	-	(100)	(100)	830	1,043	1,123
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		100	-	-	-	-	-	-	-	100	110	116
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		100	-	-	-	-	-	-	-	100	110	116
Community		250	-	-	-	-	-	-	-	250	295	303
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	580	-	-	-	-	-	(100)	(100)	480	638	705
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>		10,830	-	-	-	-	-	(100)	(100)	10,730	11,933	13,102

**Explanatory notes to Table B9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. However due to the fact that there is a lack of infrastructure in the municipality, it does not meet the recommendation.



Table 10 MBRR Table B10 - Basic Service Delivery Measurement

KZN215 Ezingoleni - Table B10 Basic service delivery measurement - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
<b>Household service targets</b>	1											
<b>Water:</b>												
Piped water inside dwelling		795						-	1	799	799	
Piped water inside yard (but not in dwelling)		990						-	1	1005	1005	
Using public tap (at least min.service level)	2	7733						-	8	7675	7675	
Other water supply (at least min.service level)		606						-	1	1	1	
<i>Minimum Service Level and Above sub-total</i>		10	-	-	-	-	-	-	10	10	10	
Using public tap (< min.service level)	3	410						-	0	432	432	
Other water supply (< min.service level)	3,4	325						-	0	385	385	
No water supply		800						-	1	900	900	
<i>Below Minimum Service Level sub-total</i>		2	-	-	-	-	-	-	2	2	2	
Total number of households	5	12	-	-	-	-	-	-	12	12	12	
<b>Sanitation/sewerage:</b>												
Flush toilet (connected to sewerage)		257						-	257	266	266	
Flush toilet (with septic tank)		0						-	-	0	0	
Chemical toilet								-	-			
Pit toilet (ventilated)		10500						-	10,500	11000	11000	
Other toilet provisions (> min.service level)								-	-			
<i>Minimum Service Level and Above sub-total</i>		10,757	-	-	-	-	-	-	10,757	11,266	11,266	
Bucket toilet		0						-	-	0	0	
Other toilet provisions (< min.service level)		0						-	-	0	0	
No toilet provisions		902						-	902	539	539	
<i>Below Minimum Service Level sub-total</i>		902	-	-	-	-	-	-	902	539	539	
Total number of households	5	11,659	-	-	-	-	-	-	11,659	11,805	11,805	

Table 10 MBRR Table B10 - Basic Service Delivery Measurement (continued)

<b>Energy:</b>											
Electricity (at least min. service level)	157								157	175	175
Electricity - prepaid (> min.service level)	10823								10,823	11230	11230
<i>Minimum Service Level and Above sub-total</i>	10,980	-	-	-	-	-	-	-	10,980	11,405	11,405
Electricity (< min.service level)	0								-	0	0
Electricity - prepaid (< min. service level)									-		
Other energy sources	715								715	400	400
<i>Below Minimum Service Level sub-total</i>	715	-	-	-	-	-	-	-	715	400	400
Total number of households	5	11,695							11,695	11,805	11,805
<b>Refuse:</b>											
Removed at least once a week (min.service)											
<i>Minimum Service Level and Above sub-total</i>											
Removed less frequently than once a week	161								161	161	161
Using communal refuse dump	0								-	0	0
Using own refuse dump	11279								11,279	11404	11404
Other rubbish disposal	80								80	85	85
No rubbish disposal	175								175	155	155
<i>Below Minimum Service Level sub-total</i>	11,695	-	-	-	-	-	-	-	11,695	11,805	11,805
Total number of households	5	11,695							11,695	11,805	11,805
<b>Households receiving Free Basic Service</b>											
Water (6 kilolitres per household per month)											
Sanitation (free minimum level service)											
Electricity/other energy (50kwh per household per month)	350								350	300	300
Refuse (removed at least once a week)											
<b>Cost of Free Basic Services provided (R'000)</b>											
Water (6 kilolitres per household per month)											
Sanitation (free sanitation service)											
Electricity/other energy (50kwh per household per month)	848								848	898	898
Refuse (removed once a week)	424								424	449	449
Total cost of FBS provided (minimum social package)	1,272	-	-	-	-	-	-	-	1,272	1,347	1,347
<b>Highest level of free service provided</b>											
Property rates (R'000 value threshold)											
Water (kilolitres per household per month)											
Sanitation (kilolitres per household per month)											
Sanitation (Rand per household per month)											
Electricity (kw per household per month)											
Refuse (average litres per week)											
<b>Revenue cost of free services provided (R'000)</b>											
Property rates (R15 000 threshold rebate)											
Property rates (other exemptions, reductions and rebates)											
Water											
Sanitation											
Electricity/other energy	848								848	898	898
Refuse	424								424	449	449
Municipal Housing - rental rebates											
Housing - top structure subsidies											
Other											
Total revenue cost of free services provided (total social p	6	1,272	-	-	-	-	-	-	1,272	1,347	1,347

### Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality does not provide services such as water, sanitation, energy and refuse removal.
3. Water and sanitation is provided by Ugu District municipality, energy is supplied by Eskom.
4. We are currently remove refuse at no cost and the administration is busy planning the implementation of tariff structure for refuse removal.

## Part 2 – Supporting Documentation

### Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

1. that the process followed to compile the budget complies with legislation and good budget practices;
2. that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
3. that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
4. that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

### Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2013. Key dates applicable to the process were:

1. **July 2014** – Prepare joint process plan for IDP, PMS and Budget and advertise draft IDFP review;
2. **August 2014**–Submit process plan to IDP forum, portfolio committees and council. Liaise with national and provincial governments for planning and budgeting process;
3. **September 2014**– Assessment of objectives, strategies and projects against cross cutting issues. Assessment of alignment of IDP strategies & projects for medium term in relation to NSDP and PGDF. Determine funding availability & requirements per sector plan and where relevant prepare business plan/ terms of reference and roll out accordingly;
4. **October 2014** – Review and confirm objectives, strategies and projects at IDPRF workshop. Review capital, institutional, operational, maintenance projects. Estimate available resources and provide guidance for way forward for budgeting;

5. **November 2014**—Submit revised projects to Treasury. Submit first Draft IDP to IDP steering committee and council for in principle approval
6. **December 2014** – Submit budget instructions and 2014/15 budget framework to all relevant persons. Submit draft IDP to COGTA for assessment. Preparation of summary of available funds (internal and external);
7. **January 2015**- Council considers the 2014/2015 Mid-year Review and Adjustments Budget;
8. **February 2015**– Assess financial feasibility of proposed new projects based on existing and potential funds. Consideration of draft budget;
9. **March 2015** - Tabling in Council of the draft 2015/16 IDP and 2015/16 MTREF for public consultation;
10. **April 2015**– Public consultation;
11. **May 2015**–Draftisation of the 2015/16 IDP and 2015/16 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and tabling of the 2015/16 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

#### IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

12. Registration of community needs;
13. Compilation of departmental business plans including key performance indicators and targets;
14. Financial planning and budgeting process;
15. Public participation process;
16. Compilation of the SDBIP, and
17. The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

## Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

18. Municipality growth
19. Policy priorities and strategic objectives
20. Asset maintenance
21. Economic climate and trends (i.e. inflation)
22. Performance trends
23. The approved 2013/14 adjustments budget and performance against the SDBIP
24. Cash Flow Management Strategy
25. Debtor payment levels
26. Investment possibilities
27. The need for tariff increases versus the ability of the community to pay for services;
28. Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 70 and 72 has been taken into consideration in the planning and prioritisation process.

## Community Consultation

The draft 2014/15 MTREF as tabled before Council on 27 March 2014 for community consultation has been published on the municipality's website, and hard copies has been made available at municipal offices and other community centres. In addition budget road shows will held in different municipal clusters. Inputs were also collected via suggestion box and e-mails.

All documents in the appropriate format (electronic and printed) will provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process during April and early May. The applicable dates and venues were published in the local newspapers. Imbizo's will be held to further ensure transparency and interaction. Other stakeholders involved in the consultation will include churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will addressed, and where relevant considered as part of the finalising of the 2014/15 MTREF.

## Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

29. Green Paper on National Strategic Planning of 2009;
30. Government Programme of Action;
31. Development Facilitation Act of 1995;
32. Provincial Growth and Development Strategy (GGDS);
33. National and Provincial spatial development perspectives;
34. Relevant sector plans such as transportation, legislation and policy;
35. National Key Performance Indicators (NKPIs);
36. Accelerated and Shared Growth Initiative (ASGISA);
37. National 2014 Vision;
38. National Spatial Development Perspective (NSDP) and
39. The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 11 IDP Strategic Objectives**

<b>2014/15 Financial Year</b>	
1.	Financial Viability
2.	Basic Service delivery and infrastructure
3.	Good governance and public participation
4.	Local economic Development
5.	Municipal transformation and institutional development
6.	Spatial analysis and environmental management

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and

implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

40. Planning (setting goals, objectives, targets and benchmarks);
41. Monitoring (regular monitoring and checking on the progress against plan);
42. Measurement (indicators of success);
43. Review (identifying areas requiring change and improvement);
44. Reporting (what information, to whom, from whom, how often and for what purpose); and
45. Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



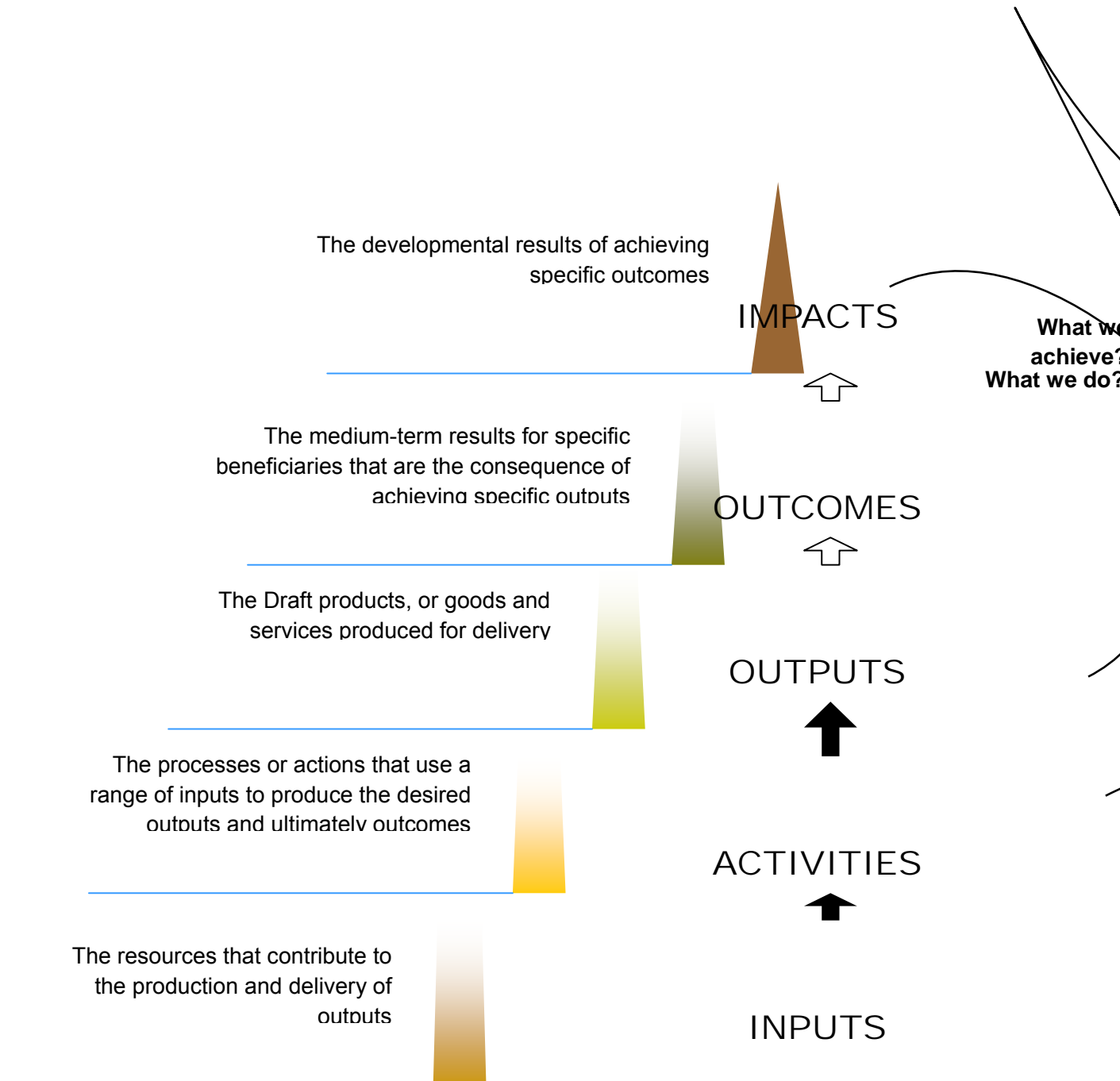


Figure 1 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table MBRR Table SB3 - Measurable performance objectives

KZN215 Ezingoleni - Supporting Table SB3 Adjustments to the SDBIP - performance objectives - 25 February 2015

Description	Unit of measurement	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget A	Prior Adjusted A1	Accum. Funds B	Multi-year capital C	Unfore. Unavoid. D	Nat. or Prov. Govt E	Other Adjusts. F	Total Adjusts. G	Adjusted Budget H	Adjusted Budget	Adjusted Budget
<b>Vote 1 - vote name</b>												
Function 1 - (name)												
Sub-function 1 - (name)												
<i>Insert measure/s description</i>												
Technical and Community services		0										
Construction of Roads	Kilometer	13,987								13,987	13,987	13,987
Technical and Community services												
Road Maintenance	Kilometer	800						100				
Function 2 - (name)		-										
Sub-function 1 - (name)		0										
<i>Insert measure/s description</i>												
Community Services												
New SportFields	Number	150								150	150	150
Community Halls	Number	100										
Community Services												
Maintenance of Halls	Number	250										
Community Services												
Basic Energy	Number of Households	700										
Sub-function 1 - (name)												
<i>Insert measure/s description</i>												
Governance and Administration		0										
Skills Training	Number	150										
LED										0	0	0
Support SMME's	Number	700						200	200	900	900	900
Function 2 - (name)												
Public Participation	Number	0								0	0	0
Community meetings		160						440				
Property Rates												
Rates Receivables	Percentage	0								0	0	0
Collection rate												
Sub-function 3 - (name)												
<i>Insert measure/s description</i>												
<b>Vote 3 - vote name</b>												
Function 1 - (name)												
Sub-function 1 - (name)												
<i>Insert measure/s description</i>												
Corporate Services												
HRM	Number											
Recruitment												
Administrative services												
<i>Insert measure/s description</i>	Number											
Function 2 - (name)												
Sub-function 1 - (name)												
<i>Insert measure/s description</i>												
Sub-function 2 - (name)												
<i>Insert measure/s description</i>												
Sub-function 3 - (name)												
<i>Insert measure/s description</i>												
And so on for the rest of the Votes												

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table MBRR Table SB4 - Performance indicators and benchmarks

KZN215 Ezinqoleni - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 25 February 2015

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Budget Year 2014/15			Budget Year +1 2015/16	Budget Year +2 2016/17
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Borrowing Management</b>									
Credit Rating	Short term/long term rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>									
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>									
Current Ratio	Current assets/current liabilities	297.0%	526.0%	821.0%	994.5%	0.0%	994.5%	740.2%	874.8%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities				1845.0%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities	2.5%	5.0%	7.8%	9.7	0.0	9.7	7.3	8.6
<b>Revenue Management</b>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	6.6%	2.0%	3.5%	2.2%	0.0%	2.2%	1.2%	1.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	5.0%	7.0%	15.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash		6.4%	8.5%	12.7%	9.4%	0.0%	9.8%	8.7%	7.6%
<b>Other Indicators</b>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-
Water Distribution Losses (2)	Total Volume Losses (kℓ)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.0%	30.0%	28.7%	30.3%	0.0%	30.8%	27.2%	28.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.0%	2.0%	5.0%	2.1%	0.0%	1.9%	2.0%	2.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.0%	19.0%	20.0%	22.5%	0.0%	22.5%	20.9%	22.4%
<b>IDP regulation financial viability indicators</b>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)				940.0%	0.0%	9177.5%	9186.0%	9884.2%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	1.3%	1.7%	1.9%	1.7%	0.0%	1.7%	1.2%	1.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	32.0%	45.0%	50.0%	1.7	0.0	1.5	2.0	2.3

## Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

#### Credit control and debt collection procedures/policies

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 80 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels.

#### Asset Management policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure.

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council.

#### Review of Budget Policy

The Budget Policy is current under review and will be tabled together with the budget in May 2013. The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

#### Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

#### Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

## **Overview of budget assumptions**

### External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2013 will be 2.3 per cent rising to 3.6 per cent by 2014.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

46. National Government macro economic targets;
47. The general inflationary outlook and the impact on Municipality's residents and businesses;
48. The impact of municipal cost drivers;
49. The increase in the cost of remuneration.

### Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage (75 per cent) of annual billings. Cash flow is assumed to be 75 per cent of billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2011 and shall remain in force until 30 June 2014. Currently the increase of 6.95% has been provided for in the 2014/15 budget.

### Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

50. Creating jobs;
51. Infrastructure development;
52. Enhancing education and skill development;
53. Improving Health services;
54. Rural development and agriculture; and
55. Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### **Budget assumptions**

Assumptions used in preparation of the budget over the MTREF

Property rates	75%
Rental of facilities	100%
Interest earned in investment	100%
Transfers and Grants – operational	100%
Transfers and Grants – Capital	100%
Other revenue	80%
Expenditure	
Employee related cost	95%
Remuneration of councilors	100%
Debt impairment	100%
Depreciation and asset impairment	100%
Finance Charges	100%
Contracted services	95%
Transfers and Grants	85%
Other Expenditure	90%

Capital performance =98%

Year end accruals =5% of total operations

=15% of capital budget performance

Provisions =10%

Statutory requirements are not budgeted for the municipality ensures that all the statutory payments are made before the month end of each month.

### **Overview of budget funding**

#### Medium Term revenue

Ezinqoleni Municipality mainly depends on government grants and subsidies.

Operational grants and subsidies amount to R39.2 million, R46.9 million and R47.8 million for each of the respective financial years of the MTREF, or 94 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF.

Investment revenue contributes 2.6 per cent to the revenue base of the municipality with a budget allocation of R2.1million, R1.8 million and R2 million for the respective three financial years of the 2013/14 MTREF. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

Medium-term outlook: capital revenue

The Municipality's capital budget is funded by the Municipal Infrastructure Grant and the surplus for Equitable share.

The Municipal Infrastructure Grant for the MTERF is 13.9 million, 14.4 million and 14.9 million for respective years.

Table MBRR Table SB 7 - Capital transfers and grants receipts

Capital Transfers and Grants										
National Government:	13,987	-	-	-	-	-	13,987	14,464	14,921	
Municipal Infrastructure Grant (MIG)	13,987						13,987	14,464	14,921	
Other capital transfers [insert description]										
Provincial Government:	-	-	-	1,000	-	1,000	1,000	-	-	
Excellent Awards Grant				1,000		1,000	1,000			
District Municipality:	-	-	-	-	-	-	-	-	-	
[insert description]										
Other grant providers:	-	-	-	-	-	-	-	-	-	
[insert description]										
<b>Total Capital Transfers and Grants</b>	<b>6</b>	<b>13,987</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>14,987</b>	<b>14,464</b>	<b>14,921</b>

### Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

56. Clear separation of receipts and payments within each cash flow category;
57. Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
58. Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).



Table MBRR Table B7 - Budget cash flow statement

KZN215 Ezingoleni - Table B7 Adjustments Budget Cash Flows - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
Receipts												
Ratepayers and other		2,588						(428)	(428)	2,160	2,765	2,941
Government - operating	1	39,097						167	167	39,264	46,924	47,849
Government - capital	1	13,987					1,000		1,000	14,987	14,464	14,921
Interest		1,702						489	489	2,191	1,872	2,059
Dividends												
Payments												
Suppliers and employees		(31,611)						(2,844)	(2,844)	(34,455)	(32,900)	(35,666)
Finance charges		(50)						(5)	(5)	(55)	(55)	(61)
Transfers and Grants	1	(600)						(25)	(25)	(625)	(660)	(726)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>25,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(2,646)</b>	<b>(1,646)</b>	<b>23,467</b>	<b>32,409</b>	<b>31,317</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Receipts												
Proceeds on disposal of PPE												
Decrease (Increase) in non-current debtors												
Decrease (increase) other non-current receivables												
Decrease (increase) in non-current investments												
Payments												
Capital assets		(15,711)						(3,150)	(3,150)	(18,861)	(19,536)	(19,115)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(15,711)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,150)</b>	<b>(3,150)</b>	<b>(18,861)</b>	<b>(19,536)</b>	<b>(19,115)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Receipts												
Short term loans												
Borrowing long term/refinancing												
Increase (decrease) in consumer deposits												
Payments												
Repayment of borrowing												
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>9,402</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(5,796)</b>	<b>(4,796)</b>	<b>4,606</b>	<b>12,874</b>	<b>12,202</b>
Cash/cash equivalents at the year begin:	2	33,495						3,129	3,129	36,624	41,230	54,104
Cash/cash equivalents at the year end:	2	42,897						(2,666)		41,230	54,104	66,306

## Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

59. What are the predicted cash and investments that are available at the end of the budget year?
60. How are those funds used?
61. What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with

section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table MBRR Table B8 - Cash backed reserves/accumulated surplus reconciliation

KZN215 Ezinqoleni - Table B8 Cash backed reserves/accumulated surplus reconciliation - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
<u>Cash and investments available</u>												
Cash/cash equivalents at the year end	1	42,897	-	-	-	-	1,000	(2,666)	(1,666)	41,230	54,104	66,306
Other current investments > 90 days		(0)	-	-	-	-	(1,000)	2,666	1,666	1,666	(19,965)	(23,086)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		42,897	-	-	-	-	-	-	-	42,897	34,138	43,220
<u>Applications of cash and investments</u>												
Unspent conditional transfers		126	-	-	-	-	-	-	-	126	132	359
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	3,200	-	-	-	-	-	(10)	(10)	3,190	4,080	4,147
Other provisions		362	-	-	-	-	-	-	-	362	385	409
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		3,688	-	-	-	-	-	(10)	(10)	3,678	4,597	4,916
Surplus(shortfall)		39,209	-	-	-	-	-	10	10	39,219	29,542	38,305

Funding compliance measurement National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table MBRR SB6 – Funding compliance measurement

KZN215 Ezingoleni - Supporting Table SB6 Adjustments Budget - funding measurement - 25 February 2015

Description	Ref	MFMA section	2011/12	2012/13	2013/14	Medium Term Revenue and Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	1	18(1)b	19,758	27,862	29,111	42,897	-	41,230	54,104	66,306
Cash + investments at the yr end less applications - R'000	2	18(1)b	14,275	24,689	7,514	39,209	-	39,219	29,542	38,305
Cash year end/monthly employee/supplier payments	3	18(1)b	0	0	-	0	-	0	0	0
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)	19,498	11,677	25,747	13,495	-	11,362	20,600	18,311
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)				0.0%	0.0%	0.0%	45.4%	0.0%
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	0.0%	0.0%	0.0%	74.6%	0.0%	75.6%	75.0%	75.0%
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)				4.8%	0.0%	6.9%	5.0%	5.2%
Capital payments % of capital expenditure	8	18(1)c,19				95.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	9	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	10	18(1)a	94.0%	95.0%	91.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	11	18(1)a		14.9%	305.0%				-32.8%	4.9%
Long term receivables % change - incr(decr)	12	18(1)a	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	13	20(1)(vi)	0.4%	0.5%	0.9%	1.1%	0.0%	1.0%	1.0%	0.9%
Asset renewal % of capital budget	14	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## Expenditure on grants and reconciliations of unspent funds

Table MBRR SB8 - Expenditure on transfers and grant programmes

## KZN215 Ezingoleni - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 25 February 2015

Description	Ref	Budget Year 2014/15							Budget Year	Budget Year
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	2 A1	3 B	4 C	5 D	6 E	7 F	+1 2015/16	+2 2016/17
R thousands										
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		38,286	-	-	-	-	-	38,286	46,225	46,893
Local Government Equitable Share		34,499					-	34,499	43,308	43,775
Finance Management		1,800					-	1,800	1,950	2,100
Municipal Systems Improvement		934					-	934	967	1,018
EPWP Incentive		1,053					-	1,053	-	-
							-	-	-	-
							-	-	-	-
Other transfers and grants [insert description]							-	-	-	-
Provincial Government:		811	-	-	-	-	-	811	699	956
Maintenance Grant		150					-	150	-	-
Provincialisation of Libraries		535					-	535	699	956
Library Grant - Cyber Cadet		126					-	126	-	-
							-	-	-	-
District Municipality:		-	-	-	-	317	317	317	-	-
Disaster Management Grant						317	317	317		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
<b>Total operating expenditure of Transfers and Grants:</b>		39,097	-	-	-	317	317	39,414	46,924	47,849
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		13,987	-	-	-	-	-	13,987	14,464	14,921
Municipal Infrastructure Grant (MIG)		13,987					-	13,987	14,464	14,921
							-	-		
							-	-		
Other capital transfers [insert description]							-	-		
Provincial Government:		-	-	-	1,000	-	1,000	1,000	-	-
Excellent Awards Grant					1,000		1,000	1,000		
							-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
<b>Total capital expenditure of Transfers and Grants</b>		13,987	-	-	1,000	-	1,000	14,987	14,464	14,921
<b>Total capital expenditure of Transfers and Grants</b>		53,084	-	-	1,000	317	1,317	54,401	61,388	62,770

Table MBRR SB9 - Reconciliation between of transfers, grant receipts and unspent funds

KZN215 Ezingoleni - Supporting Table SB9 Adjustments Budget - reconciliation of transfers, grant receipts, and unspent funds - 25 February 2015

Description	Ref	Budget Year 2014/15							Budget Year +1	Budget Year
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	2 A1	3 B	4 C	5 D	6 E	7 F		
R thousands										
<b>Operating transfers and grants:</b>										
National Government:										
Balance unspent at beginning of the year		-						-	-	
Current year receipts		38,286						-	38,286	46,357
Conditions met - transferred to revenue		38,286	-	-	-	-	-	-	38,286	46,357
Conditions still to be met - transferred to liabilities								-	-	
Provincial Government:										
Balance unspent at beginning of the year		120						-	120	
Current year receipts		811						-	811	699
Conditions met - transferred to revenue		805	-	-	-	-	-	-	805	567
Conditions still to be met - transferred to liabilities		126						-	126	132
District Municipality:										
Balance unspent at beginning of the year								-	-	
Current year receipts								-	-	
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities								-	-	
Other grant providers:										
Balance unspent at beginning of the year								-	-	
Current year receipts								-	-	
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities								-	-	
Total operating transfers and grants revenue		39,091	-	-	-	-	-	-	39,091	46,924
Total operating transfers and grants - CTBM	2	126	-	-	-	-	-	-	126	132
<b>Capital transfers and grants:</b>										
National Government:										
Balance unspent at beginning of the year		-						-	-	
Current year receipts		13,987						-	13,987	14,464
Conditions met - transferred to revenue		13,987	-	-	-	-	-	-	13,987	14,464
Conditions still to be met - transferred to liabilities								-	-	
Provincial Government:										
Balance unspent at beginning of the year								-	-	
Current year receipts								-	-	
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities								-	-	
District Municipality:										
Balance unspent at beginning of the year								-	-	
Current year receipts								-	-	
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities								-	-	
Other grant providers:										
Balance unspent at beginning of the year								-	-	
Current year receipts								-	-	
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities								-	-	
Total capital transfers and grants revenue		13,987	-	-	-	-	-	-	13,987	14,464
Total capital transfers and grants - CTBM		-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		53,078	-	-	-	-	-	-	53,078	61,388
TOTAL TRANSFERS AND GRANTS - CTBM		126	-	-	-	-	-	-	126	132

**Councillor and employee benefits**

Table MBRR SB11 - Summary of councillor and staff benefits

KZN215 Ezinqoleni - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 25 February 2015

Summary of remuneration	Ref	Budget Year 2014/15									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	5	6	7	8	9	10	11	12	
		A	A1	B	C	D	E	F	G	H	
<b>Councillors (Political Office Bearers plus Other)</b>											
Basic Salaries and Wages		2,992						180	180	3,172	6.0%
Pension and UIF Contributions		-							-	-	
Medical Aid Contributions		-							-	-	
Motor Vehicle Allowance		-							-	-	
Cellphone Allowance		144						101	101	245	
Housing Allowances		-							-	-	
Other benefits and allowances		40							-	40	
<b>Sub Total - Councillors</b>		<b>3,176</b>	<b>-</b>			<b>-</b>		<b>280</b>	<b>280</b>	<b>3,456</b>	<b>8.8%</b>
% increase			(0)							0	
<b>Senior Managers of the Municipality</b>											
Basic Salaries and Wages		2,972							-	2,972	0.0%
Pension and UIF Contributions		5							-	5	0.0%
Medical Aid Contributions		-							-	-	
Overtime		-							-	-	
Performance Bonus		124							-	124	
Motor Vehicle Allowance		-							-	-	
Cellphone Allowance		-							-	-	
Housing Allowances		-							-	-	
Other benefits and allowances		36							-	36	
Payments in lieu of leave		65							-	65	
Long service awards		-							-	-	
Post-retirement benefit obligations	5	-							-	-	
<b>Sub Total - Senior Managers of Municipality</b>		<b>3,202</b>	<b>-</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>3,202</b>	<b>0.0%</b>
% increase			(0)							-	
<b>Other Municipal Staff</b>											
Basic Salaries and Wages		6,797						566	566	7,363	8.3%
Pension and UIF Contributions		1,281							-	1,281	0.0%
Medical Aid Contributions		489							-	489	0.0%
Overtime		-						50	50	50	#DIV/0!
Performance Bonus		566						(566)	(566)	-	
Motor Vehicle Allowance		433						155	155	588	35.7%
Cellphone Allowance		79							-	79	0.0%
Housing Allowances		30							-	30	
Other benefits and allowances		83							-	83	
Payments in lieu of leave		297							-	297	0.0%
Long service awards		35							-	35	0.0%
Post-retirement benefit obligations	5	143							-	143	0.0%
<b>Sub Total - Other Municipal Staff</b>		<b>10,233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205</b>	<b>205</b>	<b>10,438</b>	<b>2.0%</b>
% increase											
<b>Total Parent Municipality</b>		<b>16,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>485</b>	<b>485</b>	<b>17,096</b>	<b>2.9%</b>

Table MBRR SB11 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

## KZN215 Ezingoleni - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 25 February 2015

Summary of remuneration	Ref	Budget Year 2014/15									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
R thousands											
<b>Councillors (Political Office Bearers plus Other)</b>											
Basic Salaries and Wages		2,992					180	180	3,172	6.0%	
Pension and UIF Contributions		-						-	-		
Medical Aid Contributions		-						-	-		
Motor Vehicle Allowance		-						-	-		
Cellphone Allowance		144					101	101	245		
Housing Allowances		-						-	-		
Other benefits and allowances		40						-	40		
<b>Sub Total - Councillors</b>		3,176	-			-	280	280	3,456	8.8%	
% increase			(0)						0		
<b>Senior Managers of the Municipality</b>											
Basic Salaries and Wages		2,972						-	2,972	0.0%	
Pension and UIF Contributions		5						-	5	0.0%	
Medical Aid Contributions		-						-	-		
Overtime		-						-	-		
Performance Bonus		124						-	124		
Motor Vehicle Allowance		-						-	-		
Cellphone Allowance		-						-	-		
Housing Allowances		-						-	-		
Other benefits and allowances		36						-	36		
Payments in lieu of leave		65						-	65		
Long service awards		-						-	-		
Post-retirement benefit obligations	5	-						-	-		
<b>Sub Total - Senior Managers of Municipality</b>		3,202	-	-		-	-	-	3,202	0.0%	

Table MBRR SB15 -Monthly targets for revenue, expenditure and cash flow

KZN215 Ezinqoleni - Supporting Table SB15 Adjustments Budget - monthly cash flow - 25 February 2015

Monthly cash flows	Ref	Budget Year 2014/15											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>																
<b>Cash Receipts By Source</b>	1															
Property rates		133	46	334	68	103	46						888	1,618	2,449	2,595
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			1		2								598	600	10	11
Interest earned - external investments		132	206	209	186	180	188						1,090	2,191	1,800	2,059
Interest earned - outstanding debtors													244	244	60	65
Dividends received													-	-	-	-
Fines													-	-	-	-
Licences and permits													-	-	-	-
Agency services													-	-	-	-
Transfer receipts - operational		15,456	1,355	661		10,669	642						10,481	39,264	46,924	47,849
Other revenue		792	70	180	200	191	216						(1,284)	365	275	302
<b>Cash Receipts by Source</b>		<b>16,513</b>	<b>1,678</b>	<b>1,384</b>	<b>456</b>	<b>11,143</b>	<b>1,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,016</b>	<b>44,282</b>	<b>51,518</b>	<b>52,881</b>
<b>Other Cash Flows by Source</b>																
Transfers receipts - capital		5,000					6,900		3,087				-	14,987	14,464	14,921
Contributions & Contributed assets													-	-	-	-
Proceeds on disposal of PPE													-	-	-	-
Short term loans													-	-	-	-
Borrowing long term/refinancing													-	-	-	-
Increase in consumer deposits													-	-	-	-
Decrease (Increase) in non-current debtors													-	-	-	-
Decrease (increase) other non-current receivables													-	-	-	-
Decrease (increase) in non-current investments													-	-	-	-
<b>Total Cash Receipts by Source</b>		<b>21,513</b>	<b>1,678</b>	<b>1,384</b>	<b>456</b>	<b>11,143</b>	<b>1,092</b>	<b>6,900</b>	<b>-</b>	<b>3,087</b>	<b>-</b>	<b>-</b>	<b>12,016</b>	<b>59,269</b>	<b>65,982</b>	<b>67,802</b>
<b>Cash Payments by Type</b>																
Employee related costs		934	1,209	738	1,390	965	1,304	1,070	1,070	1,070	1,070	1,070	1,070	12,958	13,580	14,450
Remuneration of councillors		249	249	251	258	258	258	322	322	322	322	322	322	3,456	3,379	3,595
Collection costs														-	-	-
Interest paid		5	5	5	5	5	5	5	5	5	5	5	5	55	55	61
Bulk purchases - Electricity														-	-	-
Bulk purchases - Water & Sewer														-	-	-
Other materials														-	-	-
Contracted services		31	575	105	149	75	19	20	20	20	20	20	20	1,074	2,589	2,847
Grants and subsidies paid - other municipalities														-	-	-
Grants and subsidies paid - other		33	36	23	147		30	55	55	55	55	55	55	600	660	726
General expenses		897	858	839	951	931	1,669	1,797	1,797	1,797	1,797	1,797	1,797	16,925	13,352	14,774
<b>Cash Payments by Type</b>		<b>2,148</b>	<b>2,932</b>	<b>1,961</b>	<b>2,899</b>	<b>2,233</b>	<b>3,285</b>	<b>3,268</b>	<b>3,268</b>	<b>3,268</b>	<b>3,268</b>	<b>3,268</b>	<b>3,268</b>	<b>35,067</b>	<b>33,615</b>	<b>36,453</b>
<b>Other Cash Flows/Payments by Type</b>																
Capital assets		740	991	240	934	1,640	1,489	506	2,564	2,564	2,564	2,564	2,564	19,359	19,536	19,115
Repayment of borrowing														-	-	-
<b>Other Cash Flows/Payments</b>																
<b>Total Cash Payments by Type</b>		<b>2,888</b>	<b>3,922</b>	<b>2,200</b>	<b>3,833</b>	<b>3,873</b>	<b>4,774</b>	<b>3,774</b>	<b>5,832</b>	<b>5,832</b>	<b>5,832</b>	<b>5,832</b>	<b>5,832</b>	<b>54,426</b>	<b>53,151</b>	<b>55,568</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>18,625</b>	<b>(2,245)</b>	<b>(816)</b>	<b>(3,377)</b>	<b>7,270</b>	<b>(3,681)</b>	<b>3,126</b>	<b>(5,832)</b>	<b>(2,745)</b>	<b>(5,832)</b>	<b>(5,832)</b>	<b>6,183</b>	<b>4,843</b>	<b>12,831</b>	<b>12,234</b>
Cash/cash equivalents at the month/year beginning:		36,624	55,249	53,004	52,188	48,811	56,081	52,399	55,526	49,693	46,948	41,116	35,284	36,624	41,467	54,298
Cash/cash equivalents at the month/year end:		55,249	53,004	52,188	48,811	56,081	52,399	55,526	49,693	46,948	41,116	35,284	41,467	41,467	54,298	66,532



Table MBRR SB14 - Budgeted monthly revenue and expenditure

KZ215 Ezinqoleni - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure - 25 February 2015

Description	Ref	Budget Year 2014/15											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																
<b>Revenue By Source</b>																
Property rates		615	140	140	140	140	140	140	140	140	140	140	140	2,157	3,265	3,460
Property rates - penalties & collection charges														-	-	-
Service charges - electricity revenue														-	-	-
Service charges - water revenue														-	-	-
Service charges - sanitation revenue														-	-	-
Service charges - refuse														-	-	-
Service charges - other														-	-	-
Rental of facilities and equipment			1	0	1				1	1	1	1	2	10	17	19
Interest earned - external investments		132	185	209	186	180	189	198	183	183	183	183	181	2,191	1,872	2,059
Interest earned - outstanding debtors		23	24	28	29	30	27	27	27	27	27	27	27	325	60	65
Dividends received														-	-	-
Fines														-	-	-
Licences and permits														-	-	-
Agency services														-	-	-
Transfers recognised - operational		13,762	425	169	173	10,840	1,051	796	541	9,885	541	541	541	39,264	46,924	47,849
Other revenue		68	62	94	0	4	0	12	25	25	25	25	25	365	344	377
Gains on disposal of PPE														-	-	-
<b>Total Revenue</b>		<b>14,600</b>	<b>837</b>	<b>640</b>	<b>530</b>	<b>11,194</b>	<b>1,407</b>	<b>1,173</b>	<b>918</b>	<b>10,262</b>	<b>918</b>	<b>918</b>	<b>915</b>	<b>44,311</b>	<b>52,482</b>	<b>53,829</b>
<b>Expenditure By Type</b>																
Employee related costs		934	1,209	738	1,390	965	1,304	861	1,248	1,248	1,248	1,248	1,248	13,640	14,295	15,210
Remuneration of councillors		249	249	251	262	258	258	254	335	335	335	335	335	3,456	3,379	3,595
Debt impairment													150	150	165	182
Depreciation & asset impairment													9,900	9,900	10,890	11,979
Finance charges		5	4	4	5	4	5	5	4	4	4	4	4	55	55	61
Bulk purchases														-	-	-
Other materials														-	-	-
Contracted services		26	365	100	99	55	7	123	245	245	245	245	(624)	1,130	2,725	2,997
Grants and subsidies		33	34	23	180	41	30	63	79	79	79	79	79	800	-	-
Other expenditure		1,059	774	757	1,195	457	2,168	1,265	2,052	2,052	2,052	2,052	2,921	18,805	14,836	16,416
Loss on disposal of PPE														-	-	-
<b>Total Expenditure</b>		<b>2,306</b>	<b>2,635</b>	<b>1,873</b>	<b>3,132</b>	<b>1,779</b>	<b>3,772</b>	<b>2,572</b>	<b>3,963</b>	<b>3,963</b>	<b>3,963</b>	<b>3,963</b>	<b>14,014</b>	<b>47,936</b>	<b>46,345</b>	<b>50,439</b>
<b>Surplus/(Deficit)</b>		<b>12,293</b>	<b>(1,798)</b>	<b>(1,233)</b>	<b>(2,601)</b>	<b>9,414</b>	<b>(2,365)</b>	<b>(1,399)</b>	<b>(3,045)</b>	<b>6,299</b>	<b>(3,045)</b>	<b>(3,045)</b>	<b>(13,099)</b>	<b>(3,625)</b>	<b>6,136</b>	<b>3,390</b>
Transfers recognised - capital		630	991	240	877	1,499	1,499	506	1,749	1,749	1,749	1,749	1,749	14,987	14,464	14,921
Contributions														-	-	-
Contributed assets														-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>12,924</b>	<b>(808)</b>	<b>(993)</b>	<b>(1,725)</b>	<b>10,913</b>	<b>(867)</b>	<b>(893)</b>	<b>(1,296)</b>	<b>8,048</b>	<b>(1,296)</b>	<b>(1,296)</b>	<b>(11,350)</b>	<b>11,362</b>	<b>20,600</b>	<b>18,311</b>

Table MBRR SB12 - Budgeted monthly revenue and expenditure (municipal vote)

KZN215 Ezinqoleni - Supporting Table SB12 Adjustments Budget - monthly revenue and expenditure (municipal vote) - 25 February 2015

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>																
<b>Revenue by Vote</b>																
Vote 1 - Executive and Council		-	-	-	77	-	-	-	-	-	-	923	0	1,000	-	-
Vote 2 - Budget and Treasury Office		14,036	597	482	398	11,075	1,237	2,347	2,347	2,347	2,347	2,347	2,347	41,907	51,425	52,481
Vote 3 - Corporate Services		-	1	-	-	4	-	86	86	86	86	86	85	518	268	290
Vote 4 - Technical and Community Services		689	1,204	131	932	1,634	1,634	1,608	1,608	1,608	1,608	1,608	1,608	15,873	15,252	15,979
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>14,725</b>	<b>1,802</b>	<b>612</b>	<b>1,407</b>	<b>12,713</b>	<b>2,870</b>	<b>4,041</b>	<b>4,041</b>	<b>4,041</b>	<b>4,041</b>	<b>4,964</b>	<b>4,041</b>	<b>59,298</b>	<b>66,945</b>	<b>68,750</b>
<b>Expenditure by Vote</b>																
Vote 1 - Executive and Council		117	122	98	375	165	1,152	1,195	1,195	1,195	1,195	1,195	1,195	9,201	8,702	9,410
Vote 2 - Budget and Treasury Office		684	400	326	478	116	377	1,330	1,330	1,330	1,330	1,330	11,380	20,407	21,191	23,104
Vote 3 - Corporate Services		819	819	819	819	819	819	819	819	819	819	819	818	9,823	9,775	10,523
Vote 4 - Technical and Community Services		76	87	130	401	131	133	1,258	1,258	1,258	1,258	1,258	1,258	8,506	7,529	8,340
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>1,695</b>	<b>1,427</b>	<b>1,373</b>	<b>2,072</b>	<b>1,231</b>	<b>2,481</b>	<b>4,601</b>	<b>4,601</b>	<b>4,601</b>	<b>4,601</b>	<b>4,601</b>	<b>14,651</b>	<b>47,936</b>	<b>47,197</b>	<b>51,377</b>
<b>Surplus/ (Deficit)</b>		<b>13,030</b>	<b>375</b>	<b>(761)</b>	<b>(665)</b>	<b>11,482</b>	<b>389</b>	<b>(560)</b>	<b>(560)</b>	<b>(560)</b>	<b>(560)</b>	<b>363</b>	<b>(10,610)</b>	<b>11,362</b>	<b>19,748</b>	<b>17,373</b>

Table MBRR SB13 - Budgeted monthly revenue and expenditure (standard classification)

KZN215 Ezinqoleni - Supporting Table SB13 Adjustments Budget - monthly revenue and expenditure (standard classification) - 25 February 2015

Description - Standard classification	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>																
<b>Revenue - Standard</b>																
<i>Governance and administration</i>		14,036	598	482	475	11,079	1,237	2,433	2,433	2,433	2,433	3,356	2,433	43,425	51,693	52,771
Executive and council		-	-	-	77	-	-	-	-	-	-	923	0	1,000	-	-
Budget and treasury office		14,036	597	482	398	11,075	1,237	2,347	2,347	2,347	2,347		2,347	41,907	51,425	52,481
Corporate services		-	1	-	-	4	-	86	86	86	86	86	86	518	268	290
<i>Community and public safety</i>		157	157	157	157	157	157	157	157	157	157	157	158	1,886	789	1,058
Community and social services		143	143	143	143	143	143	143	143	143	143	143	143	1,714	699	956
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		14	14	14	14	14	14	14	14	14	14	14	15	172	90	102
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		630	991	-	800	1,499	1,499	506	1,613	1,613	1,613	1,613	1,612	13,987	14,464	14,921
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		630	991	-	800	1,499	1,499	506	1,613	1,613	1,613	1,613	1,612	13,987	14,464	14,921
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>		<b>14,824</b>	<b>1,746</b>	<b>639</b>	<b>1,432</b>	<b>12,735</b>	<b>2,893</b>	<b>3,095</b>	<b>4,202</b>	<b>4,202</b>	<b>4,202</b>	<b>5,125</b>	<b>4,202</b>	<b>59,298</b>	<b>66,946</b>	<b>68,750</b>
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>		2,636	2,641	2,617	2,894	2,684	3,671	3,488	3,488	3,488	3,488	3,488	3,488	38,068	38,420	41,664
Executive and council		117	122	98	375	165	1,152	988	988	988	988	988	988	7,956	7,453	8,037
Budget and treasury office		1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,701	20,405	21,191	23,104
Corporate services		819	819	819	819	819	819	799	799	799	799	799	799	9,707	9,775	10,523
<i>Community and public safety</i>		232	232	232	232	232	232	232	282	282	282	282	282	3,134	2,250	2,662
Community and social services		232	232	232	232	232	232	232	232	232	232	232	232	2,784	1,865	2,239
Sport and recreation		-	-	-	-	-	-	-	50	50	50	50	50	250	275	303
Public safety		-	-	-	-	-	-	-	-	-	100	-	-	100	110	121
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		425	425	425	489	425	1,109	434	438	457	457	457	457	5,994	5,977	6,446
Planning and development		-	-	-	64	-	685	10	13	32	32	32	32	900	770	847
Road transport		425	425	425	425	425	425	425	425	425	425	425	425	5,094	5,207	5,599
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		28	29	38	38	37	79	246	29	29	29	29	29	640	468	514
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		28	29	38	38	37	79	246	29	29	29	29	29	640	468	514
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	100	100	83	91
<b>Total Expenditure - Standard</b>		<b>3,321</b>	<b>3,326</b>	<b>3,312</b>	<b>3,653</b>	<b>3,378</b>	<b>5,091</b>	<b>4,400</b>	<b>4,236</b>	<b>4,255</b>	<b>4,355</b>	<b>4,255</b>	<b>4,356</b>	<b>47,937</b>	<b>47,197</b>	<b>51,377</b>
<b>Surplus/ (Deficit) 1.</b>		<b>11,503</b>	<b>(1,580)</b>	<b>(2,673)</b>	<b>(2,221)</b>	<b>9,358</b>	<b>(2,199)</b>	<b>(1,304)</b>	<b>(34)</b>	<b>(53)</b>	<b>(153)</b>	<b>870</b>	<b>(154)</b>	<b>11,362</b>	<b>19,749</b>	<b>17,373</b>

Table MBRR SB 16 - Budgeted monthly capital expenditure (municipal vote)

KZN215 Ezinqoleni - Supporting Table SB16 Adjustments Budget - monthly capital expenditure (municipal vote) - 25 February 2015

Description - Municipal Vote	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>																
<u>Multi-year expenditure appropriation</u>	1															
Vote 1 - Executive and Council																
Vote 2 - Budget and Treasury Office																
Vote 3 - Corporate Services																
Vote 4 - Technical and Community Services																
Vote 5 - [NAME OF VOTE 5]																
Vote 6 - [NAME OF VOTE 6]																
Vote 7 - [NAME OF VOTE 7]																
Vote 8 - [NAME OF VOTE 8]																
Vote 9 - [NAME OF VOTE 9]																
Vote 10 - [NAME OF VOTE 10]																
Vote 11 - [NAME OF VOTE 11]																
Vote 12 - [NAME OF VOTE 12]																
Vote 13 - [NAME OF VOTE 13]																
Vote 14 - [NAME OF VOTE 14]																
Vote 15 - [NAME OF VOTE 15]																
Capital Multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure appropriation</u>																
Vote 1 - Executive and Council				240	77							833	0	1,150	150	175
Vote 2 - Budget and Treasury Office								80	80	80	80	80	80	400	150	175
Vote 3 - Corporate Services		12				141	188			459			(0)	800	650	675
Vote 4 - Technical and Community Services		859	991	-	800	1,499	1,499	506	2,376	2,376	2,376	2,376	2,379	18,037	19,614	19,096
Vote 5 - [NAME OF VOTE 5]																
Vote 6 - [NAME OF VOTE 6]																
Vote 7 - [NAME OF VOTE 7]																
Vote 8 - [NAME OF VOTE 8]																
Vote 9 - [NAME OF VOTE 9]																
Vote 10 - [NAME OF VOTE 10]																
Vote 11 - [NAME OF VOTE 11]																
Vote 12 - [NAME OF VOTE 12]																
Vote 13 - [NAME OF VOTE 13]																
Vote 14 - [NAME OF VOTE 14]																
Vote 15 - [NAME OF VOTE 15]																
Capital single-year expenditure sub-total	3	871	991	240	877	1,499	1,640	694	2,456	2,456	2,915	3,289	2,458	20,387	20,564	20,121
Total Capital Expenditure	2	871	991	240	877	1,499	1,640	694	2,456	2,456	2,915	3,289	2,458	20,387	20,564	20,121

Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and Draftly on the repair and maintenance of assets.

Table MBRR **SB 18 a** - Capital expenditure on new assets by asset class

KZN215 Ezingoleni - Supporting Table SB18a Adjustments Budget - capital expenditure on new assets by asset class - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>												
<b>Infrastructure</b>		13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Infrastructure - Road transport		13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Roads, Pavements & Bridges		13,987	-	-	-	-	-	-	-	13,987	14,464	14,921
Storm water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-	-	-
<b>Community</b>		-	-	-	-	-	-	-	-	-	5,000	4,000
Parks & gardens		-	-	-	-	-	-	-	-	-	-	-
Sports Fields & stadia		-	-	-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-	5,000	4,000
Security and policing		-	-	-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>		2,300	-	-	-	-	-	3,850	3,850	6,150	600	700
General vehicles		600	-	-	-	-	-	1,050	1,050	1,650	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-	-	-
Plant & equipment		1,200	-	-	-	-	-	2,100	2,100	3,300	-	-
Computers - hardware/equipment		350	-	-	-	-	-	50	50	400	400	450
Furniture and other office equipment		150	-	-	-	-	-	50	50	200	200	250
Abattoirs		-	-	-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	600	600	600	-	-
Other Land		-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		250	-	-	-	-	-	-	-	250	-	-
Computers - software & programming		250	-	-	-	-	-	-	-	250	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets to be adjusted</b>	1	16,537	-	-	-	-	-	3,850	3,850	20,387	20,064	19,621

Table MBRR SB18b - Capital expenditure on the renewal of existing assets by asset class

KZN215 Ezingoleni - Supporting Table SB18b Adjustments Budget - capital expenditure on renewal of existing assets by asset class - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
<b>R thousands</b>												
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>												
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-	-	-
<b>Community</b>		-	-	-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-	-	-
Sports Fields & stadia		-	-	-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>		-	-	-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets to be adjusted</b>	1	-	-	-	-	-	-	-	-	-	-	-



Table MBRR SB 18c - Repairs and maintenance expenditure by asset class

KZN215 Ezingoleni - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H	2015/16	2016/17
<b>R thousands</b>												
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>												
<b>Infrastructure</b>		100	-	-	-	-	-	-	-	100	110	116
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		100	-	-	-	-	-	-	-	100	110	116
Generation		-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-	-	-
Street Lighting		100	-	-	-	-	-	-	-	100	110	116
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-	-	-
<b>Community</b>		250	-	-	-	-	-	-	-	250	295	303
Parks & gardens		-	-	-	-	-	-	-	-	-	-	-
Sports Fields & stadia		100	-	-	-	-	-	-	-	100	120	120
Swimming pools		-	-	-	-	-	-	-	-	-	-	-
Community halls		150	-	-	-	-	-	-	-	150	175	183
Libraries		-	-	-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>		580	-	-	-	-	-	(100)	(100)	480	638	705
General vehicles		150	-	-	-	-	-	-	-	150	165	182
Specialised vehicles		-	-	-	-	-	-	-	-	-	-	-
Plant & equipment		180	-	-	-	-	-	-	-	180	198	218
Computers - hardware/equipment		25	-	-	-	-	-	-	-	25	28	30
Furniture and other office equipment		25	-	-	-	-	-	-	-	25	28	30
Abattoirs		-	-	-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-	-	-
Other Buildings		200	-	-	-	-	-	(100)	(100)	100	220	245
Other Land		-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure to be adjusted</b>	1	930	-	-	-	-	-	(100)	(100)	830	1,043	1,123

Table MBRR SB19 - Detailed capital budget per municipal vote

KZN215 Ezinqoleni - Supporting Table SB19 List of capital programmes and projects affected by Adjustments Budget - 25 February 2015

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal Code	Individually Approved Yes/No	Asset Class	Asset Sub-Class	GPS co-ordinates	Medium Term Revenue and Expenditure Framework					
								Budget Year 2014/15		Budget Year +1 2015/16		Budget Year +2 2016/17	
								Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
R thousand			3	6	4	4	5						
Parent municipality:													
Technical Services	Access Roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		13,987	13,987	14,464		14,921	
Corporate Services	Motor Car			Yes	Other Assets	General vehicles		600	650	500		500	
Technical Services	Grader			Yes	Other Assets	Plant & equipment			3,300				
Technical Services	Mobile Library			Yes	Other Assets	General vehicles		1,200	1,000				
Computers	Computers			Yes	Other Assets	Computers - hardware/equipment		350	400	400		450	
Furniture and office equipment	Furniture and office equipment			Yes	Other Assets	Furniture and other office equipment		150	200	200		250	
Public toilets and Halls	Public toilets and Halls			Yes	Community	Other Buildings		600	600				
Budget and Treasury Office	Upgrade of financial system			Yes	Other Assets	Computers - software & programming		250	250				
Entities:													
<i>List all capital programs/projects grouped by Municipal Entity</i>													
<i>Entity Name</i>													
<i>Project name</i>													

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days). Section 72 was submitted to council.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns four have been appointed permanently. The remaining two are still under the training and municipality has an obligation to replace the vacant positions of the three interns.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee is shared with other municipalities within the district and is fully functional.
5. Service Delivery and Implementation Plan  
The detail 2014/15 revised SDBIP document will be finalized and will be tabled before council.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.

Other supporting documents:

Table MBRR Table SB1 - Supporting detail to budgeted financial performance

KZN215 Ezinqoleni - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	6 A1	7 B	8 C	9 D	10 E	11 F	12 G	13 H		
<b>REVENUE ITEMS</b>												
<b>Property rates</b>												
Total Property Rates		3,239							-	3,239	3,265	3,460
less Revenue Foregone		139						943	943	1,082		
Net Property Rates		3,100	-	-	-	-	-	(943)	(943)	2,157	3,265	3,460
<b>Service charges - electricity revenue</b>												
Total Service charges - electricity revenue									-	-		
less Revenue Foregone									-	-		
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-
<b>Service charges - water revenue</b>												
Total Service charges - water revenue									-	-		
less Revenue Foregone									-	-		
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-
<b>Service charges - sanitation revenue</b>												
Total Service charges - sanitation revenue									-	-		
less Revenue Foregone									-	-		
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-
<b>Service charges - refuse revenue</b>												
Total refuse removal revenue									-	-		
Total landfill revenue									-	-		
less Revenue Foregone									-	-		
Net Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue By Source</b>												
Fuel levy									-	-		
Other revenue	3	300						65	65	365	344	377
Total 'Other' Revenue	1	300	-	-	-	-	-	65	65	365	344	377

Table MBRR Table SB1 - Supporting detail to budgeted financial performance (continued)

<u>EXPENDITURE ITEMS</u>												
<u>Employee related costs</u>												
Basic Salaries and Wages		9,769							-	9,769	10,394	11,059
Pension and UIF Contributions		1,286							-	1,286	1,369	1,456
Medical Aid Contributions		489							-	489	520	553
Overtime							50	50	50	50		
Performance Bonus		690							-	690	734	781
Motor Vehicle Allowance		433					155	155	588	461	491	
Cellphone Allowance		79							-	79	84	89
Housing Allowances		30							-	30	32	34
Other benefits and allowances		119							-	119	127	135
Payments in lieu of leave		362							-	362	385	409
Long service awards		35							-	35	37	40
Post-retirement benefit obligations	4	143							-	143	152	162
<i>sub-total</i>		13,435	-	-	-	-	-	205	205	13,640	14,295	15,210
<u>Less: Employees costs capitalised to PPE</u>									-	-		
Total Employee related costs	1	13,435	-	-	-	-	-	205	205	13,640	14,295	15,210
<u>Contributions recognised - capital</u>												
<i>List contributions by contract</i>												
									-	-		
									-	-		
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-
<u>Depreciation &amp; asset impairment</u>												
Depreciation of Property, Plant & Equipment		9,900							-	9,900	10,890	11,979
Lease amortisation									-	-		
Capital asset impairment									-	-		
Depreciation resulting from revaluation of PPE									-	-		
Total Depreciation & asset impairment	1	9,900	-	-	-	-	-	-	-	9,900	10,890	11,979

Table MBRR Table SB1 - Supporting detail to budgeted financial performance (continued)

<u>Bulk purchases</u>												
Electricity									-	-		
Water									-	-		
Total bulk purchases	1	-	-	-	-	-	-	-	-	-	-	-
<u>Contracted services</u>												
<i>List services provided by contract</i>		2,477					(1,347)	(1,347)	1,130	2,725	2,997	
<i>sub-total</i>	1	2,477	-	-	-	-	(1,347)	(1,347)	1,130	2,725	2,997	
Allocations to organs of state:												
Electricity									-	-		
Water									-	-		
Sanitation									-	-		
Other									-	-		
Total contracted services		2,477	-	-	-	-	(1,347)	(1,347)	1,130	2,725	2,997	
<u>Other Expenditure By Type</u>												
Repairs and maintenance		930					(100)	(100)	830			
Collection costs									-	-		
Contributions to 'other' provisions									-	-		
Consultant fees									-	-		
Audit fees									-	-		
General expenses	3,5	13,868					4,107	4,107	17,975	14,836	16,416	
Total Other Expenditure	1	14,798	-	-	-	-	4,007	4,107	17,975	14,836	16,416	

Table MBRR Table SB2- financial position

KZN215 Ezinqoleni - Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 25 February 2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	4 A1	5 B	6 C	7 D	8 E	9 F	10 G	11 H		
R thousands												
<b>ASSETS</b>												
<u>Call investment deposits</u>												
Call deposits < 90 days		24,790							-	24,790	34,138	43,220
Other current investments > 90 days									-			
Total Call investment deposits	1	24,790	-	-	-	-	-	-	-	24,790	34,138	43,220
<u>Consumer debtors</u>												
Consumer debtors		770							-	770	651	683
Less: provision for debt impairment		-	-	-	-	-	-	-	-	-	-	-
Total Consumer debtors	1	770	-	-	-	-	-	-	-	770	651	683
<u>Debt impairment provision</u>												
Balance at the beginning of the year									-	-	-	-
Contributions to the provision									-	-	-	-
Bad debts written off									-	-	-	-
Balance at end of year		-	-	-	-	-	-	-	-	-	-	-
<u>Property, plant &amp; equipment</u>												
PPE at cost/valuation (excl. finance leases)		139,705						3,250	3,250	142,955	159,003	178,118
Leases recognised as PPE	2											
Less: Accumulated depreciation		58,667						270	270	58,937	66,280	74,273
Total Property, plant & equipment	1	81,038	-	-	-	-	-	2,980	2,980	84,018	92,723	103,845
<b>LIABILITIES</b>												
<u>Current liabilities - Borrowing</u>												
Short term loans (other than bank overdraft)									-	-	-	-
Current portion of long-term liabilities									-	-	-	-
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-	-
<u>Trade and other payables</u>												
Creditors		3,923							-	3,923	4,568	4,660
Unspent conditional grants and receipts		126							-	126	132	359
VAT									-			
Total Trade and other payables	1	4,049	-	-	-	-	-	-	-	4,049	4,700	5,019
<u>Non current liabilities - Borrowing</u>												
Borrowing	3								-	-	-	-
Finance leases (including PPP asset element)									-	-	-	-
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-	-
<u>Provisions - non current</u>												
Retirement benefits		1,134						737	737	1,871	1,248	1,372
List other major items									-	-	-	-
Refuse landfill site rehabilitation									-	-	-	-
Other									-	-	-	-
Total Provisions - non current		1,134	-	-	-	-	-	737	737	1,871	1,248	1,372
<b>CHANGES IN NET ASSETS</b>												
<u>Accumulated surplus/(Deficit)</u>												
Accumulated surplus/(Deficit) - opening balance		119,700						2,243	2,243	121,943	121,564	121,943
Appropriations to Reserves									-	-	-	-
Transfers from Reserves									-	-	-	-
Depreciation offsets									-	-	-	-
Other adjustments									-	-	-	-
Accumulated Surplus/(Deficit)	1	119,700	-	-	-	-	-	2,243	2,243	121,943	121,564	121,943
<u>Reserves</u>												
Housing Development Fund									-	-	-	-
Capital replacement									-	-	-	-
Self-insurance									-	-	-	-
Other reserves (list)									-	-	-	-
Revaluation									-	-	-	-
Total Reserves	2	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	119,700	-	-	-	-	-	2,243	2,243	121,943	121,564	121,943

Table MBRR Table SB5 – Social, economic and demographic statistics and assumptions

KZN215 Ezingoleni - Supporting Table SB5 Adjustments Budget - social, economic and demographic statistics and assumptions - 25 February 2015

Description of economic indicator	Ref.	1996 Census	2001 Census	2007 Survey	2011/12	2012/13	2013/14	Current year	Original Budget	Adjusted Budget
<b>Demographics</b>										
Population			47,000	54,000	54,000	52,540	53,590	53,590	54,663	55,756
Females aged 5 - 14			11,000	11,000						
Males aged 5 - 14			9,000	9,000						
Females aged 15 - 34			8,000	8,000						
Males aged 15 - 34			7,000	7,000						
Unemployment			30,000	30,000	25,000	25,000	26,000	26,000	25,000	25,000
<b>Monthly Household income (no. of households)</b>										
None	1, 12							1,343	1,370	1,397
R1 - R1 600								702	716	730
R1 601 - R3 200								1,374	1,401	1,429
R3 201 - R6 400								3,107	3,169	3,232
R6 401 - R12 800								3,013	3,073	3,134
R12 801 - R25 600								1,044	1,065	1,086
R25 601 - R51 200								530	541	552
R52 201 - R102 400								243	248	253
R102 401 - R204 800								93	95	97
R204 801 - R409 600								9	9	9
R409 601 - R819 200								8	8	8
> R819 200								6	6	6
<b>Poverty profiles (no. of households)</b>										
< R2 060 per household per month	13							7,197		
Insert description	2							1343.00		
<b>Household/demographics (000)</b>										
Number of people in municipal area								53	54	55
Number of poor people in municipal area								22	23	24
Number of households in municipal area								11	13	15
Number of poor households in municipal area								9	10	11
Definition of poor household (R per month)								<2000		
<b>Housing statistics</b>										
Formal	3							10,646	13,646	13,700
Informal								826	540	400
Total number of households		-	-	-	-	-	-	11,472	14,186	14,100
Dwellings provided by municipality	4									
Dwellings provided by province/s								3,000	6,000	
Dwellings provided by private sector	5							100		
Total new housing dwellings		-	-	-	-	-	-	3,100	6,000	-



Municipal manager's quality certificate

**Budget related policies**

# EZINQOLENI MUNICIPALITY



## BUDGET POLICY

## **1. Objective**

- 1.1. The objective of this policy is to set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as the responsibilities of the chief financial officer in compiling such a budget.
- 1.2. The Municipality shall comply with the provisions of this policy in the compilation of each of its budgets.

## **2. Compliance with Legal Provisions**

In the process of preparing the budget, the Municipality, its Mayor, political office bearers, Municipal Manager, Chief Financial Officer and other officials shall comply with all relevant legal requirements, including in particular:

- 2.1. the provisions of Chapter 4 ( Sections 15 to 33) of the Local Government: Municipal Finance Management Act, 2003 ( “the MFMA”), as well as Sections 42, 43, 53, 54,55, 68, 69, 70, 71, 72, 75, 80, 81 and 83 thereof; and
- 2.2. the Municipal Budget and Reporting Regulations ( “the Regulations”) published in terms of Section 168 of the MFMA under General Notice 393 of 2009; and
- 2.3. all relevant budget-related circulars and notices issued by the National Treasury.

## **3. Budget Steering Committee**

3.1 The Mayor of the Municipality shall establish a Budget Steering Committee as required by Regulation 4 of the Regulations.

3.2 The function of the Budget Steering Committee is to formulate the proposed policies for framing the upcoming annual budget and for steering the budget process through to completion.

## **4. Role of Mayor**

4.1. As provided in Section 21(1) of the MFMA, the Mayor is responsible for :

- 4.1.1. Co-ordinating the process for preparing the annual budget and for reviewing the Integrated Development Plan (“IDP”) and budget related-policies;
- 4.1.2. Tabling in the council a time schedule outlining key deadlines.

4.2. In addition, as provided in Section 21(2) of the MFMA, for purposes of preparing the budget, the Mayor is required to:

4.2.1. Take into account the Municipality's IDP;

4.2.2. Take all reasonable steps to ensure that the Municipality revises the IDP;

4.2.3. Take into account the national budget, the provincial budget, the national government's fiscal and macro-economic policy, the Annual Division of Revenue Act and any agreements reached in the budget forum;

4.2.4. Consult the relevant district municipality, if applicable, and local municipalities within the district, the provincial treasury, and when requested, the national treasury, and any national organs of state as may be prescribed;

4.2.5. Provide on request information to the National Treasury and other organs of state and other municipalities affected by the budget.

4.3. The Municipal Manager, the Chief Financial Officer and all other managers who are directly accountable to the Municipal Manager shall provide technical and administrative support to the Mayor in the preparation and approval of the annual and adjustment budgets, as well as the consultative process and the furnishing of information as contemplated above.

## **5. CFO Responsible for Preparation of Budget**

5.1. Without derogating in any way from the legal responsibilities of the municipal manager as accounting officer, the chief financial officer shall be responsible for preparing the annual budget.

5.2. The Municipal Manager shall delegate to the Chief Financial Officer all such powers as may be necessary for the Chief Financial Officer to perform the abovementioned function.

5.3. The Municipal Manager shall ensure that all heads of departments provide the inputs required by the Chief Financial Officer for the purpose of preparing the budget.

5.4. The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the mayor on the revision of the IDP and the budget-related policies where these are indicated.

## **6. Budget Time Schedule**

- 6.1. The Chief Financial Officer shall draft the budget time schedule as required by Section 21 (1) (b) for the ensuing financial year for the Council's approval.
- 6.2. Such time schedule shall indicate the target dates for the draft revision of the IDP and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, for the submission of all the budget-related documentation to the mayor, Budget, Monitoring and Evaluation Committee, and council.
- 6.3. Such time schedule shall provide for the deadlines set out in Appendix A, unless the Mayor, after consultation with the Chief Financial Officer, determines otherwise: provided that the requirements of the MFMA shall at all times be adhered to.
- 6.4. The Chief Financial Officer shall be responsible for ensuring that the time schedule is adhered to.

## **7. Budget to be Balanced**

The annual or adjustments budget shall be approved by the council only if it has been properly balanced, that is, if the sources of finance which are realistically envisaged to fund the budget equal the proposed expenses.

## **8. Funding of Expenditure**

- 8.1. An annual budget may be funded only from:
  - 8.1.1. Realistically anticipated revenues to be collected;
  - 8.1.2. Cash-backed accumulated funds from previous years' surpluses not committed for other purposes;
  - 8.1.3. Borrowed funds, but only for capital projects.
- 8.2. All expenses, excluding depreciation expenses, shall be cash-funded. All redemptions of external loans shall be transferred in cash to the external financing fund from the department to which the advance was made.

## **9. Zero -Based Budgeting**

Except in so far as capital projects represent a contractual commitment of the Municipality extending over more than one financial year, the annual budget shall be prepared from a zero base.

**10. Contents of Budget**

- 10.1. The budget must be in the prescribed format, and must be divided into a capital and an operating budget.
- 10.2. The budget must reflect the realistically expected revenues by major source for the budget year concerned.
- 10.3. The expenses reflected in the budget must be divided into the votes of the various departments of the municipality.
- 10.4. The budget must also contain:
  - 10.4.1. the foregoing information for the two years immediately succeeding the financial year to which the budget relates;
  - 10.4.2. the actual revenues and expenses for the previous financial year , and
  - 10.4.3. the estimated revenues and expenses for the current year.
- 10.5. The budget must be accompanied by all of the documents referred to in Section17(3) of the MFMA.
- 10.6. For the purposes of Section 17(3)(k), the salary, allowances and benefits of each person referred to therein must be sated individually.

**11. Sequence of Capital and Operating Components**

- 11.1. The annual budget and adjustments budget shall be prepared according to the following sequence :
  - 11.1.1. first, the capital component, and
  - 11.1.2. second, the operating component.
- 11.2. The operating component shall duly reflect the impact of the capital component on:
  - 11.2.1. depreciation charges;
  - 11.2.2. repairs and maintenance expenses;
  - 11.2.3. interest payable on external borrowings; and
  - 11.2.4. other operating expenses.

- 11.3. Before approving the capital budget component of the annual or adjustments budget, the council shall consider the impact of the capital component on the present and future operating budgets of the municipality in relation to the items referred to in 11.2.1 to 11.2.4.

## **12. Capital Replacement Reserve**

- 12.1. The council shall establish an asset financing reserve for the purpose of financing capital projects and the acquisition of capital assets.
- 12.2. Such reserve shall be established from the following sources of revenue:
- 12.2.1. unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
  - 12.2.2. interest on the investments of the asset financing reserve, appropriated in terms of the banking and investments policy;
  - 12.2.3. further amounts appropriated as contributions in each annual or adjustments budget; and
  - 12.2.4. net gains on the sale of fixed assets in terms of the fixed asset management and accounting policy.

## **13. Financing of Capital Budget**

The chief financial officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.

## **14. Determination of Votes**

In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used and the line-items to be shown under each vote, provided that in so doing the chief financial officer shall properly and adequately reflect the organisational structure of the municipality, and further in so doing shall comply with the prescribed budget format of National Treasury.

**15. Provisions for Leave, Bad Debts and Obsolescence**

- 15.1. The municipality shall establish and maintain a provision for accrued leave entitlements of officials as at 30 June of each financial year, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.
- 15.2. The municipality shall establish and maintain a provision for bad debts in respect of its approved rates and tariffs policies, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.
- 15.3. The municipality shall establish and maintain a provision for the obsolescence and deterioration of stock, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.

**16. Provision for Maintenance**

The Municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management and accounting policy. 8 to 10% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.

**17. Salaries and Allowances**

The budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 30% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councillors shall be included in this limit.

**18. Depreciation and Finance Charges**

- 18.1. Depreciation and finance charges together shall not exceed 20% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.
- 18.2. Finance charges payable by the municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the carrying value of the fixed assets belonging to such department or vote to the aggregate carrying value of all fixed



assets in the municipality. However, where it is the council's policy to raise external loans only for the financing of fixed assets in specified council services, finance charges shall be charged to or apportioned only between the departments or votes relating to such services.

- 18.3. The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, and the apportionment of interest payable to each vote.

### **19. Self Insurance Reserve**

19.1. The chief financial officer shall with the approval of the mayor and the municipal manager, determine the recommended contribution to the asset financing reserve and any special contributions to the self-insurance reserve.

19.2. The Chief Financial Officer shall determine the estimates of withdrawals from (claims) and contributions to (premiums) the self-insurance reserve.

### **20. Allocation of Interest Earned**

The allocation of interest earned on the municipality's investments shall be budgeted for, subject, however, to any terms and conditions relating to the treatment of interest which may be attached to any grant made to the Municipality. in terms of the banking and investment policy.

### **21. Indigent Relief**

The cost of indigent relief must be separately reflected in the appropriate votes.

### **22. Allocations from Other Organs of State**

Allocations from other organs of state shall be properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

**23. Rates as a Source of Income**

In preparing its revenue budget, the Municipality shall strive to maintain realistic revenues from property rates in terms of its property rates policy.

**24. Impact of Rates and Tariffs**

When considering the draft annual budget, the council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households in the municipal area.

**25. Determination of Growth Factors**

The Chief Financial Officer shall, with the approval of the mayor and the municipal manager, and having regard to the municipality's current financial performance, determines the recommended aggregate growth factor(s) using the National Treasury Guidelines.

**26. Publication of Annual Budget**

In accordance with Section 22 of the MFMA, the Municipal Manager shall ensure that immediately after the annual budget is tabled in the Council:

- 26.1 The budget is made public in accordance with the provisions of Section 17(3) of the Local Government: Municipal Systems Act;
- 26.2 The local community is invited to make submissions in regard to the budget;
- 26.3 The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;
- 26.4 The budget is submitted to any prescribed organs of state and to other municipalities affected by it.

**27. Consultations on Tabled Budgets**

The Municipality shall, after the annual budget is tabled, consider the views of the local community, the National and Provincial Treasuries, organs of state and municipalities which made submissions on the budget, as required by Section 23 of the MFMA, and shall comply with all other requirements of that section

**28. Approval of Annual Budget**

The Council shall approve the budget in accordance the provisions of Section 24 of the MFMA, failing which, the municipality shall be subject to the provisions of Section 25 of the MFMA.

**29. Monthly Budget Reports**

The chief financial officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall furnish the chief financial officer with all explanations required for deviations from the budget. The chief financial officer shall submit these monthly reports to the mayor, Budget, Monitoring and Evaluation Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.

**30. Related Policies**

This policy must be read in conjunction with the following budget –related policies of the Municipality:

- 30.1. The Credit Control and Debt Collection Policy;
- 30.2. The Indigent Management Policy;
- 30.3. Tariff Policy
- 30.4. Property Rates Policy

**31. Review of Policy**

This policy is to be reviewed annually by the Budget Steering Committee prior to the budget process commencing.

**32. Responsibility for Implementation**

The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manager shall delegate such powers to the Chief Financial Officer as may be required under paragraph 5.2 of this policy.

**33. Commencement**

This policy shall come into force on.....

Sign thus..... in his/her capacity as.....

# EZINQOLENI MUNICIPALITY



# BUDGET VIREMENT POLICY

**PREAMBLE**

The Municipality in terms of section 15 of the MFMA may , except where otherwise provided in the MFMA, incur expenditure only in terms of an approved budget and within the limited of the amounts appropriated for the different votes in an approved budget.

In terms of section 28 of the MFMA, a municipality may revise an approved annual budget through an adjustment budget. In terms of section 29 of the MFMA, the Mayor of the municipality may in emergency or other exceptional circumstances authorize unforeseeable an unavoidable expenditure for which no provision was made in an approved budget subject to such expenditure being in accordance with a prescribed framework and may not exceed a prescribed percentage of the approved annual budget and should be reported by the mayor to the municipal council at its next meeting and must be appropriated in an adjustment budget and such adjustment budget must be passed within 60 after the expenditure was incurred failing which such expenditure is unauthorized and consequences apply.

The Municipality in 2005 adopted Financial Regulations Policy that seek some level of delegation. This policy had some spaces that were left unfilled making it difficult to implement this delegation. The following represents the delegation necessary to give effect to section 29.

**1. Virement**

The aim of the virement is to allow Departments freedom to manage their services up to agreed limits and to provide flexibility so as to assist the Council in meeting its objectives. If however, the application of this virement powers results in difficulty for the Council, Council has the right to withdraw or suspend their use.

The general Regulations relating to virement are.

- The transfer of a budget does not involve a change of a policy or extra spending in future years.
- The cost centre from which the budget is being transferred has sufficient resources for the remainder of the financial year taking into account all known commitments.
- The virement does not involve the creation of new staff posts.
  - if any of the above Regulations are not met then the virement cannot proceed without the approval of the Council.
  - The Chief Financial Officer will report to the Council on virements quarterly, summarizing any variations to any budget.

All reports concerning supplementary votes or re-allocation between votes shall indicate the vote numbers and in all cases, prior comments of the Chief Financial Officer shall be obtained.

**2. AUTHORIZATION OF REQUESTS FOR VIREMENTS**

- 2.1. Requests for supplementary votes or re-allocation of votes in respect of both the Capital and Operating Estimates must be authorized by the Head of Department.

2.2. Where another cost centre is involved, the HOD for the other cost centre must also authorize the virement.

### **3. RECOMMENDATION FOR APPROVAL OF THE VIREMENT REQUEST**

The CFO recommends the approval of the virement after checking the availability of funds from the affected vote.

### **4. APPROVAL OF THE VIREMENT**

Depending on the amount, The Municipal Manager and the Mayor and Council approve Virement. Where the amount has to be approved by Council, the responsible HOD prepares all documents relating to the requested virement and obtain the support of both the CFO and the Municipal Manager to submit the item for consideration by Council.

### **5. CONSIDERATION OF VIREMENTS BY COUNCIL**

Council will consider all requests for virements in excess of R200 000 in respect of Operating Budget and R100 000.00 in respect of Capital Budget and will receive quarterly reports on the overall budget containing virements passed for ratification

### **6. LIMITS FOR VIREMENT APPROVAL**

#### **6.1. OPERATING BUDGET**

- i. A re-allocation between votes for amounts up to R100 000.00 as set by Council in any one case may be approved by the Municipal Manager.
- ii. A re-allocation between votes of more than amount of R100 000 up to R200 000.00 as set by Council in any one case may be approved by Mayor and the Municipal Manager.
- iii. A re-allocation of more than R200 000.00 must be approved by the Council;
- iv. Notwithstanding the above, in the case of urgency or similar circumstances, supplementary votes or re-allocation of votes may be authorized by the Municipal Manager in consultation with Chief Financial Officer acting jointly in full agreement with the Head of Department concerned, and provided the reasons therefore are provided and approved by the Mayor;

**6.2. CAPITAL BUDGET**

- i) A re-allocation request for an amount not exceeding R50, 000 as set by Council between items in a department or interdepartmental in the Capital Estimates may be authorized by the responsible Head of Department/s and not in substitution of a project already on the Capital Estimates and recommended by the CFO and the Municipal Manager's approval must be obtained.
- ii) A re-allocation between votes of more than amount of R50 000 but less than R100 000.00 as set by Council in any one case may be approved by Mayor and the Municipal Manager.
- iii) A re-allocation more than R100 000 must be approved by Council

**7. BUDGET MONITORING****7.1. OPERATING BUDGET****7.1.1 Performance**

The Chief Financial Officer shall monitor the performance of budgetary control of Heads of Departments. He shall coordinate the presentation of a council wide financial report, including details of the performance of budgetary control.

Heads of Departments shall monitor income and expenditure each month, and will notify the Chief Financial Officer any actual, planned or expected variation from budget and provide adequate information to the Chief Financial Officer in sufficient time to enable him to report to the Council on the overall financial position of the municipality. The information provided by Heads of Departments will include details of the action taken or planned to deal with variances from budget.

**7.1.2. Additional Estimates**

7.1.2.1 The Council's general policy is that additional expenditure estimates will be granted only in exceptional circumstances. Additionally or supplementary estimates, for items of expenditure not provided for in the budget, require Council approval.

7.1.2.2 When a report proposing additional expenditure is being considered by the Council the Chief Financial Officer shall be expected to give advice as to the potential impact, if any, upon the minimum level of financial reserves as required for the purpose of prudent financial management.

**7.1.3 Revisions to budget**

7.1.3.1 if the Council amends a budget during a financial year then that "revised budget" shall apply from the date of the Council meeting and relate to the period covered by the budget. Such

revisions will occur, for example, where the Council has approved a request from a Head of Department for an increase or a decrease in budget.

7.1.3.2 The Chief Financial Officer will have regard, in his budget monitoring reports to Council, to the level of financial reserves that are considered to be necessary for the prudent financial management of the municipality.

#### 7.1.4 **Carry Forward of year under spending**

7.1.4.1 No under spending on Operating Budget at the end of a financial year shall be carried forward to the next financial year.

7.1.4.2 In exceptional circumstances forwards may be allowed in terms of the year end

procedure issued by the Chief Financial Officer if it can be justified that these have occurred as a result of genuine and unavoidable delays in spending or if there is a legal or contractual commitment which must be met for that particular year.

7.1.4.3 Where necessary provision was not made in the budget, the responsible HOD shall have to deal with such in terms of budget virement.

### 7.2. **Capital Budget**

#### 7.2.1 **Spending of Capital Programme**

7.2.1.1 Heads of Department shall ensure that all capital spending conforms to the Financial

Regulations. Expenditure can be incurred on capital procurements, as long as:

- The project is in the approved capital budget;
- The Council has approved the financial aspects of the project;
- The total cost of the project is within the amount approved;
- The process of inviting and accepting tenders keeps to the Supply Chain Management Policy and Financial Regulations.
- 

7.2.1.2 All capital expenditure must be incurred by 30<sup>th</sup> June of the financial year for which it is approved.

7.2.1.3 Project Managers within the implementing departments will be responsible for authorizing the expenditure / income and for managing and controlling the progress and overall cost of each project. Project Managers are expected to pay regular attention to:

- Comparing actual / committed expenditure to the amount approved;
- Ensuring each stage of a project is completed within approved deadlines; and
- Monitoring the achievements of defined projects outputs and outcomes



7.2.1.4 Where a project is showing, or is expected to show, a variation in date of completion or expected outcomes / outputs from the details shown on the original Project Appraisal Schedule and on which the approval of the project was based, then the Project Manager shall submit a report to the Council at the earlier opportunity.

### 7.2.3 Virement

7.2.3.1 Where a project is showing or is expected to show an increase in expenditure compared to the amount included in the approved Capital Programme, then the Project Manager should consider the application of virement by examining the extent to which such additional expenditure may be off set by reduced expenditure on other capital procurements. However the use of virements is subject to the following conditions:

- That the capital procurements involved are both under the control of the same Head of Department; and
- Where another Department is involved, concurrence is obtained from the HOD.
- That the amount involved does not exceed an amount of R50, 000 as set by Council for approval by the Municipal Manager.

7.2.3.2 Where a proposed virement meets the above conditions, this can only take place with the recommendation of the Chief Financial Officer and the approval of the Municipal Manager. The Project Manager shall complete a Virement Request Form and give details as to how the proposed virements may impact on achievement of corporate priorities. The Forms shall be certified by the appropriate Head of Department and passed to the Chief Financial Officer who will provide notification when the virement has been approved.

7.2.3.3 Where a proposed virement meets the above conditions and is more than R50 000.00 but less than R100 000.00, recommendation of the Chief Financial Officer and the approval of both the Municipal Manager and the Mayor will be required. The Project Manager shall complete a Virement Request Form and give details as to how the proposed virements may impact on achievement of corporate priorities. The Forms shall be certified or authorized by the appropriate Head of Department and passed to the Chief Financial Officer who will provide notification when the virement has been approved.

7.2.3.4 If a proposed virement does not meet the conditions shown above, then a report shall be submitted to the Council by the appropriate Head of Department in consultation with the Chief Financial Officer and the Municipal Manager.

### 7.2.4 Capital Budget Performance

7.2.4.1 The Chief Financial Officer shall monitor the performance of budgetary control of Capital Budget. The Chief Financial Officer has responsibility for coordinating budget and shall prepare a

financial report on the Capital Budget as a whole, for consideration by the Council at least quarterly.

- 7.2.4.2 Project Managers shall monitor income and expenditure each month, notify the Chief Financial Officer of any actual, planned or expected variation from the approved capital programme and provide adequate information to the Chief Financial Officer in sufficient time to enable him to report to the Council on the overall financial position in respect of the Capital Budget. The information provided by the Project Managers will include details of the action taken or planned (if any) to deal with variances from the approved capital programme.
- 7.2.4.3 Head of Department will be required to submit progress reports on a monthly basis in respect of “key deliverables” to relevant portfolio committee to assess continuing compliances with the IDP Strategy and Corporate Plan of the Council

## **8. Urgent/Emergency Action**

- 8.1. Emergency means a sudden and dangerous occurrence i.e. an occurrence involving actual or potential threat to human life and / or actual or potential material financial losses to Council
- 8.2. Emergency or Urgent action referred to also takes into account action necessary in case of disasters taking place within the Municipal area
- 8.3. Where an emergency or urgent action involving an amount of R100,000 as set by Council excluding VAT becomes necessary as a result of some unforeseen circumstances, such action may only be approved by the Municipal Manager in consultation with the Chief Financial Officer and the other appropriate Heads of Departments.
- 8.4. Where an emergency or urgent action exceeding an amount of R100, 000 as set by Council excluding VAT becomes necessary as a result of some unforeseen circumstances, such action may only be approved by the Mayor in consultation with the Municipal Manager, Chief Financial Officer and the other appropriate Head of Department.
- 8.5. In case of urgency or emergency where no budgetary provision exists, the Mayor in consultation with the Municipal Manager and Chief Financial Officer may take appropriate action to utilize reserves and report to the next full Council meeting

## **9. EFFECTIVE DATE OF THE AMENDMENTS TO THE FINANCIAL REGULATIONS**

These amendments take effect from the date of Council Resolution approving them.

# EZINQOLENI MUNICIPALITY



## Credit Control and Debt Collection Policy

## INDEX

### **PREAMBLE**

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### ***PREAMBLE***

WHEREAS section 152 (1) (b) of the Constitution of the Republic of South Africa Act 108 of 1996 (*the Constitution*) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people’s needs must be responded to.

AND WHEREAS section 4 (1) (c) of the Local Government: Municipal Systems Act 33 of 2000 (*the Systems Act*) provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

AND WHEREAS section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority.

IT IS HEREBY ADOPTED: a credit control and debt management policy of the Ezinqoleni Municipality

#### **DEFINITIONS**

***For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:***

“Act”                        The Local Government Act: Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

<i>“Arrangement”</i>	A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed to.
<i>“Arrears”</i>	Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.
<i>“Authorized Representative”</i>	Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;
<i>“CFO”</i>	Person appointed as the Chief Financial Officer of the Municipality, or his or her nominee.
<i>“Council”</i>	The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa Act 108 of 1996, of the Ezinqoleni Municipality established by part 7 of provincial notice 80, dated 27 September 2000;
<i>“Credit Control”</i>	All the functions relating to the collection of monies owed by ratepayers and the users of municipal services.
<i>“customer”</i>	Any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;
<i>“defaulter”</i>	Any Person who owing the Council arrear monies in respect of rates and / or service charges;
<i>“engineer”</i>	The person in charge of the civil and/or electrical component of Council;
<i>“equipment”</i>	A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;
<i>“Implementing Authority”</i>	Means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Systems Act.
<i>“interest”</i>	A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies;

*“municipal account”*

An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;

*“Municipality”*

Means the Ezinqoleni Municipality.

*“Municipal Manager”*

The person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated;

*“municipal services”*

Those services provided by the municipality, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, and for which services charges are levied;

*“occupier”*

Any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property,

*“owner” –*

- (a) The person in whom from time to time is vested the legal title to premises;
- (b) In a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- (c) In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;
- (d) In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;
- (e) In relation to-

- i. A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or
  - ii. A section as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;
- (f) Any legal person including but not limited to-
- i. A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;
  - ii. Any department of State;
  - iii. Any Council of Board established in terms of any legislation applicable to the Republic of South Africa;
  - iv. Any Embassy or other foreign entity;

*“premises”* Includes any piece of land, the external surface boundaries of which

are delineated on-

- a) A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or
- b) A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;

*“Supervisory Authority”*

Means the Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act.

## **1. PRINCIPLES**

1.1 The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.

1.2 All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be



required to complete new application forms from time to time, as determined by the City Manager.

- 1.3 A copy of the application form, conditions of services and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every customer on request at such fees as may be prescribed by Council.
- 1.4 Billing is to be accurate, timeous and understandable.
- 1.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 1.6 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 1.7 Enforcement of payment must be prompt, consistent and effective.
- 1.8 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- 1.9 Incentives and disincentives may be used in collection procedures.
- 1.10 The collection process must be cost-effective.
- 1.11 Results will be regularly and efficiently reported by the Municipal Manager and the Mayor.
- 1.12 Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 1.13 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

## **2. DUTIES AND FUNCTIONS**

### ***2.1. Duties and Functions of Council***

- 2.1.1. To approve a budget consistent with the needs of communities, ratepayers and residents.
- 2.1.2. To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- 2.1.3. To facilitate sufficient funds to give access to basic services for the poor.<sup>1</sup>
- 2.1.4. To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.<sup>2</sup>
- 2.1.5. To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority.<sup>3</sup>
- 2.1.6. To approve a reporting framework for credit control

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1 Preferably, the total equitable share should be set aside for this purpose.

2 The bad debt provision should at least reflect the increase in debtors during the previous financial year. The amount provided for can only be reduced by the amount provided for working capital.

3 A realistic target would be to improve on the previous year's result by 5% - 10%. The target should be reviewed every year until the turnover rate of debtors is between 45-56 days.

and debt collection.

2.1.7. To consider and approve by-laws to give effect to the Council's policy.

2.1.8. To monitor the performance of the Mayor (Supervising Authority) regarding credit control and debt collection.

2.1.9. To revise the budget should Council's targets for credit control and debt collection not be met.

2.1.10. To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies.

2.1.11. To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.

2.1.12. To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Mayor and Municipal Manager and Service Provider respectively.

2.1.13. To provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection.

Alternatively to appoint a Service Provider, or debt collection agent.

2.1.14. To assist the Municipal Manager in the execution of his duties, if and when required.

2.1.15. To provide funds for the training of staff.

## 2.2 DUTIES AND FUNCTIONS OF MAYOR

- 2.2.1 To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws<sup>1</sup>.
- 2.2.2 To monitor the performance of the Municipal Manager in implementing the policy and by-laws<sup>2</sup>.
- 2.2.3 To review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes<sup>3</sup>.
- 2.2.4 To report to Council.

## 2.3 DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER

- 2.3.1 To implement good customer care management systems.
- 2.3.2 To implement council's credit control and debt collection policy.
- 2.3.3 To install and maintain an appropriate accounting system.
- 2.3.4 To bill customers.
- 2.3.5 To demand payment on due dates.
- 2.3.6 To raise penalties for defaults.
- 2.3.7 To appropriate payments received.
- 2.3.8 To collect outstanding debt.
- 2.3.9 To provide different payment methods.
- 2.3.10 To determine credit control and debt collection measures.

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Section 99 of the Local Government: Municipal Systems Act, 2000 provides that the committee must –a) Oversee and monitor -

1 (i) The implementation and enforcement of the municipality's customer care, credit control and debt collection policy and any by-laws enacted in terms of section 98; and

2 (ii) The performance of the municipal manager in implementing the policy and any by-laws.

3 (b) When necessary, evaluate or review the policy and any by-law, or the implementation of the policy or such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and

- 2.3.11 To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- 2.3.12 To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- 2.3.13 To set performance targets for staff.
- 2.3.14 To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- 2.3.15 To delegate certain functions to heads of departments.
- 2.3.16 To determine control procedures.
- 2.3.17 To monitor contracts with service providers in connection with credit control and debt collection
- 2.3.18 To report to the Mayor.

## **2.4 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS**

- 2.4.1 To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- 2.4.2 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- 2.4.3 To observe the mechanisms and processes of the municipality in exercising their rights.
- 2.4.4 To allow municipal officials access to their property to execute municipal functions at a time that is agreeable by the consumer and municipal officials.
- 2.4.5 To comply with the by-laws and other legislation of the municipality.
- 2.4.6 To refrain from tampering with municipal services and property.

## **2.5 DUTIES AND FUNCTIONS OF WARD COUNCILLORS**

- 2.5.1 To hold regular ward meetings.
- 2.5.2 To adhere to and convey council policies to residents and ratepayers.
- 2.5.3 To adhere to the Code of Conduct for Councillors.
- 2.5.4 Ward Committees will act in terms of roles and functions as approved by Council.

### **3. AREA OF APPLICATION**

This policy applies throughout the area of the Municipality.

### **4. APPLICATION FOR SERVICES**

- 4.1 Consumers who require a service must enter into a written service agreement with the municipality.
- 4.2 The process must occur ten (10) days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken.
- 4.3 The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.
- 4.4 Consumers who illegally consume services without this agreement will be subject to punitive action.

### **5. CUSTOMER SERVICE AGREEMENTS**

- 5.1 Customer service agreements are those agreements that will be from time to time be entered into between the customer and the Municipality for the supply of municipal services.

**5.2 The contents of the agreement include this policy as well as:**

**An undertaking by customers:**

- **That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees;**
- **That any alleged non-receipt of an account does not stop the collection process;**

**An undertaking by Council:**

- **That it will deliver accounts to customers.**
- **That it will inform customers that they are required to request statements in the event that they do not receive an account.**

**6. DEPOSITS AND GUARANTEES**

- 6.1 The deposits are payable when new customers sign-on and when existing customers move to a new supply address.

Guarantees are only permitted for businesses and only under circumstances as determined by Council from time to time.

- 6.2 Customers must pay a deposit equal to an amount as determined by Council from time to time.

- 6.3 The Municipality may increase or decrease deposits and guarantees to suit the particular circumstances.

**7. ACCOUNTS AND BILLING**

- 7.1 Customers will receive one consolidated bill for all services to a property, which is situated within the boundaries of the Municipality.
- 7.2 Accounts are produced in accordance with the meter reading cycles.
- 7.3 An account will be rendered each month in cycles of approximately 30 days.
- 7.4 The Municipality will undertake to have the accounts delivered to all consumers. However non-receipt of an account does not prevent interest charges and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the account, before the due date.
- 7.5 Accounts must be paid on the due date as indicated on the account. Interest on arrears will accrue after due date if the account remains unpaid irrespective of the reason for non-payment.
- 7.6 Payments for accounts must be received on or before the due date at a Municipal pay-point by the close of business. In the case of any electronic payments or payments via agents, the money must be received in the municipal bank account on or before the due date and not later than the close of Business.
- 7.7 Consumers will be notified of their unpaid accounts prior to the commencement of the debt collection process.
- 7.8 Non-payment of the account will result in debt collection action in terms of this section 15 of this policy.

## 8. VALUATION OF PROPERTIES

- 9.1 All properties within the boundaries of the Ezinqoleni Municipality are to be valued in terms of the legislation, applicable to the valuation of properties for the purpose of levying property rates.

## 9. CUSTOMER ASSISTANCE PROGRAMMES

**These are programmes that the Municipality has designed to assist customers meet their obligations, such as:**



- 9.1 Rates rebates;
- 9.2 Arrangements for settlement;
- 9.3 Payment of rates by instalments;
- 9.4 Indigent assistance scheme.
- 9.5 Free basic services

## 9.1 RATES REBATE

Rebates on rates may be granted by Council in terms of Council's rating policy.

## 9.2 ARRANGEMENTS FOR SETTLEMENT

### **9.2.1 Arrangements are permissible for debtors who experience difficulties in paying their accounts.**

- 9.2.2 The terms applicable for the settlement of arrear debt will be as approved by Council from time to time.

## 9.3 PAYMENT OF RATES BY INSTALLMENTS

- 9.3.1 Owners may pay the property rates annually or in equal monthly instalments over a period of 12 months.
- 9.3.2 Interest shall accrue on all monthly paid rates accounts if they are not paid by the due date as indicated on the account.
- 9.3.3 Regular monthly instalment payments must be maintained. Failure to maintain monthly instalment payment for three (3) consecutive months shall result in the cancellation of the facility and all future instalments become payable. Indigent accounts will remain on monthly instalment.

## 9.4 INDIGENT ASSISTANCE SCHEME

An account holder may apply to the Municipality, in the prescribed manner, to be declared indigent provided that the following conditions are applied:

- That the gross household income must not exceed the poverty threshold value as determined by Council from time to time.

- That the Municipality may inspect the property occupied by the applicant and in respect of which municipal services are rendered to assess the merits of the application.
- **Any aggrieved person who was not successful in the application to be regarded as indigent may lodge an appeal to the Chief Financial Officer within a period of ten (10) days from the date on which the aforesaid decision has been communicated to him/her.**

#### 9.5 FREE BASIC SERVICES

Council will provide free basic services to domestic debtors, on a monthly basis in quantities as determined from time to time.

### 10. COMMUNICATION

- 10.1 The municipality will at its own cost make the Credit Control and Debt Collection policy brochure available to the community. Any amendments may be communicated in a newsletter from time to time.
- 10.2 Councillors must from time to time, address ward committees on the contents of the policy and any amendments thereto.

### 11. PAYMENT FACILITIES AND METHODS

- 11.1 Municipal payment and enquiry facilities will be maintained subject to acceptable levels of activity when compared to the operational costs. The Municipal Manager or his/her designate has the discretion to open and close offices as required.
- 11.2 The consumer acknowledges that any agent used for transmitting payments to the Municipality is at the risk and cost of the consumer. In addition the consumer must take into account the transfer time of the particular agent.
- 12.3 A range of payment methods are available and may be extended as required subject to financial implications. The Municipality shall actively monitor the effectiveness of pay facilities, methods and convenience for consumers.
- 12.4 The Chief Financial Officer shall allocate payments according to pre-determined priorities.

**13. ENQUIRIES AND APPEALS**

- 13.1 Any resident or consumer who may feel aggrieved concerning his/her account may address a grievance / appeal to the Municipal Manager or Chief Financial Officer or visit any Customer Care Office provided by the municipality.
- 13.2 A customer who has lodged an enquiry is not relieved of the responsibility to maintain regular payment of the account. An interim payment similar to the average account must be paid by the due date pending finalisation of the enquiry. Failure to make a payment will result in debt collection action been instituted against the customer.
- 13.3 Depending on the nature of the enquiry and the resources available, the enquiry must receive a response within 10 days.
- 13.4 If a customer has received a response and is still not convinced that the account is not correct, the customer may approach the relevant Ward Councillor to assist with the enquiry.

**14. TENDERS FOR BUSINESS**

The Procurement Policy and Tender Conditions of the Municipalities will include the following:

- 14.1 When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
- 14.2 No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during contract period.
- 14.3 A condition allowing the municipality to deduct any moneys owing to the municipality from contract payments.

**15. DEBT COLLECTION**

The Chief financial Officer is authorised to institute these mechanisms without exception and with the intention of proceeding until the debt is collected.

The following mechanisms are to be used to collect:

- 15.1 Disconnection / restriction of metered services for all overdue rates and service charges.
- 15.2 Barring from buying prepayment services by debtors who are in arrears with rates and service charges.
- 15.3 Allocating a portion of any payment for prepayment services to arrear debt.
- 15.4 Insisting on prepayment supplies be installed at the cost of the debtor.
- 15.5 Emolument attachment orders on debtors' salaries.
- 15.6 Withholding of rates clearance certificates under certain conditions. (Refer to section 118 of the Systems Act of 2000.)
- 15.7 Legal process, including the attachment and sale of goods or immovable property.
- 15.8 Withholding payments of grants-in-aid.
- 15.9 Withholding payment on contracts
- 15.10 Any other method authorised by Council from time to time.

**16. THEFT AND FRAUD**

- 16.1 The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.
- 16.2 The Council may approve specific penalties and distinguish between cases of vandalism and theft.
- 16.3 Subsequent acts of tampering may lead to a refusal to supply certain services for determined periods.

**17. REPORTING AND PERFORMANCE MANAGEMENT**

- 17.1 The Chief Financial Officer shall report monthly to the Municipal

Manager in a suitable format to enable the Municipal Manager to report to the Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on:

17.1.1 Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.

17.2 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

17.3 The Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

## **18. INCOME COLLECTION TARGET**

The long-term target is a debtor turnover ratio of 45 days, that is, debtors are expected to pay for services on average in a month and a half.

## **19. APPLICATION OF THE POLICY**

The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying the Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

*OFFICE OF THE CHIEF FINANCIAL OFFICER*

# EZINQOLENI MUNICIPALITY



## BANKING, CASH AND INVESTMENT POLICY

**1. Objective and Scope of Policy**

- 1.1. The council and staff of the municipality, as trustees of public revenues, have an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- 1.2. The council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.
- 1.3. This policy is intended to provide a framework for ensuring the proper management and investment of its cash resources so as to ensure:
  - 1.3.1. That the net current asset requirements of the municipality are effectively managed;
  - 1.3.2. that sufficient cash resources are available to finance the capital and operating budgets of the municipality;
  - 1.3.3. that the highest possible return on investments is gained without unnecessary risk, during periods when excess funds are not immediately required;
  - 1.3.4. that in so doing, the primary aim of preserving and ensuring the safety of deposits is promoted;
  - 1.3.5. that there is effective control over the management of bank accounts
  - 1.3.6. that investments are diversified;
- 1.4. This policy shall apply to the management of all of the cash resources of the Municipality and to all investments made by it.

**2. Legal Provisions**

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of:

- 2.1. the Local Government: Municipal Finance Management Act No. 56 of 2003 ("the MFMA") and
- 2.2. any Regulations made thereunder, including, in particular, the Municipal Investment Regulations published under GN R308 in Government Gazette 27431 of 1 April 2005 ("the Investment Regulations").

**3. Principles of Sound Cash Management**

In order to promote sound cash management, the Municipality shall adhere to the following principles:

- 3.1. It shall collect revenue when it is due and bank it promptly;
- 3.2. It shall make payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the creditor's normal terms for account payments;
- 3.3. It shall avoid pre-payment for goods or services (i.e. payments in advance of the receipt of goods or services), unless required by the contractual arrangements with the supplier;
- 3.4. It shall accept discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to the relevant treasury;
- 3.5. It shall pursue apply its debt collection policy to ensure that amounts receivable by the municipality are collected and banked promptly;
- 3.6. It shall accurately forecast its cash flow requirements
- 3.7. It shall the inflow and outflow of cash;
- 3.8. It shall recognise the time value of money by economically, efficiently and effectively managing cash;
- 3.9. It shall take any other action as may promote the efficient utilisation of cash resources, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under utilised assets; and
- 3.10. It shall avoid bank overdrafts.

#### **4. Cash Collection**

- 4.1. All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis [ or STATE ALTERNATIVE ARRANGEMENT] to the credit of the Municipality's primary bank account.
- 4.2. The Municipality shall endeavour to apply its Credit Control and Debt collection Policy rigorously in order to promote the collection of moneys due to it. This includes charging interest and recovering other costs when appropriate and setting target dates when these are payable.

#### **5. Receipt of Payments**

- 5.1. The receipt of all monies collected by the council shall be acknowledged forthwith by the issue of a numbered official receipt, as provided in this section.



5.2. When money is received over the counter:

- 5.2.1. Every amount of payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of a numbered official receipt or cash ticket; and
- 5.2.2. Every receipt form which is cancelled will be reattached in the correct place, in the receipt book. Where computer generated receipts are used, the original receipt must be filed for audit purposes.

5.3. When money is received by Post:

- 5.3.1. The Registry Clerk shall record all payment remittances as and when received in the cheque register in the presence of a witness;
  - 5.3.2. Post-dated cheques received in the council's mail must also be recorded in the cheque register, which shall be regarded as the register of remittances received by post;
  - 5.3.3. The cheque register together with all remittances received must be sent to a designated official in the finance section;
  - 5.3.4. The designated official on receipt of the cheque register together with the remittances will code all remittances and submit it to the cashier for receipting;
  - 5.3.5. The cashier will receipt all remittances and issue official receipts to the designated official;
  - 5.3.6. The designated official will record all receipts in the cheque register and return same to registry. The Registry Clerk must ensure that all receipts are recorded in the cheque register;
  - 5.3.7. All documents relating to remittances received in the mail must be filed for audit purposes;
  - 5.3.8. A separate register for post dated cheques will be maintained by the Cashier and all postdated cheques must be stored safely in the registry strong room; and
  - 5.3.9. The Cashier will ensure that all postdated cheques, which become due, are promptly receipted and recorded in the postdated cheque register.
- 5.4. When money is received by electronic transfer, such transfers must be immediately recorded and receipts must be issued.

**6. Payments to Creditors**

- 6.1. The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the chief financial officer before any payment is made.
- 6.2. Notwithstanding 6.1, in the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor , then the following shall apply
  - 6.2.1. if the invoice for the goods or services is received by the municipality before the fifteenth day of the month in which the goods are delivered or the service rendered, the chief financial officer may in his discretion authorise payment thereof to be effected at the end of such month;
  - 6.2.2. if the invoice for the goods or services is received by the municipality after the fifteenth day but before the last day of the month in which the goods are delivered or the services rendered, the chief financial officer may in his discretion authorise payment thereof to be effected on the fifteenth day of the following month;
  - 6.2.3. if the amount to be paid is less than R 5000-00 (Five Thousand Rand) and the invoice for the goods or service in question is received by the municipality by no later than 12 noon of the Thursday of the week in which the goods are delivered or the services rendered, the chief financial officer may in his discretion authorise payment thereof to be effected on the Friday of that week.
- 6.3. The Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if he or she determines that there are financial incentives for the municipality to do so.
- 6.4. The Chief Financial Officer shall not ordinarily process payments for accounts received more than once in each calendar month, such processing to take place on or about the end of the month concerned, except when payment is to be effected in circumstances contemplated in 6.2.1, 6.2.2 or 6.2.3.

- 6.5. Special payments to creditors (that is to say, payments made in circumstances not contemplated elsewhere in this section 6) shall only be made with the express approval of the municipal manager, who shall be satisfied that there are compelling reasons for making such payments.
- 6.6. Credit statements must be reconciled monthly.
- 6.7. Payments must be made only on receipt of an official order, certified goods received note and official company invoice.
- 6.8. All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 6.9. The chief financial officer shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, and subject to 6.10, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 6.10. Only the Municipal Manager or the Chief Financial Officer, or any other senior official of the Municipality acting on the written authority of the Municipal Manager, may withdraw money or authorize the withdrawal of money from any of the Municipality's bank accounts, and shall do so only for the purposes prescribed in Section 11 of the MFMA.
- 6.11. Notwithstanding the above, wherever possible, payments shall be effected by means of electronic transfers rather than by cheques with the normally accepted control measures being applied
- 6.12. All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 6.13. The maximum amount and nature of petty disbursements, shall be generally determined from time to time by the chief financial officer, subject, however, to the provisions of the Municipality's Supply Chain Management Policy.
- 6.14. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.

6.15. The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.

6.16. Payments to creditors shall in any event be made in accordance with the provisions of the MFMA, and in particular, with Section 65 thereof.

## **7. Management of Inventory**

7.1. The chief financial officer shall be responsible for the proper administration of all stores.

7.2. If sub-stores are established under the control of any head of department, such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the stock level policies as determined from time to time by the chief financial officer, acting in consultation with the head of department concerned.

7.3. No sub-store may be established without the prior written consent of the chief financial officer.

7.4. Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.

7.5. A stock register, reflecting the under mentioned detail must be kept and updated daily:

7.5.1. Item description;

7.5.2. Stores code number;

7.5.3. Transaction date;

7.5.4. On goods received –

7.5.4.1. Goods delivery note number;

7.5.4.2. Number of items received; and

7.5.4.3. Value of items received.

7.5.5. On goods issued-

7.5.5.1. Requisition number; and

7.5.5.2. Number of items issued.

7.5.6. Balance of items in stock.

- 7.6. Stock counts must be affected monthly and an annual report reflecting stock shortage and surpluses must be submitted to council as at 30 June of each financial year. All surpluses and shortages must be explained by the accountable head of departments.
- 7.7. Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

## **8. Contract Management**

Subject to the provisions of the Municipality's Supply Chain Management Policy:

- 8.1. all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorised by the chief financial officer or the head of department concerned; and
- 8.2. all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorised by such head of department in accordance with the provisions of Section 3 below. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects - before being submitted to the chief financial officer for payment.

## **9. Cash Flow Projections**

- 9.1. The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a weekly basis, or more frequently, if considered necessary.
- 9.2. Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality.
- 9.3. The operating requirements must include provisions for:
- 9.3.1. Monthly salary and allowances payments;
  - 9.3.2. Bulk purchases of electricity and water;
  - 9.3.3. Interest on long term loans;
  - 9.3.4. Maintenance of assets;

9.3.5. General expenditure (payments to current creditors); and

9.3.6. Expected daily and monthly incomes.

9.4. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, in good time and in the format required by the Chief Financial Officer.

9.5. The Chief Financial Officer shall report to the executive committee or the executive mayor, as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate.

9.6. For purposes of such report, the cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report.

9.7. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

#### 10. **Investment Ethics**

10.1. The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance, including, in particular, the Investment Regulations.

10.2. In making such investments the Chief Financial Officer shall at all times have only the best interests of the municipality in mind, and shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.

10.3. No official or councilor of the Municipality may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the Municipality has made or may potentially make an investment.

**11. Investment Principles**

- 11.1. When money is available for investment, it shall be invested in accordance with the provisions contained in this policy.
- 11.2. After determining whether there is cash available for investment and fixing the maximum term of investment, the Chief Financial Officer must determine the best manner in which to invest it. As rates vary according to money market perceptions, quotations must be requested telephonically, within term limitations, and these must be set out on a schedule.
- 11.3. In order to limit exposure, where large sums of money are available for investment, the Chief Financial Officer shall ensure that:
  - 11.3.1. they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality, so that not more than 20% of available funds are invested with any one institution; and
  - 11.3.2. As far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered.
- 11.4. Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. It can be accepted as a general rule that the larger the return, the greater the risk.
- 11.5. When investments are placed with smaller registered institutions, the Chief Financial Officer shall ensure that the Municipality is not exposed to undue risk, and shall ensure that the creditworthiness and performance of the institution are satisfactory. Information from which the creditworthiness of financial institutions can be determined must be obtained and analysed at least annually
- 11.6. Every financial institution with which the municipality makes an investment must issue a certificate to the chief financial officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

- 11.7. The Municipality may not borrow money for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.
- 11.8. Money kept in current accounts should be kept at minimum levels, as it may be more beneficially invested in other accounts such as call deposits.
- 11.9. If the Chief Financial Officer invests with financial institutions, he or she must ensure that such institutions are registered in terms of the Banks Act 94 of 1990 and that they are approved financial institutions - as approved by the Reserve Bank, from time to time.

## **12. Credit Ratings**

Investments may be made only with institutions having minimum credit ratings

## **13. Permitted Investments**

The Municipality may invest funds only in investment types permitted under Regulation 6 of the Investment Regulations.

## **14. Approved Institutions**

Subject to the provisions of paragraph 12 above and to Regulation 10 of the Investment Regulations, the Municipality may make investments with the following institutions, and no others:

14.1. [ ]

14.2. [ ]

## **15. Call Deposits and Fixed Deposits**

- 15.1. Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least three institutions.
- 15.2. Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).



15.3. Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

15.4. Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the Municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

**16. Restriction on Term of Investments**

No investment with a term exceeding twelve months shall be made without the prior approval of the executive mayor or the executive committee, as the case may be.

**17. Cession of Investments**

The cession of any investment of the Municipality as security shall be subject to the provisions of Section 48 of the MFMA.

**18. Supply Chain Management Policy**

The Municipality shall comply with its Supply Chain Management Policy to the extent that it is applicable to the implementation of any aspect of this policy.

**19. Control over Investments**

19.1. The Chief Financial Officer shall ensure that proper records are kept of all investments made by the Municipality.

19.2. Such records shall include an investment register in which the following information shall be recorded:

19.2.1. Name of institution

19.2.2. Capital invested

19.2.3. Date invested

19.2.4. Interest rate

19.2.5. Maturation date

19.2.6. Interest received

19.2.7. Capital repaid; and

19.2.8. Balance invested.

19.3. The investment register and accounting records must be reconciled on a monthly basis.

19.4. The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks.

19.5. The Chief Financial Officer must ensure that interest, correctly calculated, is received on due date.

19.6. Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:

19.6.1. Fixed deposit letter or investment certificate

19.6.2. Receipt for capital invested,

19.6.3. Copy of electronic transfer or cheque requisition

19.6.4. Excel schedule of comparative investment figures,

19.6.5. Commission certificate indicating no commission was paid on the investment; and

19.6.6. Interest rate quoted.

## **20. Reports**

The Municipal Manager shall ensure that reports are submitted to the Mayor as required under Regulation 9 of the Investment Regulations.

## **21. Banking Arrangements**

21.1. The Municipal Manager is responsible for the management of the Municipality's bank accounts, but may delegate this function to the Chief Financial Officer.

21.2. The Municipal Manager and Chief Financial Officer are authorised at all times to sign cheques or electronic transfers and any other documentation associated with the management of such accounts.

21.3. The Municipal Manager is authorised to appoint, in consultation with the chief financial officer, two or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the

executive committee or the executive mayor, as the case may be, on a monthly basis, as part of the report dealing with the municipality's investments.

21.4. All bank accounts and investments must be in the name of the municipality.

21.5. In compliance with the requirements of good governance, the municipal manager shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following:

21.5.1. the administration of the external finance fund and of the asset financing reserve (if these accounts are legally permissible

21.5.2. capital receipts in the form of grants, donations or contributions from whatever source; trust funds; and

21.5.3. the municipality's self-insurance reserve (if legally permissible).

21.6. In determining the number of additional accounts to be maintained, the Municipal Manager, in consultation with the Chief Financial Officer, shall have regard to the likely number of transactions affecting each of the accounts referred to.

21.7. Unless there are compelling reasons to do otherwise, and the council expressly so directs, all of the Municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality.

21.8. The selection of the Municipality's Bankers shall be carried out in accordance with the Municipality's Supply Chain Management Policy.

## **22. Raising of Debt**

22.1. The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the MFMA and only with the prior approval of the council.

22.2. Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.

- 22.3. Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the chief financial officer. Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.
- 22.4. No lender may extend credit to a municipality for the purpose of renewing or refinancing debt that must be paid off in terms of the above. In the event of a lender willfully extending credit to a municipality for the purpose of renewing or refinancing debt, the municipality is not bound by the contract in terms of which the credit was extended to the municipality.
- 22.5. Cash in the current account must be kept to a minimum, subject to the municipality's reasonably anticipated cash requirements.

### **23. Related Policies**

This policy must be read in conjunction with the following budget-related policies of the Municipality:

- 23.1. The Credit Control and Debt Collection Policy;
- 23.2. The Indigent Management Policy;
- 23.3. The Supply Chain Management Policy;
- 23.4. The Budgeting Process Policy;

### **24. Review of Policy**

This policy is to be reviewed annually.

### **25. Responsibility for Implementation**

The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manager shall delegate such powers to the Chief Financial Officer as may be required to enable the Chief Financial Officer to perform such duties as are imposed on him or her in terms of this policy, and may delegate such other powers as he or she may deem fit to any other senior manager of the Municipality

**26. Commencement**

This policy shall come into force on \_\_\_\_\_.

Signed by: \_\_\_\_\_

Full Names: \_\_\_\_\_

In his/ her capacity as: \_\_\_\_\_

# **EZINQOLENI**

# **MUNICIPALITY**



# **TARIFFS POLICY**

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# PART 1: GENERAL

## INTRODUCTION AND

### OBJECTIVE

1.1 A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements

1.2 The tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74 (see part 9 of this policy).



1.3 In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

## PART 2: GENERAL PRINCIPLES

2.1 Service tariffs imposed by the local municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time).

## 2.2 The Ezinqoleni Municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal area of jurisdiction.

2.3 Tariffs for the major service rendered by the Ezinqoleni Municipality shall as far as possible recover the expenses associated with the rendering of such service. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the service used or consumed.

2.4 The Ezinqoleni Municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services further generate an operating surplus each financial year of 10% or such lesser percentage as the council of the municipality may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

2.5 The Ezinqoleni Municipality shall develop, approve and at least annually review an indigency support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal area.

2.6 In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.

- 2.7 The Ezinqoleni Municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be evident to all consumers or users of the service in question
- 2.8 The Ezinqoleni Municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.
- 2.9 The Ezinqoleni Municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 2.10 In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.

## PART 3: ELECTRICITY, SOLID REFUSE REMOVAL, AND SEWERAGE

In as much as the municipality is not responsible for the provision of electricity, sewerage, and solid refuse removal, no tariff policy is provided for sewerage these services.

## PART 4: MINOR TARIFFS

4.1 All minor tariffs shall be standardised within the municipal area.

4.2 All minor tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

4.3 All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected

4.4 The following services shall be considered as subsidised services, and the tariffs levied shall cover 50% or as near as possible to 50% of the annual operating expenses budgeted for the service concerned:

- burials and
- cemeteries

4.5 The following services shall be considered as community services, and no tariffs shall be levied for their use:

- municipal swimming pool
- disposal of garden refuse at the municipal tip site
- municipal reference library
- municipal sport facilities
- municipal lending library (except for fines set out below)
- municipal botanical garden, and all other parks and open spaces.

4.6 The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

- maintenance of graves and garden of remembrance (cremations)
- housing rentals
- rentals for the use of municipal halls and other premises (subject to the proviso set out below)
- building plan fees
- sales of plastic refuse bags
- sales of refuse bins
- cleaning of stands
- sales of livestock and plants
- photostat copies and fees
- clearance certificates.

4.7 The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:

- fines for lost or overdue library books
- advertising sign fees
- pound fees
- penalty and other charges imposed in terms of the approved policy on credit control and debt collection
- penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.

4.8 Market-related rentals shall be levied for the lease of municipal properties.

4.9 In the case of rentals for the use of municipal halls and premises, the council may by resolution determine categories of users of such halls and premises which are entitled to discounts on the grounds that they are required for non-profit purposes or for the provision of a service to the community. If the municipal manager is satisfied that a prospective user falls within such a category and a hall or premises are required by such user for non-profit making purposes and for the provision of a service to the community, the municipal manager may waive up to 50% of the applicable rental.

4.10 The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality's sustaining damages as a result of the use of the facilities concerned.

## ANNEXURE: LEGAL REQUIREMENTS

### LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT NO. 32 OF 2000

#### SECTION 74: TARIFF POLICY

The council of a municipality must adopt and implement a tariff policy on the levying of fees for the services provided by the municipality itself or by way of service delivery agreements.

Such policy must comply with the provisions of the present Act and any other applicable legislation.

Such tariff policy must reflect at least the following principles:

- that users of municipal services must be treated equitably in the application of the municipality's tariffs;
- that the amount individual users pay for services must generally be in proportion to the use of such services;
- that poor households must have access to at least basic services through tariffs which cover only operating and maintenance costs, special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of services, or any other direct or indirect method of subsidisation of tariffs for poor households;



- that tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
- that tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
- that provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- that provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- that the economic, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;

- that the extent of subsidisation of tariffs for poor households and other categories of users must be fully disclosed.

The tariff policy may differentiate in respect of services, service standards, service providers and other matters between different categories of users, debtors or geographical areas.

If the policy entails such differentiation, the municipality must ensure that this does not amount to unfair discrimination.

### SECTION 73: GENERAL DUTY

The municipality must give effect to the provisions of the Constitution, and in doing so give priority to the basic needs of the local community, promote the development

of the local community, and ensure that all members of the local community have access to at least the minimum level of basic municipal services.

The services provided by the municipality must be: equitable and accessible; provided in a manner conducive to the prudent, economic, efficient and effective use of available resources, and the improvement of standards of quality over time; financially sustainable; environmentally sustainable; and regularly reviewed with a view to upgrading, extension and improvement.

### SECTION 75: BY-LAWS TO GIVE EFFECT TO POLICY

The council of the municipality must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

Such by-laws may differentiate in respect of services, service standards, service providers and other matters between different categories of users, debtors or geographical areas, but in a manner which does not amount to unfair discrimination.

## ANTI - FRAUD AND CORRUPTION POLICY

### 1. INTRODUCTION

- 1.1 No organization or administrative process is free of risk of fraud and corruption. It is Management's responsibility to identify and control the risks, which the organization faces. Risk is defined as any negative event that may prevent the organization from achieving its strategic and operational objectives or possibility of incurring misfortune or loss.
- 1.2 The policy seeks to focus attention at the macro strategic level in the first instance. It then provides a schema for assessing matters and actions to be addressed at the detailed level.
- 1.3 It is important to note that the policy is highly prescriptive in its nature. The intention is to develop a philosophy; that the entire municipal council will fight fraud and corruption as a team. When a policy like this is set at a high level it covers the worst-case scenario that some departments may unnecessarily waste resources. The integrated approach to mitigating fraud and corruption should be committed to by all Councilors, Accounting officer, Heads of Departments and employees of the municipal council.
- 1.4 This policy recognizes that Ezinqoleni Local Municipality is unique and will need to implement a policy to suit this municipality. Whilst this policy will identify relevant issues to be addressed it is the responsibility of the Accounting Officer to assess the situation at the municipality and how the policy will be implemented and communicated within the rest of the employees of the municipality.
- 1.5 This policy is basically a very simple instrument. It is a means of effectively organizing ideas and efforts. It is a device for both encouraging and assisting management to see the big picture – and hence to gain confidence that there are no gaps. As a result Accounting Officer is better able to effectively acquit the responsibility, which the Municipal Finance Management Act, 56 of 2003 demands.
- 1.6 This policy serves as a conceptual, analytical, planning and review tool.
- 1.7 The key elements required for effective prevention of fraud and corruption is presented in this policy and represents the approach of Ezinqoleni Local Municipality to managing risk of fraud and corruption.
- 1.8 The policy seeks to embody the following:
- i) Provision of a focus point and allocation of accountability and authority.
  - ii) Provides a common understanding of what constitutes fraud and corruption that needs to be communicated throughout the Municipal Council;
  - iii) Raises vigilance, which means that staff and managers need to be actively involved on an ongoing basis in preventing, detecting and investigating fraud and corruption. Without their support, prevention and detecting of fraud and corruption will fail. Their support can be achieved by increasing awareness, encouraging involvement and developing fraud and corruption reporting process;

- iv) Uncover the facts which refer to the processes and skills required to manage allegation of fraud and corruption.
- v) Deterring fraud and corruption, which refers to the processes, required ensuring disciplinary, criminal action and civil recovery are instigated as appropriate, pursuing heavy penalties and advising staff of the outcome.

## 2. STATEMENT OF POLICY PRINCIPLES

2.1 Ezinqoleni Local Municipality is committed to protecting its revenue, property and information from any attempt, either by members of the public, contractors, subcontractors, agents, intermediaries, service providers or its own employees, to gain by deceit financial or other benefits. This policy is designed to protect public money and property, protect the integrity, security and reputation of Ezinqoleni Local Municipality and maintain a high level of services to the community consistent with good governance.

2.1.1 There are three elements to this policy:

- i) Reduction of losses through fraud and corruption by the rigorous implementation of fraud and corruption prevention procedures;
- ii) A commitment to a policy of detection, investigation, prosecution and recovery of losses in cases of fraud and corruption; and
- iii) Respect for the civil right of the citizens of Ezinqoleni Local Municipality – including its employees.

2.1.2 Ezinqoleni Local Municipal Council and particularly its employees, act as stewards of the public purse will work together with the Criminal Justice System agencies. (Note: for the purposes of this policy, the word “Agencies” will refer to South African Police Services (SAPS), National Prosecution Authority (NPA), and Directorate of Special Operations (DSO) commonly known as “Scorpions”). The community of Ezinqoleni has, rightly, an expectation that the employees of Ezinqoleni Local Municipality acknowledge and fulfill their responsibility to protect public money and property.

2.1.3 Prevention of fraud and corruption is the protection of public property, revenue, and rights and privileges from fraudulent exploitation. The desired outcome of Anti-Fraud and Corruption Policy is elimination of cases of fraud and corruption within the structures of the Municipal Council.

2.2 Ezinqoleni Local Municipality has through this policy adopted an integrated comprehensive anti-fraud and corruption guideline for programmes and operations.

2.2.1 This policy provides for:-

- i) Adherence to the Council’s directives regarding fraud and corruption;
- ii) The reporting to South African Police Services (SAPS) of information on all instances of fraud and corruption against Ezinqoleni Local Municipality programmes;
- iii) The referral to National Prosecutions Authority and Directorate of Special Operations (DSO);
- iv) The adherence by the Council to standards, directions and guidelines set by Cabinet, Department of Provincial and Local Government, National Treasury, Provincial Department of Local Government and Traditional Affairs and KwaZulu-Natal Provincial Treasury for the prevention of fraud and corruption, investigation and reporting of fraud and corruption information and statistics.

### 2.3 COUNCIL'S EXPECTATIONS

- 2.3.1 The Municipal Manager is responsible for fostering an environment within the Municipality, which makes active prevention of fraud and corruption a major responsibility of all employees, for articulating clear standards and procedures to encourage the minimization and deterrence of fraud and corruption, and for the detection, investigation and prosecution of offences should they occur.
- 2.3.2 It is incumbent on all employees; in particular Heads of Departments and management, to develop, encourage, insist upon and implement sound financial, legal and ethical decision-making within their departments.
- 2.3.3 All employees are to make themselves familiar with the concepts and responsibilities of prevention of fraud and corruption. The Municipal Manager, Heads of Departments and Managers are to ensure that training programs include appropriate issues dealing with prevention of fraud and corruption. Relevant unions have an important role to play in the development and provision of fraud and corruption prevention training, particularly in the areas of ethics and code of conduct.
- 2.3.4 It is the responsibility of the council and Management to ensure that the council and management decision-making process is as open and public as possible. Fraudulent conduct breeds in an environment where systems, standards and procedures are open to exploitation. It is in the best interests of better prevention of fraud and corruption for councils' decision making to be visible and unambiguous to the Municipality's employees, the private sector and community of Ezinqoleni as a whole. Visibility is the cornerstone of public sector accountability.
- 2.3.5 Prevention of fraud and corruption is concerned ultimately with the effective utilization of resources and the minimization waste, abuse, mismanagement, maladministration, theft, fraud and corruption. Effective accountability mechanisms for the use of public funds act to bolster the prevention of fraud and corruption environment. Measures to prevent fraud and corruption should be continually monitored, reviewed and developed particularly as new systems, benefit programs, contracting or arrangements are introduced or modified.

### 3. APPLICATION OF THE POLICY

- 3.1 This policy applies to all commissions and omissions as well as risks of fraud and corruption whether manifested, probable, alleged or suspected.
- 3.2 This policy applies to all municipal structures including Councilors, Departments and employees of Ezinqoleni Municipality.
- 3.3 The Municipal Manager and Managers should be mindful of the broader Government's policies and policy principles and articulated in this document and should regularly advise the council as to the steps they are taking to meet the aims of this policy.
- 3.4 Although the title of this policy is anti-fraud and corruption that does not mean that, it is only applicable to cases of fraud and corruption but it includes all types of crimes or alternatively acts which give rise to the municipality incurring losses of any nature through theft, embezzlement, mismanagement, maladministration etc.

3.5 The Council therefore expects and encourages the intentions and spirit of the policy to flow to other stakeholders, specifically the following:

- i) Suppliers, contractors, service providers;
- ii) Civil society in general;
- iii) Labour;
- iv) Media;
- v) Users of services/customers;
- vi) Organized religion; and
- vii) All other persons with the links in Ezinqoleni.

#### 4. DEFINITION OF FRAUD

4.1 Fraud is not restricted to monetary or material benefits. For the purpose of this policy, fraud against Ezinqoleni Local Municipality is described as:

4.2 "Introducing a course of action by deceit or other dishonest conduct, involving acts or omissions of the making of false statements, orally or in writing, with the objective of objective of obtaining money or other benefit from, or of evading a liability to, the Ezinqoleni Local Municipality.

4.3 This definition includes monetary gain and any benefit that could be gained from the Municipality, including intangibles, such as information. A basic test for fraud could include the following questions:

- i) Was deceit employed?
- ii) Was the action unlawful?
- iii) Did it result in money/benefits being received to which the person or entity was not entitled?
- iv) Was an attempt made to do the above?

4.4 The following illustrations are provided as a guide:

- i) Evasion, by deceit, of payments owing to Ezinqoleni Local Municipality by omission or false statement-  
*Example:* falsifying an application or statement in order to reduce a liability to pay rates or license fee;
- ii) Obtaining, by deceit, benefits or documents to which the recipient is not entitled-  
*Example:* welfare benefits, education benefits, travel allowances, licenses;
- iii) Forgery-  
*Example:* a document signature on a document or cheque, submission of falsified receipts or invoices, forged certificates of competency or qualification;
- iv) Charging Ezinqoleni Local Municipality by deceit, for goods and services not delivered/rendered or only delivered/rendered in part-  
*Example:* fraud in procurement, specifications not met, substandard material used, false invoices, collusive tendering, skimming or under-delivered of product or service;
- v) Theft or unlawful removal of council property-



*Example:* stealing equipment such as computers, other technical devices, stores, and furniture, property which should have been officially disposed of, forms or certificates or other valuables assets. Unlawful use of Ezinqoleni Local Municipality vehicles, telephones or other property or services;

- vi) Theft of information for financial or other advantage-

*Example:* Unlawful disclosure of information of contractors, the media or others including for use by a third party, theft of documents;

- vii) Theft and “making - off” without payment with the collusion of, or by a municipal employee-

*Example:* Any unlawful act by Ezinqoleni Municipality employee with the intention of stealing from Ezinqoleni Municipality or assisting someone else to steal. “Making – off” is where a person, knowing that immediate payment for any goods or service supplied is required, dishonestly makes off without having paid and with intent to avoid payment;

- viii) Abuse of Ezinqoleni Local Municipality facilities-

*Example:* Using Ezinqoleni Local Municipality vehicles for unauthorized personal or business uses. Abuse of Municipality fuel cards;

- ix) Obtaining property by deception and obtaining financial advantage by deception-

*Example:* The use of false or multiple identities to obtain benefits to which there is no lawful right. Passing off a cheque, obtaining benefits using false document;

or

- x) The matter is an offence involving a particular false statement in contravention of the provision of specific South African Legislation.

## 5. DEFINITION OF CORRUPTION

5.1 General offence of corruption is described by Prevention and Combating of Corrupt Activities Act, Act No. 12 of 2003 as follows:

5.2 Any person who, directly or indirectly-

- i) Accept or agrees to accept any gratification from any other person whether for the benefit of himself or herself or the benefit of another person: or
- ii) Gives or agrees or offers to give to any other person any gratification whether for the benefit of that other person or the benefit of another party in order to act personally or by influencing another person so to act in a manner-

- 5.2.1 That amounts to the-
- (a) Illegal, dishonest, unauthorized, incomplete or biased; or
  - (b) Misuse or selling of information or material acquired in the course of the exercise, carrying out or performance of any powers, duties of functions arising out of a constitutional, statutory, contractual or any other legal obligation.
- 5.2.2 That amounts to –
- i) The abuse of a position of authority;
  - ii) A breach of trust; or
  - iii) The violation of a legal duty or set of rules.
- 5.2.3 Designed to achieve an unjustified result; or
- 5.3 That amounts to any other unauthorized or improper inducement to do or not to do anything. Is guilty of the offence of corruption
- 5.4 Corruption can manifest itself in one or more of the following dimensions:
- i) **Bribery-** involves a promise, offering or giving of a benefit that improperly affects the actions or decisions of a municipal employee. A variation of its manifestation occurs, where the political party or council, is offered or promised or give a benefit that improperly affects the actions or decisions of a political party or council.
    - a. Example: A chairperson of a bid adjudication committee accepts a cash payment in order to award a bid or tender or contract or influence the bid adjudication committee to award;
  - ii) **Extortion –** involves coercing a person or entity to provide the benefit to a Councilor or municipal employee, another person or any entity in exchange for acting or failing to act in a particular manner.
    - b. Example: A municipal employee threatens to disconnect a municipal service (electricity or water) to the restaurant on the basis of a fabricated illegal interference or connection of electricity unless he is provided with regular free meals; or
  - iii) **Abuse of power-** involves a public office bearer using her or his vested authority to improperly benefit another public office bearer or person or entity or to improperly discriminate against another.
    - c. Example: Promoting a “favourite” employee without following the regulated processes.

## 6. HOW FRAUD AND CORRUPTION OCCURS

- 6.1 Four basic elements are necessary for fraud to occur:

- i) People to carry out the fraud – they may be within the organization, outside the organization, or a group of people working inside or outside the organization.
  - ii) Assets to acquire fraudulently;
  - iii) Intent to commit fraud; and
  - iv) Opportunity
- 6.2 Managers must ensure that the opportunities for fraud and corruption are minimized. Separation of incompatible duties, effective procedures and checks should prevent or deter fraud and corruption from occurring. While some people would never contemplate perpetrating fraud or corruption, others may if they thought they could get away with it. A high chance of being caught by effective controls will deter.
- 6.3 Some incidents of fraud and corruption arise because of a system weakness such as a lack of proper control over placing of purchase orders. Other incidents of fraud and corruption are the result of failure to follow proper control procedures. It may be carelessness in carrying out checks. It may be that too much trust has been placed in one individual with no effective separation of incompatible duties. Fraud and corruption, which result from collusion, may be more difficult to prevent.
- 6.4 Incidents of computer fraud, defined as those where computer was instrumental in the perpetration of the fraud, may arise because of the absence of human review of transactions. The lack of human involvement may allow transactions to be processed, which would be queried, in a manual system.
- 6.5. An organization can therefore be exposed to the risk in a number of different ways:

#### 6.5.1 Internal Fraud and Corruption

This is fraud and corruption perpetrated by individuals inside the organization and is most often carried out by employees that have access to moveable or liquid assets, such as cash or stocks. It is likely that the risk of fraud and its scale will increase if the member of staff is able to conceal the irregularities by also having access to accounting records. It may be opportunistic, though it may also be planned and committed over long period.

#### 6.5.2 External Fraud and Corruption

This is fraud and corruption, which is perpetrated by individuals outside the organization and covers activities such as burglary, theft, deception and computer hacking by external parties. It is very often systematic and continuous, stemming from the inherent problem of safeguarding some type of systems against attack.

#### 6.5.3 Collusion

This type of fraud involves two or more parties, either both internal and external working together. This type of fraud can be difficult to detect, as controls may at first appear to be working satisfactorily.

## 7. PROMOTING AN ANTI-FRAUD AND CORRUPTION CULTURE

- 7.1 The following are key five interrelated components which contribute to the promotion of anti-fraud and corruption culture within the municipality. The council is intent on dealing with fraud and corruption through promotion of culture laying a concrete foundation in the following manners.

### 7.1.1 Control Environment

- (a) The control environment sets the moral tone of the organization, influencing the control consciousness of the organization and providing a foundation for all control components. This component takes into account whether managers and employees within the organization exhibit integrity in their activities.
- (b) Code of ethics and conduct as incorporated in this policy read with schedule 2 of the Local Government Municipal Systems Act of 2000 and chapter 2 of the promoting good governance and accountability booklet (Local Government Anti-Corruption Strategy) will be given more impetus through workshops. Every newly employed employee at the municipality will be required to read and sign as evidence that he or she read and understood this policy.
- (c) One of the easiest ways to establish a strong moral tone of the municipality will be to hire morally sound employees. A thorough background checks on all new employees will be conducted.
- (d) Proper assignment of authority and responsibility will be achieved through the providing employees with well-defined job description and performance goals and effective delegation of authority. Performance goals will be routinely reviewed and performance of each employee managed. Regular training will be provided to ensure that employees maintain the skills to perform effectively.
- (e) Consistent discipline for ethical violations in accordance with clearly defined asset of sanctions and strict adherence to the prescribed disciplinary measures in terms of the code of conduct will be reinforced.

### 7.2 Risk Assessment & Risk Management Strategy

- (a) Risk assessment involves identification and assessment of risks which could prevent the municipality from achieving its strategic goals objectives.
- (b) The municipality will on regular basis develop its strategy and establish vision, mission statements and goals and objectives. The set objectives will take into account the Legislative and Policy imperatives by the Constitution and broader government priorities. In stating its goals or objectives, the municipality will establish measurable criteria so that progress can be measured.
- (c) The municipality will analyze inherent risks, identify key controls and assess their adequacy. Risks would be prioritized and a strategy developed to manage them which will include developing controls tailored to the inherent risks in areas where controls appear to be weak.

### 7.3 Control Activities

- (a) Policies and procedures will be enforced to ensure implementation of management's directive. Policies will be reviewed on regular basis taking into account the external factors i.e. changes in technology, shifting of economic conditions, changes and new legislation and policy of government as well internal factors such as introduction of new operating systems, changes in organizational structure, new strategic direction, new programmes etc.

#### 7.4 Information and communication

- (a) The Municipal Manager must ensure that financial, operational and compliance information is assimilated to those who need it. There must be means to screen incoming information so that pertinent information is maintained but unnecessary information is not allowed to clog the channels of communication. Examples of pertinent information include facts on organizational performance, economic changes, and legislative or regularity changes.
- (b) The Municipal Manager must ensure information is provided in readily usable form and timely to employees to help them carry out their duties more effectively. Management must communicate importance of observing controls and help employees understand their own roles in the internal control system and make it clear that internal controls have a high priority.
- (c) Employees must be provided with clear channels for reporting suspected control violations. Provision will be made for employees to make anonymous reports on the suggestion box in order to avoid fears of retaliation which can have a chilling effect on upstream communication. A similar reporting mechanism for customers and other external stakeholders will be in place. The Municipal Manager will make serious efforts to follow up on these communications.

#### 7.5 Monitoring

- (a) Monitoring is the process that assesses the quality of control environment over time. In order to give effect to this the Municipality will ensure that there are regular reviews of the systems of internal control by internal auditors for adequacy and effective operation. Managers will monitor day-to-day activities of the employees. This will include review of accuracy of financial information, or verifying inventories, supplies, equipment and other organizational assets.

The Municipal Manager must make sure that the following measures are implemented to strengthen promotion of anti-fraud and corruption culture:

#### 7.6 Enforcement of mandatory vacations

- 7.6.1 Many internal fraud and corruption incidents require manual interventions, and are therefore discovered when the perpetrator is away on vacation. The enforcement of mandatory vacation will aid in the prevention of some incidents of fraud and corruption.

#### 7.7 Job rotation

- 7.7.1 Staff will be rotated on regular basis.

#### 7.8 Surprise audits

- 7.8.1 The Municipal Manager will determine when surprise audits will be conducted and areas which will be subjected of surprise audits as this has proved to have a significant deterrent effect.

## 7.9 Employee education

- 7.9.1 The Municipal Manager will ensure that there are regular education of managers and employees about fraud and corruption. Any education effort should be positive and not accusatory.

## 8. RESPONSE TO FRAUD AND CORRUPTION

- 8.1.1 It is important that managers and employees to know what to do in the event of an incident of fraud and corruption so that they can act without delay. It may be useful to consider the formulation of a response plan to fraud and corruption.

- 8.1.2 The objective of a fraud and corruption response plan is to ensure that timely and  
effective action can be taken:

- i) To prevent losses of funds or other assets where fraud and corruption has occurred and to maximize recovery of losses;
- ii) To minimize to occurrence of fraud and corruption by taking rapid action at the first signs of a problem;
- iii) To identify the fraudsters and maximize any adverse publicity for the municipality, suffered as a result of fraud and corruption;
- iv) To identify any lessons which can be acted upon in managing fraud and corruption in the future to reduce adverse impacts on the operations of the municipality.
- v) The existence of a fraud and corruption response plan may, in itself, help to act as deterrent as it shows that the municipality is prepared to defend itself against the risk of fraud and corruption.

- 8.1.3 This component of the policy covers the following areas:

- i) To whom the incidents of fraud and corruption or suspicion should be reported in the first instance;
- ii) How the municipality should investigate the incidents of fraud and corruption, depending on the nature of fraud or corruption special investigation techniques or a firm with fraud and corruption investigation expertise may be used; the facts should be establishing quickly by the Municipal Manager with the assistance of internal auditors; any threat of further incidents of fraud and corruption or losses should be removed immediately, for example, by changing procedures or suspending payment;
- iii) How to secure the evidence in a legally admissible form;
- iv) When and how to contact the SAPS; the police should be alerted at an early stage so the joint investigation arrangement can be made, if necessary. This will be facilitated if previous contact has been made with local policy and formal liaison arrangements have been set up;
- v) How to initiate recovery action
- vi) Who else to contact for advice e.g. insurers, regulatory body, parent department, press office;
- vii) How to disseminate the lessons learned from the experience in cases where there may be implications or the municipality as a whole

- 8.1.4 Ezingoleni Local Municipality is committed to "Zero Tolerance" to fraud and corruption. In addition, all incidents of fraud and corruption will be investigated and followed up the application of

all remedies available within the full extent of the law as well as the application of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies, procedures, rules and regulation of the municipality.

- 8.1.5 It is the responsibility of all employees of the municipality to report all incidents of fraud and corruption to her/his manager/ head of department/ municipal manager.

All employees within the municipality are responsible for the prevention and detection of fraud.

## 8.2 Reporting Procedure and Resolution of Reported incidents

- (a) What should employees do if they suspect fraud or corruption?
- (b) It is the responsibility of all employees to immediately report all allegation or incidents of fraud or corruption to their immediate manager or, if the employee has reason to believe that his/her immediate manager is involved, to the next level of management. Management must report all incidents and allegations of fraud or corruption to the Municipal Manager who is also report to the Chairperson of Council or alternatively the Mayor or, if the employee has reason to believe that Municipal Manager is involved, to the Mayor. Should the Municipal Manager have reason to believe that the Mayor is involve he must report such incidents to the MEC responsible for the Department of Local Government in the Province of KwaZulu-Natal.
- (c) Should employees wish to report allegations of fraud or corruption anonymously, they can place anonymous reports on the suggestion box.

### 8.2.1 What should a member of the public do if they suspect fraud and corruption impacting the Ezinqoleni Municipality?

- (a) Ezinqoleni Municipality encourages members of the public who suspect fraud or corruption impacting their municipality must contact the Municipal Manager or if they have a reason to believe that Municipal Manager is involved, they must contact the Mayor. Should the public have reason to believe that the Mayor in involved he much report such incidents to the MEC responsible for the Department of Local Government in the Province of KwaZulu-Natal.

### 8.2.2 How will allegations of fraud and corruption be dealt with by Ezinqoleni Municipality?

- (a) The Municipal Manager must initiate an investigation into the matter. For issues raised by employees or members of the public, the action taken by Ezinqoleni Municipality will depend on the nature of the concern. The matters raised may be referred to the:
- i) Internal Auditors to initiate an investigation into the matter: or
  - ii) If the matter is complex the investigation into the matter would be outsourced to Forensic Investigations experts to carry out a full scale investigation into the matter; or
  - iii) Office of the Auditor-General; or
  - iv) South African Police Services; or
  - v) Public Protector

- (b) The Municipal Manager shall co-ordinate processes among law enforcement agencies involved in combating fraud and corruption.
- 8.2.3 Any fraud or corruption committed by an employee of municipality will be pursued by thorough investigation and to the full extent of the law, including consideration of the following:
- i) Taking disciplinary action within a reasonable period of time after the incident;
  - ii) Instituting recovery of financial losses, including formal civil action;
  - iii) Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
  - iv) Any other appropriate and legal remedy available.
- 8.2.3.1 The Municipal Manager and the respective managers are also required to ensure that losses or damages suffered by municipality as a result of all reported acts of fraud or corruption committed or omitted by an employee or any other person, are recovered from such an employee or other person if he or she is found to be liable.
- 8.2.4 The Municipal Manager or her/his delegated representative will, upon receiving a report of fraud or corruption from an external person, write to the person (unless the report has been made anonymously) making the report:
- i) Acknowledging that the concern has been received; and
  - ii) Informing him or her whether any further investigations will take place, and if not, the reasons therefore.
- 8.2.4.1 The municipality accepts that those people, including employees who reported the alleged fraud need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, information about outcomes of any investigation will be disseminated on a “need to know” basis.
- 8.2.4.2 Council will regularly review the matters reported and actions taken.
- 8.3 Confidentially**
- 8.3.1 All information relating to fraud and corruption that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information. This is important to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.
- 8.3.2 No Person is authorized to supply any information with regard to allegations or incident of fraud and corruption to the media without the express permission of the Municipal Manager.
- 8.4 Publication of Sanctions**
- 8.4.1 The Municipal Manager will decide, in consultation with appropriated senior managers, whether any information relating to corrective actions taken or sanctions imposed regarding incidents of fraud or corruption should be brought to the direct attention of any person or made public through any means.



## 9. WHISTLE BLOWING

9.1 The act of "Whistle Blowing" is intended to encourage employees to raise concerns relating to fraud and corruption, without fear of victimization.

9.1.1 Ezinqoleni Municipality recognizes the fact that:-

- i) Criminal and other irregular conduct with Municipality is detrimental to good, effective, accountable and transparent governance within the municipality and can endanger the economic stability of the municipality and have the potential to cause social damage;
- ii) There is need for procedures in terms of which employees may, without fear of reprisal, disclose information relating to suspected or alleged criminal or other irregular conduct affecting municipality;
- iii) Every employer and employee has a responsibility to disclose criminal and any other irregular conduct in the workplace; and
- iv) Every employer has a responsibility to take all necessary steps to ensure that employees who disclose such information are protected from any reprisals as a result of such disclosure.

### 9.2 Objective of Whistle Blowing

9.2.1 The Protected Disclosures Act, 26 of 2000 came into effect of 16 February 2001. In order to remain in compliance with the Act, the municipality will:-

- i) Strive to create a culture which will facilitate the disclosure of information by employees relating to criminal and other irregular conduct in the workplace in a responsible manner by providing clear guidelines for the disclosure of such information and protection against reprisals as a result of such disclosure in terms of the policy; and
- ii) Promote the eradication of criminal and other irregular conduct with the municipality

9.2.2 This Policy is intended to encourage and enable staff to raise concerns within the municipality rather than overlooking a problem or blowing the whistle to inappropriate channels.

9.2.3 Furthermore blowing the whistle aims to:-

- i) Provide avenues for employees to raise concerns and receive feedback on any action taken;
- ii) Inform employees on how to take the matter further if they are dissatisfied with the response; and
- iii) Reassure employees that they will be protected from reprisals or victimization for whistle blowing in good faith.

### 9.3 Scope of Whistle Blowing

9.3.1 There are existing grievance procedures (incorporated into the Human Resource Policy of the municipality) in place to enable employees of the municipality to raise grievances relating to their employment. Whistle

blowing is intended to cover concerns that fall outside the scope of the grievance procedures. These concerns, although not exhaustive, are the following:-

- i) That a criminal offence has been committed, is being committed or is likely to be committed;
- ii) That a person has failed, is failing or is likely to fail to comply with any legal obligation to which person is subject;
- iii) That a miscarriage of justice has occurred , is occurring or is likely to occur;
- iv) That the health or safety of an individual has been, is being or is likely to be endangered;
- v) That the environment has been, is being or is likely to be damaged;
- vi) Unfair discrimination as contemplated in the Promotion of Equality and Prevention of Unfair Discrimination Act, No 4 of 2000; or
- vii) That any matter referred to in the preceding paragraphs has been or is being or is likely to be deliberately concealed.

9.3.2 No person will suffer any penalty or retribution for reporting in good faith, any suspected or actual incident of fraud.

9.3.3 Managers should discourage employees or other parties from making allegations which are false and made with malicious intentions. Where such allegations are discovered, the person who made the allegation will be subjected to firm disciplinary or other appropriate action.

#### 9.4 Application of Prevention Controls and Detection Mechanisms

9.4.1 In respect of all reported incidents of fraud and corruption, managers are required to immediately review, and where possible, improve the effectiveness of the controls which have been breached in order to prevent similar irregularities from taking place in future.

#### 9.5 Creating Awareness

9.5.1 It is the responsibility of all managers, the Municipal Manager and overall responsibility of the council to ensure that all employees are made aware of and receive appropriate training and education with regard to the Protected Disclosures Act, Act 26 of 2000.

9.5.2 The Municipal Manager is responsible for communicating relevant sections of this policy to members of Ezinqoleni community or other stakeholders of the municipality.

#### 9.6 Harassment or Victimization

9.6.1 Ezinqoleni Municipality acknowledges the fact that the decision to report a concern can be a difficult one to make, not least because of fear of reprisal from those responsible for the irregularity. Ezinqoleni Municipality will not tolerate harassment or victimization and will take action to protect employees when they raise a concern in good faith. Any act of harassment or victimization should be reported to the Municipal Manager, alternatively to the Mayor if there is reason to believe that the Municipal Manager is involved in the act of harassment or victimization. This does not mean that if an employee is already by the subject of disciplinary or other action that will be as a result of their whistle blowing.

## 9.7 Confidentiality

9.7.1 Ezinqoleni Municipality will do its best to protect an individual's identity when he/she raises a concern and does not want their identity to be disclosed. It must be appreciated, however, that the investigation process may reveal the source of the information and a statement by the employee may be required as part of the evidence.

## 9.8 Anonymous Allegations

9.8.1 Ezinqoleni Municipality encourages employees to put their name to allegations. Concerns expressed anonymously are difficult to investigate; nevertheless they will be followed up at the discretion of Ezinqoleni Municipality.

9.8.2 This discretion will be applied by taking into account the following:-

- i) Seriousness of the issue raised;
- ii) Credibility of the concern; and
- iii) Likelihood of confirming the allegation.

## 9.9 False Allegations

9.9.1 Members of Ezinqoleni Municipality, the Municipal Manager and managers should discourage employees or other parties from making allegations, which are false and made with malicious intent. Where such malicious, vexatious or false allegations are discovered, the person who made the allegations will be subjected to firm disciplinary action, or other appropriate action in the case of external parties.

## 9.10 Reporting of Concerns

9.10.1 For some minor issues (e.g. personal use of the Municipality's equipment etc.), employees should normally raise the concerns with their immediate manager. In general, however, the whistle blowing procedure is expected to be used for potentially more serious and sensitive issues (e.g. fraud and corruption)

9.10.2 The first step will be for the employee to approach their immediate manager unless he/she or the Municipal Manager is the subject of the complaint, in which case the Mayor should be informed. Should the complaint be found by the manager/Municipal Manager to be substantiated, he/she will conduct with the internal auditors on whether the matter should be investigated internally or referred to the appropriate external body (e.g. the SAPS).

9.10.3 Concerns are better raised in writing. The background and history of the concern, giving names, dates and places where possible should be set out and the reason why the individual is particularly concerned about the situation. The earlier the concern is reported, the easier it is to take action and initiate recovery procedures where necessary.

9.10.4 Employees are not expected to prove the truth of an allegation; they will need to demonstrate to the person contacted that there are sufficient grounds for concern.

9.10.5 Advice and guidance on how matters of concern may be pursued can be obtained from the internal auditors.

#### 9.11 How the Complaint Will Be Dealt With

9.11.1 The action taken by Ezinqoleni Municipality will depend on the nature of the concern. The possible actions to the matters raised may, among others to be:-

- i) Investigate internally by internal auditors; and/or
- ii) Refer the matter to the SAPS or relevant law enforcement agency.

9.11.2 In order to protect individuals and Ezinqoleni Municipality, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take.

9.11.3 Some concerns may be resolved by agreed action without the need for investigation. Ezinqoleni Local Municipality will write to complainants who have identified themselves:-

9.11.4 Acknowledging that the concern has been received; and

9.11.5 Informing them whether further investigations will take place, and if not, the reasons therefore.

9.11.6 The amount of contact between the body investigating the issues and the persons raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the individual.

9.11.7 Ezinqoleni Local Municipality accepts that employees need to be assured that the matter has been properly addressed. However, the progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any persons other than those who have a legitimate right to such information. This is important in order to avoid damaging the reputation of suspected persons who are subsequently found innocent of wrongful conduct.

#### 9.12 Creating Awareness

9.12.1 In order for the whistle blowing to be sustainable, it must be supported by a structured education, communication and awareness programme.

9.12.2 It is the responsibility of all managers and the overall responsibility of the Municipal Manager to ensure that all employees are made aware of and receive appropriate training and education with regard to the "Blowing of the Whistle".

### 10. ROLE OF THE MUNICIPAL STRUCTURES IN HANDLING CASES OF FRAUD & CORRUPTION

10.1 The council is committed to a vigorous and effective internal audit and risk management function. It recognizes that internal audit is closely linked to fraud and corruption prevention and all managers within the municipality should ensure that such linkage is maintained.

10.2 The council recognizes that an effective fraud and corruption prevention policy requires a balance between the aims of prevention and the necessity for dealing effectively with cases, which arise. While good systems

of internal control are an essential building block in an overall prevention of fraud corruption policy, it is inevitable that some individuals will continue to attempt to cheat the municipality. When fraud and corruption is discovered, the municipality needs to be able to act quickly and effectively to investigate and deal with the offender, whether by prosecution or the way of internal disciplinary procedures, and to recover money or property lost.

- 10.3 The Internal Auditors under the office of the Municipal Manager have a control role in this process in relation to the investigation of fraud and corruption against the municipality, the maintenance of a fraud and corruption register on all incidents of fraud and corruption, the provision of advice and Specialist expertise. The Municipal Manager must make sure that internal auditors conduct quality assurance reviews to ensure that the design system of internal control is adequate and effective to counter the risks fraud and corruption the organization faces.
- 10.4 The primary responsibility for prevention of fraud and corruption rests with Municipal Manager who is an Accounting Officer accountable to the Mayor and the Council for the full and effective implementation of this policy.
- 10.5 The Municipal Manager is to disseminate widely within Ezinqoleni Local Municipality structures this policy. The Municipal Manager must ensure procedures for implementing this policy in relation to fraud and corruption prevention, its detection, investigation and prosecution, and recovery and civil rights/privacy processes are fully understood by all employees of the municipality and adhered to.
- 10.6 The Municipal Manager and all managers within the municipality have a responsibility to ensure that they:
- i) Have a sound knowledge of, or access to the best advice on the requirements of the following legislative imperatives guiding matters related to fraud and corruption:
    - a. Prevention of Organized Crime Act, 121 of 1999 (as amended by Act No 24 of 1999 and 38 of 1999);
    - b. Promotion of Equality and Prevention of Unfair Discrimination Act, No 4 of 2000;
    - c. Protected Disclosure Act, Act 26 of 2000;
    - d. Financial Intelligence Centre Act, No 38 of 2001
    - e. Prevention and Combating of Corrupt Activities Act, Act No. 12 of 2003; and
    - f. Criminal justice processes;
  - ii) Co-operate readily and fully with the law and enforcement agencies, the SAPS and NPA, in dealing with crime affecting the municipality;
  - iii) Be conscious of the impact of their programs on the law enforcement agencies and criminal justice interest; and
  - iv) Ensure that consideration is given to the impact on the law enforcement and criminal justice of any new policy proposals.
- 10.7 The National Director of Public Prosecution has a central role in the Prosecution of all offences of fraud and corruption, and tint he conduct of related civil recovery action in terms of Prevention of Organized Crime Act no. 121 of 1998 (as amended by Act 24 and 38 of 1999). The State Attorney also conducts any related civil recovery action for the state departments.
- 10.8 The National Director of Public Prosecutions is available to provide advice, direct on legal issues or related question, which arise at the investigation stage and also prepare and prosecute.

## 11. ROLE OF THE INVESTIGATIVE AGENCIES IN HANDLING CASES OF FRAUD & CORRUPTION

### 11.1 South African Police Services (SAPS)

11.1.1 The primary responsibility for investigating fraud and corruption in general lies with the SAPS and as the Government's primary law enforcement agency responsible for the provision of police services.

11.1.2 Their function includes responsibilities for preventing, detecting and investigating criminal offences against Government law, its revenue, expenditure and property, including both internal fraud and external fraud committed on Government programs.

### 11.2 National Prosecuting Authority (NPA)

11.2.1 The primary responsibility of the NPA is to prosecute offences against South African law, including Corporations Law, and to conduct related criminal assets recovery. All prosecution and related decisions are made in accordance with the guidelines set out in the Criminal Procedure Act, No 51 of 1977.

11.2.2 The NPA conducts all prosecutions for offences against South African Law. The NPA does not only prosecute but also conduct criminal investigations in terms of National Prosecuting Amendment Act, No 61 of 2000. The NPA is the appropriate agency to provide advice on questions of law, the sufficiency of evidence, the requirements of a brief of evidence, and the proceedings to recover the proceeds of crime.

11.2.3 The NPA is also the appropriate agency to advise on issue arising under the Criminal Procedure Act, No 51 of 1977 and Prevention of Organized Crime Act, 121 of 1998 (as amended by Act No 24 of 1999 and 38 of 1999).

11.2.4 Internal Auditors under the leadership of the Municipal Manager are responsible for setting an enforcement strategy that prioritizes investigative activities and adopts appropriate remedies. The NPA can provide advice, if needed, at the stage where a decision is made on whether an alleged offence should be the subject of a criminal investigation dealt with by some other processes. All role-players must be also consulted in these circumstances.

### 11.3 Referral of Matters and Providing Fraud Information to the SAPS for Investigation

11.3.1 Essential to effective prevention of fraud and corruption is the provision of information of three types:

- i) Instances of criminal conduct to be referred to office of the Municipal Manager for investigation. Internal Auditors internally or outsourced to service providers who are specializing on forensic investigations depending on the complexity of each case before it is referred to SAPS for registration of a criminal case and further investigation.
- ii) Fraud intelligence to support agency investigation and to assist agency investigator to assess patterns of criminal activity, and

- iii) Statistical data to assist the municipal council in determining where and to what extent losses are occurring.
- 11.3.2 All arrangements for the provision of information for the purposes of fraud prevention will be subject to the provisions of the Promotion of Access to Information Act, No 2 of 2000 and any provisions in South African Legislation, which relate to fraud and corruption. The Municipal Manager must assist the investigative agencies wherever possible in the exercise of their responsibilities.
- 11.3.3 In determining whether a particular matter, fraudulent or otherwise is of sufficient seriousness that it should be referred to the SAPS for investigation, Internal Auditors should assist the Municipal Manager before consultation with SAPS or NPA to determine whether referral is appropriate after taking into consideration whether one more of the following criteria exists, or are believed to exist:-
  - i) A significant monetary or property loss to the municipal council;
  - ii) Exploitation or attempted exploitation of a municipal council program, project or scheme;
  - iii) The matter involves a municipal council employee, or person engaged on contract the municipal council, either acting alone or in concert with others;
  - iv) Organized or conspiratorial criminal activity;
  - v) Bribery, corruption or attempt bribery or corruption of municipal employees(s) or persons performing duty on behalf of the municipal council;
  - vi) The security, standing or integrity of the municipal council, its resources and interests;
  - vii) Relations between the municipal council, National Government or Provincial Government
  - viii) A sustained course of conduct or activity over a protracted period of time; or
  - ix) A matter, which is known or suspected to involve criminal activity, committed on more than one department of the Provincial or National Government.
- 11.4 **Recovery Action**
  - 11.4.1 The municipal council is committed to using all avenues available to it to recover money or property lost through fraudulent activities. The Municipal Manager is expected to pursue vigorously the recovery of monies lost. Recovery action is an effective and necessary deterrent.
  - 11.4.2 The State Attorney as one of the agencies dealing with civil matters on behalf of state organs should be approached for assistance.
  - 11.4.2 Internal Auditors are responsible for the review of the effectiveness of arrangements for recovery of money or property lost regularly under the direction of Audit Committee, which, in turn will report to the Council.
- 11.5 **Reporting Obligations**
  - 11.5.1 The Municipal Manager will implement arrangements for the provision of information on all prima-facie cases of fraud and corruption against his programs in line with the fraud and corruption reporting model attached as ANNEXURE A.
  - 11.5.2 Where, following a preliminary assessment and investigation, The Municipal Manager believes that a prima-facie case of fraud and corruption exists; he or she is required to report information relating to that case, including personal information relating to a suspected offender to investigative agencies.

**12. CODE OF CONDUCT AND ETHICS**

12.1 The council recognizes that prevention of fraud and corruption goes beyond monitoring the effectiveness of systems of internal control. It also requires the maintenance of an ethical climate which encourages all employees to be active in protecting public funds and property, and in reporting any breaches of accepted standards.

12.2 Heads of Departments must be mindful of their responsibility to foster and development within their department the highest standards of ethical behaviour and commitment to a highly ethical workplace culture.

12.3 Within the framework of this policy, heads of department are responsible for ensuring that:

- i) All employees are aware of their responsibilities in relation to the prevention, detection, reporting and investigation of fraud and corruption against council programs;
- ii) In relation to incidents of fraud and corruption that occur, all employees are made aware of their rights and duties as servants of the community of Ezinqoleni; and
- iii) Ethical standards within this policy be implemented and adhered to.

12.4 This section is intended to reaffirm the importance of high standards of business conduct. Adherence to the Code of Business Ethics and Conduct by all employees is the only sure way to merit the confidence of the community to Ezinqoleni Local Municipality. It must be emphasized that while observance of this code and other business codes is important, common sense also plays a vital role. Each employee should apply this code with common sense and the attitude of seeking full compliance with the letter and spirit of the rules presented.

**13. COMPLIANCE WITH THE LAW AND REGULATORY ORDERS**

13.1 It is incumbent upon every employee of the municipality to observe and obey the laws and regulations promulgated from time to time. Each employee is charged with responsibility of acquiring sufficient knowledge of the laws and orders relating to his or her duties in order to recognize potential dangers and to know when to seek legal advice.

13.2 When dealing with members of the public, employees must adhere to the highest ethical standards of business conduct. Employees may not offer, provide or solicit, directly or indirectly, any special treatment or favour in return for anything of economic value or the promise or expectation of future value or gain. In addition there shall be entertainment of employees of Ezinqoleni Local Municipality.

**14. CONFLICT OF INTEREST**

14.1 There are several situations that could give rise to a conflict of interest. The most common accepting gifts from service providers or suppliers, employment of an employee of the council by a private entity



on a part-time basis, running of a private business while employed by the council, close or family relationships with municipality service providers or suppliers and communication with bidders.

- 14.2 A potential conflict of interest exists for employees who make decisions in their jobs that would allow them to give preference or favour to a service provide or supplier in exchange for anything of personal benefit to themselves or their friends and families. Such situations could interfere with the employee's ability to made judgments solely in the government's best interest.

## 15. GIFTS AND ENTERTAINMENT

- 15.1 Gifts can be defined as items and services of value that are given to any outside parties. This does not include items such as normal business entertainment e.g. meals and beverages, items of minimal value given in connection with sales campaigns and promotion or employees services, safety or retirement awards and contributions or donations to recognized charitable and non-profit organizations. The term supplier refers not only to vendors providing services and materials to the municipality, but also consultants, financial institutions, advisor, and any person or institution which does business with municipality.

- 15.2 No employee or member of his immediate family shall solicit or accept from an actual supplier or prospective bidder any compensation, advance loans (except from established financial institution on the same basis as other customers) gifts, entertainment or other favours which are of more than token value. Under no circumstances should a gift or entertainment be accepted which would influence the employee's judgment. Employees must avoid any interest in or benefit from any supplier that could reasonably cause them to favour that supplier over others. It is a violation of the code for any employee to solicit or encourage a supplier to give any item or service to the employee regardless of its value, no matter how small. Employees should act in such a way that supplier are confident of the objectivity and integrity of the public sector.

## 16. REPORTING GIFTS

- 16.1 An employee who receives or whose family member receives an unsolicited gift prohibited by this policy should report it to his supervisor and either return it to the person making the gift or give it non-profit making charitable organization in the case of perishable gift.

## 17. BUSINESS MEETINGS

- 17.1 An employee may accept entertainment and services offered by a service provider or supplier or customer when they are associated with a business and the service provider or customer provides them to others as a normal part of its business. Examples of such entertainment and services are transportation to and from the employee or supplier's place of business, hospitality suites, and lodges at the supplier's place of business and business lunches and dinners for business visitor to the supplier's location.

## 18. OUTSIDE EMPLOYMENT

- 18.1 Any service provider or supplier that provides to the municipality or its subsidiaries must not employ municipal employees outside the municipality, or in a manner which would affect their objectivity or

where the outside employment would conflict with scheduled hours of duty including overtime, or the performance of the municipality assignments.

- 18.2 An employee must not request either directly or indirectly employment from a service provider of the municipality.

## 19. RELATIONSHIPS WITH SUPPLIERS

- 19.1 No employee can directly or indirectly benefit from his or her position as an employee of the municipal council or from any sale, purchasing or other activity of the municipal council. Employees should avoid situations involving a conflict or the appearance of conflict between the municipal council duty and their self-interest. No employee who deals with individuals or organizations doing or seeking to do business with the municipal council or who makes recommendations with respect to such dealings should serve as an officer, director, employee or consultant; or own a substantial interest in any competitor of the municipal council or any organization doing or seeking to do business with the municipal council. In addition, no employee deals with individual or organizations doing or seeking to do business with the municipal council, or who makes recommendations with respect to such dealings might:

- i) Have any other direct or indirect personal interest in any business transactions with the municipal council;
- ii) Provide telecommunications or information services or equipment, either directly or as a reseller in a manner that would place the objectivity or integrity of the municipal council

## 20. EMPLOYMENT OF RELATIVES

- 20.1 Relatives of employees should not be employed on a permanent or temporary basis where the relative directly reports to the employee or the employee exercises any direct influence with respect to relative's hiring, placements, promotions, evaluations or pay.

## 21. CONFIDENTIAL INFORMATION AND PRIVACY OF COMMUNICATIONS

- 21.1 While the South Africa Constitution provides that transparency must prevail within government sector, government policies and other various laws protect the integrity of the confidential information, which must not be divulged except in strict accordance with established governmental policies and procedures. Municipal council employees shall not seek out, accept or use any confidential information of the municipal council.

## 22. ADMINISTRATION OF THE POLICY

- 22.1 The custodian of this policy is the Municipal Manager who is supported in its implementation by all managers of Ezinqoleni Municipality. The Council supported by the Municipal Manager has overall responsibility for the administration, maintenance, operation and revision of this policy. This policy will be reviewed annually and appropriate changes made should these be necessary and required.

## 23. CONCLUSION

- 23.1 Successful prevention of fraud and corruption involves creating an environment, which inhibits fraud and corruption. Taking immediate and vigorous action if fraud or corruption is detected is not only necessary to prevent future losses but also helps deter other incident of fraud and corruption. A manager who is alert to the possibility of fraud and corruption and who acts accordingly on a day-to-day basis is a powerful deterrent against fraud and corruption.