



ANNUAL BUDGET OF

NKANGALA DISTRICT MUNICIPALITY

(DC31)

2016/17 TO 2018/19
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor’s Report

FOREWORD TO BUDGET BY THE HONOURABLE EXECUTIVE MAYOR, CLR T D NGWENYA

During the State of the Nation Address on the 11th February 2016, President Jacob Zuma said the following:

“A resilient and fast growing economy is at the heart of our radical economic transformation agenda and our National Development Plan (NDP)

When the economy grows fast it delivers jobs the tax base expands and allows government to increase the social wage and provide education, health, social grants, housing and free basic services – faster and in a more sustainable manner”

The President said that however the reality we are facing now is that global growth remains muted.

He further said the situation requires an effective turnaround plan from us and that it is about doing things differently and also acting on what may not have been acted upon quickly before.

Taking a cue from the President, we believe that our budget process will drive the district turnaround strategy as our positive attributes for outweigh the challenges we are facing as a district.

We have had fruitful meetings with communities through our outreach programme. People from our towns and villages have acknowledged the work we are doing and many also made it clear to us that faster, impact-making and decisive change is needed.

We are proud to receive a clean audit for the 2014/15 financial year. However there is room for more improvement.

In accordance with the provisions of the laws that govern the affairs of the municipality we embarked on a process of consultation with local communities, sector departments, business and other stakeholders with a view to finally presenting the IDP and Budget for the 2016-2017 financial year. Our IDP is therefore the culmination of a lengthy process of consultation with the people, accordingly it also carries the hopes and aspirations of the masses of our communities which the 2016-2017 budget must seek to finance. Therefore our IDP must be seen as a beacon of hope that will continue to guide us over the next financial year in our collective endeavours of building a better life for all the people of our district.

The audit outcomes for the district and local municipalities for 2014/2015 are as follows:

Nkangala	Unqualified	Unqualified	Unqualified with no findings	Improvement
Victor Khanye	Qualified	Qualified	Qualified	Unchanged
Emalahleni	Disclaimer	Disclaimer	Disclaimer	Unchanged
Steve Tshwete	Clean	Clean	Unqualified	Regressed
Emakhazeni	Qualified	Disclaimer	disclaimer	Unchanged
Thembisile Hani	Qualified	qualified	Qualified	Unchanged
Dr J S Moroka	Qualified	Qualified	Qualified	Unchanged

The District has performed well during the 2014/2015 financial year. The district has managed to fill most of its strategic vacant positions including that of the Senior Managers during the past financial year and at the beginning of this financial year. The District will also embark on the annual review of the organogram.

The Executive and the officials met on the 4- 6 February 2016 to review the strategy, projects and performance of the municipality and I have no doubt in my mind that the exercise greatly enhanced the general performance of the municipality and introduced a much needed sense of urgency in order to strengthen our efforts to create better lives for all the people of the district.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Nkangala District Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

Clearly with the 2016/17 budget, our people will experience a significant improvement in their quality of life. But it is only with the co-operation of the people that this budget will be able to meet their needs. The people can and must lend a hand. In the I.D.P we have set clear targets for measurable improvements on all our key goals. We aim to deliver a social package that aims to improve the level of service delivery.

President Jacob Zuma during his 2016 State of the Nation Address said that whilst South Africa and many other developing countries will not meet their set annual aspirational target growth rates, South Africa remains committed to identifying and removing all barriers to progress as this period of transition is about building modern infrastructure, a vibrant economy, a decent quality of life for all, reduced poverty, inequality and decent employment opportunities.

The President further said the following:

“The tough global and domestic conditions should propel us to redouble our efforts, working together as all sectors. In this regard it is important to act decisively to remove domestic constraints to growth.

We cannot change the global economic conditions, but we can do a lot to change the local conditions.”

Let us work together to turn the situation around. It can be done.

1.2 Council Resolutions

On 26 April 2016 the Council of Nkangala District Municipality met in the Council Chambers of Nkangala District Municipality to consider the approval of the annual budget of the municipality for the financial year 2016/17. The following resolutions are tabled with the annual budget:

1. The Council of Nkangala District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approved:
 - 1.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 10 on page 17;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 11 on page 19;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 12 on page 21; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 15 on page 25.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 16 on page 27;
 - 1.2.2. Budgeted Cash Flows as contained in Table 17 on page 29;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 18 on page 30;
 - 1.2.4. Asset management as contained in Table 20 on page 31; and
 - 1.2.5. Basic service delivery measurement as contained in Table 23 on page 98.
 - 1.3. The quality certification of the draft budget signed by the Municipal Manager as required by section 5 of the Municipal Budget and Reporting regulations attached hereto as page 89 be noted.
 - 1.4. The sundry tariffs for the 2016/2017 financial year be approved as contained on page 102
 - 1.5. The Budget timetable for 2016/2017 attached on page 90 was approved.
 - 1.6. The mSCOA implementation plan and progress attached on pages 110 be noted

1.3 Executive Summary

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

The District'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 so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. Key areas where savings were realized were on operational administrative expenditure.

The District has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 70, 72, 74,75 and 82 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 MTREF

Description	Adjustment Budget year 2015/16 Millions	Budget year 2016/17 Millions	Budget year 2017/18 Millions	Budget year 2018/19 Millions
Total Operating Revenue	360 293	355 806	359 882	373 937
Total Operating Expenditure	428 102	441 906	378 492	353 595
<i>Surplus/ (Deficit) for the year</i>	<i>(67 809)</i>	<i>(86 100)</i>	<i>(18 610)</i>	<i>20 343</i>
Transfers recognised – capital or Contributed Assets	2 010	2 076	2 180	2 321
<i>Surplus/ (Deficit) for the year after transfers recognised and contributed assets</i>	<i>(65 799)</i>	<i>(84 024)</i>	<i>(16 430)</i>	<i>22 664</i>
Total Capital Expenditure	56 488	8 050	8 525	4 930
Total Loan Redemption	3 426	1 703	1 503	1 503

Total operating revenue has declined by 1.25 per cent or R4,487 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 1.25 and 3.917 per cent respectively, equating to a total revenue growth of R13,644 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R441,906 million and translates into a budgeted deficit of R86,100 million, which will be funded from the accumulated operating surpluses. When compared to the 2015/16 Adjustments Budget, operational expenditure has increased by 3.22 per cent in the 2016/17 budget and decreased by 14.38 for the 2017/18 budget and decrease with 6.58 per cent for the 2018/19 budget year of the MTREF.

The capital budget of R8,050 million for 2016/17 declined with 85.75 per cent compared to the 2015/16 Adjustment Budget. The capital programme decreases to R8,525 million in the 2017/18 financial year and decreased to R4,930 in 2018/19. The capital budget will be funded from internally generated funds and accumulated surplus.

1.4 Operating Revenue Framework

For Nkangala District Municipality to continue improving the quality of services provided to its citizens and local municipalities it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management,;

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description R thousands	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Out-come	Audited Out-come	Audited Out-come	Original Budget	Adjusted Budget	Full Year Fore-cast	Pre-audit out-come	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Investment revenue	29 656	28 431	31 084	15 757	20 907	15 757	14 404	17 880	16 399	16 417
Transfers recognised - operational	304 562	313 813	329 709	334 683	337 683	334 683	336 926	337 235	342 759	356 764
Other own revenue	3 338	2 294	3 470	997	1 704	997	1 451	691	724	756
Total Revenue (excluding capital transfers and contributions)	337 556	344 538	364 263	351 437	360 293	351 437	352 780	355 806	359 882	373 937

Table 3 Percentage growth in revenue by main revenue source

Revenue	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
R thousands							
Investment revenue	20 907	17 880	-0.85	16 399	-0.92	16 417	1.00
Transfers recognised – operational	337 683	337 235	-0.99	342 759	1.02	356 764	1.04
Other own revenue	1 704	691	-0.41	724	1.05	756	1.04
Total Revenue (excluding capital transfers and contributions)	360 293	355 806	0.98	359 882	1.01	373 937	1.04

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operating Grants form a significant percentage of the revenue basket for the District. In the 2016/17 financial year, the operating grants total R337,235 million and constitute 94.78 per cent. This increases to R342,759 million and R356,764 million in the respective financial years of the MTREF. The main portion of the operating grants is the RSC Levy Replacement grant, which can be classified as own revenue as well because it replaced the RSC Levies that were abolished in 2006.

Table 4 Operating Transfers and Grant Receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget
RSC Levy Replacement Grant and Equitable Share	299 711	308 850	318 017	326 223	326 223	326 223	333 667	341 509	352 641
Finance Management Grant	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 000
Municipal Systems Improvement	1 000	890	934	930	930	930	-	-	3 123
Expanded Public Works Program	1 214	1 000	2 121	2 280	2 280	2 280	2 318	-	-
Provincial Treasury Data cleansing	1 381	1 763	1 694	4 000	7 000	7 000	-	-	-
Public donation	6	60	5 563	-	-	-	-	-	-
Total Grant Revenue (excluding capital transfers and contributions)	304 562	313 813	329 709	334 683	337 683	337 683	337 235	342 759	356 764

Investment revenue is the second largest revenue source totalling 5.03 per cent or R17,880 million and decreases to R16,417 million by 2018/19. The third largest source is 'other revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, petrol, diesel, contracted services etc. The current challenge facing the District is managing the gap between cost drivers and revenue income, as any shortfall must be made up by either operational efficiency gains or service level reductions.

1.5 Operating Expenditure Framework

The District's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The contribution to local municipalities is aligned to the asset IDP and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the contribution to local municipalities and other core services; and
- Project lists submitted by local municipalities.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Expenditure by Type R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full-year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18
Employee costs	58 451	55 981	71 257	106 986	108 404	106 903	61 421	120 523	128 236	136 444
Remuneration of councillors	10 885	11 598	12 691	12 915	13 073	12 915	9 600	14 348	15 266	16 243
Debt Impairment	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	8 220	8 312	7 910	9 711	11 289	9 711	6 883	9 585	10 114	11 042
Finance charges	5 295	4 557	4 491	1 989	2 025	1 989	1 598	1 583	1 587	1 605
Other Materials	-	-	-	-	-	-	-	-	-	-
Contracted Services	75 005	73 381	77 977	39 222	55 711	39 222	21 727	44 114	46 171	47 018
Transfers and grants	203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
Other expenditure	5 842	26 137	34 108	45 221	55 834	45 240	22 337	45 836	49 153	44 892
Loss on sale of Property	-	6 928	(570)	-	-	-	-	-	-	-
Total Expenditure	367 602	417 909	333 947	452 250	428 102	452 185	191 686	441 906	378 492	353 595

The budgeted allocation for employee related costs for the 2016/17 financial year totals R120,523 million, which equals 27.38 per cent of the total operating expenditure. Based on circulars 74, 75 & 78, salary increases have been factored into this budget at a percentage increase of 7.0 per cent for the 2016/17 financial year. An annual increase of CPI + 0.25% per cent has been included in the two outer years of the MTREF.

Provision has been made in the budget to include positions in the organogram to ensure that the priorities set out in the IDP and matters raised by the Auditor General are adequately attended to. These positions aim to strengthen accelerate Budget expenditure.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the District's budget and allowed for an increase rate of 5.8 per cent.

The provision of debt impairment was determined based on an annual collection rate of 99 per cent and the Credit Control and Debt Collection Policy of the District. For the 2016/17 financial year this amount is immaterial. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R9,585 million for the 2016/17 financial and equates to 2.17 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.36 per cent (R1,583 million) of operating expenditure excluding annual redemption for 2016/17 and increases to R1,605 million by 2018/19.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Other expenditure decreased with 18.91 per cent for 2016/17 and increase at 5.92 and decreased at 3.40 per cent for the two outer years. Further details relating to contracted services can be seen in table 49 MBRR SA1 (see page 76)

The following graphical presentation gives a breakdown of the main expenditure categories for the 2016/17 financial year.

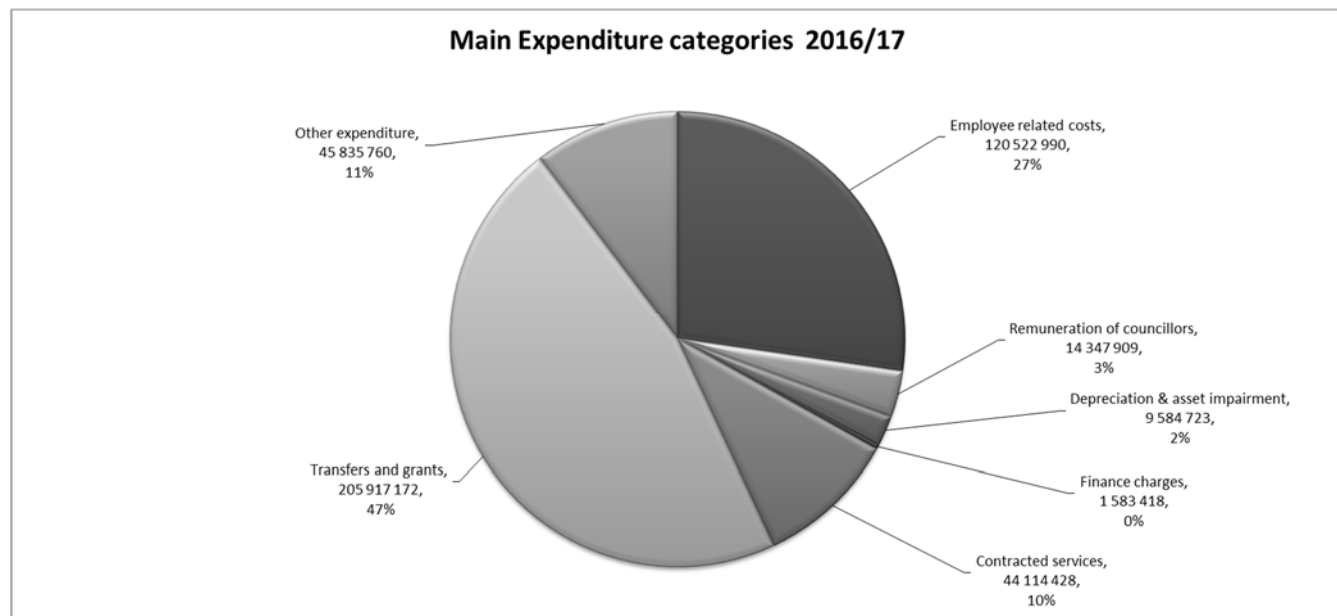


Figure 1 Main operational expenditure categories for the 2016/17 financial year

1.5.1 Priority given to Contribution to Local Municipalities

The prioritised projects submitted by Local Municipalities as contained in the approved 2016/17 IDP of the District to improve service delivery and eradicate backlogs was the main focus for this expenditure category.

The following table gives a breakdown of the main expenditure categories per Local Municipality for the 2016/17 financial year.

Table 6 Breakdown of the main expenditure categories per Local Municipality

Local Municipality	Sum of Total Budget 2016/17	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
Dr JS Moroka Local Municipality	23 543 404	19 621 221	17 060 377
Nkangala: Community and Social Services	135 000	88 338	91 667
Nkangala: Finance and Admin	920 000	420 000	420 000
Nkangala: Planning and Development	3 490 704	2 010 000	-
Nkangala: Road Transport	11 497 700	6 000 000	8 548 710
Nkangala: Water	7 500 000	11 102 883	8 000 000
Emakhazeni Local Municipality	33 479 416	14 472 362	12 533 157
Nkangala: Community and Social Services	2 435 000	88 333	91 667
Nkangala: Finance and Admin	670 000	420 000	420 000
Nkangala: Planning and Development	3 321 966	960 000	1 000 000
Nkangala: Public Safety	3 500 000	800 000	3 500 000
Nkangala: Road Transport	4 172 450	5 000 000	-
Nkangala: Sport and Recreation	1 180 000	-	-
Nkangala: Waste Water Management	2 500 000	3 250 000	1 500 000
Nkangala: Water	15 700 000	3 954 029	6 021 490
Emalaheni Local Municipality	26 285 000	20 816 094	13 573 057
Nkangala: Community and Social Services	135 000	88 333	91 667
Nkangala: Finance and Admin	730 000	480 000	480 000
Nkangala: Planning and Development	-	1 510 000	-
Nkangala: Public Safety	-	1 800 000	-
Nkangala: Road Transport	4 500 000	5 000 000	-
Nkangala: Waste Water Management	7 420 000	11 937 761	13 001 390
Nkangala: Water	13 500 000	-	-
Nkangala District Municipality	36 286 000	37 193 850	12 681 370
Nkangala: Community and Social Services	2 900 000	3 164 850	3 210 370
Nkangala: Finance and Admin	4 180 000	4 000 000	1 300 000
Nkangala: Planning and Development	27 130 000	27 849 000	5 850 000
Nkangala: Road Transport	2 076 000	2 180 000	2 321 000
Steve Tshwete Local Municipality	20 033 000	12 628 793	11 560 787
Nkangala: Community and Social Services	4 635 000	88 333	91 667
Nkangala: Finance and Admin	1 230 000	480 000	480 000
Nkangala: Planning and Development	4 368 000	4 000 000	-
Nkangala: Road Transport	6 800 000	5 060 460	-
Nkangala: Water	3 000 000	3 000 000	10 989 120
Thembisile Hani Local Municipality	42 710 495	11 466 895	18 423 997
Nkangala: Community and Social Services	135 000	88 333	91 667
Nkangala: Finance and Admin	920 000	420 000	420 000
Nkangala: Planning and Development	4 034 000	2 600 000	-
Nkangala: Road Transport	29 364 528	8 358 562	17 912 330
Nkangala: Waste Water Management	3 000 000	-	-
Nkangala: Water	5 256 967	-	-
Victor Khanye Local Municipality	23 579 857	11 764 638	10 518 627
Nkangala: Community and Social Services	135 000	548 333	571 667
Nkangala: Finance and Admin	670 000	420 000	420 000
Nkangala: Planning and Development	1 930 097	10 000	-
Nkangala: Road Transport	6 120 000	9 000 000	3 000 000
Nkangala: Sport and Recreation	909 760	-	-
Nkangala: Waste Water Management	10 815 000	1 786 305	6 526 960
Nkangala: Water	3 000 000	-	-
Grand Total	205 917 172	127 963 853	96 351 372

1.5.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the District's current infrastructure, which amongst others include the main office building of the District, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the repairs and maintenance plan of the District. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering that the only cost driver for the District is contracted services, the following table is a consolidation of all the expenditures associated with repairs and maintenance. The repairs and maintenance is 1.62% of the total operating expenditure and 4.45% of the carrying value of Property, Plant and Equipment.

Table 7 Operational repairs and maintenance

The table below provides a breakdown of the repairs and maintenance:

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Asset register summary (WDV)	92 478	99 457	116 492	162 388	159 059	159 059	157 524	155 935	213 643
Depreciation & asset impairment	8 220	8 312	7 910	9 711	11 289	9 711	9 585	10 114	11 042
Repairs and Maintenance	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 584	7 652

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure:

Table 8 2015/16 Medium-term capital budget by Asset type

Asset type	Sum of 2017 Draft Budget	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
Furniture & Office equipment	1 070 000	612 500	430 000
Computer equipment	3 000 000	3 000 000	2 500 000
Plant & equipment	1 780 000	3 762 000	-
Buildings	1 500 000	-	-
Vehicles	350 000	750 000	1 500 000
Intangible assets	350 000	400 000	500 000
Grand Total	8 050 000	8 524 500	4 930 000

Total assets represent R8,050 million of the total budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 20 MBRR A9 (Asset Management) on page 28. In addition to the MBRR Table A9, MBRR Tables SA34a and SA34c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 94 and 95). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 48 MBRR SA35 on [page 96](#). This table shows that future operational costs associated with the capital programme totals R16,190 million in 2016/17 and escalates to R17,906 million by 2017/18. This concomitant operational expenditure is expected to escalate to R10,180 million by 2018/19. It needs to be noted that as part of the 2016/17 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following eighteen 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 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

DC31 Nkangala - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	29 656	28 431	31 084	15 757	20 907	15 757	14 404	17 880	16 399	16 417
Transfers recognised - operational	304 562	313 813	329 709	334 683	337 683	334 683	336 926	337 235	342 759	356 764
Other own revenue	3 338	2 294	3 470	997	1 704	997	1 451	691	724	756
Total Revenue (excluding capital transfers and contributions)	337 556	344 538	364 263	351 437	360 293	351 437	352 780	355 806	359 882	373 937
Employee costs	58 451	55 981	71 257	106 986	108 404	106 903	61 421	120 523	128 236	136 444
Remuneration of councillors	10 885	11 598	12 691	12 915	13 073	12 915	9 600	14 348	15 266	16 243
Depreciation & asset impairment	8 220	8 312	7 910	9 711	11 289	9 711	6 883	9 585	10 114	11 042
Finance charges	5 295	4 557	4 491	1 989	2 025	1 989	1 598	1 583	1 587	1 605
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
Other expenditure	80 847	106 447	111 515	84 444	111 545	84 462	44 063	89 950	95 324	91 909
Total Expenditure	367 602	417 909	333 947	452 250	428 102	452 185	191 686	441 906	378 492	353 595
Surplus/(Deficit)	(30 046)	(73 372)	30 316	(100 813)	(67 809)	(100 748)	161 094	(86 100)	(18 610)	20 343
Transfers recognised - capital	-	-	1 950	2 010	2 010	2 010	-	2 076	2 180	2 321
Contributions recognised - capital & contributed assets	-	-	527	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Capital expenditure & funds sources										
Capital expenditure	10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	6	-	527	-	-	-	-	-	-	-
Borrowing	-	-	788	-	-	-	-	-	-	-
Internally generated funds	10 017	22 223	23 810	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Total sources of capital funds	10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Financial position										
Total current assets	675 111	591 111	606 980	470 657	469 590	490 790	682 958	518 604	508 094	513 807
Total non current assets	123 564	133 213	116 492	162 388	197 059	197 059	122 393	197 324	197 323	256 066
Total current liabilities	65 795	68 011	48 337	76 706	76 706	76 706	34 029	28 602	33 523	74 861
Total non current liabilities	43 659	40 448	26 036	26 535	27 135	27 135	25 403	25 432	26 429	26 883
Community wealth/Equity	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128
Cash flows										
Net cash from (used) operating	24 034	(33 122)	77 526	(89 091)	(36 188)	(26 770)	93 611	4 949	(5 494)	24 060
Net cash from (used) investing	212	(24 894)	(27 389)	(58 187)	(94 488)	(21 530)	32 492	(9 850)	(10 113)	(5 965)
Net cash from (used) financing	(5 843)	(6 253)	(19 541)	(6 852)	(3 426)	(18 448)	(1 703)	(1 703)	(1 503)	(1 503)
Cash/cash equivalents at the year end	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258
Cash backing/surplus reconciliation										
Cash and investments available	497 138	435 539	469 037	298 278	336 278	357 477	549 005	465 575	450 054	467 681
Application of cash and investments	(152 657)	(47 739)	(285 470)	55 408	56 585	56 474	(13 578)	19 070	24 391	66 979
Balance - surplus (shortfall)	649 795	483 279	754 506	242 870	279 693	301 003	562 582	446 506	425 663	400 702
Asset management										
Asset register summary (WDV)	92 478	99 457	116 492	162 388	159 059	159 059	157 524	157 524	155 935	213 643
Depreciation & asset impairment	8 220	8 312	7 910	9 711	11 289	9 711	9 585	9 585	10 114	11 042
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 173	7 584	7 652

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the District'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 emphasise 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:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. 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 paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed. This places the municipality in a very positive financial position. Cash-backed surplus will decrease to R235,157 million in 2017/18, which is an indication that the NDM operational expenditure needs to be carefully scrutinized and either administrative operational expenditure or contributions to Local Municipalities needs to be decreased.

Table 10 Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC31 Nkangala - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		336 556	343 648	365 805	353 447	362 303	353 447	355 564	362 062	376 258
Executive and council		-	-	-	20	20	20	21	22	23
Budget and treasury office		336 556	343 648	365 805	353 427	362 283	353 427	355 543	362 040	376 235
Corporate services		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 000	890	934	-	-	-	2 318	-	-
Planning and development		1 000	890	934	-	-	-	2 318	-	-
Total Revenue - Standard	2	337 556	344 538	366 739	353 447	362 303	353 447	357 882	362 062	376 258
Expenditure - Standard										
<i>Governance and administration</i>		79 634	103 958	112 162	143 041	176 882	142 975	147 360	154 331	154 759
Executive and council		38 706	42 584	48 513	49 435	60 810	49 435	51 794	55 480	57 286
Budget and treasury office		17 118	25 824	30 089	34 234	45 560	34 149	32 970	31 160	32 525
Corporate services		23 811	35 550	33 560	59 373	70 512	59 391	62 596	67 691	64 948
<i>Community and public safety</i>		21 328	37 796	40 199	70 280	67 202	70 282	70 996	70 233	73 527
Community and social services		-	-	5	14 701	17 101	14 703	18 635	12 962	13 995
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		21 242	35 225	34 407	36 116	36 658	36 116	31 030	34 970	35 633
Housing		-	-	-	-	-	-	-	-	-
Health		86	2 571	5 787	19 463	13 444	19 463	21 331	22 302	23 899
<i>Economic and environmental services</i>		265 685	272 911	170 352	228 407	177 692	228 407	220 366	152 264	124 615
Planning and development		240 413	224 416	158 886	226 890	176 248	226 890	217 855	149 548	121 715
Road transport		24 892	48 264	10 518	-	-	-	-	-	-
Environmental protection		380	231	948	1 518	1 445	1 518	2 511	2 716	2 901
<i>Other</i>	4	955	3 244	11 234	10 521	6 325	10 521	3 184	1 663	693
Total Expenditure - Standard	3	367 602	417 909	333 947	452 250	428 102	452 185	441 906	378 492	353 595
Surplus(Deficit) for the year		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	(84 024)	(16 430)	22 664

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 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.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC31 Nkangala - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote	1									
Vote 1 - Council General and Executive		-	-	-	20	20	20	21	22	23
Vote 2 - Municipal Manager Town Secretary and Chief Exec		-	-	-	-	-	-	-	-	-
Vote 3 - Finance		336 556	343 648	365 805	353 427	362 283	353 427	355 543	362 040	376 235
Vote 4 - Social Services		-	-	-	-	-	-	-	-	-
Vote 5 - Local Economic Development		-	-	-	-	-	-	2 318	-	-
Vote 6 - Development and Planning		1 000	890	934	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 8 - Corporate services		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	337 556	344 538	366 739	353 447	362 303	353 447	357 882	362 062	376 258
Expenditure by Vote to be appropriated	1									
Vote 1 - Council General and Executive		27 851	33 673	40 221	37 426	44 749	37 426	34 510	36 769	37 705
Vote 2 - Municipal Manager Town Secretary and Chief Exec		12 558	10 427	12 030	24 921	32 401	24 921	30 285	32 998	34 920
Vote 3 - Finance		17 093	25 369	29 523	34 665	44 213	34 580	31 030	29 041	30 230
Vote 4 - Social Services		21 708	38 027	41 147	69 792	67 590	69 794	73 207	72 649	76 427
Vote 5 - Local Economic Development		10 256	7 508	35 142	35 089	29 983	35 089	33 127	33 238	11 910
Vote 6 - Development and Planning		107 391	94 586	79 097	33 341	32 807	33 341	27 519	24 374	10 165
Vote 7 - Technical Services		151 564	181 014	74 338	180 994	132 779	180 994	168 155	101 666	105 543
Vote 8 - Corporate services		19 182	27 305	22 449	36 020	43 580	36 039	44 073	47 756	46 694
Total Expenditure by Vote	2	367 602	417 909	333 947	452 250	428 102	452 185	441 906	378 492	353 595
Surplus/(Deficit) for the year	2	(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	(84 024)	(16 430)	22 664

Explanatory notes to MBRR Table A3 - 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 District. This means it is possible to present the operating surplus or deficit of a vote. The organisational structure of the municipality is indicated below:

Main Function	Function 1	Function 2	Organisational structure
Community & Social	Cemeteries Funeral Parlours and Crematoriums	Cemeteries	Manager Social Services
Community & Social	Disaster Management	Disaster Management	Manager Social Services
Community & Social	Libraries and Archives	Library	Manager Corporate
Community & Social	Population Development	Social Services	Manager Social Services
Community & Social	Population Development	Transversal Issues	Manager Social Services
Community & Social	Population Development	Youth Services	Manager Social Services
Environmental Protection	Pollution Control	Pollution Control	Manager Social Services
Executive & Council	Mayor and Council	Executive Mayor & Council	Municipal Manager
Executive & Council	Municipal Manager Town Secretary and Chief Executive	Municipal Manager	Municipal Manager
Finance & Administration	Administrative and Corporate Support	Corporate Support	Manager Corporate
Finance & Administration	Administrative and Corporate Support	Human Resource Payroll	Manager Finance
Finance & Administration	Administrative and Corporate Support	Performance Management	Municipal Manager
Finance & Administration	Asset Management	Asset Management	Manager Finance
Finance & Administration	Budget and Treasury Office	Budget Office	Manager Finance
Finance & Administration	Budget and Treasury Office	Creditors	Manager Finance
Finance & Administration	Budget and Treasury Office	Projects	Manager Finance
Finance & Administration	Budget and Treasury Office	Treasury Office	Manager Finance
Finance & Administration	Finance	Data Processing	Manager Finance
Finance & Administration	Finance	Finance	Manager Finance
Finance & Administration	Human Resources	Human Resource Admin	Manager Corporate
Finance & Administration	Human Resources	Human Resource Payroll	Manager Finance
Finance & Administration	Information Technology	Information Technology	Manager Corporate
Finance & Administration	Legal Services	Legal Services	Municipal Manager
Finance & Administration	Marketing Customer Relations Publicity and Media Co-ordination	Public Liason	Manager Corporate
Finance & Administration	Marketing Customer Relations Publicity and Media Co-ordination	Public Participation	Municipal Manager
Finance & Administration	Property Services	Property Services	Manager Technical Services
Finance & Administration	Risk Management	Risk Management	Municipal Manager
Finance & Administration	Risk Committee	Risk Committee	Municipal Manager
Finance & Administration	Supply Chain Management	Supply Chain Unit	Manager Finance
Health	Health Services	Health Services	Manager Social Services
Internal Audit	Governance Function	Internal Audit	Municipal Manager
Internal Audit	Governance Function	Audit Committee	Municipal Manager
Other	Tourism	Tourism	Deputy Manager LED
Planning & development	Corporate Wide Strategic Planning (IDPs LEDs)	IDP	Deputy Manager DPU
Planning & development	Development Facilitation	Regional Planning	Manager Technical Services
Planning & development	Economic Development/Planning	EPWP	Deputy Manager LED
Planning & development	Economic Development/Planning	Local Economic Development	Deputy Manager LED
Planning & development	Project Management Unit	Project Management Unit	Deputy Manager DPU
Planning & Development	Support to Local Municipalities	Support Unit	Municipal Manager
Planning & Development	Town Planning Building Regulations and Enforcement and City Engineer	Town Planning	Deputy Manager DPU
Public Safety	Fire Fighting and Protection	Fire Fighting District	Manager Social Services
Public Safety	Fire Fighting and Protection	Fire Fighting Local	Manager Social Services

Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC31 Nkangala - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Rental of facilities and equipment		130	86	89	120	120	120	105	131	143	156
Interest earned - external investments		29 656	28 431	31 084	15 757	20 907	15 757	14 404	17 880	16 399	16 417
Interest earned - outstanding debtors		1	0	1 280	-	11	-	11	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		2 590	1 688	1 640	-	800	-	976	210	221	230
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		304 562	313 813	329 709	334 683	337 683	334 683	336 926	337 235	342 759	356 764
Other revenue	2	617	519	461	877	772	877	359	350	360	370
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		337 556	344 538	364 263	351 437	360 293	351 437	352 780	355 806	359 882	373 937
Expenditure By Type											
Employee related costs	2	58 451	55 981	71 257	106 986	108 404	106 903	61 421	120 523	128 236	136 444
Remuneration of councillors		10 885	11 598	12 691	12 915	13 073	12 915	9 600	14 348	15 266	16 243
Debt impairment	3	0	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	2	8 220	8 312	7 910	9 711	11 289	9 711	6 883	9 585	10 114	11 042
Finance charges		5 295	4 557	4 491	1 989	2 025	1 989	1 598	1 583	1 587	1 605
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		75 005	73 381	77 977	39 222	55 711	39 222	21 727	44 114	46 171	47 018
Transfers and grants		203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
Other expenditure	4, 5	5 842	26 137	34 108	45 221	55 834	45 240	22 337	45 836	49 153	44 892
Loss on disposal of PPE		-	6 928	(570)	-	-	-	-	-	-	-
Total Expenditure		367 602	417 909	333 947	452 250	428 102	452 185	191 686	441 906	378 492	353 595
Surplus/(Deficit)											
Transfers recognised - capital		(30 046)	(73 372)	30 316	(100 813)	(67 809)	(100 748)	161 094	(86 100)	(18 610)	20 343
Contributions recognised - capital	6	-	-	1 950	2 010	2 010	2 010	-	2 076	2 180	2 321
Contributed assets		-	-	527	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R355,806 million in 2016/17 and escalates to R373,937 million by 2018/19. This represents a year-on-year decrease of 1.25 per cent for the 2016/17 financial year, increase 1.15 per cent for the 2017/18 and 3.91 per cent for the 2018/19 financial year.
2. Operating Grants form a significant percentage of the revenue basket for the District. In the 2016/17 financial year, the operating grants total R337,235 million or 94.78 per cent. This increases to R342,759 million and R356,764 million in the respective financial years of the MTREF. Operating Grants includes the RSC Levy Replacement, local government equitable share and other operating grants from national government.
3. Investment revenue is the second largest revenue source totalling 5.03 per cent or R17,880 million and decreases to R16,417 million by 2018/19. The third largest source is 'other revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income.
4. The following graph illustrates the major expenditure items per type.

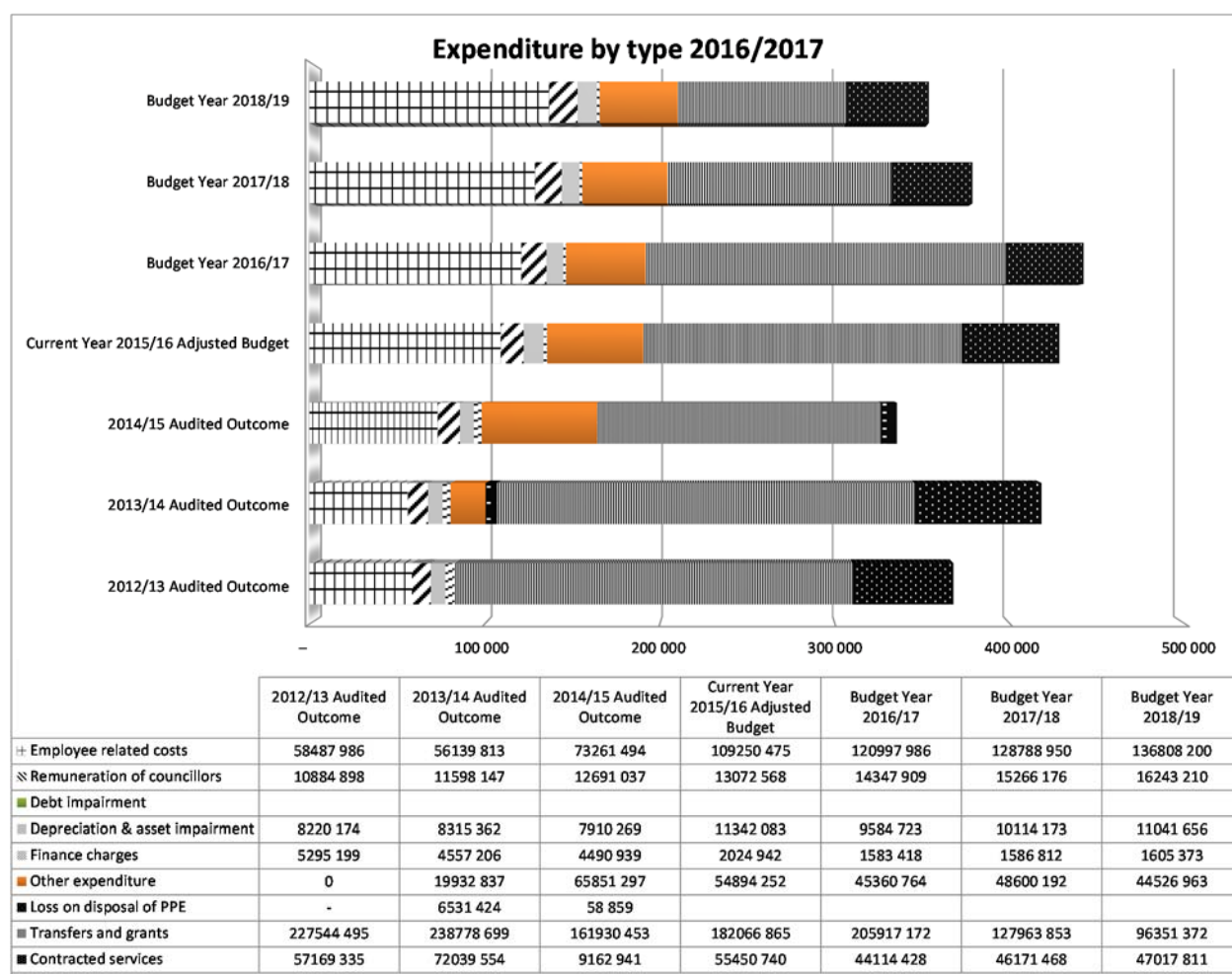


Figure 2 Expenditure by major type

5. Transfers and grants is the main expenditure type, which are the Contribution to Local Municipalities an amounts to R205,917 million for the 2016/17 financial year.

The Contribution to Local Municipalities can be summarised below.

Table 13 Contributions to Local Municipalities per municipality

The following table illustrates the contribution for local municipalities for the 2016/17, 2017/18 and 2018/19 financial years:

DC31 Nkangala - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Non-Cash Transfers to other municipalities											
MP311 Victor Khanye	1	13 433	12 958	10 767	18 427	13 047	13 047	4 313	23 580	11 765	10 519
MP312 Emalahleni		45 770	72 141	42 340	24 023	15 512	15 512	5 128	26 285	20 816	13 573
MP313 Steve Tshwete		24 897	39 843	5 345	47 842	40 387	40 387	13 351	20 033	12 629	11 561
MP314 Emakhazeni		36 840	25 347	9 300	39 356	29 227	29 227	9 662	33 479	14 472	12 533
MP315 Thembisile Hani		59 698	59 665	30 998	33 029	26 214	26 214	8 666	42 710	11 467	18 424
MP316 Dr JS Moroka		16 417	27 592	25 887	44 388	32 111	32 111	10 615	23 543	19 621	17 060
DC31 Nkangala (Cross boundary projects)		6 850	(6 533)	1 446	29 140	25 269	79 707	16 387	36 286	37 194	12 681
Total Non-Cash Transfers To Municipalities:		203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
TOTAL NON-CASH TRANSFERS AND GRANTS		203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
TOTAL TRANSFERS AND GRANTS	6	203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351

Function	Dr JS Moroka Local Municipality	Emakhazeni Local Municipality	Emalahleni Local Municipality	Nkangala District Municipality	Steve Tshwete Local Municipality	Thembisile Hani Local Municipality	Victor Khanye Local Municipality	2016/2017 Grand Total
Nkangala: Community and Social Services	135 000	2 435 000	135 000	2 900 000	4 635 000	135 000	135 000	10 510 000
Nkangala: Environmental Protection				-				-
Nkangala: Finance and Admin	920 000	670 000	730 000	4 180 000	1 230 000	920 000	670 000	9 320 000
Nkangala: Planning and Development	3 490 704	3 321 966	-	27 130 000	4 368 000	4 034 000	1 930 097	44 274 767
Nkangala: Public Safety	-	3 500 000	-		-	-	-	3 500 000
Nkangala: Road Transport	11 497 700	4 172 450	4 500 000	2 076 000	6 800 000	29 364 528	6 120 000	64 530 678
Nkangala: Sport and Recreation	-	1 180 000		-		-	909 760	2 089 760
Nkangala: Waste Water Management		2 500 000	7 420 000		-	3 000 000	10 815 000	23 735 000
Nkangala: Water	7 500 000	15 700 000	13 500 000	-	3 000 000	5 256 967	3 000 000	47 956 967
2016/2017 Grand Total	23 543 404	33 479 416	26 285 000	36 286 000	20 033 000	42 710 495	23 579 857	205 917 172

Table 14 Indicative - Contributions to Local Municipalities per municipality per service

Item Lvl 1	Expenditure		
Item Lvl 2	Transfers and Subs		
Row Labels	Sum of Total Budget	Sum of 2018 Draft Bu	Sum of 2019 Draft Bu
Dr JS Moroka Local Municipality	23 543 404	19 621 221	17 060 377
Nkangala: Community and Social Services	135 000	88 338	91 667
Nkangala: Finance and Admin	920 000	420 000	420 000
Nkangala: Planning and Development	3 490 704	2 010 000	-
Nkangala: Public Safety	-	-	-
Nkangala: Road Transport	11 497 700	6 000 000	8 548 710
Nkangala: Sport and Recreation	-	-	-
Nkangala: Water	7 500 000	11 102 883	8 000 000
Emakhazeni Local Municipality	33 479 416	14 472 362	12 533 157
Nkangala: Community and Social Services	2 435 000	88 333	91 667
Nkangala: Finance and Admin	670 000	420 000	420 000
Nkangala: Planning and Development	3 321 966	960 000	1 000 000
Nkangala: Public Safety	3 500 000	800 000	3 500 000
Nkangala: Road Transport	4 172 450	5 000 000	-
Nkangala: Sport and Recreation	1 180 000	-	-
Nkangala: Waste Water Management	2 500 000	3 250 000	1 500 000
Nkangala: Water	15 700 000	3 954 029	6 021 490
Emalaheni Local Municipality	26 285 000	20 816 094	13 573 057
Nkangala: Community and Social Services	135 000	88 333	91 667
Nkangala: Finance and Admin	730 000	480 000	480 000
Nkangala: Planning and Development	-	1 510 000	-
Nkangala: Public Safety	-	1 800 000	-
Nkangala: Road Transport	4 500 000	5 000 000	-
Nkangala: Waste Water Management	7 420 000	11 937 761	13 001 390
Nkangala: Water	13 500 000	-	-
Nkangala District Municipality	36 286 000	37 193 850	12 681 370
Nkangala: Community and Social Services	2 900 000	3 164 850	3 210 370
Nkangala: Environmental Protection	-	-	-
Nkangala: Finance and Admin	4 180 000	4 000 000	1 300 000
Nkangala: Planning and Development	27 130 000	27 849 000	5 850 000
Nkangala: Road Transport	2 076 000	2 180 000	2 321 000
Nkangala: Sport and Recreation	-	-	-
Nkangala: Water	-	-	-
Steve Tshwete Local Municipality	20 033 000	12 628 793	11 560 787
Nkangala: Community and Social Services	4 635 000	88 333	91 667
Nkangala: Finance and Admin	1 230 000	480 000	480 000
Nkangala: Planning and Development	4 368 000	4 000 000	-
Nkangala: Public Safety	-	-	-
Nkangala: Road Transport	6 800 000	5 060 460	-
Nkangala: Waste Water Management	-	-	-
Nkangala: Water	3 000 000	3 000 000	10 989 120
Thembisile Hani Local Municipality	42 710 495	11 466 895	18 423 997
Nkangala: Community and Social Services	135 000	88 333	91 667
Nkangala: Finance and Admin	920 000	420 000	420 000
Nkangala: Planning and Development	4 034 000	2 600 000	-
Nkangala: Public Safety	-	-	-
Nkangala: Road Transport	29 364 528	8 358 562	17 912 330
Nkangala: Sport and Recreation	-	-	-
Nkangala: Waste Water Management	3 000 000	-	-
Nkangala: Water	5 256 967	-	-
Victor Khanye Local Municipality	23 579 857	11 764 638	10 518 627
Nkangala: Community and Social Services	135 000	548 333	571 667
Nkangala: Finance and Admin	670 000	420 000	420 000
Nkangala: Planning and Development	1 930 097	10 000	-
Nkangala: Public Safety	-	-	-
Nkangala: Road Transport	6 120 000	9 000 000	3 000 000
Nkangala: Sport and Recreation	909 760	-	-
Nkangala: Waste Water Management	10 815 000	1 786 305	6 526 960
Nkangala: Water	3 000 000	-	-
Grand Total	205 917 172	127 963 853	96 351 372

6. Employee related costs and contribution to local municipalities are the main cost drivers within the district.

Table 15 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC31 Nkangala - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Single-year expenditure to be appropriated	2										
Vote 1 - Council General and Executive		291	48	2 002	3 910	3 910	3 910	583	150	200	100
Vote 2 - Municipal Manager Town Secretary and Chief Executive		126	-	-	340	340	340	-	-	157	-
Vote 3 - Finance		25	-	168	701	80	701	36	400	400	560
Vote 4 - Social Services		6 504	21 929	21 362	30 037	31 900	30 037	7 107	750	3 480	70
Vote 5 - Local Economic Development		419	-	-	22	230	22	60	20	20	-
Vote 6 - Development and Planning		-	-	21	100	100	100	24	50	50	-
Vote 7 - Technical Services		1 581	-	-	-	442	-	98	1 500	-	-
Vote 8 - Corporate services		1 078	246	1 571	23 077	19 485	23 077	4 783	5 180	4 218	4 200
Capital single-year expenditure sub-total		10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Total Capital Expenditure - Vote		10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Capital Expenditure - Standard											
<i>Governance and administration</i>		1 520	294	3 742	28 028	24 257	28 028	5 402	7 230	4 975	4 860
Executive and council		417	48	2 002	4 120	4 120	4 120	583	150	357	100
Budget and treasury office		25	-	168	831	210	831	36	400	400	560
Corporate services		1 078	246	1 571	23 077	19 927	23 077	4 783	6 680	4 218	4 200
<i>Community and public safety</i>		6 504	21 929	21 362	30 037	31 900	30 037	7 107	750	3 480	70
Community and social services		54	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		6 450	21 929	21 332	29 737	30 059	29 737	6 461	-	3 430	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	30	300	1 841	300	646	750	50	70
<i>Economic and environmental services</i>		2 000	-	21	122	330	122	182	70	70	-
Planning and development		419	-	21	122	330	122	182	70	70	-
Road transport		1 581	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Funded by:											
Public contributions & donations	5	6		527							
Borrowing	6			788							
Internally generated funds		10 017	22 223	23 810	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Total Capital Funding	7	10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930

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, for 2016/17 R8,050 million has been allocated of the total budget for capital expenditure and R8,525 million and R4,930 million for the 2017/18 and 2018/19 financial years respectively. 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 District. For the purpose of funding assessment of the MTREF.
3. The capital programme is funded from internally generated funds from current year surpluses and accumulated surpluses.

Table 16 MBRR Table A6 - Budgeted Financial Position

DC31 Nkangala - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		8 542	6 213	24 971	10 213	10 213	10 213	5 956	5 956	7 456	3 706
Call investment deposits	1	457 511	395 570	444 065	288 065	288 065	309 264	543 049	419 820	401 210	421 552
Consumer debtors	1	-	-	-	-	-	-	23	23	23	23
Other debtors		22 377	23 571	15 815	17 872	16 806	16 806	11 802	7 806	7 606	6 356
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	186 682	165 757	122 129	154 507	154 507	154 507	122 129	85 000	91 800	82 170
Total current assets		675 111	591 111	606 980	470 657	469 590	490 790	682 958	518 604	508 094	513 807
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		31 085	33 756	-	-	38 000	38 000	-	39 800	41 388	42 423
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	91 227	98 606	115 736	161 726	158 397	158 397	121 785	156 862	155 273	212 982
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		1 252	851	757	662	662	662	608	662	662	662
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		123 564	133 213	116 492	162 388	197 059	197 059	122 393	197 324	197 323	256 066
TOTAL ASSETS		798 675	724 325	723 473	633 045	666 649	687 849	805 351	715 928	705 417	769 873
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	6 753	6 659	3 738	3 426	3 426	3 426	1 626	1 703	1 503	1 503
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	49 950	59 911	44 425	73 280	73 280	73 280	32 239	26 899	32 020	73 358
Provisions		9 092	1 442	174	-	-	-	163	-	-	-
Total current liabilities		65 795	68 011	48 337	76 706	76 706	76 706	34 029	28 602	33 523	74 861
Non current liabilities											
Borrowing		34 063	27 904	11 283	11 240	11 240	11 240	11 692	9 537	8 034	6 089
Provisions		9 596	12 545	14 752	15 295	15 895	15 895	13 711	15 895	18 395	20 795
Total non current liabilities		43 659	40 448	26 036	26 535	27 135	27 135	25 403	25 432	26 429	26 883
TOTAL LIABILITIES		109 454	108 459	74 373	103 241	103 841	103 841	59 432	54 034	59 952	101 744
NET ASSETS	5	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128
Reserves	4	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. 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 A6 is supported by an extensive table of notes (SA3 which can be found on [page 102](#)) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
4. 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.
5. 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 17MBRR Table A7 - Budgeted Cash Flow Statement

DC31 Nkangala - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		-	-	-	-	-	-	4 512	-	-	-
Service charges		-	-	-	-	-	-	-	-	-	-
Other revenue		30 227	10 475	72 376	997	1 692	997	1 111	691	724	756
Government - operating	1	303 175	314 592	328 960	334 683	337 683	334 683	255 171	337 235	342 759	356 764
Government - capital	1	-	-	-	2 010	2 010	2 010	-	2 076	2 180	2 321
Interest		27 197	28 431	32 363	15 757	20 918	15 757	12 975	17 880	16 399	16 417
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(103 725)	(143 284)	(189 753)	(204 344)	(214 400)	(142 023)	(119 108)	(145 433)	(238 005)	(254 241)
Finance charges		(5 295)	(4 557)	(4 491)	(1 989)	(2 025)	(1 989)	(863)	(1 583)	(1 587)	(1 605)
Transfers and Grants	1	(227 544)	(238 779)	(161 930)	(236 206)	(182 067)	(236 206)	(60 187)	(205 917)	(127 964)	(96 351)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 034	(33 122)	77 526	(89 091)	(36 188)	(26 770)	93 611	4 949	(5 494)	24 060
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	109	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		10 229	(2 671)	(2 901)	-	(38 000)	36 657	36 657	(1 800)	(1 588)	(1 035)
Payments											
Capital assets		(10 017)	(22 223)	(24 597)	(58 187)	(56 488)	(58 187)	(4 165)	(8 050)	(8 525)	(4 930)
NET CASH FROM/(USED) INVESTING ACTIVITIES		212	(24 894)	(27 389)	(58 187)	(94 488)	(21 530)	32 492	(9 850)	(10 113)	(5 965)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	(3 426)	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(5 843)	(6 253)	(19 541)	(3 426)	(3 426)	(18 448)	(1 703)	(1 703)	(1 503)	(1 503)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5 843)	(6 253)	(19 541)	(6 852)	(3 426)	(18 448)	(1 703)	(1 703)	(1 503)	(1 503)
NET INCREASE/(DECREASE) IN CASH HELD		18 403	(64 269)	30 597	(154 130)	(134 102)	(66 748)	124 400	(6 604)	(17 110)	16 593
Cash/cash equivalents at the year begin:	2	448 048	466 052	401 783	401 783	432 380	432 380	432 380	432 380	425 775	408 666
Cash/cash equivalents at the year end:	2	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258

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 flows versus cash-outflow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the District increased from R432,380 million over the 2015/16 to R556,779 million and decreases to R425,775 in 2016/17 period and to R408,666 million in 2017/18 and increases to R425,428 in 2018/19 financial years.
4. The approved 2016/17 MTREF provide for a net decrease in cash of R6,604 million for the 2016/17 financial year resulting in an overall projected positive cash position of R425,775 million at year end.
5. Cash and cash equivalents totals R425,775 million as at the end of the 2016/17 financial year and remains more or less stable over the MTREF to result in R425,258 million by 2018/19. Table 18 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Table 18 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

DC31 Nkangala - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258
Other current investments > 90 days		(399)	(0)	36 657	50 625	0	(46 155)	(7 775)	-	-	-
Non current assets - Investments	1	31 085	33 756	-	-	38 000	38 000	-	39 800	41 388	42 423
Cash and investments available:		497 138	435 539	469 037	298 278	336 278	357 477	549 005	465 575	450 054	467 681
Application of cash and investments											
Unspent conditional transfers		-	1 000	3 994	-	-	-	2 986	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(152 657)	(48 739)	(289 464)	55 408	56 585	56 474	(16 563)	19 070	24 391	66 979
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(152 657)	(47 739)	(285 470)	55 408	56 585	56 474	(13 578)	19 070	24 391	66 979
Surplus(shortfall)		649 795	483 279	754 506	242 870	279 693	301 003	562 582	446 506	425 663	400 702

Explanatory notes to Table A8 - 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 period 2016/17 to 2018/19 the surplus stabilises to R400,702 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF was sufficiently funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 19 MBRR Table A9 - Asset Management

DC31 Nkangala - Table A9 Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 medium term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	10 023	22 223	25 124	58 187	56 488	58 187	8 050	8 525	4 930
<i>Infrastructure - Road transport</i>		-	-	-	-	1 000	-	350	750	1 500
Infrastructure		-	-	-	-	1 000	-	350	750	1 500
Community		-	1 561	-	-	-	-	-	-	-
Other assets	6	9 816	20 661	25 124	58 187	55 488	58 187	7 700	7 775	3 430
Intangibles		207	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4									
<i>Infrastructure - Road transport</i>		-	-	-	-	1 000	-	350	750	1 500
Infrastructure		-	-	-	-	1 000	-	350	750	1 500
Community		-	1 561	-	-	-	-	-	-	-
Other assets		9 816	20 661	25 124	58 187	55 488	58 187	7 700	7 775	3 430
Intangibles		207	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	10 023	22 223	25 124	58 187	56 488	58 187	8 050	8 525	4 930
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Infrastructure - Road transport</i>		1 962	1 711	1 842						
<i>Infrastructure - Electricity</i>		443	412							
Infrastructure		2 405	2 123	1 842	-	-	-	-	-	-
Community										
Other assets		88 821	96 482	113 894	161 726	158 397	158 397	156 862	155 273	212 982
Intangibles		1 252	851	757	662	662	662	662	662	662
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	92 478	99 457	116 492	162 388	159 059	159 059	157 524	155 935	213 643
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		8 220	8 312	7 910	9 711	11 289	9 711	9 585	10 114	11 042
<u>Repairs and Maintenance by Asset Class</u>	3	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 584	7 652
<i>Infrastructure - Road transport</i>		-	-	-	-	-	-	-	-	-
Other assets	6, 7	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 584	7 652
TOTAL EXPENDITURE OTHER ITEMS		43 740	63 199	25 456	17 978	23 908	17 978	16 758	17 699	18 694
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		38.9%	55.7%	15.2%	5.1%	8.0%	5.2%	4.6%	4.9%	3.6%
<i>Renewal and R&M as a % of PPE</i>		38.0%	55.0%	15.0%	5.0%	8.0%	5.0%	5.0%	5.0%	4.0%

Explanatory notes to Table A9 - 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 between 4 - 8 per cent of PPE. The District does not meet both these recommendations as the District moved into new office buildings in 2006.

Part 2 – Supporting Documentation

2.1 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 MMC for Finance, Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

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

2.1.1 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 28 May 2015. Key dates applicable to the process were:

- **August 2015**—Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2015/16 MTREF;
- **January and February 2016**—Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **6 to 12 February 2016** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **23 January 2016** - Council considered the 2014/15 Mid-year Review;
- **24 February 2016** - Council considers the 2014/15 Adjustments Budget;
- **10 March 2016** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The Draft Annual 2016/17 MTREF is advised accordingly;

- **23 March 2016** - Tabling in Council of the draft 2016/16 IDP and 2016/17 MTREF to Mayoral committee;
- **30 March 2016** - Tabling in Council of the draft 2016/17 IDP and 2016/17 MTREF for public consultation;
- **7 Apr 2016** – Budget Indaba;
- **15 April 2016** - Closing date for written comments;
- **14 to 22 April 2016**–finalisation of the 2016/17 IDP and 2016/17 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
- **26 April 2016** - Submission of the final 2016/17 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

Council is going to adopt a new IDP for 2016/17 to 2020/21. The IDP was submitted to Council for approval on the 30 March 2016.

The District'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 fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- 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 2016/17 MTREF, based on the approved 2015/16 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 2016/17 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 2015/16 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.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 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 2016/17 MTREF:

- District growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 55, 58, 66, 67, 70, 72, 74, 75,79,80 & 82 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2016/17 MTREF was tabled before Council on 30 March 2016 for community consultation. It was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries throughout the district.

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

Local Municipalities were utilised to facilitate the community consultation process from January to 9 February 2016, and included six public briefing sessions and the Budget Indaba on the 7 April 2016. The applicable dates and venues was published in all the local newspapers and on average attendance amounted 50 to 100 per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and Imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Following inputs received during the Budget Indaba, engagements had been held with the major stakeholders at the local municipalities to finalise the transfer and subsidy projects over the MTREF.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant had been considered as part of the finalisation of the 2016/17 MTREF

2.2 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 District, 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 District 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 District's response to these requirements.

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP);

- The National Priority Outcomes and
- The National Development Plan.

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 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

- Local Economic Development
- Infrastructure Development and Service Delivery
- Institutional Development and Municipal Transformation
- Good Governance and Public Participation
- Build more united, non-racial, integrated and safer communities;
- Financial Viability
- Ensure more effective, accountable and clean Local Government that works together with National and Provincial Spheres of Government.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the District 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.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide district planning services; and
 - Maintaining the infrastructure of the District.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the District;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Working with strategic partners such as SAPS to address crime;

- Ensuring safe working environments
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
 - Implementing initiatives to reduce the effect of climate change.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

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

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the District;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2016/17 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.

Table 20 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

DC31 Nkangala - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Institutional Development and Municipal Transformation		KPI1		-	-	-	20	20	20	21	22	23	
Good Governance and Public Participation		KPI2		-	-	-	-	-	-	-	-	-	
Local Economic Development		KPI3		-	-	-	-	-	-	2 318	-	-	
Financial Viability		KPI4		336 556	343 648	365 805	353 427	362 283	353 427	355 543	362 040	376 235	
Basic service delivery		KPI5		-	-	-	-	-	-	-	-	-	
Spatial Development Analysis		KPI6		1 000	890	934	-	-	-	-	-	-	
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)				1	337 556	344 538	366 739	353 447	362 303	353 447	357 882	362 062	376 258

Table 21 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

DC31 Nkangala - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Institutional Development and Municipal Transformation		KPI1		59 590	71 405	74 700	98 368	120 730	98 386	108 868	117 523	119 319	
Good Governance and Public Participation		KPI2		-	-	5	12 696	16 044	12 698	18 335	12 662	13 995	
Local Economic Development		KPI3		10 256	7 508	35 142	35 089	29 983	35 089	33 127	33 238	11 910	
Financial Viability		KPI4		17 093	25 369	29 523	34 665	44 213	34 580	31 030	29 041	30 230	
Basic service delivery		KPI5		173 272	219 042	115 480	240 096	185 382	240 096	223 328	161 953	167 976	
Spatial Development Analysis		KPI6		107 391	94 586	79 097	31 336	31 750	31 336	27 219	24 074	10 165	
Allocations to other priorities													
Total Expenditure				1	367 602	417 909	333 947	452 250	428 102	452 185	441 906	378 492	353 595

Table 22 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

DC31 Nkangala - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Institutional Development and Municipal Transformation		A	✓	3 076	294	3 574	27 327	23 735	27 327	5 330	4 575	4 300
Good Governance and Public Participation		B	✓	-	-	-	-	-	-	-	-	-
Local Economic Development		C	✓	419	-	-	22	230	22	20	20	-
Financial Viability		D	✓	25	-	168	701	80	701	400	400	560
Basic service delivery		E	✓	6 504	21 929	21 362	30 037	32 342	30 037	2 250	3 480	70
Spatial Development Analysis		F	✓	-	-	21	100	100	100	50	50	-
Allocations to other priorities			3									
Total Capital Expenditure			1	10 023	22 223	25 124	58 187	56 488	58 187	8 050	8 525	4 930

2.3 Measurable performance objectives and indicators

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 District 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 planning, budgeting and reporting cycle can be graphically illustrated as follows:

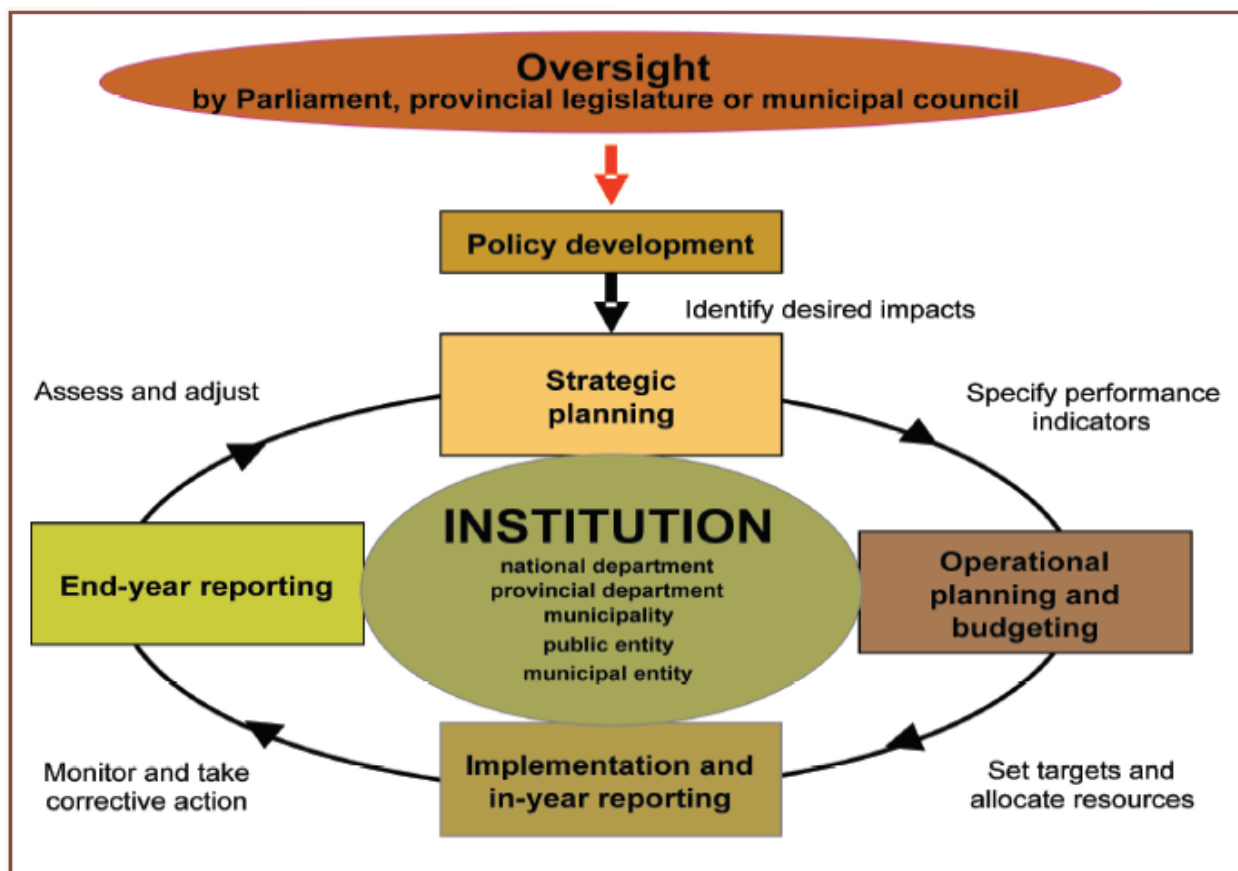


Figure 3 Planning, budgeting and reporting cycle

The performance of the District 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 District therefore has adopted one integrated performance management system which encompasses:

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

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

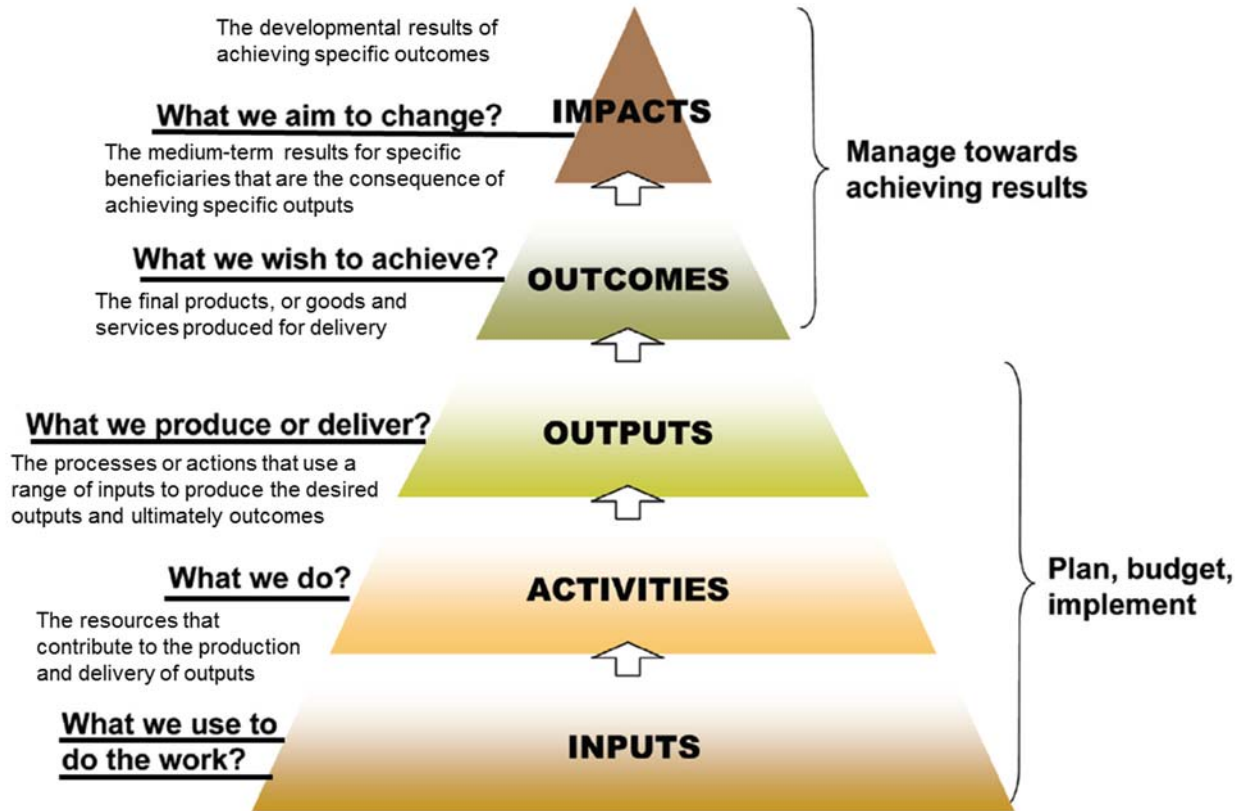


Figure 4 Definition of performance information concepts

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

Table 23 MBRR Table SA7 - Measurable performance objectives (replaced with QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS AS PER APPROVED SDBIP)

DC31 Nkangala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Vote 1 - vote name										
Function 1 - (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>										
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>										
Vote 2 - vote name										
Function 1 - (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>										
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>										
Vote 3 - vote name										
Function 1 - (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>										
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 2016/17 MTREF.

Table 24 MBRR Table SA8 - Performance indicators and benchmarks

DC31 Nkangala - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Borrowing Management											
Credit Rating		BBB-	BBB-	BBB-							
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.0%	2.6%	7.2%	1.2%	1.3%	4.5%	1.7%	0.7%	0.8%	0.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	33.8%	35.2%	69.5%	32.3%	24.1%	122.0%	20.8%	17.7%	18.0%	18.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	-5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	10.3	8.7	12.6	6.1	6.1	6.4	20.1	18.1	15.2	6.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	10.3	8.7	12.6	6.1	6.1	6.4	20.1	18.1	15.2	6.9
Liquidity Ratio	Monetary Assets/Current Liabilities	7.1	5.9	9.7	3.9	3.9	4.2	16.1	14.9	12.2	5.7
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	6.6%	6.8%	4.3%	5.1%	4.7%	4.8%	3.4%	2.2%	2.1%	1.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
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%	100.0%	100.0%
Creditors to Cash and Investments		10.7%	14.7%	9.4%	29.6%	24.6%	20.0%	5.3%	6.3%	7.8%	17.3%
Employee costs	Employee costs/(Total Revenue - capital revenue)	17.3%	16.2%	19.6%	30.4%	30.1%	30.4%	17.4%	33.9%	35.6%	36.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	20.5%	19.6%	23.0%	34.1%	33.7%	34.1%		37.9%	39.9%	40.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.5%	15.9%	4.8%	2.4%	3.5%	2.4%		2.0%	2.1%	2.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	4.0%	3.7%	3.4%	3.3%	3.7%	3.3%	2.4%	3.1%	3.3%	3.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	1.0	0.6	1.8	0.7	0.7	0.7	0.8	1.0	1.0	1.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17235.6%	27264.7%	17677.1%	14874.0%	13986.4%	13986.4%	11310.6%	5968.0%	5327.5%	4081.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	38.3	32.2	32.3	16.9	18.1	27.3	65.8	25.9	23.4	23.4

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Nkangala District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the District's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has stabilised at 0.4 over the MTREF.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is zero per cent. Capital expenditure is financed from cash backed accumulated surpluses.

The District's debt profile provides some interesting insights on the District's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the District to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. .

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of borrowing, creditors and provisions as a percentage of funds and reserves. In the 2016/17 financial year the ratio is at a level 18,1 per cent and remains relatively stable at 8.9 per cent in the 2018/19 financial year.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the District has set a limit of 1, hence at no point in time should this ratio be less than 1. The 2014/15 current ratio of the District is 12.6 per cent. The current ratio for 2015/16 is 20.1, whilst the projected current ratio is 6.4 per cent. The 2016/17 financial year is 18.1 and 15.9 and 6.9 for the two outer years of the MTREF respectively.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. The 2014/15 current ratio of the District is 8.7 per cent. The current ratio for 2015/16 is 30.5, whilst the projected current ratio is 18,1per cent. The 2016/17 financial year is 18.1 and 15.9 and 6.9 for the two outer years of the MTREF respectively.

2.3.1.4 Revenue Management

- With the abolishment of the RSC Levies the outstanding debtors has declined to a point where the total outstanding debtors to annual revenue is very positive. The estimated ratio for 2016/17 is 2.2 per cent and remains stable at 1.7 per cent for the two outer years.

2.3.1.5 *Creditors Management*

- The District has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the District, which is expected to benefit the District in the form of more competitive pricing of tenders, as suppliers compete for the District's business.

2.3.1.6 *Other Indicators*

- Employee costs as a percentage of operating revenue continues to remain stable at 27.38 for the 2016/17 budget year and 38.69 for the 2018/19 budget year.
- Repairs and maintenance as percentage of operating revenue is very low as the District has only the office building.
- The filling of vacancies has commenced.
- Measures have been put in place to ensure that relevant officials comply with the extension of the minimum competency requirements;

2.4 Overview of budget related-policies

The National Treasury MFMA Circular 54 provides, among other issues, that:

“The municipality should include a section in its budget document listing the budget related policies that are in place.”

2.4.1 Current Policies

The Supply Chain Management Policy:

The policy provides for processes to be followed in the procurement of goods and services. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost effective system for the procurement of goods and services, disposing of goods and selection of contractors in the provision of municipal services.

Proposed changes made to the policies through the review process are as follows:

- 13.19.1 correct spelling of goods, change reference to Cash and creditor payment policy
- 28.7.1 except in the case of non responsive tenders due to non compliance of document. Request to be send to all acceptable tenders to submit documents
- Reference to other clauses right through the document e.g 57.2

Comments received:

None

Assets Management Policy:

The policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment. The depreciation and capitalization of assets are dealt with in terms of this policy.

Proposed changes made to the policies through the review process are as follows:

- Part 5 - Asset classification to be aligned to mSCOA classification
- Part 13 - Remove threshold of R500
- Part 25 - Revaluation of land and buildings only on assessment
- Move definitions to the front of the policy
- Fixed asset lives ito review of useful lives.

Comments received:

None

Donation Policy:

The policy provides for the conditions and procedures for which donations can be made and accounted for.

Proposed changes made to the policies through the review process are as follows:

- Only cosmetic changes

Comments received:

None

Credit Control and Debt Collection Policy:

The policy provides for debt collection and credit control.

Proposed changes made to the policies through the review process are as follows:

- Only cosmetic changes.

Comments received:

None

Virement policy

It is the responsibility of each Manager of each Department to which funds are allocated, to plan and conduct assigned operations so as not expend more funds than budgeted and to ensure that funds are utilized effectively and efficiently.

Section 78(1)(b) of the MFMA states inter alia that “Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure-...(b) that

the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;...”

This policy aims to provide guidelines to senior management in the use of virements as a mechanism in their day-to-day management of their budgets.

In addition it specifically aims to empower senior managers with an efficient financial – and budgetary system to ensure optimum service delivery within the current legislative framework of the MFMA and the District’s system of delegations.

Proposed changes made to the policies through the review process are as follows:

- 4.5 alignment of functions and sub functions to mSCOA
- 4.6 alignment of items of expenditure to mSCOA
- 4.9 alignment of vote to NDM own structure to mSCOA
- 7.3 alignment to mSCOA

Comments received:

None

Fleet management policy

The purpose of the policy is to provide and maintain an effective and efficient fleet of vehicles, list of machinery and equipment, and manage such fleet in a manner that the Municipality’s mission and fleet user’s aspired goals are met in a cost effective way.

The policy will further provide for a framework for the use of logbook, petrol cards and vehicle keys. The policy aim to assign accountability and responsibility to relevant officials responsible for fleet assets.

Proposed changes made to the policies through the review process are as follows:

- Only cosmetic changes

Comments received:

None

Accommodation, Travel and subsistence Policy

The objective of this policy is to enforce the promulgated legislation in terms of ad-hoc travel and subsistence allowances, in order to set uniform guidelines for councilors and officials from Nkangala District Municipality.

Furthermore, this policy sets out the basis for the payment of a subsistence and travel allowance for the purposes of such official travelling.

Proposed changes made to the policies through the review process are as follows:

- Adding AA tariffs as per council resolution
- Addition of termination of travel allowances as per standing resolutions
- Amendment which post are transport bearing posts
- Addition of an exclusion section

Comments received:

Request for re-imburement form kilometer one motivating it is a standard practice in municipalities

Reducing kilometers on clause 6.4.7 to 150 from 250 and another comment to change it to 100 depending on the time and risk

Numbering incorrect and reference to other paragraphs incorrect

Suggestion that those that does not receive a travel allowance be re-imbursed at AA tariffs

Rental of council facilities

The objective of this policy are to:

- Ensure that the rental of council facilities are dealt with in accordance with authorized processes only
- Ensure that the municipality has and maintains an effective system of internal control .

Proposed changes made to the policies through the review process are as follows:

- Tariffs should be increased 10 % to be more cost reflective

Comments received:

None

Budget Policy

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- The responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to the Nkangala District Municipality's IDP review and budget processes.

Proposed changes made to the policies through the review process are as follows:

- Only cosmetic changes

Comments received:

None

Tariff Policy

The purpose of the policy is to:

Set out the tariffs which the municipality will levy/charge in preparing each medium term revenue and expenditure framework budget

Proposed changes made to the policies through the review process are as follows:

- Only cosmetic changes

Comments received:

None

Blacklisting policy

The purpose of the policy is to:

To prevent the municipality from doing business with persons, business, organizations or entities who abuse the supply chain management system by committing a corrupt, fraudulent, unfair or irregular practice/s.

To prevent the municipality from doing business with individual persons, business, organizations or entities who default on any contract, performance will fully or negligently.

To develop a uniform criteria and a fair process for barring such persons, tenderers and business entities who engage in the above

Proposed changes made to the policies through the review process are as follows:

- Only cosmetic changes

Comments received:

None

Funding and Reserve policy

The purpose of the policy is to:

The funding and reserves policy is aimed to ensure that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

This policy aims to set guidelines towards ensuring financial viability over both the short- and long-term which includes reserves requirements.

Proposed changes made to the policies through the review process are as follows:

- Only cosmetic changes

Comments received:

None

Investment of surplus funds policy

The purpose of the policy is to:

The preservation and safety of investments as a primary aim;

The need of investment diversification;

To specify minimum acceptable credit rating for investments including:

- a list of approved investment types; o a list of approved institutions;

- guidelines for the invitation and selection of competitive bids or offers in accordance with part 1 of chapter 11 of the Act for investments in excess of six (6) months or the appointment of an investments manager;

To put measures in place to ensuring implementation of the policy and internal controls over investments made;

Proposed changes made to the policies through the review process are as follows:

- Only cosmetic changes

Comments received:

None

Borrowing policy

The purpose of the policy is to:

Enable the municipality to exercise their obligation to ensure sufficient cash resources to implement their capital programme in the most cost effective manner.

Ensure compliance with the relevant legal and statutory requirements relating to municipal borrowing.

Manage interest rate and credit risk exposure

Proposed changes are as flows:

- Section 17 - correct spelling of Nkangala

Comments received:

None

Insurance policy

The purpose of the policy is to:

This insurance policy is aimed at ensuring that all assets, Councillors, employees and third parties are insured economically and adequately at all times.

Proposed changes made to the policies through the review process are as follows:

- Only cosmetic changes

Comments received:

None

Petty cash policy

The purpose of the policy is to:

Ensure that goods and services are procured through authorized petty cash processes by the municipality

Ensure that the municipality has and maintains an effective petty cash system of expenditure control

Ensure that sufficient petty cash is available when required

Ensure that the items required to be procured are approved petty cash items

Proposed changes are as follows:

- 5.1 e remove inventory items
- Change reference to director of financial services to CFO

Comments received:

None

Additional policies developed:

Catering policy

Objectives of the policy

- To regulate and control expenditure in relation to catering;

- To regulate instances and events where catering should be provided;
- To indicate what meetings are allowed to have catering;
- To indicate what other gatherings are allowed to have catering;
- To indicate what type of catering is allowed; and
- To indicate the processes to be followed for catering.

Comments received:

None

Management of Foreign Exchange policy

The purpose of this policy is to provide an agreed framework within which:

- Foreign currency exchange risks are identified and managed in an efficient and cost effective manner;
- Foreign exchange conversion differences are properly quantified, accounted for and fairly apportioned between the foreign supplier, any local agent and the Municipality;

Comments received:

None

2.5 Overview of budget assumptions

2.5.1 External factors

In terms of circular 79 the 2016 Medium Term Budget Policy Statement notes that the global economic outlook has been weaker than anticipated. The economy of SA is expected to grow by 0.9% in 2016, 1.2% in 2017, 1.9% in 2018 and 2.5% in 2019. Various factors such as declining oil prices, depreciation of the rand, drought in many parts of the country and electricity supply shortages poses a risk to growth.

Also high unemployment is a challenge which pressurizes municipal revenue generation and therefore municipalities should conservatively estimate projected revenue. Expenditure needs to be reprioritized and stringent cost curtailment measures must be implemented.

By 2019 GDP growth is expected to reach 3.0 per cent, supported by expanding public sector investment in infrastructure, the activation of new electricity-generating capacity, improving public sector confidence, relatively low inflation and interest rates and strong growth in the Southern African region.

Specific interventions to achieve this include: investing in strategic infrastructure programmes, including electricity generation and transport capacity needed to open up new mining and industrial opportunities. Linked to this is strengthening municipal finances and investing in residential development and urban infrastructure.

The proposed spending framework approved by Cabinet takes account of the need to control spending growth over the medium term while increasing the efficiency of existing allocations to improve public services. As a result, the fiscus does not increase available funds beyond the 2015 budget baseline.

The labour market has deteriorated. The official unemployment rate rose to 25.5 per cent of the labour force in the third quarter of 2013 from 24.9 per cent in the second quarter according to the latest Quarterly Labour Force Survey. The total number of unemployed people stood at 4.67 million in the three months up to September, from 4.47 million in the second quarter. By the expanded definition of unemployment (including those who have stopped looking for work) unemployment increased to 36.3 per cent, from 36.2 per cent.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2015/16 and so municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities will have to carefully consider affordability of tariff increases especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure municipalities will have to identify inefficiencies and eliminate non-priority spending.

Headline inflation forecasts:

Fiscal year	2014/15	2015/16	2016/17	2017/18	2018/19
Actual		Estimate		Forecast	
CPI Inflation	5.6%	5.5%	6.0%	5.8%	5.8%

Source: Budget Review 2016

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2.5.2 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 2016/17 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on District's residents and businesses;
- The impact of municipal cost drivers; and
- The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

2015/16 Financial Year – 7 per cent

2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

Municipalities are advised to use this Salary and Wage Agreement preparing their 2016/17 MTREF budgets.

2.5.3 Credit rating outlook

Global Credit rating committee has in August 2013 rated Nkangala District Municipality's as follows:

Table 25 Credit rating outlook

Security class	Rating scale	Rating	Rating outlook	Review date
Long term	National	A _(ZA)	Stable	08/2014
High credit quality relative to other issuers or obligations in the same country. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.				
Short term	National	A1 _(ZA)	Stable	08/2014
Very high certainty of timely payment relative to other issuers or obligations in the same country. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.				
Long term	International	BBB-	Stable	08/2014
Adequate protection factors and considered sufficient for prudent investment. However there is considerable variability in risk during economic cycles.				

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The District engaged in a number of financing arrangements to minimise its interest rate costs and risk. However, in 2016/17 MTREF is based on the assumption that no additional borrowings are undertaken.

2.5.5 Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage (99 per cent) of budgeted income. Cash flow is assumed to be 99 per cent of budgeted income.

2.5.6 Salary increases

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

2015/16 Financial Year – 7 per cent

2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

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:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- 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.

In accordance with the National Treasury MFMA Circular 82, item **DM372/04/2016** served before Council for consideration and it was resolved as follows:

- 1 **THAT** the report on National Treasury: Circular 82 MFMA: Cost Containment Measures be noted.
- 2 **THAT** Nkangala District Municipality Council develop a policy on cost containment.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 60 per cent is achieved on operating expenditure and 60 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 26 Breakdown of the operating revenue over the medium-term

DC31 Nkangala - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	29 656	28 431	31 084	15 757	20 907	15 757	14 404	17 880	16 399	16 417
Transfers recognised - operational	304 562	313 813	329 709	334 683	337 683	334 683	336 926	337 235	342 759	356 764
Other own revenue	3 338	2 294	3 470	997	1 704	997	1 451	691	724	756
Total Revenue (excluding capital transfers and contributions)	337 556	344 538	364 263	351 437	360 293	351 437	352 780	355 806	359 882	373 937

The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.

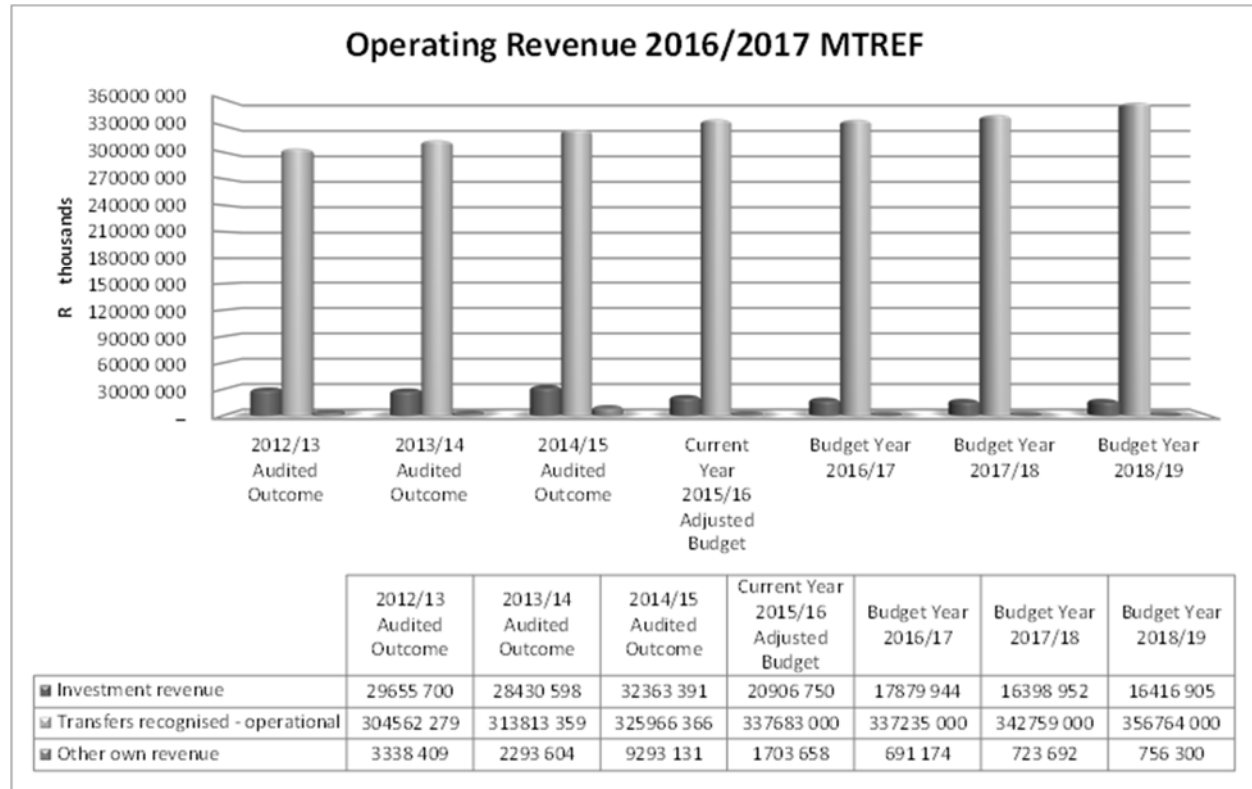


Figure 5 Breakdown operating revenue over the 2016/17 MTREF

Operating Grants form a significant percentage of the revenue basket for the District. In the 2016/17 financial year, the operating grants totalled R337,235 million or 94.78 per cent. This increases to R342.759 million and R356,764 million in the respective financial years of the MTREF.

Investment revenue is the second largest revenue source totalling 5.03 per cent or R17,880 million and decreases to R16,417 million by 2018/19. The third largest sources is 'other revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income.

The tables below provide detail investment information and investment particulars by maturity.

Table 27 MBRR SA15 – Detail Investment Information

DC31 Nkangala - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government Listed Corporate Bonds										
Deposits - Bank		488 596	429 327	444 065	288 065	326 065	347 264	459 620	442 598	463 975
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	488 596	429 327	444 065	288 065	326 065	347 264	459 620	442 598	463 975
Consolidated total:		488 596	429 327	444 065	288 065	326 065	347 264	459 620	442 598	463 975

Table 28 MBRR SA16 – Investment particulars by maturity

DC31 Nkangala - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Opening balance	Closing Balance
Name of institution & investment ID	1	Yrs/Months					
Parent municipality							
ABSA		Months	Money Market	Yes	Variable	40 766	40 766
NEDBANK		Months	Money Market	Yes	Variable	37 117	37 117
FNB		Months	Money Market	Yes	Variable	35 172	35 172
STD		Months	Money Market	Yes	Variable	102 921	102 921
INVESTEC		Months	Money Market	Yes	Variable	35 978	35 978
5YRS INVESTEC		Yrs	Money Market	Yes	Variable	38 100	38 100
SANLAM		Months	Money Market	Yes	Variable	39 640	39 640
FNB RETENTION		Months	Money Market	Yes	Variable	17 570	17 570
						-	-
Municipality sub-total						347 264	347 264
TOTAL INVESTMENTS AND INTEREST	1					347 264	347 264

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surpluses be invested. This surplus is intended to partly fund contribution to local municipalities from own sources as well as ensure adequate cash backing of reserves and funds.

Operating Grants form a significant percentage of the revenue basket for the District. In the 2016/17 financial year, the operating grants totalled R337,235 million or 94.78 per cent. This increases to R342,759 million and R356,764 million in the respective financial years of the MTREF and includes the RSC Levy Replacement, local government equitable share and other operating grants from national government.

Investment revenue is the second largest revenue source totalling 5.03 per cent or R17,880 million and decreases to R16,417 million by 2018/19. The third largest sources is 'other revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income.

The following table is a detailed analysis of the District's borrowing liability.

Table 29 MBRR Table SA 17 - Detail of borrowings

DC31 Nkangala - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality										
Long-Term Loans (annuity/reducing balance)		40 816	34 562	15 022	(3 426)	-	(3 426)	(3 864)	(4 057)	-
Long-Term Loans (non-annuity)										
Municipality sub-total	1	40 816	34 562	15 022	(3 426)	-	(3 426)	(3 864)	(4 057)	-
Total Borrowing	1	40 816	34 562	15 022	(3 426)	-	(3 426)	(3 864)	(4 057)	-

The following graph illustrates the growth in outstanding borrowing for the 2012/13 to 2018/19 period.

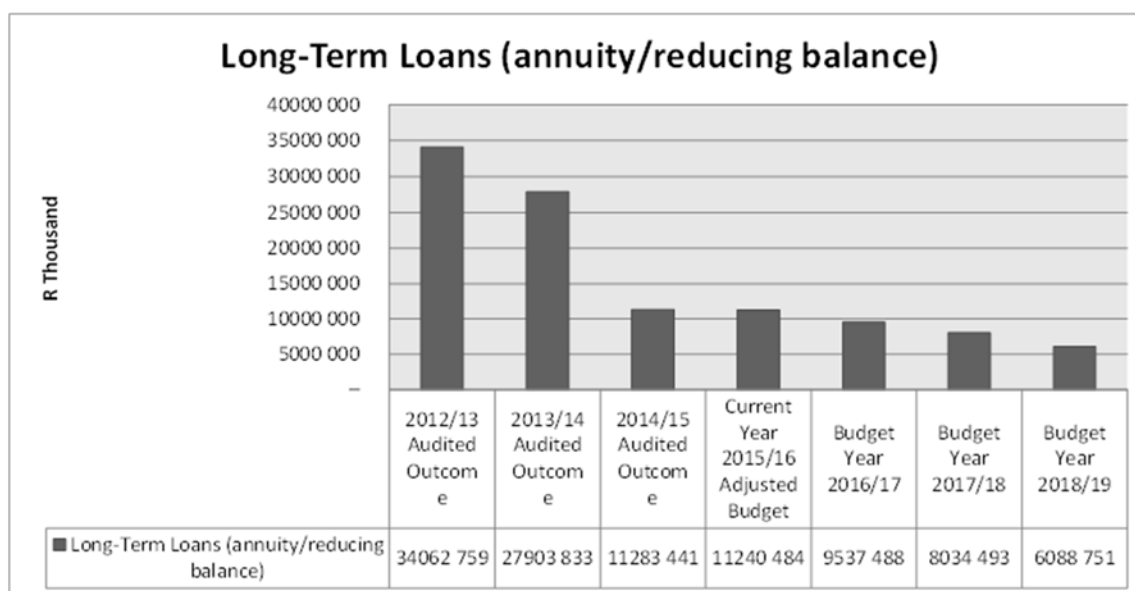


Figure 6 Decline in outstanding borrowing (long-term liabilities)

Table 30 MBRR Table SA 18 - Capital transfers and grant receipts

DC31 Nkangala - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		304 556	313 753	322 452	330 683	330 683	330 683	337 235	342 759	356 764
Local Government Equitable Share		299 711	308 850	318 017	326 223	326 223	326 223	333 667	341 509	352 641
RSC Levy Replacement		-	-	-	-	-	-	-	-	-
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 000
Municipal Systems Improvement		1 000	890	934	930	930	930	-	-	3 123
EPWP Incentive		1 214	1 000	2 121	2 280	2 280	2 280	2 318	-	-
		-	-	-	-	-	-	-	-	-
SETA		1 381	1 763	1 30	-	-	-	-	-	-
Provincial Government:		1 381	1 763	1 694	4 000	7 000	7 000	-	-	-
Provincial Treasury Data cleansing		1 381	1 763	1 694	4 000	7 000	7 000	-	-	-
Other grant providers:		6	60	5 563	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<i>Public donation mining house</i>		6	60	5 563	-	-	-	-	-	-
Total Operating Transfers and Grants	5	305 943	315 577	329 709	334 683	337 683	337 683	337 235	342 759	356 764
Capital Transfers and Grants										
National Government:		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Rural asset management roads grant		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Total Capital Transfers and Grants	5	-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
TOTAL RECEIPTS OF TRANSFERS & GRANTS		305 943	317 179	331 659	336 693	339 693	339 693	339 311	344 939	359 085

2.6.2 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 councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- 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
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 31 MBRR Table A7 - Budget cash flow statement

DC31 Nkangala - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		-	-	-	-	-	-	4 512	-	-	-
Service charges		-	-	-	-	-	-	-	-	-	
Other revenue		30 227	10 475	72 376	997	1 692	997	1 111	691	724	756
Government - operating	1	303 175	314 592	328 960	334 683	337 683	334 683	255 171	337 235	342 759	356 764
Government - capital	1	-	-	-	2 010	2 010	2 010	-	2 076	2 180	2 321
Interest		27 197	28 431	32 363	15 757	20 918	15 757	12 975	17 880	16 399	16 417
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(103 725)	(143 284)	(189 753)	(204 344)	(214 400)	(142 023)	(119 108)	(145 433)	(238 005)	(254 241)
Finance charges		(5 295)	(4 557)	(4 491)	(1 989)	(2 025)	(1 989)	(863)	(1 583)	(1 587)	(1 605)
Transfers and Grants	1	(227 544)	(238 779)	(161 930)	(236 206)	(182 067)	(236 206)	(60 187)	(205 917)	(127 964)	(96 351)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 034	(33 122)	77 526	(89 091)	(36 188)	(26 770)	93 611	4 949	(5 494)	24 060
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	109	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		10 229	(2 671)	(2 901)	-	(38 000)	36 657	36 657	(1 800)	(1 588)	(1 035)
Payments											
Capital assets		(10 017)	(22 223)	(24 597)	(58 187)	(56 488)	(58 187)	(4 165)	(8 050)	(8 525)	(4 930)
NET CASH FROM/(USED) INVESTING ACTIVITIES		212	(24 894)	(27 389)	(58 187)	(94 488)	(21 530)	32 492	(9 850)	(10 113)	(5 965)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	(3 426)	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(5 843)	(6 253)	(19 541)	(3 426)	(3 426)	(18 448)	(1 703)	(1 703)	(1 503)	(1 503)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5 843)	(6 253)	(19 541)	(6 852)	(3 426)	(18 448)	(1 703)	(1 703)	(1 503)	(1 503)
NET INCREASE/ (DECREASE) IN CASH HELD		18 403	(64 269)	30 597	(154 130)	(134 102)	(66 748)	124 400	(6 604)	(17 110)	16 593
Cash/cash equivalents at the year begin:	2	448 048	466 052	401 783	401 783	432 380	432 380	432 380	432 380	425 775	408 666
Cash/cash equivalents at the year end:	2	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

- It shows the expected level of cash-in flows versus cash-outflow that is likely to result from the implementation of the budget.
- It can be seen that the cash levels of the District increased from R432,380 million over the 2015/16 to R556,779 million and decreases to R425,775 in 2016/17 period and to R408,666 million in 2017/18 and increases to R425,428 in 2018/19 financial years.
- The approved 2016/17 MTREF provide for a net decrease in cash of R6,604 million for the 2016/17 financial year resulting in an overall projected positive cash position of R425,775 million at year end.
- Cash and cash equivalents totals R425,775 million as at the end of the 2016/17 financial year and remains more or less stable over the MTREF to result in R425,258 million by 2018/19. Table 33 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

2.6.3 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:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- 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 32 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

DC31 Nkangala - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258
Other current investments > 90 days		(399)	(0)	36 657	50 625	0	(46 155)	(7 775)	-	-	-
Non current assets - Investments	1	31 085	33 756	-	-	38 000	38 000	-	39 800	41 388	42 423
Cash and investments available:		497 138	435 539	469 037	298 278	336 278	357 477	549 005	465 575	450 054	467 681
Application of cash and investments											
Unspent conditional transfers		-	1 000	3 994	-	-	-	2 986	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(152 657)	(48 739)	(289 464)	55 408	56 585	56 474	(16 563)	19 070	24 391	66 979
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(152 657)	(47 739)	(285 470)	55 408	56 585	56 474	(13 578)	19 070	24 391	66 979
Surplus(shortfall)		649 795	483 279	754 506	242 870	279 693	301 003	562 582	446 506	425 663	400 702

From the above table it can be seen that the cash and investments available total R465,575 million in the 2016/17 financial year and progressively increases to R467,681 million by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

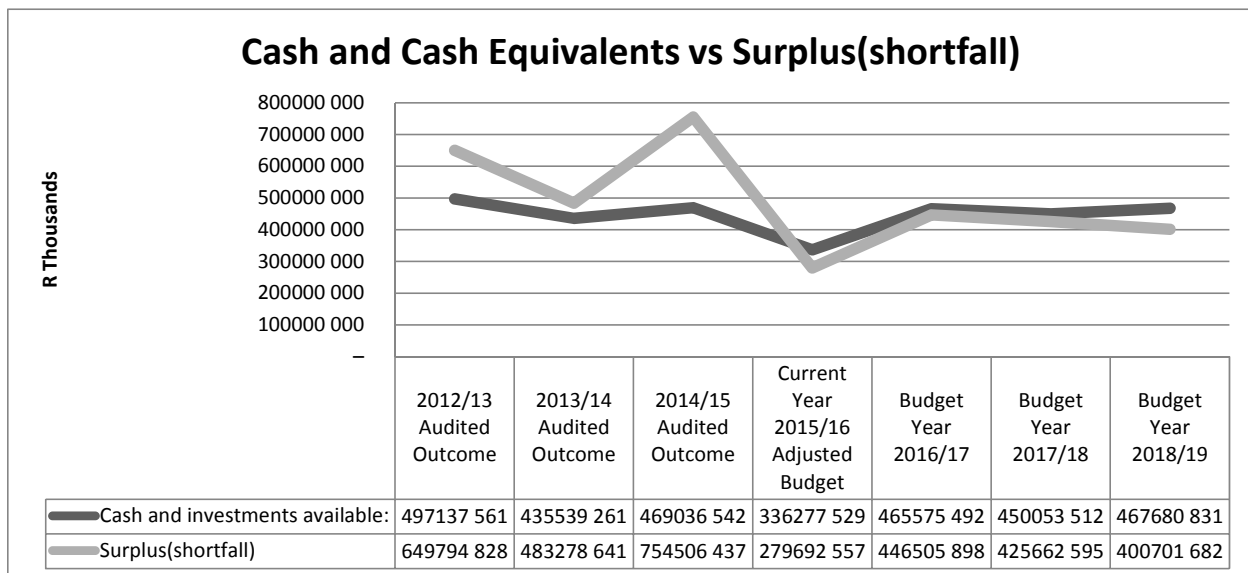
3. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
4. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
5. 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".

6. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
7. From the table it can be seen that for the period 2016/17 to 2018/19 the surplus stabilises to R400,702 million.
8. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF was sufficiently funded.
9. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

Figure 7 Cash and cash equivalents / Cash backed reserves and accumulated funds



2.6.4 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 33 MBRR SA10 – Funding compliance measurement

DC31 Nkangala Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258
Cash + investments at the yr end less applications - R'000	18(1)b	2	649 795	483 279	754 506	242 870	279 693	301 003	562 582	446 506	425 663	400 702
Cash year end/monthly employee/supplier payments	18(1)b	3	38.3	32.2	32.3	16.9	18.1	27.3	65.8	25.9	23.4	23.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	905.4%	456.7%	2086.0%	100.0%	99.3%	100.0%	387.5%	100.0%	100.0%	100.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c:19	8	99.9%	100.0%	97.9%	100.0%	100.0%	100.0%	32.8%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	(5.9%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	5.3%	(32.9%)	13.0%	(6.0%)	0.0%	(29.6%)	(53.4%)	(2.6%)	(16.4%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)	13	38.9%	55.7%	15.2%	5.1%	8.0%	5.2%	5.9%	4.6%	4.9%	3.6%
Asset renewal % of capital budget	20(1)(v)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.4.1 Cash/cash equivalent position

The District's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF shows R446,505 million, R425,663 million and R400,702 million for each respective financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 18, on page 27. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the District to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality

be faced with an unexpected disaster that threatens revenue collection. The ratio has been increasing for the period 2012/13 to 2014/15, moving from 10.6 to 10.3 with the adopted 2015/16 MTREF. As part of the 2016/17 MTREF the municipalities improving Project expenditure the cash position causes the ratio to down to 3.2 for 2016/17 and then increases to 4.2 for the 2017/18 and to 6.2 in the 2018/19 year. It can be concluded that the District maintains a stable cash position.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

The surplus excluding depreciation offsets declined from (R30,043) million in 2012/13 to a surplus of R32,792 million in 2014/15. It should be noted that the surplus of R44,599 million estimated in 2015/16. The deficit of R84,024 is budgeted for 2016/17 is mainly due to the current commitments on contributions to local municipalities, which is funded from accumulated surpluses.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

This ratio does not apply to the District as no property rates /service charges is collected by the District.

2.6.4.6 Cash receipts as a percentage of other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 100 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 99 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

With effect from 1 July 2006 RSC levies were abolished and replaced with a transitional replacement grant and the District has no billable revenue.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. No additional borrowings are undertaken.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The District has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding consumer debtors are realistic. With effect from 1 July 2006 RSC levies were abolished and replaced with a transitional replacement grant and the District has only a few sundry debtors, mostly relating to the renting out of office space.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the District's strategy pertaining to asset management and repairs and maintenance is contained in Table 46 MBRR SA34C on p 82

2.6.4.13 Asset renewal/rehabilitation expenditure level

The District's only infrastructure assets are the office building, Thembisile Fire Station and the Dr JS Moroka Fire Station. This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance budgets.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 34 MBRR SA19 - Expenditure on transfers and grant programmes Nkangala

District Municipality DC31 - Supporting Table SA19 Expenditure on transfers and grant programme DC31

Nkangala - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		303 175	311 990	322 452	330 683	330 683	330 683	337 235	342 759	356 764
Local Government Equitable Share		299 711	308 850	318 017	326 223	326 223	326 223	333 667	341 509	352 641
RSC Levy Replacement		-	-	-	-	-	-	-	-	-
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 000
Municipal Systems Improvement		1 000	890	934	930	930	930	-	-	3 123
EPWP Incentive		1 214	1 000	2 121	2 280	2 280	2 280	2 318	-	-
SETA		-	-	-	-	-	-	-	-	-
Provincial Government:		1 381	1 763	1 694	4 000	7 000	7 000	-	-	-
Provincial Treasury Data cleansing		1 381	1 763	1 694	4 000	7 000	7 000	-	-	-
Other grant providers:		6	60	5 563	-	-	-	-	-	-
<i>Public donation mining house</i>		6	60	5 563						
Total operating expenditure of Transfers and Grants:		304 562	313 813	329 709	334 683	337 683	337 683	337 235	342 759	356 764
Capital expenditure of Transfers and Grants										
National Government:		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Rural asset management roads grant		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Total capital expenditure of Transfers and Grants		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		304 562	315 415	331 659	336 693	339 693	339 693	339 311	344 939	359 085

Table 35 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

DC31 Nkangala - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		303 175	311 990	322 452	330 683	330 683	330 683	337 235	342 759	356 764
Conditions met - transferred to revenue		303 175	311 990	322 452	330 683	330 683	330 683	337 235	342 759	356 764
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		1 381	1 000	4 688	4 000	7 000	7 000	-	-	-
Conditions met - transferred to revenue		1 381	1 000	4 688	4 000	7 000	7 000	-	-	-
Conditions still to be met - transferred to liabilities										
Current year receipts		6	60							
Conditions met - transferred to revenue		6	60							
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		304 562	313 050	327 140	334 683	337 683	337 683	337 235	342 759	356 764
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Conditions met - transferred to revenue		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		304 562	314 652	329 090	336 693	339 693	339 693	339 311	344 939	359 085
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 36 MBRR SA22 - Summary of councillor and staff benefits

DC31 Nkangala - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		6 591	6 927	7 695	8 182	7 620	8 182	8 940	9 512	10 121
Pension and UIF Contributions		1 034	1 107	1 202	813	1 570	813	1 265	1 346	1 432
Medical Aid Contributions		200	225	174	73	173	73	185	197	209
Motor Vehicle Allowance		2 593	2 731	3 012	3 203	3 098	3 203	3 400	3 617	3 849
Cellphone Allowance		467	608	608	645	612	645	558	594	632
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		10 885	11 598	12 691	12 915	13 073	12 915	14 348	15 266	16 243
% increase	4		6.6%	9.4%	1.8%	1.2%	(1.2%)	11.1%	6.4%	6.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		8 319	10 874	15 010	4 603	6 001	4 603	5 927	6 307	6 710
Pension and UIF Contributions		305	312	234	929	668	929	572	609	648
Medical Aid Contributions		190	60	42	175	190	175	123	130	139
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	529	609	529	1 015	1 080	1 149
Motor Vehicle Allowance		786	483	583	600	679	600	608	647	688
Cellphone Allowance	3	-	-	-	96	110	96	150	160	170
Housing Allowances	3	22	27	22	20	20	20	-	-	-
Other benefits and allowances	3	8	13	-	62	75	62	112	119	127
Payments in lieu of leave		-	-	-	246	246	246	279	297	315
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		9 631	11 768	15 891	7 261	8 598	7 261	8 786	9 348	9 947
% increase	4		22.2%	35.0%	(54.3%)	18.4%	(15.5%)	21.0%	6.4%	6.4%
Other Municipal Staff										
Basic Salaries and Wages		36 283	29 110	38 794	57 692	64 562	57 692	69 970	74 448	79 213
Pension and UIF Contributions		4 560	5 629	6 956	10 821	10 408	10 821	465	495	527
Medical Aid Contributions		4 998	6 028	4 653	10 185	6 500	10 185	8 903	9 472	10 079
Overtime		-	-	-	4 360	2 562	4 360	2 248	2 392	2 545
Performance Bonus		-	-	-	4 658	3 978	4 658	6 658	7 084	7 537
Motor Vehicle Allowance	3	2 683	3 084	4 424	7 069	7 319	7 069	6 799	7 234	7 697
Cellphone Allowance	3	-	-	-	486	900	486	1 167	1 242	1 321
Housing Allowances	3	60	61	108	2 017	797	1 934	333	354	376
Other benefits and allowances	3	236	300	429	641	1 023	641	2 026	2 156	2 294
Payments in lieu of leave		-	-	-	1 795	1 759	1 795	13 168	14 011	14 907
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		48 820	44 213	55 365	99 724	99 806	99 642	111 737	118 888	126 497
% increase	4		(9.4%)	25.2%	80.1%	0.1%	(0.2%)	12.1%	6.4%	6.4%
Total Parent Municipality		69 336	67 579	83 948	119 901	121 476	119 818	134 871	143 503	152 687
			(2.5%)	24.2%	42.8%	1.3%	(1.4%)	12.6%	6.4%	6.4%
TOTAL SALARY, ALLOWANCES & BENEFITS		69 336	67 579	83 948	119 901	121 476	119 818	134 871	143 503	152 687
% increase	4		(2.5%)	24.2%	42.8%	1.3%	(1.4%)	12.6%	6.4%	6.4%
TOTAL MANAGERS AND STAFF	5,7	58 451	55 981	71 257	106 986	108 404	106 903	120 523	128 236	136 444

Table 37 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

DC31 Nkangala - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	458 371	102 641	209 333			770 345
Chief Whip		1	476 355	78 520	207 287			762 162
Executive Mayor		1	635 142	104 693	268 940			1 008 775
Deputy Executive Mayor		-	-	-	-			-
Executive Committee		6	2 763 417	565 833	1 243 723			4 572 973
Total for all other councillors			4 606 658	598 410	2 028 586			7 233 654
Total Councillors	8	9	8 939 943	1 450 097	3 957 869			14 347 909
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 480 495	294 047	260 400	265 224		2 300 165
Chief Finance Officer		1	1 064 358	217 461	193 069	193 668		1 668 556
Manager Corporate Services		1	1 128 450	216 994	74 924	185 496		1 605 865
Manager Technical Services		1	1 118 971	214 738	85 471	185 410		1 604 590
Manager Social Services		1	1 135 089	215 705	70 407	185 557		1 606 759
Total Senior Managers of the Municipality	8,10	5	5 927 362	1 158 946	684 272	1 015 355		8 785 935
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	14	14 867 305	2 609 044	4 642 141	1 015 355		23 133 844

Table 38 MBRR SA24 – Summary of personnel numbers

DC31 Nkangala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		59	–	59	59	–	59	59	–	59
Board Members of municipal entities	4	5	–	4						
Municipal employees	5									
Municipal Manager and Senior Managers	3	5	–	2	5	–	5	5	–	5
Other Managers	7	8	2	6	41	–	41			
Professionals		22	2	20	46	46	–	46	46	–
<i>Finance</i>		3	1	2	25	25	–	25	25	–
<i>Spatial/town planning</i>		1	1	–	7	7	–	7	7	–
<i>Information Technology</i>		1	–	1	4	4	–	4	4	–
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>		1	–	1	6	6	–	6	6	–
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		16	–	16	4	4	–	4	4	–
Technicians		10	10	–	138	138	–	138	138	–
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>		4	4	–						
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		6	6	–	138	138	–	138	138	–
Clerks (Clerical and administrative)		180	178	2	25	25	–	25	25	–
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	289	192	93	314	209	105	273	209	64
% increase					8.7%	8.9%	12.9%	(13.1%)	–	(39.0%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 39 MBRR SA25 - Budgeted monthly revenue by source and expenditure by type

DC31 Nkangala - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source																
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		11	11	11	11	11	11	11	11	11	11	12	12	131	143	156
Interest earned - external investments		1 282	1 282	1 282	1 282	1 282	1 282	2 532	1 282	1 282	2 532	1 282	1 282	17 880	16 399	16 417
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-	-	210	210	221	230
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		134 717	773	-	-	110 883	-	-	773	90 090	-	-	-	337 235	342 759	356 764
Other revenue		29	29	29	29	29	29	29	29	29	29	29	29	350	360	370
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		136 038	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	1 533	355 806	359 882	373 937
Expenditure By Type																
Employee related costs		10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	120 523	128 236	136 444
Remuneration of councillors		1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	14 348	15 266	16 243
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		799	799	799	799	799	799	799	799	799	799	799	799	9 585	10 114	11 042
Finance charges		130	130	130	130	130	130	130	130	130	130	152	130	1 583	1 587	1 605
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		2 877	3 280	4 752	3 594	3 300	3 382	3 609	3 305	3 519	4 273	2 455	5 769	44 114	46 171	47 018
Transfers and grants		13 543	5 807	8 373	8 967	15 001	16 536	14 925	17 519	18 020	13 752	12 116	61 360	205 917	127 964	96 351
Other expenditure		4 655	3 402	3 891	3 419	3 613	3 787	3 911	3 053	3 994	5 432	2 936	3 742	45 836	49 153	44 892
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		33 243	24 656	29 185	28 147	34 082	35 872	34 613	36 045	37 701	35 626	29 696	83 039	441 906	378 492	353 595
Surplus/(Deficit)		102 795	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(86 100)	(18 610)	20 343
Transfers recognised - capital		2 076	-	-	-	-	-	-	-	-	-	-	-	2 076	2 180	2 321
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664

Table 40 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

DC31 Nkangala - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote																
Vote 1 - Council General and Executive		2	2	2	2	2	2	2	2	2	2	2	2	21	22	23
Vote 2 - Municipal Manager Town Secretary and Chief Exec		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		138 113	1 320	1 320	1 320	111 430	1 320	2 570	1 320	91 410	2 570	1 321	1 531	355 543	362 040	376 235
Vote 4 - Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Local Economic Development		-	773	-	-	773	-	-	773	-	-	-	-	2 318	-	-
Vote 6 - Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		138 114	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	1 533	357 882	362 062	376 258
Expenditure by Vote to be appropriated																
Vote 1 - Council General and Executive		6 001	2 539	2 539	2 540	2 564	2 528	2 941	2 539	2 539	2 539	2 539	2 703	34 510	36 769	37 705
Vote 2 - Municipal Manager Town Secretary and Chief Exec		2 045	2 203	2 059	2 168	2 202	2 045	2 041	2 512	2 679	4 033	2 069	4 230	30 285	32 998	34 920
Vote 3 - Finance		2 821	2 637	2 629	3 070	2 633	2 411	2 025	1 952	2 293	2 385	2 345	3 828	31 030	29 041	30 230
Vote 4 - Social Services		6 037	5 217	5 524	5 671	5 800	6 996	5 034	5 084	6 155	5 785	5 071	10 832	73 207	72 649	76 427
Vote 5 - Local Economic Development		3 735	2 122	3 189	1 509	1 691	2 946	5 450	1 847	2 026	2 893	1 769	3 949	33 127	33 238	11 910
Vote 6 - Development and Planning		4 275	1 581	1 853	2 172	2 488	1 995	1 864	2 511	1 798	1 378	1 378	4 229	27 519	24 374	10 165
Vote 7 - Technical Services		5 040	4 883	6 697	7 754	13 206	13 816	10 417	16 494	16 894	11 813	11 420	49 720	168 155	101 666	105 543
Vote 8 - Corporate services		3 288	3 476	4 695	3 263	3 499	3 135	4 841	3 105	3 318	4 799	3 105	3 548	44 073	47 756	46 694
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		33 243	24 656	29 185	28 147	34 082	35 872	34 613	36 045	37 701	35 626	29 696	83 039	441 906	378 492	353 595
Surplus/(Deficit) before assoc.		104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664

Table 41 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

DC31 Nkangala - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue - Standard																
<i>Governance and administration</i>		138 114	1 322	1 322	1 322	111 432	1 322	2 572	1 322	91 412	2 572	1 323	1 533	355 564	362 062	376 258
Executive and council	2	2	2	2	2	2	2	2	2	2	2	2	2	21	22	23
Budget and treasury office	138 113	1 320	1 320	1 320	111 430	1 320	2 570	1 320	91 410	2 570	1 321	1 531	355 543	362 040	376 235	
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	773	-	-	773	-	-	773	-	-	-	-	2 318	-	-
Planning and development		-	773	-	-	773	-	-	773	-	-	-	-	2 318	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		138 114	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	1 533	357 882	362 062	376 258
Expenditure - Standard																
<i>Governance and administration</i>		14 714	11 409	12 527	11 596	11 653	10 673	12 403	10 813	11 383	14 512	10 613	15 064	147 360	154 331	154 759
Executive and council		6 995	3 661	3 483	3 623	3 706	3 470	3 911	3 977	4 096	5 485	3 556	5 832	51 794	55 480	57 286
Budget and treasury office		2 954	2 794	2 811	3 237	2 776	2 590	2 171	2 109	2 482	2 555	2 474	4 017	32 970	31 160	32 525
Corporate services		4 765	4 953	6 233	4 736	5 171	4 613	6 321	4 728	4 806	6 472	4 583	5 216	62 596	67 691	64 948
<i>Community and public safety</i>		5 858	5 036	5 339	5 466	5 614	6 817	4 853	4 899	5 976	5 603	4 885	10 652	70 996	70 233	73 527
Community and social services		1 646	923	961	1 018	1 457	1 604	765	761	1 193	925	788	6 593	18 635	12 962	13 995
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		2 443	2 322	2 587	2 700	2 427	3 493	2 330	2 357	2 806	2 880	2 357	2 329	31 030	34 970	35 633
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		1 769	1 790	1 790	1 748	1 730	1 720	1 758	1 780	1 977	1 798	1 740	1 730	21 331	22 302	23 899
<i>Economic and environmental services</i>		12 410	8 200	10 558	10 822	16 750	18 036	16 788	20 263	20 233	15 055	14 188	57 064	220 366	152 264	124 615
Planning and development		12 205	7 994	10 348	10 592	16 539	17 831	16 582	20 052	20 029	14 848	13 977	56 859	217 855	149 548	121 715
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		205	206	210	230	211	205	206	210	205	208	211	205	2 511	2 716	2 901
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		262	12	761	264	66	346	570	70	109	457	10	259	3 184	1 663	693
Total Expenditure - Standard		33 243	24 656	29 185	28 147	34 082	35 872	34 613	36 045	37 701	35 626	29 696	83 039	441 906	378 492	353 595
Surplus/(Deficit) before assoc.		104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664

Table 42 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

DC31 Nkangala - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand																	
Multi-year expenditure to be appropriated	1																
Vole 1 - Council General and Executive		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 2 - Municipal Manager Town Secretary and Chief Exec		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 3 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 4 - Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 5 - Local Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 6 - Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 7 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 8 - Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																	
Vole 1 - Council General and Executive		20	-	20	-	50	20	-	-	20	-	-	20	150	200	100	-
Vole 2 - Municipal Manager Town Secretary and Chief Exec		-	-	-	-	-	-	-	-	-	-	-	-	-	157	-	-
Vole 3 - Finance		-	3	-	-	48	-	-	-	-	-	-	350	400	400	560	-
Vole 4 - Social Services		-	-	-	-	-	-	-	750	-	-	-	-	750	3 480	70	-
Vole 5 - Local Economic Development		-	-	-	10	-	-	10	-	-	-	-	-	20	20	-	-
Vole 6 - Development and Planning		-	-	-	-	-	-	-	-	50	-	-	-	50	50	-	-
Vole 7 - Technical Services		-	20	-	150	-	-	-	100	-	-	-	1 230	1 500	-	-	-
Vole 8 - Corporate services		25	375	25	55	25	25	25	25	25	25	25	4 525	5 180	4 218	4 200	-
Vole 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vole 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930	-
Total Capital Expenditure	2	45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930	-

Table 43 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

DC31 Nkangala - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		45	398	45	205	123	45	25	125	45	25	25	6 125	7 230	4 975	4 860
Executive and council		20	-	20	-	50	20	-	-	20	-	-	20	150	357	100
Budget and treasury office		-	3	-	-	48	-	-	-	-	-	-	350	400	400	560
Corporate services		25	395	25	205	25	25	25	125	25	25	25	5 755	6 680	4 218	4 200
<i>Community and public safety</i>		-	-	-	-	-	-	-	750	-	-	-	-	750	3 480	70
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	3 430	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	750	-	-	-	-	750	50	70
<i>Economic and environmental services</i>		-	-	-	10	-	-	10	-	50	-	-	-	70	70	-
Planning and development		-	-	-	10	-	-	10	-	50	-	-	-	70	70	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930
Funded by:																
National Government														-	-	-
Provincial Government														-	-	-
District Municipality														-	-	-
Other transfers and grants														-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations														-	-	-
Borrowing														-	-	-
Internally generated funds		45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930
Total Capital Funding		45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930

Table 44 MBRR SA30 - Budgeted monthly cash flow

DC31 Nkangala - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand													1		
Cash Receipts By Source															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	11	11	11	11	11	11	11	11	11	11	12	12	131	143	156
Interest earned - external investments	1 282	1 282	1 282	1 282	1 282	1 282	2 532	1 282	1 282	2 532	1 282	1 282	17 880	16 399	16 417
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	210	210	221	230
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	134 717	773	-	-	110 883	-	-	773	90 090	-	-	-	337 235	342 759	356 764
Other revenue	29	29	29	29	29	29	29	29	29	29	29	29	350	360	370
Cash Receipts by Source	136 038	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	1 533	355 806	359 882	373 937
Other Cash Flows by Source															
Transfer receipts - capital	2 076	-	-	-	-	-	-	-	-	-	-	-	2 076	2 180	2 321
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	(1 800)	(1 800)	(1 588)	(1 035)
Total Cash Receipts by Source	138 114	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	(267)	356 082	360 474	375 224
Cash Payments by Type															
Employee related costs	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	120 523	128 236	136 444
Remuneration of councillors	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	14 348	15 266	16 243
Finance charges	130	130	130	130	130	130	130	130	130	130	152	130	1 583	1 587	1 605
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	2 877	3 280	4 752	3 594	3 300	3 382	3 609	3 305	3 519	4 273	2 455	5 769	44 114	46 171	47 018
Transfers and grants - other municipalities	13 543	5 807	8 373	8 967	15 001	16 536	14 925	17 519	18 020	13 752	12 116	61 360	205 917	127 964	96 351
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	29	29	29	29	29	29	29	29	29	29	29	29	350	360	370
Cash Payments by Type	27 819	20 485	24 524	23 959	29 699	31 316	29 933	32 222	32 937	29 424	25 991	78 528	386 836	319 585	298 031
Other Cash Flows/Payments by Type															
Capital assets	45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930
Repayment of borrowing	322	322	322	322	322	322	322	322	322	322	322	(1 839)	1 703	1 503	1 503
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	(33 903)	(33 903)	47 971	54 167
Total Cash Payments by Type	28 186	21 204	24 891	24 496	30 144	31 683	30 290	33 419	33 354	29 771	26 338	48 911	362 686	377 584	358 631
NET INCREASE/(DECREASE) IN CASH HELD	109 929	(19 110)	(23 569)	(23 174)	82 061	(30 361)	(27 718)	(31 324)	58 057	(27 199)	(25 016)	(49 179)	(6 604)	(17 110)	16 593
Cash/cash equivalents at the month/year begin:	432 380	542 308	523 198	499 629	476 455	558 515	528 154	500 436	469 112	527 169	499 970	474 954	432 380	425 775	408 666
Cash/cash equivalents at the month/year end:	542 308	523 198	499 629	476 455	558 515	528 154	500 436	469 112	527 169	499 970	474 954	425 775	425 775	408 666	425 258

Table 45 MBRR SA34a – Capital expenditure on new assets by clas

S-DC31 Nkangala - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	1 000	-	350	750	1 500
Infrastructure - Road transport		-	-	-	-	1 000	-	350	750	1 500
<i>Roads, Pavements & Bridges</i>		-	-	-	-	1 000	-	350	750	1 500
Other assets		9 816	20 661	25 124	58 187	55 488	58 187	7 700	7 775	3 430
General vehicles		-	693	1 232	-	6 759	-	-	-	-
Specialised vehicles	10	3 658	4 763	7 140	-	-	-	-	-	-
Plant & equipment		1 643	-	1 420	48 725	10 328	48 725	130	3 602	-
Computers - hardware/equipment		-	206	1 026	9 462	9 320	9 462	3 350	3 400	3 000
Furniture and other office equipment		1 617	88	973	-	11 786	-	2 720	773	430
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		2 899	14 911	13 334	-	17 295	-	1 500	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Intangibles		207	-	-	-	-	-	-	-	-
Computers - software & programming		207	-	-	-	-	-	-	-	-
Other (<i>list sub-class</i>)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	10 023	22 223	25 124	58 187	56 488	58 187	8 050	8 525	4 930
Specialised vehicles		3 658	4 763	7 140	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		3 658	4 763	7 140	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

Table 46 MBRR SA34c – Repairs & Maintenance by asset class

DC31 Nkangala - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Other assets		35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 584	7 652
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		24 681	41 808	13 468	4 270	3 609	4 270	933	997	564
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		10 839	13 078	4 077	3 996	9 010	3 996	6 240	6 587	7 088
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 584	7 652
Specialised vehicles										
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
<i>R&M as a % of PPE</i>		38.9%	55.7%	15.2%	5.1%	8.0%	5.2%	4.6%	4.9%	3.6%
<i>R&M as % Operating Expenditure</i>		9.7%	13.1%	5.3%	1.8%	2.9%	1.8%	1.6%	2.0%	2.2%

Table 47 MBRR SA34d – Depreciation by asset class

DC31 Nkangala - Supporting Table SA34d Depreciation by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		-	286	558	315	654	315	832	832	907
Infrastructure - Electricity		-	282	282	311	311	311	247	247	270
<i>Generation</i>		-	282	282	311	311	311	247	247	270
Infrastructure - Other		-	4	276	5	344	5	585	585	637
<i>Waste Management</i>		-	-	-	-	-	-	-	-	-
<i>Transportation</i>	2	-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>	3	-	4	276	5	344	5	585	585	637
Other assets		8 220	7 629	7 258	8 962	10 049	8 962	7 991	8 450	9 227
General vehicles		944	1 685	2 238	2 785	3 159	2 785	2 779	2 761	3 010
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		-	1 127	720	1 049	895	1 049	972	1 053	1 147
Computers - hardware/equipment		-	1 578	1 613	1 676	1 991	1 676	2 176	2 514	2 741
Furniture and other office equipment		7 276	1 033	754	703	1 543	703	482	541	590
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	2 205	1 934	2 750	2 461	2 750	1 581	1 581	1 739
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Intangibles		-	401	95	434	586	434	762	832	907
Computers - software & programming		-	401	95	434	586	434	762	832	907
Other (<i>list sub-class</i>)		-	-	-	-	-	-	-	-	-
Total Depreciation	1	8 220	8 315	7 910	9 711	11 289	9 711	9 585	10 114	11 042
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

Table 48 MBRR SA35 – Future financial implications of the capital budget

DC31 Nkangala - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Council General and Executive		150	200	100				
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	157	-				
Vote 3 - Finance		400	400	560				
Vote 4 - Social Services		750	3 480	70				
Vote 5 - Local Economic Development		20	20	-				
Vote 6 - Development and Planning		50	50	-				
Vote 7 - Technical Services		1 500	-	-				
Vote 8 - Corporate services		5 180	4 218	4 200				
Total Capital Expenditure		8 050	8 525	4 930	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Council General and Executive		173	230	115				
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	181	-				
Vote 3 - Finance		460	460	644				
Vote 4 - Social Services		863	4 002	81				
Vote 5 - Local Economic Development		23	23	-				
Vote 6 - Development and Planning		58	58	-				
Vote 7 - Technical Services		1 125	-	-				
Vote 8 - Corporate services		5 439	4 428	4 410				
Total future operational costs		8 140	9 381	5 250	-	-	-	-
Net Financial Implications		16 190	17 906	10 180	-	-	-	-

Table 49 MBRR SA1 – Supporting detail to budgeted financial

performance DC31 Nkangala - Supporting Table SA1 Supporting detail to Budgeted Financial Performance		2012/13 Audited Outcome	2013/14 Audited Outcome	2014/15 Audited Outcome	Current Year, 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
Description		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
R thousand										
REVENUE ITEMS:										
<u>Other Revenue by source</u>										
	<i>Fuel Levy</i>	-	-	-	-	-	-	-	-	-
	<i>Other Revenue</i>	617	519	461	877	772	877	359	350	370
1	Total 'Other' Revenue	617	519	461	877	772	877	359	350	370
EXPENDITURE ITEMS:										
<u>Employee related costs</u>										
2	Basic Salaries and Wages	44 602	39 984	53 804	62 295	70 563	62 295	42 243	75 898	80 755
	Pension and UIF Contributions	4 866	5 941	7 190	11 750	11 076	11 750	6 405	1 038	1 104
	Medical Aid Contributions	5 188	6 088	4 696	10 360	6 690	10 360	3 333	9 025	9 603
	Overtime	-	-	-	4 360	2 562	4 360	849	2 248	2 392
	Performance Bonus	-	-	-	5 187	4 587	5 187	1 798	7 673	8 164
	Motor Vehicle Allowance	3 469	3 567	5 007	7 669	7 997	7 669	4 615	7 407	7 881
	Cellphone Allowance	-	-	-	582	1 010	582	897	1 317	1 402
	Housing Allowances	81	87	130	2 037	817	1 954	247	333	354
	Other benefits and allowances	244	313	429	704	1 098	704	618	2 138	2 275
	Payments in lieu of leave	-	-	-	2 041	2 005	2 041	415	13 447	14 307
	Long service awards	-	-	-	-	-	-	-	-	-
	Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
4										
	<i>sub-total</i>	58 451	55 981	71 257	106 986	108 404	106 903	61 421	120 523	128 236
	<u>Less: Employees costs capitalised to PPE</u>									
1	Total Employee related costs	58 451	55 981	71 257	106 986	108 404	106 903	61 421	120 523	128 236
<u>Depreciation & asset impairment</u>										
	Depreciation of Property, Plant & Equipment	8 220	8 312	7 910	9 711	11 289	9 711	6 883	9 585	10 114
	Lease amortisation	-	-	-	-	-	-	-	-	-
	Capital asset impairment	-	-	-	-	-	-	-	-	-
	Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-
10										
1	Total Depreciation & asset impairment	8 220	8 312	7 910	9 711	11 289	9 711	6 883	9 585	10 114
<u>Transfers and grants</u>										
	Cash transfers and grants	-	-	-	-	-	-	-	-	-
	Non-cash transfers and grants	203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964
1	Total transfers and grants	203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964
<u>Contracted services</u>										
	<i>Outsourced services</i>	1 090	2 144	2 724	1 705	-	1 705	-	-	-
	<i>Professional services</i>	35 373	15 831	57 170	24 975	39 676	24 975	13 492	27 900	29 955
	<i>Contractors</i>	38 543	55 406	18 084	12 542	16 035	12 542	8 235	16 215	16 524
1	sub-total	75 005	73 381	77 977	39 222	55 711	39 222	21 727	44 114	46 171
<u>Allocations to organs of state:</u>										
	Electricity									
	Water									
	Sanitation									
	Other									
1	Total contracted services	75 005	73 381	77 977	39 222	55 711	39 222	21 727	44 114	46 171
<u>Other Expenditure By Type</u>										
	Collection costs	-	-	-	-	-	-	-	-	-
	Contributions to 'other' provisions	-	-	-	-	-	-	-	-	-
	Consultant fees	-	-	-	-	-	-	-	-	-
	Audit fees	-	-	-	-	-	-	-	-	-
	General expenses	5 842	26 137	34 108	45 221	55 834	45 240	22 337	45 836	44 892
3										
	<i>List Other Expenditure by Type</i>	-	-	-	-	-	-	-	-	-
1	Total 'Other' Expenditure	5 842	26 137	34 108	45 221	55 834	45 240	22 337	45 836	44 892
Repairs and Maintenance by Expenditure Item										
8	Employee related costs									
	Other materials									
	Contracted Services	35 520	54 886	17 545	8 266	12 619	8 266		7 173	7 584
	Other Expenditure									
9	Total Repairs and Maintenance Expenditure	35 520	54 886	17 545	8 266	12 619	8 266	-	7 173	7 584

Table 50 MBRR SA2 – Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

DC31 Nkangala - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Council General and Executive	Vote 2 - Municipal Manager Town Secretary and Chief	Vote 3 - Finance	Vote 4 - Social Services	Vote 5 - Local Economic Development	Vote 6 - Development and Planning	Vote 7 - Technical Services	Vote 8 - Corporate services	Total
R thousand	1									
Revenue By Source										
Rental of facilities and equipment		21	-	110	-	-	-	-	-	131
Interest earned - external investments		-	-	17 880	-	-	-	-	-	17 880
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	-	210	-	-	-	-	-	210
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Other revenue		-	-	350	-	-	-	-	-	350
Transfers recognised - operational		-	-	334 917	-	2 318	-	-	-	337 235
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		21	-	353 467	-	2 318	-	-	-	355 806
Expenditure By Type										
Employee related costs		4 831	12 124	15 116	47 013	4 921	5 905	9 744	20 869	120 523
Remuneration of councillors		14 348	-	-	-	-	-	-	-	14 348
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		700	53	179	4 383	37	28	1 727	2 478	9 585
Finance charges		1 503	6	31	-	-	-	22	21	1 583
Bulk purchases		-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		321	13 283	6 009	6 349	1 182	997	7 460	8 515	44 114
Transfers and grants		2 420	1 000	5 140	7 880	25 280	19 824	144 193	180	205 917
Other expenditure		10 387	3 819	4 555	7 583	1 707	764	5 009	12 010	45 836
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		34 510	30 285	31 030	73 207	33 127	27 519	168 155	44 073	441 906
Surplus/(Deficit)		(34 489)	(30 285)	322 437	(73 207)	(30 809)	(27 519)	(168 155)	(44 073)	(86 100)
Transfers recognised - capital		-	-	2 076	-	-	-	-	-	2 076
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(34 489)	(30 285)	324 513	(73 207)	(30 809)	(27 519)	(168 155)	(44 073)	(84 024)

Supporting detail to Budgeted Financial Position
TABLE 51 MBRR SA3 Supporting detail to
Financial Position

DC31 Nkangala - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits < 90 days		457 511	395 570	407 408	-	-	-	543 049	419 820	401 210	421 552
Other current investments > 90 days		-	-	36 657	288 065	288 065	309 264	-	-	-	-
Total Call investment deposits	2	457 511	395 570	444 065	288 065	288 065	309 264	543 049	419 820	401 210	421 552
<u>Consumer debtors</u>											
Consumer debtors		-	-	-	-	-	-	-	-	-	-
<u>Less: Provision for debt impairment</u>		-	-	-	-	-	-	23	23	23	23
Total Consumer debtors	2	-	-	-	-	-	-	23	23	23	23
<u>Debt impairment provision</u>											
Balance at the beginning of the year		-	-	-	-	-	-	-	-	-	-
Contributions to the provision		-	-	-	-	-	-	23	-	-	-
Bad debts written off		-	-	-	-	-	-	-	-	-	-
Balance at end of year	2	-	-	-	-	-	-	23	-	-	-
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		132 357	123 676	164 387	204 217	202 519	202 519	185 906	210 569	219 093	224 023
Leases recognised as PPE		-	-	788	-	-	-	788	-	-	-
<u>Less: Accumulated depreciation</u>		41 131	25 070	49 439	42 491	44 122	44 122	64 909	53 706	63 820	11 042
Total Property, plant and equipment (PPE)	2	91 227	98 606	115 736	161 726	158 397	158 397	121 785	156 862	155 273	212 982
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	1 703	1 703	1 503	1 503
Current portion of long-term liabilities		6 753	6 659	3 738	3 426	3 426	3 426	(77)	-	-	-
Total Current liabilities - Borrowing	2	6 753	6 659	3 738	3 426	3 426	3 426	1 626	1 703	1 503	1 503
<u>Trade and other payables</u>											
Trade and other creditors		49 950	58 911	40 431	73 280	73 280	73 280	29 254	26 899	32 020	73 358
Unspent conditional transfers		-	1 000	3 994	-	-	-	2 986	-	-	-
VAT		-	-	-	-	-	-	-	-	-	-
Total Trade and other payables	2	49 950	59 911	44 425	73 280	73 280	73 280	32 239	26 899	32 020	73 358
<u>Non current liabilities - Borrowing</u>											
Borrowing		34 034	27 904	10 798	10 798	10 798	10 798	11 207	9 095	7 592	6 089
Finance leases (including PPP asset element)		29	-	486	443	443	443	486	443	443	-
Total Non current liabilities - Borrowing	4	34 063	27 904	11 283	11 240	11 240	11 240	11 692	9 537	8 034	6 089
<u>Provisions - non-current</u>											
Retirement benefits		9 596	12 545	14 752	15 295	15 895	15 895	13 711	15 895	18 395	20 795
<i>List other major provision items</i>											
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current	2	9 596	12 545	14 752	15 295	15 895	15 895	13 711	15 895	18 395	20 795
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		719 267	689 237	616 307	628 607	628 607	682 746	584 825	745 919	661 895	645 465
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		719 267	689 237	616 307	628 607	628 607	682 746	584 825	745 919	661 895	645 465
Surplus/(Deficit)		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128
<u>Reserves</u>											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128

Table 52 MBRR SA6 – Reconciliation of IDP strategic objectives and budget (capital expenditure)

DC31 Nkangala - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Institutional Development and Municipal Transformation		A	✔	3 076	✔ 294	✔ 3 574	27 327	23 735	27 327	5 330	4 575	4 300
Good Governance and Public Participation		B	✔	-	✔ -	✔ -	-	-	-	-	-	-
Local Economic Development		C	✔	419	✔ -	✔ -	22	230	22	20	20	-
Financial Viability		D	✔	25	✔ -	✔ 168	701	80	701	400	400	560
Basic service delivery		E	✔	6 504	✔ 21 929	✔ 21 362	30 037	32 342	30 037	2 250	3 480	70
Spatial Development Analysis		F	✔	-	✔ -	21	100	100	100	50	50	-
Allocations to other priorities			3									
Total Capital Expenditure			1	10 023	22 223	25 124	58 187	56 488	58 187	8 050	8 525	4 930

Table 53 MBRR SA21 -Transfers & grants made by the municipality

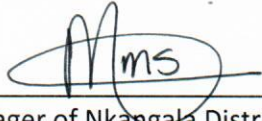
DC31 Nkangala - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Non-Cash Transfers to other municipalities											
<i>MP311 Victor Khanye</i>	1	13 433	12 958	10 767	18 427	13 047	13 047	4 313	23 580	11 765	10 519
<i>MP312 Emalahleni</i>		45 770	72 141	42 340	24 023	15 512	15 512	5 128	26 285	20 816	13 573
<i>MP313 Steve Tshwete</i>		24 897	39 843	5 345	47 842	40 387	40 387	13 351	20 033	12 629	11 561
<i>MP314 Emakhazeni</i>		36 840	25 347	9 300	39 356	29 227	29 227	9 662	33 479	14 472	12 533
<i>MP315 Thembisile Hani</i>		59 698	59 665	30 998	33 029	26 214	26 214	8 666	42 710	11 467	18 424
<i>MP316 Dr JS Moroka</i>		16 417	27 592	25 887	44 388	32 111	32 111	10 615	23 543	19 621	17 060
<i>DC31 Nkangala (Cross boundary projects)</i>		6 850	(6 533)	1 446	29 140	25 269	79 707	16 387	36 286	37 194	12 681
Total Non-Cash Transfers To Municipalities:		203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
TOTAL NON-CASH TRANSFERS AND GRANTS		203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
TOTAL TRANSFERS AND GRANTS	6	203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351

Municipal Manager's quality certificate

I, SKOSANA M.M, Municipal Manager of Nkangala District Municipality, hereby certify that the 2016/2017 to 2018/2019 Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature: _____



Municipal Manager of Nkangala District Municipality (DC31)

Date: _____

03/05/2016

Organogram

The revised Organogram for the 2016/2017 financial year will be submitted to the Council for consideration, and be added as an addendum to this document.

Discussions indicated that the changes are of a minor impact and will not influence the total budget of employee related cost as approved in the draft budget.

Refer to pages from 518- 531

TRANSFERS AND SUBSIDIES PROJECT LISTS

DR JS MOROKA

Project	Sum of Total Budget 2016/17	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
20 X Highmast Lights	640 704	-	-
Bulfontein Land Surveying	300 000	-	-
Co-Funding For Scoa Software DR JS Moroka	500 000	-	-
Disaster Mng Awareness Campaign - Dr JS Moroka	35 000	38 338	41 667
Dr JS Moroka Land Audit	-	10 000	-
Feasibility study Bulk water supply Moripe Gardens	600 000	602 883	4 000 000
HIV/Aids campaign - Dr JS Moroka	50 000	50 000	50 000
Kabenziwa Stormwater Control	1 000 000	500 000	2 500 000
Kakarela Road ward 12 construction & stormwater	1 300 000	500 000	1 000 000
Kammeelrivier Land Surveying	50 000	-	-
Land Rights Verification Dr JS Moroka	500 000	500 000	-
MHS Education & Awareness - Dr JS Moroka	50 000	-	-
Ramokgeletsane Ext Township Establishment	700 000	500 000	-
Replace Asbestos pipes Siyabuswa	3 800 000	9 000 000	2 000 000
SCM/Debtors verification system : Dr JS Moroka LM	420 000	420 000	420 000
Source development geohydrological study (6 x villages)	2 100 000	500 000	-
Sr JS Moroka Local State Land Release	1 000 000	1 000 000	-
Stormwater Ward 19	2 000 000	-	-
Upgrading Marothobolong Bus & Taxi Route	7 197 700	5 000 000	5 048 710
Valchsfontein Land Surveying	300 000	-	-
Water supply at Phake	1 000 000	1 000 000	2 000 000
Grand Total	23 543 404	19 621 221	17 060 377

EMAKHAZENI

Projects	Sum of Total Budget 2016/17	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
502919-Emakh Comm Park Construction Phase 2	1 180 000	-	-
Co-Funding For Scoa Software Emakhazeni	250 000	-	-
Community Hall Sakhelwe	1 000 000	250 000	1 000 000
Construction of Tourism Site Machadodorp	300 000	-	-
Disaster Mng Awareness Campaign - Emakhazeni	35 000	38 333	41 667
Emakhazeni Land Audit	-	10 000	-
Emthonjeni subdivision of land	-	100 000	-
HIV/Aids campaign - Emakhazeni	50 000	50 000	50 000
Inkanini Water	1 500 000	200 000	500 000
Installation of basic services Shushumela	-	3 000 000	1 500 000
Installation of bulk infrastructure at Gugulethu	1 000 000	204 029	-
Installation of prepaid meters Dullstroom	1 000 000	-	-
Installation of wat distribution network Emgwenya	500 000	100 000	1 500 000
Machadodorp Ext Township Establishment	700 000	50 000	-
MHS Education & Awareness - Emakhazeni	50 000	-	-
Refurb Belfast WTW Upgrade bulk suppl Elev tenk ext 2	5 000 000	250 000	1 000 000
Refurbishment of WTW and replace ac pipes Waterval Boven	2 100 000	-	-
Rehabilitation Of Bhekumuzi Masango Road Phase 5	4 172 450	5 000 000	-
Sakhelwe Cemetery	300 000	100 000	-
Sakhelwe Geo-Technical and EIA	-	50 000	-
Sakhelwe Geo-Tecnical and EIA	488 719	-	-
Sakhelwe Grootsoikerbochkop Cemetery	-	100 000	-
SCM/Debtors verification system : Emakhazeni LM	420 000	420 000	420 000
Sewer drainage truck Emakhazeni	2 000 000	-	-
Siyathuthuka Cemetery	-	100 000	-
Siyathuthuka Subdivision of Land	-	100 000	-
Subdivision of Parcels of Land	-	100 000	-
Support Small Holder Farmers	500 000	-	-
Township Establishment Dullstroom	333 247	-	-
Upgrade WWTP Dullstroom 2201	2 500 000	250 000	-
Upgrading Electrical Medium Voltage Network phase 4	3 500 000	800 000	3 500 000
Upgrading Of Water Treatment Works In Dullstroom	3 000 000	3 000 000	-
Water Conservation & demand Management	1 000 000	200 000	3 021 490
Water master plan - study waterscheme & capacity Emakhazeni	600 000	-	-
Grand Total	33 479 416	14 472 362	12 533 157

EMALAHLENI

Projects	Sum of Total Budget 2016/17	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
Bulk Water Supply Wilge	13 500 000	-	-
Co-Funding For Scoa Software Emalahleni	250 000	-	-
Disaster Mng Awareness Campaign - Emalahleni	35 000	38 333	41 667
Emalahleni Land Audit	-	10 000	-
Hazmat response vehicle Emalahleni	-	1 800 000	-
HIV/Aids campaign - Emalahleni	50 000	50 000	50 000
KG Mall Road in Vosman	4 500 000	-	-
Kriel Ext & Comm of Area Ga- Nala	2 500 000	-	-
Kriel Ext & Comm Of Area Ga-Nala	-	1 000 000	8 001 390
MHS Education & Awareness - Emalahleni	50 000	-	-
Reconstruction Of Damaged Roads-Emalahleni	-	5 000 000	-
SCM/Debtors verification system : Emalahleni LM	480 000	480 000	480 000
Sewer Line Hlalanikhale Ext 3	-	4 500 000	3 000 000
SUPPLY AND DELIVERY OF GREENHOUSE TUNNEL	-	500 000	-
Upgrading Klarinet X2 +X3 & Pine Ridge Sewer	2 500 000	5 000 000	-
Upgrading Of Pap En Vleis	2 420 000	1 437 761	2 000 000
UPGRADING OF THE KING'S GEORGE PARK AND EDDIE STREET	-	1 000 000	-
Grand Total	26 285 000	20 816 094	13 573 057

STEVE TSHWETE

Project	Sum of Total Budget 2016/17	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
507929-Establishment of Steel and Metal Beneficiation Hub	-	1 000 000	-
By Laws for Public Transport and Non Motorised	593 000	-	-
Co-Funding For Scoa Software Steve Tshwete	750 000	-	-
Compactor Trucks Steve Tshwete	4 500 000	-	-
Dennesig North Land Surveying	100 000	-	-
Development of Multimodal Facility for Steve Tshwete	700 000	-	-
Disaster Mng Awareness Campaign - Steve Tshwete	35 000	38 333	41 667
Feasib Study Establishment of Industrial Hub in Mhluzi	-	1 000 000	-
HIV/Aids campaign - Steve Tshwete	50 000	50 000	50 000
Insfrastructure for supply of reclaimed mine water	3 000 000	3 000 000	10 989 120
MHS Education & Awareness - Steve Tshwete	50 000	-	-
Newtown Ext Township Establishment	1 000 000	1 000 000	-
Newtown Land Surveying	1 250 000	1 000 000	-
Public Transport Action Plan	725 000	-	-
Roads & Stormwater Newtown	6 800 000	2 060 460	-
SCM/Debtors verification system : Steve Tshwete LM	480 000	480 000	480 000
Stormwater Hendrina	-	3 000 000	-
Grand Total	20 033 000	12 628 793	11 560 787

THEMBISILE HANI

Projects	Sum of Total Budget 2016/17	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
Co-Funding For Scoa Software Thembisile Hani	500 000	-	-
Community Park Thembisile Hani	-	-	-
Completion Of Bus Route Tweefontein G	888 000	-	-
Construction of waterborne system RDP	3 000 000	-	-
Disaster Mng Awareness Campaign - Thembisile Hani	35 000	38 333	41 667
Feasibility study - Moloto waterborne	1 000 000	-	-
HIV/Aids Campaign - Thembisile Hani	50 000	50 000	50 000
Kwaggafontein D	6 295 123	-	-
MHS Education & Awareness - Thembisile Hani	50 000	-	-
Miliva RDP Bus Route	6 780 000	1 358 562	6 412 330
Mountainview Water Reticulation	268 000	-	-
Multi Purpose Bridge	1 167 623	-	-
Paving Of Greenside Road Khayalanyoni	1 480 000	500 000	4 000 000
Paving Of Road Kwaggafontein B	-	-	1 000 000
Paving Roads Ward 32	2 000 000	-	-
Phola Park Vehicle Bridge to J	2 500 000	5 000 000	-
Rehab borehole to supply elevated steel tank Moloto	1 500 000	-	-
SCM/Debtors verification system : Thembisile Hani LM	420 000	420 000	420 000
Source development geohydrological study Thembisile Hani	1 500 000	-	-
Stormwater Phumula	720 000	500 000	4 000 000
Support Small Holders Farmers Thembisile Hani	450 000	500 000	-
Thembisile Hani Land Audit	-	100 000	-
Thembisile Hani State Land Release	1 284 000	1 000 000	-
Tweefontein B2 Water Reticulation	988 967	-	-
Tweefontein R54 220JR Township Establishment	1 000 000	500 000	-
Vesubuhle Bus Route	4 000 000	1 000 000	2 500 000
Vezubuhle Bus Route	3 533 782	-	-
Vlaklaagte Land Surveying	300 000	-	-
Zakheni Ext KwaMhlanga RE/627JR Township Establishment	1 000 000	500 000	-
Grand Total	42 710 495	11 466 895	18 423 997

VICTOR KHANYE

Projects	Sum of Total Budget 2016/17	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
501916-Victor Khanye Community Park Phase 2	909 760	-	-
Co-Funding For Scoa Software Victor Khanye	250 000	-	-
Delmas Ext 14 Township Establishment	1 000 000	-	-
Development of the 2nd phase of the landfill site	830 097	-	-
Disaster Mng Awareness Campaign - Victor Khanye	35 000	38 333	41 667
HIV/Aids campaign - Victor Khanye	50 000	50 000	50 000
Integrated Youth Development Strategy	-	460 000	480 000
MHS Education & Awareness - Victor Khanye	50 000	-	-
Rebuilding Roads Victor Khanye	6 120 000	5 000 000	3 000 000
Resealing Of Roads	-	4 000 000	-
SCM/Debtors verification system : Victor Khanye LM	420 000	420 000	420 000
Sewer Pipeline Kgomostreet phase 3	10 815 000	1 786 305	6 526 960
Victor Khanye Land Audit	100 000	10 000	-
Water Tanker Victor Khanye	3 000 000	-	-
Grand Total	23 579 857	11 764 638	10 518 627

NKANGALA GENERAL

Cross-boundary Projects	Sum of Total Budget 2016/17	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
Nkangala District Municipality	36 286 000	37 193 850	12 681 370
102029-Host: Youth Entrepreneurship Workshop	220 000	220 000	-
507924-Planting of Trees	150 000	200 000	250 000
Business Creation & Expansion SMME (Youth)	1 000 000	3 000 000	-
Business plan Fresh Produce Market Agri-hubs concepts	800 000	-	-
Census/ Survey SMME Co op and Informal Traders	800 000	850 000	900 000
Communication Improvement And Rollout Of Paperless Environme	180 000	-	-
Community Satisfaction Survey	-	800 000	850 000
Co-sourced Internal Audit - Nkangala Region	1 000 000	1 200 000	1 300 000
Develop Investment Attraction & Promotion Strategy	500 000	-	-
Development of NEDA	2 500 000	6 000 000	-
Downstream Beneficiation of Fly Ash in NDM	1 000 000	1 000 000	-
Facilitate Funding For Smmes	130 000	150 000	-
Farming equipment to Emerging farmers	1 500 000	-	-
Feasibility and identification of industrial sites	-	1 500 000	-
Feasibility Study for establishment of Agro process	450 000	-	-
Feasibility Study Integrated Rural Development	500 000	-	-
Impact Study on Infrastructure Projects	600 000	-	-
Implement Bursary Fund	2 200 000	2 400 000	2 600 000
implementation of Spluma	1 000 000	1 500 000	-
Integrated Green Economy Solutions - Nkangala	1 700 000	3 000 000	3 500 000
Job Creation EPWP Security	2 600 000	2 333 000	-
Job Creation EPWP Tourism	2 600 000	2 333 000	-
Job Creation EPWP Wholesale & Retail	2 700 000	2 333 000	-
Moral regeneration	330 000	344 850	360 370
Municipal Planning	500 000	2 000 000	-
Non-Financial & Financial Support	4 000 000	-	-
outdoor Advertisement Policy and bylaws	-	500 000	-
Procurement GIS Cadastral Data	3 000 000	2 500 000	-
Procurement of Arial Photography	-	300 000	-
Public Participation Survey	500 000	-	-
Rural Road Asset Management	2 076 000	2 180 000	2 321 000
Support to LTO and RTO District	1 250 000	-	-
Youth Skills Survey	500 000	550 000	600 000
2016/2017 Grand Total	36 286 000	37 193 850	12 681 370

SUMMARY

Cross-boundary Projects	Sum of Total Budget 2016/17	Sum of 2018 Draft Budget	Sum of 2019 Draft Budget
Dr JS Moroka Local Municipality	23 543 404	19 621 221	17 060 377
Emakhazeni Local Municipality	33 479 416	14 472 362	12 533 157
Emalahleni Local Municipality	26 285 000	20 816 094	13 573 057
Nkangala District Municipality	36 286 000	37 193 850	12 681 370
Steve Tshwete Local Municipality	20 033 000	12 628 793	11 560 787
Thembisile Hani Local Municipality	42 710 495	11 466 895	18 423 997
Victor Khanye Local Municipality	23 579 857	11 764 638	10 518 627
2016/2017 Grand Total	205 917 172	127 963 853	96 351 372

Service Standards

Province: Municipality(Code) - Schedule of Service Delivery Standards Table XX	
Standard	Service Level
Solid Waste Removal	N/A
Premise based removal (Residential Frequency)	N/A
Premise based removal (Business Frequency)	N/A
Bulk Removal (Frequency)	N/A
Removal Bags provided(Yes/No)	N/A
Garden refuse removal Included (Yes/No)	N/A
Street Cleaning Frequency in CBD	N/A
Street Cleaning Frequency in areas excluding CBD	N/A
How soon are public areas cleaned after events (24hours/48hours/longer)	N/A
Clearing of illegal dumping (24hours/48hours/longer)	N/A
Recycling or environmentally friendly practices(Yes/No)	N/A
Licensed landfill site(Yes/No)	N/A
Water Service	N/A
Water Quality rating (Blue/Green/Brown/NO drop)	N/A
Is free water available to all? (All/only to the indigent consumers)	N/A
Frequency of meter reading? (per month, per year)	N/A
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	N/A
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	N/A
Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)	N/A
One service connection affected (number of hours)	N/A
Up to 5 service connection affected (number of hours)	N/A
Up to 20 service connection affected (number of hours)	N/A
Feeder pipe larger than 800mm (number of hours)	N/A
What is the average minimum water flow in your municipality?	N/A
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	N/A
How long does it take to replace faulty water meters? (days)	N/A
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	N/A
Electricity Service	N/A
What is your electricity availability percentage on average per month?	N/A
Do your municipality have a ripple control in place that is operational? (Yes/No)	N/A
How much do you estimate is the cost saving in utilizing the ripple control system?	N/A
What is the frequency of meters being read? (per month, per year)	N/A
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	N/A
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	N/A
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	N/A
Are accounts normally calculated on actual readings? (Yes/no)	N/A
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	N/A
How long does it take to replace faulty meters? (days)	N/A
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	N/A
How effective is the action plan in curbing line losses? (Good/Bad)	N/A
How soon does the municipality provide a quotation to a customer upon a written request? (days)	N/A
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	N/A
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	N/A
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	N/A
Sewerage Service	N/A
Are your purification system effective enough to put water back in to the system after purification?	N/A
To what extend do you subsidize your indigent consumers?	N/A
How long does it take to restore sewerage breakages on average	N/A
Severe overflow? (hours)	N/A
Sewer blocked pipes: Large pipes? (Hours)	N/A
Sewer blocked pipes: Small pipes? (Hours)	N/A
Spillage clean-up? (hours)	N/A
Replacement of manhole covers? (Hours)	N/A

Road Infrastructure Services	N/A
Time taken to repair a single pothole on a major road? (Hours)	N/A
Time taken to repair a single pothole on a minor road? (Hours)	N/A
Time taken to repair a road following an open trench service crossing? (Hours)	N/A
Time taken to repair walkways? (Hours)	N/A
Property valuations	N/A
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	N/A
Do you have any special rating properties? (Yes/No)	N/A
Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsourced? (Yes/No)	No
Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?	No
How long does it take for an Tax/Invoice to be paid from the date it has been received?	14- 30 Days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	Yes
Administration	
Reaction time on enquiries and requests?	
Time to respond to a verbal customer enquiry or request? (working days)	
Time to respond to a written customer enquiry or request? (working days)	
Time to resolve a customer enquiry or request? (working days)	
What percentage of calls are not answered? (5%,10% or more)	
How long does it take to respond to voice mails? (hours)	
Does the municipality have control over locked enquiries? (Yes/No)	
Is there a reduction in the number of complaints or not? (Yes/No)	
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	
Community safety and licensing services	N/A
How long does it take to register a vehicle? (minutes)	N/A
How long does it take to renew a vehicle license? (minutes)	N/A
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	N/A
How long does it take to de-register a vehicle? (minutes)	N/A
How long does it take to renew a drivers license? (minutes)	N/A
What is the average reaction time of the fire service to an incident? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	N/A
Economic development	
How many economic development projects does the municipality drive?	5
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	5
What percentage of the projects have created sustainable job security?	(0%) Still Work in progress
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	Busy developing an Investr
Other Service delivery and communication	
Is a information package handed to the new customer? (Yes/No)	
Does the municipality have training or information sessions to inform the community? (Yes/No)	
Are customers treated in a professional and humanly manner? (Yes/No)	

BUDGET TIMETABLE

SCHEDULE OF KEY DEADLINES		
Mayor to Table in Council 10 Months Prior to Start of Budget Year		
Month	Nkangala District Municipality	Budget Year 2017/2018
	Mayor and Council	Administration - Municipality
February – March 2016	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process</p> <p style="text-align: center;">MFMA s 53</p> <p>Planning includes review of the previous years budget process and completion of the Budget Evaluation Checklist</p>	<p>Accounting officers and senior officials of municipality begin planning for next three-year budget</p> <p style="text-align: center;">MFMA s 68, 77</p> <p>Accounting officers and senior officials of municipality review options and contracts for service delivery</p> <p style="text-align: center;">MSA s 76-81</p>
March 2016	<p>Mayor tables in Council the schedule of key deadlines setting the time table for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year.</p> <p style="text-align: center;">MFMA s 21,22, 23;</p> <p style="text-align: center;">MSA s 34, Ch 4 as amended</p> <p>Mayor establishes committees and consultation forums for the budget process</p>	<p>Accounting Officer to assist Mayor to prepare the schedule of key deadlines and align the IDP and Budget process</p>
September – October 2016		<p>Accounting officer does initial review of national policies and budget plans with department officials</p> <p style="text-align: center;">MFMA s 35, 36, 42; MTBPS</p>
November – December 2016	<p>Council finalises tariff policies for next financial year</p> <p style="text-align: center;">MSA s 74, 75</p> <p>Mayor tables municipal budget, resolutions, plans, and proposed revisions to IDP</p>	<p>Accounting officer submits draft budget and plans for next financial year to the Mayor for tabling</p> <p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others</p> <p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years</p> <p>Departments to capture draft budget on financial system</p>

January 2017		<p>Budget office of municipality determine revenue projections and proposed tariffs and draft initial allocations to functions and departments for the next financial year after taking into account strategic objectives</p> <p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the final budget.</p>
February 2017	Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc	Accounting officer incorporates the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report
March 2017	Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans	Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)
March 2017	Council considers municipal proposed budget and service delivery plan	Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year
April - May 2017	<p>Public hearings on the budget, and council debate. Council consider views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year.</p> <p>MFMA s 23, 24; MSA Ch 4 as amended</p>	Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature
May 2017	<p>Council must approve annual budget by resolution, setting tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year</p> <p>MFMA s 16, 24, 26, 53</p>	<p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA.</p> <p>MFMA s 69; MSA s 57</p>
June 2017	<p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval.</p> <p>MFMA s 53; MSA s 38-45, 57(2)</p> <p>Council must review the system of delegations.</p> <p>MFMA s 59, 79, 82; MSA s 59-65</p>	<p>Accounting officer of municipality publishes adopted budget and plans</p> <p>MFMA s 75, 87</p>

SCHEDULE 1

PROPOSED SUNDRY TARIFFS FOR THE 2016/2017 FINANCIAL YEAR

1. In terms of the Municipal Finance Management Act 56 of 2003, section 17(3)- when an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents – (a) draft resolutions – (ii) imposing any municipal taxes and setting any municipal tariffs as may be required for the budget year
2. The sundry tariffs for each service delivery by Council are annually revised at the time when the annual budget is being prepared and is aimed at the effective recovery of cost incurred to supply the related services.
3. The recommended tariffs for each service to be implemented with effect from 1 July 2016 are reflected under each directorate / department.
4. It is recommended:
 - 4.1 That the adjusted tariffs as reflected in the comments of the various managers of departments be approved for implementation with effect from 1 July 2016.
 - 4.2 That the sundry tariffs be VAT inclusive except those tariffs for services indicated with an (*) which are exempted or out of scope of the VAT Act.

DIRECTORATE CORPORATE SERVICES

Legal and Administration (Building)

Description	Approved 2015/2016	rate of measure	Recommended 2016/2017
Rental of Council Chamber			
Refundable deposit	R2300.00		R2530.00
Utilisation	150.00	hour	165.00
Rental of Council Parlour			
Refundable deposit	R2300.00		R2530.00
Utilisation	150.00	hour	165.00
Rental of Training Room			
Non- commercial use			
Refundable deposit	R2300.00		R2530.00
Utilisation	150.00	hour	165.00
Commercial use			
Refundable deposit	R2300.00		R2530.00
Utilisation	350.00	hour	385.00

Description	Approved 2015/2016	rate of measure	Recommended 2016/2017
Rental of Committee Room Refundable deposit Utilisation	R2300.00 130.00	hour	R2530.00 143.00
Rental of offices Refundable deposit Rental	 R3 320 R108.80	 per m ²	 Equal to one monthly instalment R120.00
Rental of kitchen	Use of kitchen must be limited to the Caterers who are rendering services for Nkangala District Municipality and Government Departments only.		Use of kitchen must be limited to the Caterers who are rendering services for Nkangala District Municipality and Government Departments only.
<p>* That all rentable Council facilities be made available free of charge to government departments (National and Provincial) and political parties and be exempted from paying the deposit, provided:</p> <ul style="list-style-type: none"> ▪ That they be charged for all damage caused; ▪ That they be charged normal fees should they use it for commercial use (fee charged at the entrance); ▪ That they make use of local service providers; and ▪ That the kitchen is booked simultaneously with the hall and not separately. <p>❖ The booking of Council facilities for political parties is subject to approval by the Executive Mayor.</p>			
Access to information Photocopy (A4) Requesting fee as per Regulation 7(2) Searching and preparing of records as per Regulation 7(3) Searching and preparing records as per Regulation 11(3)	 2.00 40.00 25.00 35.00	 /copy /hour /hour /hour	 3.00 44.00 28.00 39.00

Description	Approved 2015/2016	rate of measure	Recommended 2016/2017
Fees prescribed by Regulation 84 of the Deeds Registration Act 47 of 1937 as amended			
Deed	27.00	/hour	30.00
A document	7.00	/document	8.00
enquiry relating to a property or obtaining a computer printout and for the inspection of any deed, document, folio, register or micro film relating thereof(including the search of the index)	7.00	/copy	8.00
for each enquiry per property deed			
information obtained through any other electronic system for a list of erven in a township of units in a sectional title scheme or portions of a farm or holdings in an agricultural holdings area, or any other similar (list of registered properties)			

Library Services (Public Facilities & Cultural Services)

Description	Approved 2015/2016	rate of measure	Recommended 2016/2017
Membership fees			
Membership card	free		free
Lost membership	R20.00		R22.00
Lost library materials			
books/DVD/CD	replace the material or pay the current value of the material		replace the material or pay the current value of the material
Photostats			
A4 library material(black & white)	0.60		1.50
A3 library material(black & white)	1.00		3.00
A4 library material(colour)	3.00		3.50
A3 library material(colour)	4.00		7.00

Development and Planning Unit

Description	Approved 2015/2016	rate of measure	Recommended 2016/2017
1. Spatial development framework:			
(a) Hard copy	174.00	/region	191.00
(b) In electronic format	82.00	/region	90.00
2. Integrated Development Plan	100.00		110.00
(a) Hard copy			
(b) In electronic format	50.00		55.00
3. Copy of Land Use Scheme or Town Planning Scheme (Scheme Book)	401.00		441.00
4. Scheme Regulations	667.00	/set	733.00
5. Search fees	27.00	/erf	30.00
6. Diagrammes	27.00	/diagramme	30.00
7. Deed search and copy of the title deed	163.00	document/ search	179.00
8. Map Copies			
(a) A4	50.00	Copy/print	55.00
(b) A3	75.00	Copy/print	82.00
(c) A2	100.00	Copy/print	110.00
(d) A1	125.00	Copy/print	137.00
(e) A0	150.00	Copy/print	155.00

DIRECTORATE SOCIAL SERVICES

Municipal Health Services and Environmental

Description	Approved 2015/2016	rate of measure	Recommende d 2016/2017
1. CERTIFICATE OF ACCETABILITY FORMAL FOOD PREMISES <i>Foodstuffs, Cosmetics and Disinfectant Act, 1972 (Act 54 of 1972)</i> e.g Spar, Pick n Pay, Restaurant- Spur, Ocean basket	R1 500.00	once off	R1 650.00

Description	Approved 2015/2016	rate of measure	Recommended 2016/2017
<p>2. INFORMAL FOOD PREMISES <i>General hygiene requirements of food premises and the transport of food, Regulation R962 23 Nov 2012)</i></p> <p>e.g. tuck shop, informal café or caterers or informal restaurant</p>	R500.00	once off	R550.00
<p>3. HEALTH CERTIFICATE <i>NDM Municipal Health Services By-laws</i></p> <p>e.g Pre-school, after care centres, certificate of competency</p>	R500.00	once off or when the number of children increases or change of ownership	R550.00
<p>4. MORTUARIES <i>Regulation relating to management of human remains, (R363 dated 22 May 2013 issued under the National Health Act, 61 of 2003</i></p>	R500.00	once off or change of ownership	R550.00
<p>5. GOVERNMENT FACILITIES, <i>NDM Municipal Health Services By-laws</i></p> <p>e.g SAPS kitchen, mortuaries, hospital kitchens</p>	No fees or charges		No fees or charges
<p>6. GOVERNMENT SCHOOLS <i>NDM Municipal Health Services By-laws</i></p>	No fees or charges		No fees or charges
<p>7. MUNICIPAL HEALTH SERVICES OFFENCES & PENALTIES</p>	Penalties effective when the NDM MHS By-Laws is gazetted and promulgated	As per the offence	Penalties effective when the NDM MHS By-Laws is gazetted and promulgated

Description	Approved 2015/2016	rate of measure	Recommended 2016/2017
<p>8. ATMOSPHERIC EMISSION LICENSING <i>National Environmental Management Air Quality Act (Act 39 Of 2004)</i></p>			
<p>8.1 General Offences</p>	<p>Penalties as per the <i>National Environmental Management Air Quality Act (Act 39 Of 2004) as amended and the NDM Air Quality Management By-Laws after promulgation</i></p>	<p>As per the offence</p>	<p>Penalties as per the <i>National Environmental Management Air Quality Act (Act 39 Of 2004) as amended and the NDM Air Quality Management By-Laws after promulgation</i></p>
<p>8.2 Atmospheric Emission Licensing Fee</p>	<p>Tariffs as per the AEL Processing Fee Calculator Regulations (National Department of Environmental Affairs) <i>when promulgated</i></p>	<p>Once off per five (5) years or change of ownership</p>	<p>Tariffs as per the AEL Processing Fee Calculator Regulations (National Department of Environmental Affairs) <i>when promulgated</i></p>
<p>8.3 Applications and processing of AEL's in terms of subsection 22A of National Environmental Management Air Quality Act (Act 39 Of 2004) as amended.</p>	<p>Tariffs as per <i>NEM:AQA Administrative fine in terms of section 22A Regulations when promulgated</i></p>	<p>Once off</p>	<p>Tariffs as per <i>NEM:AQA Administrative fine in terms of section 22A Regulations when promulgated</i></p>

Fire and Rescue Services

Description	Approved 2015/2016	rate of measure	Recommende d 2016/2017
1. Fixed charges for services rendered regarding hazardous substances as promulgated in SANS 10228 inside and outside the municipal area	R3800.00	+km	R4180.00
2. Turn-outs -The following accumulating fees:			
2.1 Fixed charges per call-out	250.00		275.00
2.2 First hour or part thereof per incident	500.00		550.00
2.3 For each subsequent hour or part thereof per incident	250.00		275.00
3. Cost for replacement of material, damaged equipment or consumable items		cost + 20 % handling charge + VAT	
4. Cost of water used	2.80	/kl	3.00
5. Equipment used	250.00		275.00
6. Jaws of life	500,00		550,00
- Light motor vehicles < 3500kg	500.00		550.00
- Heavy motor vehicles > 3500kg	1500.00		1650.00
7. Kilometers of fire engines	30.00 *	km	33.00 *
8. Kilometers of utility vehicles	15.00 *	km	16.50 *
9. Personnel per member per hour or part thereof	160.00		176.00
10. Fire equipment serviceman	450.00		495.00

DIRECTORATE FINANCIAL SERVICES

Municipal Health Services and Environmental

Description	Approved 2015/2016	rate of measure	Recommende d 2016/2017
Tender document fee			
30, 001 -200, 000	100.00	/document	110.00
200, 001- 500, 000	150.00		165.00
500, 001 – 1, 000, 000	200.00		220.00
1, 000, 001 -1, 500, 000	350.00		385.00
1, 500, 001 – 5, 000, 000	500.00		550.00
5, 000, 001 – 10, 000, 000	650.00		715.00
10, 000, 0001 - above	800.00		880.00
Banking			
Tracing electronic payments made on Council's bank account without any references	55.00		60.00
Levy on repudiated cheques	200.00		220.00

mSCOA Implementation Plan



**NKANGALA DISTRICT MUNICIPALITY
DC31**

High level action	Due date	Responsible person	Actions	POE	Risks	Mitigating action	Progress to date 19/2/2016	Challenges	Lessons learnt Negative (Cons)	Lessons learnt positive (Pros)
1. Nomination as a pilot site	2 Sep 2013	Minister of Finance		Letter form Minister						Contribute towards new reforms and you become part of the process
2. Acceptance as pilot site	30 Sep 2013	Executive Mayor		Letter of acceptance						Assisted towards the buy-in of Mayor
3. Buy in from council	30 Oct 2013	CFO	Submit report to Council on acceptance as a pilot site	Report			Item served in Council of Oct 2013			Communication to Council contributed towards there positive attitude to the mSCOA
4. Engagements with NT and Munsoft	Nov 2013	Finance Team	Visit NT to discuss pilot site and funding for the project	Presentation to NT	Insufficient funds to fund project	NDM has set aside R2 million for SCOA	NT indicated no additional funding for the project		No additional funds available for this reform	NT engagement ensured better understanding of shortcomings in previous reforms, e.g. budget regulations (do not cater for

										information need of the district)
5. Appointment of internal SCOA project steering team	Jun 2014	CFO	Submit report to council on acceptance of regulations, establishment of project team and implementation plan	Report	Buy in from all internal stakeholder to ensure strict compliance with SCOA and to the budget regulations	Establishment of a multi-functional team.	Multi-functional team was established.			Ensured that NDM took ownership of the reform as team and as an organisational reform
6. Engage other internal stakeholders	On going	CFO	Submit report to broader management	Report	Buy in from all internal stakeholder to ensure strict compliance with SCOA and to the budget regulations Insufficient understanding of SCOA regulations as an institutional reform and not merely a financial reform	Arrange training sessions and request NT to arrange special training	Training session were arranged during Dec 2014, Jan, Feb, March and June 2015, Sept 2015, Nov 2015 29 Febr 16	Initial non commitment to attend training sessions	Slow buy-in from other internal stakeholders – people wants more information sharing and training from various sources	Training sessions assisted in the understanding of the reform
7. Establis		CFO's	Clarify	Presentation	Ensure		Munsoft/	Additional	Can be	Assisted to

hment of service provider, other pilot municipality and NDM project team		and Munsoft	roles and responsibilities. Determine scope and indicate pricing of project	to NT on progress	that issues of responsibilities, pricing, funding and scope of project is covered		Nkangala/ Elias Molatledi / Sesotho SCOA project team established	pilot municipality added at a very late stage.	costly as we were coming from 4 provinces	accommodate the needs of local municipalities into the system development specifications
8. Appointment of a temporarily SCOA clerk to assist and project manage the process	30 May 2014 31 Jul 2014	CFO Manager Corporate Services	Create position on organogram and budget for post Advertise, interview and appoint SCOA specialist	Approved organogram and budget	Capacity in terms of warm bodies to manage and drive the project due to vacancies in Finance Additional testing of the system changes at NDM level	Filling of critical vacancies	Most critical vacancies have been filled SCOA specialist appointed 8 Jun 2015		NDM appointed late, but this is a crucial appointment to ensure good governance and smooth project administration New appointee thrown into the deep end	
9. Align old chart to new SCOA	30 August 2014	Finance SCOA team	Select SCOA segments applicable to NDM Align MS chart to SC chart	Print out from Munsoft	Non provision for District needs Mis-alignment Comparative with previous years	Submission of issues to NT	Segment selection applicable to NDM done on latest release of SCOA Alignment of MC to	Latest SCOA not yet update with the various request from the NDM Still busy to ensure that comparative as aligned	Initial excel alignment exercise was time consuming (although it perhaps assisted in our understand	Start early – know your current chart and how it impacts on the AFS

					Balancing of Statement of Financial position and financial performance for previous year and current year		SC done and balances transferred	and where there are a fundamental changes that it is recorded as such.	ing) Changes in the versions needs revisit to alignment	
10. Budget SCOA – testing	30 September 2014	Finance SCOA team	Test budget module developed by Munsoft Engage with other pilot sites to ensure that system cater for both district needs and local needs	Budget release notes and budget manuals	Non Compliance to SCOA segments Continuous changes to SCOA		System was tested at NDM and issues were ironed out with Munsoft	Adoption of guid code as changes are still made to the SCOA Budgeting from a project point and not form a line item point		Be sure that you are adaptable to changes in the chart and that you will be able to stay within the time frames of the MBRR
11. Munsoft Budget Release	30 September 2014	Munsoft	Munsoft to release budget module after agreement from the project steering meeting	Budget release notes and budget manuals	Non Compliance to SCOA segments Continuous changes to SCOA		Munsoft adopted guid code and rewrote the budget module to start form a project point in	Due to issues raised above the budget release could only happen in Nov 2014 which affected the		

							Nov 2014	actions following this action		
12. Formalising the establishment of the SCOA project steering committee and signing of the MOU	30 Nov 2014	Munsoft, VIP, NDM	Develop MOU and signing of MOU	Signed MOU	Non clarification of roles, Non mitigation of risks. Escalating cost to SCOA implementation	Sign separate agreement with VIP	MOU signed between NDM and Munsoft MOU signed between NDM and VIP	VIP proof compliance with SCOA		Limited risk exposure, limited cost to municipality Ensured clear understanding of roles and responsibilities
13. Training and budget inputs by NDM Departments	15 December 2014	Finance SCOA team and relevant line managers	Training to other stakeholders Budget inputs by NDM Departments	Presentation by Thandi and Lizette System walk through sessions and actual capturing of the budgets 3-4 March 2015	Non Compliance to SCOA segments Non Compliance to SCOA segments Continuous changes to SCOA Non-compliance with tight deadlines		Training sessions happened on 3-4 March 2015 Walk through happened on 3-4 March 2015	Participation of certain departments Due to issues raised above only finalized in Feb and March 2015	Everybody does not experience change the same.	Continuous training assisted us to keep the momentum

14. First Draft Budget	16 February 2015 (Revised date 16 March 2015)	Budget officer	Finalising and consolidation of draft budget	First draft	Non-compliance with budget regulations	Budget for items that is not currently in SCOA, but already adopted by NT on other lines or on old format	In progress 12 March 2015	Non release of next SCOA version	Machinery of state slow	Involvement of other department enhanced mSCOA understanding and budget preparation processes.
15. Internal Stakeholders engagement	23 February 2015 (Revised date 23 March 2015)	Budget officer	Finalising and consolidation of draft budget	Second draft	Non-compliance with budget regulations	Budget for items that is not currently in SCOA, but already adopted by NT on other lines or on old format	20 March 2015	Non release of next SCOA version	Machinery of state slow	
16. First final Draft Budget of SCOA	02 March 2015 (revised 24 March 2015)	Budget officer	Finalising and consolidation of draft budget	First final Draft Budget of SCOA	Non-compliance with budget regulations	Budget for items that is not currently in SCOA, but already adopted by NT on other lines or on old format	23 March 2015	Non release of next SCOA version	Machinery of state slow	
17. Submission of relevant Draft Budget to budget steering	06 March 2015 (Revised date 24 March 2015)	Budget officer	Finalising and consolidation of draft budget	First final Draft Budget of SCOA	Non-compliance with budget regulations	Budget for items that is not currently in SCOA, but already adopted by NT on other lines or on old format	23 March 2015	Non release of next SCOA version	Machinery of state slow	
18. Table	31	CFO and	Finalising	Submission	Non-	Budget for	Draft	Non release	Machinery	

Draft Budget to Council	March 2015 (Revised date 25 March 2015)	MM	and consolidation of draft budget	of First final Draft Budget of SCOA	compliance with budget regulations	items that is not currently in SCOA, but already adopted by NT on other lines or on old format	Budget was tabled to council in SCOA on the 25 Mar 2015	of next SCOA version. Misunderstanding of SCOA and incorrect capturing of SCOA segments All budgets must have a project segment and budgets should be captured as projects. Typical work streams for operational cost are limited and breakdown on these items are very limited.	of state slow	
19. Community Participation Process	09 April 2015	CFO	Budget indaba	Budget Indaba programme and attendance registers	Non understanding of community on SCOA formats	Presentation on SCOA. Detailed presentation on budget	Budget Indaba was successfully done 9 April 2015			Communities and councilors very much interested in the benefits of mSCOA to the District, to the locals and to the communities we serve

20. Final Budget Approved	29 May 2015	CFO	Submission of final budget for approval	Final budget document	Non-compliance to budget regulations Many changes from draft to final budget due to new SCOA release. Incorrect capturing of SCOA segments		Final Budget approved on 27 May 2015 in SCOA format based on version 5.3	Time constraints to finalise budget in SCOA format. Correcting the incorrect capturing of SCOA segments.	Machinery of state slow – put us under a lot of pressure	The feeling of accomplishment was used as a small win celebration
21. Make Budget Public	June 2015	Budget officer	Submit to External stakeholders, place on website and advertise in newspapers and on notice boards	Proof of submissions			Submission and publication of Final Budget done 9 June 2015			
22. Munsoft to release Full SCOA	End Apr to early May 2015	Munsoft	Munsoft to change all relevant programs, sub ledgers to accommodate SCOA	Release notes and user manuals	Non-compliance to SCOA regulations, System fall over.	Test all possible transactions on test system.	Munsoft released full SCOA	Sub ledgers for Investments, loans and retention, etc not finalized.	Specs or our understanding of the specs keeps on changing with every ICF	This release assisted to bring the CFO's stress levels down
23. Testing of Full SCOA	May to Jun 2015	NMD personnel led by	Testing all types of transaction	Release notes and user	Non-compliance to SCOA	System changes on transactions	SCOA specialist and	Ensuring that the FAR-module	Don't underestimate the	Gave reasonable assurance

transaction - May - June '15		SCOA specialist and SCOA finance team	s. Ensuring that sub-ledgers is interactive and balances to control accounts Testing day-end, month-end and year-end close off of system in the test environment of the NDM	manuals. Sign off of tests and program finalisation	regulations, System fall over, (crash). Continuous operations may be impacted on	will be made inactive and will carry on old system transaction modules	operational staff are testing all possible transaction types	old information is updated with all SCOA elements	changes of mSCOA to other sub-modules or registers	that the system will not fall over on the 1 of July and beyond.
24. Kept audit file for internal and external audit purposes	Ongoing till June 2015	Chief Accountant	File all relevant documents in audit file	Audit file	Non record keeping of SCOA implementation	Ensure that all relevant documentation are on the audit file. Ensure that all system changes that are completed is signed off by the municipality and the system vendor	SCOA audit file opened and documentation filed			Ensure good record keeping of change process, good governance
25. Internal Audit Review of SCOA	June 2015	Internal Audit unit of NDM	Review of MC and SC alignment Ensuring	Internal Audit report	Non-compliance with SCOA regulations			Non finalization of the next version of the SCOA	The lack of clarity on how reclassifications	

			that comparative agree and that proper notes are made where direct alignment is not possible to reconcile the amounts		. Affecting the AG opinion due to comparative amounts.			Non-attendance of AG (visually) Understanding of SCOA by AG managers in the province (they will be auditing us)	should be treated by municipalities and by the AG remains a concern. Municipalities don't want to be notified on the eleventh hour how they should treat re-classifications	
26. Implementation of the SCOA budget	1 July 2015	All NDM departments and Munsoft users	Start transacting on life system Develop a contingency register to ensure that any challenges experienced during implementation is dealt with and proper records if kept for audit purposes	Daily close offs – daily TB to ensure that it is balancing Month end close off – ensure reconciliation of sub-ledgers and control accounts Business as usual	Non-compliance with SCOA regulations , insufficient reports, fall over of system	Internal audit to test transactions. Disaster recovery plan - Open all new SCOA functions on old MC - transfer budgets to old MC - Recapture all transaction	Transaction on Supply Chain Management. Procurement, Cash Book and receipting Implemented with effect 1 July 2015	Non finalization of the next version of the SCOA	We are transacting on version 5.3 and requested a number of changes to fully accommodate for our needs – work will have to be redone with the release of 5.4 (duplication , waste of time and energy)	Proper planning, identification of risk and mitigation strategies and the testing of transactions ensured smooth going live on mSCOA.
27. Ensure financial	31 July 2015	Finance and	Do first month end	Monthly close off –	Non-compliance	System changes on	Month end done, no	Non-finalization	Reporting still needs	

month end is done		Munsoft		ensure reconciliation of sub ledgers and control accounts Month end IYM reports sec 71	e with SCOA and budget regulations	transactions will be made inactive and will carry on old system transaction modules	major challenges . VIP integration not 100%	of new SCOA reporting formats	manual intervention	
28. Establish weaknesses/strengths in implementation plan Post implementation review assessment questionnaire	30 Sep 2015	mSCOA Accountant	Assess the implementation experience of end users of the whole change management process and system functionality	Post implementation questionnaire Report on post implementation assessment	Non learning from mistakes		Not yet due	Have to develop the questionnaire inhouse		
29. Ensure smooth interface with VIP Meeting with VIP to sort out integration challenges	31 Aug 2015	VIP, NDM	Phase in approach to make VIP mSCOA compliant	Attendance register	Non-compliance with SCOA and budget regulations	Using old interface method	Meeting was held, VIP will provide HR premier module free of charge to municipality Release of budget	Integration is not checking the budget and accounts before interface	Duplication of work. Reconciliations are difficult. The business model used by a service provider can be costly	Communication is key

							module Apr 2016			
30. Automati sation of in year quarterly reporting and preparati on for AFS complan ce to GRAP standard s	30 Sep 2015	CQS, NDM	Workshop with Caseware to streamline reporting	Attendance register, meeting arrangement s	Non- complian ce with SCOA and budget regulations	Falling back on old reporting format	Workshop conducted , additional workshop scheduled	Too much manual intervention needed		Will ease the financial year-end
31. Creating additional sub- ledgers to accomm odate the shortco ming in informati on needs in current mSCOA	30 Sep 2015	Munsoft, NDM and other pilot municipal ities	Workshop with Munsoft and other pilot municipaliti es	Attendance register	Non/ slow implement ation of mSCOA as it is not user friendly	Phase in approach of most critical registers first		Users are getting frustrated		
32. Enhance ment to next version of mSCOA to accomm odate	31 Dec 2015	NDM. NT assessm ent team	Accommod ate proposals and problem areas into the presentatio n to NT at	Presentation and attendance register	Manual interventio n needed to budget and in year reports and it will ultimately affect the	Keep manual intervention to ensure in year reports are done within time frames		Too many manual intervention leads to mistakes, missing some of the main objectives of	Too many manual intervention leads to mistakes, missing some of the main objectives	

the automation of budget and in year monitoring reports			the next NT assessment (9 October 2015)		AFS as well – qualification of AFS			the mSCOA	of the mSCOA	
33. Registering of MM on reporting portal	October 2015	CFO, IT and MM	Registering on MM on reporting portal	NT acknowledgment of registration	Non-compliance to regulations		MM registered on 8 October 2015		Need for secondary registration or email notification	
34. Review of member of Internal mSCOA Project Steering Committee as well as mSCOA Implementation Committee	Nov 2015	CFO & mSCOA Accountant	Submit report to council on acceptance of regulations, establishment of new Project and Implementation Committee	Report & Appointment Letters	Buy in from all internal stakeholder to ensure strict compliance with SCOA and to the budget regulations	Establishment of a multi-functional team.		Staff turnover and appointment of new managers in all main departments – need to do appointment for mSCOA for them		
35. Engage other internal stakeholders	On going	CFO	Submit report to broader management	Report	Buy in from all internal stakeholder to ensure strict compliance with SCOA and to the	Arrange training sessions and request PT to arrange training before the end of October 2015.	Awaiting confirmation from NT to PT to conduct 2 day training last week of Oct 2015	Staff turnover and appointment of new managers in all main departments – need to train them now	NT is taking too long to roll out the training to other users in the municipality. Users are only	

					budget regulations · Insufficient understanding of SCOA regulations as an institutional reform and not merely a financial reform				getting secondhand training and there is no reinforcement of the training provide by the mSCOA team	
36. Preparation of adjustment budget	Jan'16	Budget Officer	Detection of errors in budget. Identification of roll-overs and roll-overs that was not anticipated	File with errors and challenges Version 5.4 request	Non-compliance to mSCOA	Adjustment budget	File created		Errors have a negative impact on service delivery	We know and can correct errors well in time so that it will not impact on our audit outcome
37. First Draft Budget	March 2016	Budget Officer	Finalising and consolidation of draft budget	First draft	Non-compliance with budget regulations					mSCOA is becoming the norm
38. Internal Stakeholders engagement	February – March 2016	Budget Officer	Finalising and consolidation of draft budget	Second draft	Non-compliance with budget regulations					
39. First final Draft Budget of SCOA	March 2016	Budget Officer	Finalising and consolidation of draft budget	First final Draft Budget of SCOA	Non-compliance with budget regulations					

40. Submission of relevant Draft Budget to budget steering Committee	March 2016	Budget Officer	Finalising and consolidation of draft budget	First final Draft Budget of SCOA	Non-compliance with budget regulations					
41. Table Draft Budget to Council	March 2016	CFO and MM	Finalising and consolidation of draft budget	Submission of First final Draft Budget of SCOA	Non-compliance with budget regulations					
42. Community Participation Process	April 2016	CFO	Budget Indaba	Budget Indaba programme and attendance registers	Non understanding of community on SCOA formats	Presentation on SCOA. Detailed presentation on budget				
43. Final Budget Approved	April 2016	CFO	Submission of final budget for approval	Final budget document	Non-compliance to budget regulations Many changes from draft to final budget due to new SCOA release. Incorrect capturing of SCOA segments					
44. Make Budget Public	June 2016	Budget Officer	Submit to External stakeholder	Proof of submissions						

			rs, place on website and advertise in newspapers and on notice boards							
45. Implementation of the SCOA budget	1 July 2017	All NDM departments and Munsoft users								
46. Year-end and AFS preparation	31 Aug 2016	NDM as a whole	Year-end AFS preparation	AFS	Comparative information of reclassified items	Comparative TB Position paper form NT on the treatment of reclassifications of items MOU between pilots, NT and AG signed to avoid misunderstanding				

NKANGALA DISTRICT MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

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CHAPTER 1

1 Definitions

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the MFMA has the same meaning as in the MFMA.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, close corporations and firms, unless the context clearly indicates otherwise.

Unless otherwise indicated, all amounts/limits stated in this document shall be deemed to be inclusive of all applicable taxes.

- 1.1 **“Adjudication points”**: means the points for price and points for B-BBEE contribution referred to in the Preferential Procurement Regulations, 2011 and the Preferential Procurement section of this policy, also referred to as “evaluation points”.
- 1.2 **“All applicable taxes”**: includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.
- 1.3 **“Asset”**: means a tangible or intangible resource capable of ownership.
- 1.4 **“B-BBEE”**: means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act.
- 1.5 **“B-BBEE Status Level of Contributor”**: means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.
- 1.6 **“Bid”**: means a written offer in a prescribed or stipulated form in response to an invitation by the municipality for the provision of goods, services or construction works through price quotations, advertised competitive bidding processes or proposals.
- 1.7 **“Bidder”**: means any person submitting a competitive bid or a quotation.
- 1.8 **“Broad-Based Black Economic Empowerment Act”**: means the Broad-Based Black Economic Empowerment Act, 53 of 2003 and Codes of Good Practice pertaining thereto.
- 1.9 **“Capital Asset”**: means:
 - 1.9.1 any immovable asset such as land, property or buildings; or
 - 1.9.2 any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future benefit can be derived, such as plant, machinery and equipment.

- 1.10 **"Closing Time"**: means the time and day specified in the bid documents for the receipt of bids.
- 1.11 **"Comparative Price"**: means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration.
- 1.12 **"Competitive Bidding Process"**: means a competitive bidding process referred to in Regulation 12 (1) (d) of the Supply Chain Management Regulations.
- 1.13 **"Competitive Bid"**: means a bid in terms of a competitive bidding process.
- 1.14 **"Community Based Vendor"**: means a supplier of goods, services and/or construction works who resides in a target area or community, who meets the criteria for community based vendors as determined by the Director: Supply Chain Management from time to time, and who is registered as such on the municipality's Supplier database.
- 1.15 **"Consortium"**: an association or grouping of institutions, business or financial organization, usually set up for a common purpose that would be beyond the capabilities of a single member of the group.
- 1.16 **"Construction Industry Development Board (CIDB) Act"**: means the Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto.
- 1.17 **"Construction Works"**: means any work in connection with:
- 1.17.1 the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure;
 - 1.17.2 the installation, erection, dismantling or maintenance of a fixed plant;
 - 1.17.3 the construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or
 - 1.17.4 the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.
- 1.18 **"Consultant"**: means a person or entity providing services requiring knowledge based expertise, and includes professional service providers.
- 1.19 **"Contract"**: means the agreement which is concluded when the municipality accepts, in writing, a competitive bid or quotation submitted by a supplier.
- 1.20 **"Contractor"**: means any person or entity whose competitive bid or quotation has been accepted by the municipality.

1.21 **“Contract participation goal”**: the value of the participation of a specific target group that a contractor must achieve in the performance of a contract, expressed as a percentage of the bid sum less provisional sums, contingencies and VAT.

1.22 **“Day(s)”**: means calendar days unless the context indicates otherwise.

1.23 **“Delegated Authority”**: means any person or committee delegated with authority by the municipality in terms of the provisions of the Municipal Finance Management Act.

1.24 **“Designated sector”**: means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content.

1.25 **“Evaluation of Bids”**: in respect of bids that exceed R200 000, shall be deemed to take place when the Bid Evaluation Committee meets to make a recommendation to the Bid Adjudication Committee.

1.26 **“Evaluation Points”**: also referred to as “Adjudication Points” (see clause 1.1 above).

1.27 **“Exempted Capital Asset”**: means a municipal capital asset which is exempted by section 14(6) or 90(6) of the MFMA from the other provisions of that section.

1.28 **“Exempted Micro Enterprise”**: means a bidder with an annual total revenue of R5 million or less (in terms of the Broad-Based Black Economic Empowerment Act).

1.29 **“EPWP”** means an Expanded Public Works Programme

1.30 **“Final Award”**: in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.

1.31 **“Firm Price”**: means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.

1.32 **“Formal Written Price Quotation”, “Written Price Quotation”, “Quotation” or “Quote”**: means a written or electronic offer to the municipality in response to an invitation to submit a quotation. Also referred to as “Bids”.

1.33 **“Functionality”**: means the measurement according to predetermined norms, as set out in the bid or quotation documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder. “Functionality” is also referred to as “Quality”.

1.34 **“Granting of Rights”**: means the granting by the municipality of the right to use, control or manage capital assets in circumstances where sections 14 and 90 of the MFMA and Chapters 2 and 3 of the Municipal Asset Transfer Regulations do not apply. In other words, where the granting of such rights does not amount to “transfer” or “disposal” of the asset and which includes leasing, letting, hiring out, etc, of the capital asset.

1.35 **“Green Procurement”**: is defined as taking into account environmental criteria for goods and services to be purchased in order to ensure that the related environmental impact is minimised.

1.36 **“Imported Content”**: means that portion of the bid price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its sub-contractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African port or entry.

1.37 **“In the service of the state”**: means:

1.37.1 a member of any municipal council, any provincial legislature or the National Assembly or the National Council of Provinces;

1.37.2 an official of any municipality or municipal entity;

1.37.3 an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1 of 1999;

1.37.4 a member of the board of directors of any municipal entity;

1.37.5 a member of the accounting authority of any national or provincial public entity; or

1.37.6 an employee of Parliament or a provincial legislature.

1.38 **“Joint Venture or Consortium”**: means an association of persons formed for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract or contracts. The Joint Venture must be formalised by agreement between the parties.

1.39 **“Local Content”**: means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place.

1.40 **“Leaner Contractor”**: an entity established by the NDM and enrolled within its Expanded Public Works Programme (EPWP)

1.41 **“Long term Contract”**: means a contract with a duration period exceeding one year.

1.42 **“Municipality”**: means the municipality of the Nkangala District or any person(s) or committee delegated with the authority to act on its behalf.

1.43 **“Municipal Manager”**: means the Accounting Officer as defined in the Municipal Finance Management Act.

- 1.44 **"Municipal Asset Transfer Regulations"**: means the Municipal Asset Transfer Regulations published in Government Gazette 31346 of 22 August 2008.
- 1.45 **"Municipal Entity"**: means an entity as defined in the Systems Act.
- 1.46 **"Municipal Finance Management Act"** (MFMA): means the Local Government: Municipal Finance Management Act, 56 of 2003.
- 1.47 **"Non-compliant Contributor"**: means a person who does not meet the minimum score to qualify as a status level 8 B-BBEE Contributor, or a person who is not verified in terms of the required Sector Charter.
- 1.48 **"Non-exempted Capital Asset"**: means a municipal capital asset which is not exempted by section 14(6) or 90(6) of the MFMA, from the other provisions of that section.
- 1.49 **"Non-firm Prices"**: means all prices other than "firm" prices.
- 1.50 **"Person"**: includes a natural or legal entity.
- 1.51 **"Policy"**: means this Supply Chain Management Policy as amended from time to time.
- 1.52 **"Preference points"**: mean the points for preference referred to in this Policy.
- 1.53 **"Preferential Procurement Policy Framework Act"** (PPPFA): means the Preferential Procurement Policy Framework Act, 5 of 2000.
- 1.54 **"Preferential Procurement Regulations"**: means the regulations pertaining to the PPPFA.
- 1.55 **"Prime Contractor"**: shall have the same meaning as "Contractor".
- 1.56 **"Promotion of Administrative Justice Act"**: means the Promotion of Administrative Justice Act, 3 of 2000.
- 1.57 **"Quality"**: also referred to as **"Functionality"** (see clause 1.34 above).
- 1.58 **"Rand Value"**: means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties.
- 1.59 **"Republic"**: means the Republic of South Africa.
- 1.60 **"Responsible Agent"**: means either an internal project manager (being an employee of the municipality) or an external consultant (appointed by the municipality), as the case may be, who is responsible for the implementation of a project or part thereof.
- 1.61 **"SARS"**: means the South African Revenue Services.
- 1.62 **"SITA"**: means the State Information Technology Agency.
- 1.63 **"Stipulated Minimum Threshold"**: means that portion of local production and content as determined by the Department of Trade and Industry.

- 1.64 **"Sub-contract"**: means the prime contractor's assigning, leasing, making out work to, or employing, another person to support such prime contractor in the execution of part of a project in terms of the contract.
- 1.65 **"Sub-contractor"**: means any person that is assigned, leased, employed or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of a contract.
- 1.66 **"Supplier/Vendor"**: are generic terms which may include suppliers of goods and services, contractors and/or consultants.
- 1.67 **"Supplier Database"**: means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of Regulation 14 of the Supply Chain Management Regulations.
- 1.68 **"Supply Chain Management (SCM) Regulations"**: means the Municipal Supply Chain Management Regulations published in terms of the Municipal Finance Management Act.
- 1.69 **"Systems Act"**: means the Local Government: Municipal Systems Act, 32 of 2000.
- 1.70 **"Targeted Labour"**: means those individuals employed by a contractor, or sub-contractor, in the performance of a contract, who are defined in the contract as the target group, and who permanently reside in the defined target area.
- 1.71 **"Targeted Enterprises"**: means those enterprises (suppliers, manufacturers, service providers or construction works contractors) that own, operate or maintain premises within the target area defined in the contract, for the purposes of carrying out their normal business operations.
- 1.72 **"Tender/Tenderer"**: means "bid/bidder".
- 1.73 **"Term Bid"**: means a rates based bid for the supply of goods, services or construction works, which are of an ad-hoc or repetitive nature where the individual rates are approved for use over a predetermined period of time.
- 1.74 **"Total Revenue"**: bears the same meaning assigned to this expression in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act and promulgated in the Government Gazette on 9 February 2007.
- 1.75 **"Transaction Value"**: means the actual contract value (the bid sum or price) in South African currency, inclusive of all applicable taxes in respect of the goods, services or construction works that are contracted for.
- 1.76 **"Treasury Guidelines"**: means any guidelines on supply chain management issued by the Minister in terms of section 168 of the MFMA;
- 1.77 **"Trust"**: means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person.

1.78 **“Trustee”**: means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

1.79 **“Unsolicited Bid”**: means an offer submitted by any person at its own initiative without having been invited by the municipality to do so.

CHAPTER 2

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2 Supply chain management policy

2.1 The principles of the supply chain management policy are that it –

2.1.1 gives effect to –

- section 217 of the Constitution; and
- Part 1 of Chapter 11 and other applicable provisions of the MFMA;

2.1.2 is fair, equitable, transparent, competitive and cost effective;

2.1.3 complies with –

- the regulatory framework prescribed in Chapter 2 of the Regulations; and
- any minimum norms and standards that may be prescribed in terms of section 168 of the MFMA;

2.1.4 is consistent with other applicable legislation including;

- the Preferential Procurement Policy Framework Act;
- the Broad-Based Black Economic Empowerment Act;
- the Construction Industry Development Board Act;
- the Local Government: Municipal Systems Act; and
- the Promotion of Administrative Justice Act

2.1.5 does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

2.1.6 is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

2.2 The provisions of the supply chain management policy must be followed when –

2.2.1 procuring goods or services and construction works and consultant services ;

2.2.2 disposing of goods no longer needed;

2.2.3 selecting contractors to provide assistance in the provision of municipal services, otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

- 2.2.4 selecting external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- 2.3 Unless specifically stated otherwise this Policy does not apply if the Municipality contracts with another organ of state for:
- 2.3.1 - the provision of goods or services to the Municipality;
- 2.3.2 - the provision of a municipal service; or
- 2.3.3 - the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement. A report shall nevertheless be submitted to the Bid Adjudication Committee seeking authority to contract with another organ of state.

3 Amendment of the supply chain management policy

- 3.1 The accounting officer must –
- at least annually review the implementation of this policy; and
 - when the accounting officer considers it necessary, submit proposals for the amendment of this policy to the council.
- 3.2 If the accounting officer submits a draft policy to the council that differs from the model policy, the accounting officer must ensure that such draft policy complies with the Regulations. The accounting officer must report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- 3.3 When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses, must be taken into account.
- 3.4 The accounting officer of the municipality must take all reasonable steps to ensure that this supply chain management policy is implemented.

4 Delegation of supply chain management powers and duties

- 4.1 The powers and duties to be performed in respect of the implementation of supply chain management are delegated to the accounting officer –
- 4.1.1 to discharge the supply chain management responsibilities conferred on accounting officers in terms of
- Chapter 8 or 10 of the MFMA; and
 - The supply chain management policy;
- 4.1.2 to maximise administrative and operational efficiency in the implementation of the supply chain management policy;

- 4.1.3 to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the supply chain management policy; and
- 4.1.4 to comply with the accounting officer's responsibilities in terms of section 115 and other applicable provisions of the MFMA.
- 4.2 The accounting officer may not delegate or sub-delegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;
- 4.3 The Accounting Officer shall ensure that all persons involved in the implementation of this Policy meet the prescribed competency levels, and where necessary, shall provide relevant training.

5 Sub-delegations

- 5.1 The accounting officer may, in terms of section 79 of the MFMA, sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such sub-delegation must be consistent with paragraph 4 and sub-paragraph 5.2 of this policy.
- 5.2 The power to make a final award –
- 5.2.1 above R10 million (VAT included) may not be sub-delegated by the accounting officer;
- 5.2.2 above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
- the chief financial officer;
 - a senior manager; or
 - a bid adjudication committee of which the chief financial officer or a senior manager is a member;
- 5.2.3 not exceeding R2 million (VAT included) may be sub-delegated but only to –
- the chief financial officer;
 - a senior manager;
 - a manager directly accountable to the chief financial officer or a senior manager; or
 - a bid adjudication committee.
- 5.3 An official or bid adjudication committee to which the power to make final awards has been sub-delegated, must within 10 working days of the end of each month submit to the accounting officer a written report containing particulars of each final award made by such official or committee during that month, including –
- the amount of the award;
 - the name of the person to whom the award was made; and
 - the reason why the award was made to that person.

5.4 This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph **32 to 40** of this policy.

5.5 No supply chain management decision-making powers may be delegated to an advisor or consultant.

5.6 The accounting officer may not delegate or sub-delegate the authority to enter into negotiations in terms of paragraph **40** of this policy.

6 Oversight role of council

6.1 The council retains the right to oversee the implementation of this supply chain management policy.

6.1.1 Section 117 of the Municipal Finance Management Act prohibits a Municipality Councilor from being a member of a bid committee or any other committee evaluating or approving quotations or bids nor may a Municipality Councilor attend any such meeting as an observer.

6.1.2 The Executive Mayor must provide general political guidance over the fiscal and financial affairs of the Municipality and must monitor and oversee the exercise of responsibilities assigned to the Municipality Manager and chief financial officer in terms of the Municipal Finance Management Act.

6.2 For the purposes of such oversight the accounting officer must –

- within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality to the council of the municipality; or
- whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council.

6.3 The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the executive mayor.

6.4 The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7 Supply chain management unit

7.1 A supply chain management unit was established to implement this supply chain management policy.

7.2 The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the MFMA.

CHAPTER 3

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

8 Format of supply chain management

This supply chain management policy provides systems for –

- 8.1 demand management;
- 8.2 acquisition management;
- 8.3 logistics management;
- 8.4 disposal management; and
- 8.5 performance management.

Part 1: Demand management

9 System of demand management

- 9.1 To ensure that the resources required to support the strategic and operational commitments are delivered at the correct time, at the right price and at the right location and that the quantity and quality satisfy needs, the system of demand management includes the following:
 - 9.2 Acquisition and disposal of all goods required to meet the strategic goals outlined in the Integrated Development Plan must be quantified, budgeted and planned to ensure timely and effective delivery, appropriate quality at a fair cost to meet the needs of the municipality and community.
 - 9.2.1 The Municipality's Integrated Development Plan (IDP) is a comprehensive strategy document setting out how the Municipality intends to tackle its development challenges in a financial year. It is on the basis of the IDP that the resources of the municipality will be allocated and on which the budget is based.
 - 9.2.2 Critical delivery dates must be determined and adhered to as set out in the service delivery and budget implementation plan contemplated in section 69(3)(a) of the MFMA.
 - 9.3 If the requirement is of a repetitive nature and there are benefits of economies of scale, a contract for a specific commodity should be arranged.
 - 9.4 In order to compile the correct specifications an industry analysis / research must be regularly undertaken to ensure future needs and technology benefits are maximised
 - 9.5 In order to achieve effective demand management, the Assistant Manager: Supply Chain Management shall continuously ensure:
 - 9.5.1 That efficient and effective provisioning and procurement systems and practices are implemented to enable the Municipality to deliver the required quantity and quality of services to the communities.

- 9.5.2 The establishment of uniformity in policies, procedures, documents and contract options and the implementation of sound systems of control and accountability.
- 9.5.3 The development of a world-class professional supply chain management system which results in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced.
- 9.5.4 In dealing with suppliers and potential suppliers, that the Municipality shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

9.6 Major Activities

- 9.6.1 Demand management lies at the beginning of the supply chain and the major activities associated with identifying demand are:
 - 9.6.1.1 establishing requirements;
 - 9.6.1.2 determining needs; and
 - 9.6.1.3 deciding on appropriate procurement strategies.
- 9.6.2 Demand management accordingly shall involve the following activities:
 - 9.6.2.1 understanding the future needs;
 - 9.6.2.2 identifying critical delivery dates;
 - 9.6.2.3 identifying the frequency of the need;
 - 9.6.2.4 linking the requirements to the budget;
 - 9.6.2.5 conducting expenditure analyses based on past expenditure;
 - 9.6.2.6 determining requirements,
 - 9.6.2.7 conducting commodity analyses in order to check for alternatives; and
 - 9.6.2.8 conducting industry analyses.

Part 2: Acquisition management

10 System of acquisition management

10.1 Through operational procedures, an effective system of acquisition management is to be established to ensure:-

10.1.1 that goods and services are procured in accordance with authorised processes only;

10.1.2 that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the MFMA;

10.1.3 that the threshold values for the different procurement processes are complied with;

10.1.4 that bid documentation, evaluation and adjudication criteria as well as general conditions of contract, are in accordance with any applicable legislation;

10.2 Application

10.2.1 This acquisition management system contains the general conditions and procedures which are applicable, as amended from time to time, to all procurement, contracts, and orders for the Municipality.

10.3 Supplier Database

10.3.1 The Accounting Officer shall ensure that the Municipality's supplier database is updated at least at least once before the start of the financial year and shall be valid for that financial year, through newspapers commonly circulating locally, the website of the Municipality, and any other appropriate ways, invite prospective suppliers of goods and services, and any new commodities or types of services, construction works and consultant services to apply for listing as an accredited prospective supplier.

10.3.2 Prospective suppliers shall, however, be allowed to submit applications and amendments for listing on the database at any time.

10.3.4 The listing criteria for accredited prospective suppliers should be listed which include:

- Name of supplier / service provider;
- Street address;
- Postal address;
- Contact person in Sales Department;
- Sales Department's telephone number;
- Sales Department's fax number;
- Sales Department's cell number;
- Sales Department's email address;
- Contact person in Accounts Department;
- Accounts Department's telephone number;
- Accounts Department's fax number;

- Accounts Department's email address;
- Vat registration yes/no;
- Vat registration number;
- Bank details;
- Type of industry;
- Valid certification for specialised services;
- Valid tax clearance certificate;
- CIDB and CRS number registration if applicable;
- Valid certification in respect of Exempted Micro Enterprises or B-BBEE Status Level of Contributor.

10.4 The Accounting Officer shall disallow the listing of any prospective supplier on the Municipality's supplier database who does not comply with the accreditation requirements based on standards, set by any relevant control bodies that govern or regulate the category of service or industry.

10.5 The Accounting Officer shall disallow the listing of any prospective supplier whose name appears on the National Treasury's List of Restricted Suppliers and/or Register for Tender Defaulters and who is therefore prohibited from doing business with the public sector.

10.6 For quotations (up to and including R200 000) bidders are required to be registered on the Municipality's supplier database prior to the acceptance of their quotation (the issue of an official order) in respect of the goods or services required. Procurements above R200 000 go through a competitive bidding process.

10.7 Where bids exceed R200 000, bidders who are not registered on the Municipality's Supplier Database are not precluded from submitting bids, but must however be registered prior to the awarding of the tender.

10.8 All parties to a Joint Venture or Consortium must individually comply with the requirements of clauses 10.4 and 10.5 above.

10.9 The provisions of clause 63.1.8 will also apply to individual joint venture or consortium members

11 Range of procurement processes

11.1 The procurement of goods and services through this policy is executed by way of –

11.1.1 petty cash purchases, up to a transaction value of R2 000 (VAT included);

11.1.2 written quotations by the proposed supplier for procurement of a transaction value over R2 000 but less than R30 000 (VAT included);

11.1.3 formal written price quotations for procurement of a transaction value over R30 001 (VAT included) but less than R200 000 (VAT included); and

11.1.4 a competitive bidding process for–

- procurement above a transaction value of R200 000 (VAT included); and
- the procurement of long term contracts.
- allocation of projects to leaner contractors on the EPWP programme
- allocation of projects through the cooperatives policy

11.2 The accounting officer may, in writing:-

11.2.1 lower, but not increase, the different threshold values specified in sub-paragraph 11.1; or

11.2.2 direct that –

- written or formal written price quotations be obtained for any specific procurement of a transaction value lower than R2 000 (VAT included);
- formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000 (VAT included); or
- a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 (VAT included).

11.3 Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

12 General preconditions for consideration of written quotations, formal written price quotations or bids

12.1 A written quotation, formal written price quotation or bid may not be considered unless the provider who submitted the quotation or bid –

12.1.1 has furnished that provider's –

- full name;
- identification number or company or other registration number;
- tax reference number and VAT registration number, if any; and
- tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

12.2.1 has indicated –

- whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
- if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
- whether a spouse, life partner, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to is in the service of the state, or has been in the service of the state in the previous twelve months.

13 Preferential procurement

13.1 Aim

The aim of this section of the Municipality's Supply Chain Management Policy is to give effect to, and to ensure compliance with, all applicable legislation and national directives in respect of preferential procurement and broad-based black economic empowerment.

13.1.1 The following procurement strategies are addressed in this section:

- 13.1.1.1 the application of a preference point system for Exempted Micro Enterprises and B-BBEE Contributors in terms of the Preferential Procurement Regulations, 2011.
- 13.1.1.2 the stipulation, in bid documentation, of minimum thresholds for local production and content in accordance with directives issued by the National Treasury and Department of Trade and Industry.
- 13.1.1.3 the unbundling of large projects, where appropriate, into smaller contracts to ensure that a spread of opportunities are made available to suppliers, service providers and construction contractors of various sizes.
- 13.1.1.4 the use of functionality/quality, where appropriate, in procurement processes in order to ensure that goods supplied are fit for purpose, or that a minimum level of experience and competence in respect of service providers or construction contractors is attained.
- 13.1.1.5 the increase of employment opportunities by ensuring the use of labour intensive technologies.
- 13.1.1.6 the targeting of labour and/or enterprises from specific areas within the boundaries of the Nkangala Municipal area.
- 13.1.1.7 Preferential procurement is further enhanced by provisions aimed at improved access to information, simplification of documentation; deduct performance from payment invoices, reduced payment cycles and good governance.
- 13.1.1.8 The level of B-BBEE contribution achieved by the Municipality through the application of this policy will be monitored in terms of the Supply Chain Management performance management system.

13.2 Key Principles of the Preferential Procurement System

13.2.1 The key principles of this system are:

- 13.2.1.1 the application of an 80/20 preference point system for procurement (competitive bids or quotations) with a Rand value of greater than R30 000 but less than or equal to R1 000 000;
- 13.2.1.2 the application of a 90/10 preference point system for procurement (competitive bids) with a Rand value greater than R1 000 000;
- 13.2.1.3 that bids may be declared non-responsive if they fail to achieve a minimum score for functionality (quality), if indicated in the bid documents.

- 13.2.1.4 The preference point system shall be used in the evaluation of responsive bids for the purposes of determining preferred/recommended bidders, and for the adjudication thereof.
- 13.2.1.5 The preference point system is not applicable to petty cash purchases.

13.3 Planning and Stipulation of Preference Point System

- 13.3.1 Prior to embarking on any procurement process, the Responsible Department must properly plan for, and, as far as possible, accurately estimate the cost of the goods, services or construction works for which bids are to be invited.
- 13.3.2 The Bid Specifications Committee shall determine the appropriate preference point system to be used in the evaluation and adjudication of bids, and shall ensure that such is clearly stipulated in the bid documentation.
- 13.3.3 The Bid Specification Committee shall determine whether the goods, services or construction works which are to be procured, have been designated for local production and content by the National Treasury or Department of Trade and Industry, in which case the requirements as above shall be followed.

13.4 Evaluation of Bids on Functionality (Quality)

- 13.4.1 Functionality (otherwise known as quality) may be included in the bid evaluation process as a qualifying (eligibility) criterion.
- 13.4.2 If a bid is to be evaluated on functionality, this must be clearly stated in the invitation to submit a bid, and in the bid documentation.
- 13.4.3 The evaluation criteria for measuring functionality must be objective.
- 13.4.4 When evaluating bids on functionality the:
- evaluation criteria for measuring functionality;
 - weight of each criterion;
 - applicable values; and
 - minimum qualifying score for functionality, must be clearly stipulated in the bid document.
- 13.4.5 Closed bidding may be considered for contract management for specialised projects
- 13.4.6 If a bid fails to achieve the minimum qualifying score for functionality as indicated in the bid document, it must be regarded as non-responsive, and be rejected (not considered any further in the evaluation process).
- 13.4.7 Bids that have achieved the minimum score for functionality, and passed any other responsiveness tests, must be evaluated further in terms of the preference point system prescribed below.

13.5 Evaluation and Adjudication of Bids

13.5.1 An 80/20 preference point system is stipulated for bids with a Rand value of greater than R30 000, but less than or equal to R1 000 000, and a 90/10 preference point system of procurement with a Rand value of greater than R1 000 000.

13.5.2 This means that either 80 or 90 points, depending on the Rand value of the bid, will be awarded to the person who offers the lowest acceptable price, and proportionately fewer points are awarded to those with higher prices calculated as per clause. Either 20 or 10 points are then available as preference points for Exempted Micro Enterprises.

13.6 Enterprises or B-BBEE contributors, as applicable

Cancellation and Re-invitation of Bids

13.6.1 In the event that, in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed a value of R1 000 000, the bids must be cancelled.

13.6.2 If one or more of the acceptable bids received are within the prescribed threshold of R1 000 000, all bids received must be evaluated on the 80/20 preference point system.

13.6.3 In the event that, in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to, or below R1 000 000, the bids must be cancelled.

13.6.4 If one or more of the acceptable bids received are above the prescribed threshold of R1 000 000, all bids received must be evaluated on the 90/10 preference point system.

13.6.5 Bids cancelled in terms of clauses 13.6.1 and 13.6.3 above must be re-invited, with the correct preference point system clearly stipulated in the bid documents. The 80/20 Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works up to a Rand Value of R1 000 000.

13.6.6 The following formula must be used to calculate the points for price in respect of bids (including price quotations) with a Rand value of greater than R30 000 and up to a Rand value of R1 000 000 (all applicable taxes included):

$$P_s = 80 [1 - (P_t - P_{min})]$$

P_{min}

Where :

P_s = Points scored for comparative price of the bid under consideration;

P_t = Comparative price (corrected, if applicable, exclusive of VAT) of the bid under consideration; and

P_{min} = Comparative price (corrected, if applicable, exclusive of VAT) of lowest responsive bid.

13.6.7 The classification used in the formula above may be varied to comply with prescribed standard bid documentation, provided the formula itself is not varied.

13.6.8 Points for preference must be awarded to Exempted Micro Enterprises or to bidders having attained a B-BBEE status level of contributor in accordance with the tables below:

B-BBEE Status Level of Contributor	Number of Points for Preference
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2

Non-compliant contributor 0 or, in respect of Exempted Micro Enterprises (EMEs)

Black Ownership of EME	Deemed B-BBEE Contributor Status	Number of Points for Level of Preference
50%	3	16
50%	4	12

13.6.9 The points for preference scored by a bidder in terms of clause 13.6.8 above, must then be added to the points for price scored in terms of clause 13.6.6, in order to obtain the total number of adjudication points scored for each responsive bid.

13.6.10 Subject to paragraph 41, the contract must be awarded to (and/or order placed with) the bidder that scores the highest total number of adjudication points. The 90/10 Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works with a Rand Value above R1 000 000

13.6.11 The following formula must be used to calculate the points for price in respect of bids with a Rand value above R1 000 000 (all applicable taxes included):

$$P_s = 90 [1 - (P_t - P_{min})]$$

P_{min}

Where :

P_s = Points scored for comparative price of the bid under consideration;

P_t = Comparative price (corrected, if applicable, exclusive of VAT) of the bid under consideration; and

P_{min} = Comparative price (corrected, if applicable, exclusive of VAT) of lowest responsive bid.

13.6.12 The terminology used in the formula above may be varied to comply with prescribed standard bid documentation, provided the formula itself is not varied.

13.6.13 Points for preference must be awarded to Exempted Micro Enterprises or to bidders having attained a B- BBEE status level of contributor in accordance with the tables below.

B-BBEE Status Level of Contributor	Number of Points for Preference
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1

Non-compliant contributor 0 or, in respect of Exempted Micro Enterprises (EMEs)

Black Ownership of EME	Deemed B-BBEE Contributor Status	Number of Points for Level of Preference
50%	3	8
50%	4	5

- 13.6.14 The points for preference scored by a bidder in terms of clause 13.6.13 above, must then be added to the points for price scored in terms of clause 13.6.10, in order to obtain the total number of adjudication points scored for each responsive bid.
- 13.6.15 Subject to paragraph 41, the contract must be awarded to (and/or order placed with) the bidder that scores the highest total number of adjudication points.

13.7 B-BBEE Status Level Certificates

- 13.7.1 In order to qualify for preference points in terms of clauses 13.6.8 to 13.6.13 above, Exempted Micro Enterprises must have submitted, to the Municipality, a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act No. 69 of 1984) or an accredited verification agency, confirming their status as such.
- 13.7.2 Bidders other than Exempted Micro Enterprises must submit, to the Municipality, their original and valid B-BBEE status levels verification certificate, or a certified copy thereof, substantiating their B-BBEE status level of contributor.
- 13.7.3 The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.
- 13.7.4 Bidders who fail to submit the required certificates, or certified copies thereof, will be deemed to be non-compliant contributors.

13.7.5 Where specific sector charters have been gazetted in terms of the B-BBEE Act, bid documentation for procurement from within such sectors, must specify that only persons verified in terms of the particular sector charter (or Code of Good Practice), or Exempted Micro Enterprises, will qualify for a preference. A status level of contributor in respect of generic Codes of Good Practice will not, in such circumstances, qualify for any preference.

13.7.6 Where no specific sector charter has been gazetted, persons other than Exempted Micro Enterprises must be verified in terms of the gazetted generic

13.8 Codes of Good Practice in order to qualify for a preference.

13.8.1 For the purposes of transparency, bidders shall, in respect of all competitive bids (over R200 000), be required to claim, in their bid submission, a preference in accordance with their B-BBEE status.

13.8.2 Notwithstanding what is contained in the bid submission, preference points will be allocated during the bid evaluation process in accordance with the verified B-BBEE status level (or deemed status level) of contributor.

13.9 Conditions Relating to the Granting of Preferences

13.9.1 Bidders must, in the manner stipulated in the bid documentation, declare that:

- the information provided is true and correct;
- the signatory to the bid document is duly authorised; and
- documentary proof regarding any bidding issue will, when required, be submitted to the satisfaction of the Municipality.

Only bidders who have completed and signed the necessary declarations may be considered.

13.9.2

The Bid Evaluation Committee must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.

13.9.3

A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.

13.9.4

13.9.5 A trust or joint venture will qualify for preference points for their B-BBEE status level as a legal entity, provided that the entity has submitted its verified B-BBEE status level certificate (or certified copy thereof) to the Municipality.

13.9.6 A trust or joint venture will qualify for preference points for their B-BBEE status level as an unincorporated entity, provided that the entity has submitted its consolidated B-BBEE scorecard as if it is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.

13.9.7 The consolidated B-BBEE scorecard must be submitted in the form of a certificate issued by an accredited verification agency (or a certified copy thereof).

- 13.9.8 A bidder may not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that the bidder qualifies for, unless the intended sub-contractor is an Exempted Micro Enterprise that has the capability and ability to execute the sub-contract.
- 13.9.10 A bidder that has been awarded a contract may not sub-contract more than 25% of the value of the contract to enterprises that do not have an equal or higher B-BBEE status level than the bidder concerned, unless the sub-contractors are Exempted Micro Enterprises that have the capability and ability to execute the sub-contract. Compliance with this particular requirement must be monitored by the Responsible Agent during the execution of the contract.
- 13.9.11 25% of the Subcontracting should be made compulsory to local people/companies (NDM) irrespective of where the main contractor is coming from.
- 13.9.12 If a service is required that can only be provided by tertiary institutions, such services must be procured through a bidding process from the identified tertiary institutions.
- 13.9.13 The tertiary institutions referred to in paragraph 13.9.12 above, must submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE
- 13.10 Codes of Good Practice**
- 13.10.1 If a service is required that can be provided by one or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a service provider/contractor must be done by means of a competitive bidding process.
- 13.10.2 Public entities must submit their B-BBEE status in terms of the specialized scorecard contained in the gazetted B-BBEE Codes of Good Practice.
- 13.11 Local Production and Content**
- 13.11.1 The National Department of Trade and Industry is empowered to designate industry sectors, in line with national development and industrial policies for local production, where only locally produced goods, services or construction works, or locally manufactured goods that meet a stipulated minimum threshold for local production and content, may be used.
- 13.11.2 In the case of designated sectors, where in the award of bids, local production and content is of critical importance, such bids must be advertised with a specific condition of bidding, that only locally produced goods, services or construction works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 13.11.3 Any instructions, circulars and guidelines issued by National Treasury in the above regard must be complied with.
- 13.11.4 Where there is no designated sector, bids may include, as a specific condition of bidding, that only locally produced goods, services or construction works, or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.

- 13.11.5 Where necessary, for bids referred to in clauses 13.11.2 to 13.11.4, a two-stage bidding process may be followed, where the first stage involves functionality and minimum threshold for local production and content, and the second stage price and B-BBEE level of contribution, with the possibility of price negotiations only with the short listed bidder/s.
- 13.11.6 A person awarded a contract in relation to a designated sector, may not sub- contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 13.12 **Other Specific Goals**
- 13.12.1 **Unbundling Strategies**
- 13.12.1.1 In order to encourage increased participation and the sustainable growth of the small business sector, the unbundling of larger projects into smaller, more manageable, contracts is encouraged.
- 13.12.1.2 Unbundling must however be considered in the context of:
- economies of scale being lost;
 - abortive work becoming necessary;
 - additional demands (not only financial) being placed on the Municipality's resources; and
 - the risk of later phases not being completed as a result of budget cuts becoming necessary in the future.
- 13.12.1.3 Unbundling, and all of its associated implications, must therefore be carefully considered at the planning stage of any project and the budgets for, and design thereof, should be structured accordingly.
- 13.12.1.4 It is important to note that while it is the Municipality's policy to procure goods, services or construction works in the smallest practicable quantities, the practice of parceling such procurement in order to avoid complying with the requirements of the different range of procurement processes described in this policy is not permitted.
- 13.13 **Increasing Employment Opportunities**
- 13.13.1 One of the Municipality's key socio-economic objectives is to facilitate the creation of employment for the people of Nkangala District.
- 13.13.2 Increasing employment opportunities through procurement may be achieved by specifying labour intensive technologies and/or methods of construction in the bid documents.
- 13.13.3 It is up to Responsible Department to thoroughly investigate the options available in the above regard, to evaluate the positive versus negative impact of any proposals, and to specify labour intensive technologies and/or methods where appropriate.
- 13.13.4 All labour earning less than a threshold wage, determined in accordance with department of labour ministerial determination, that is employed for the provision of services or construction works for the Municipality, shall be reported in the prescribed format, on a monthly basis, to the Corporate EPWP Unit.

13.14 Targeted Labour and/or Targeted Enterprises

13.14.1 The targeting of labour and/or enterprises from specific areas within the boundaries of the Nkangala District Municipal area may be achieved, where appropriate, by specifying in the bid documents, a minimum level of participation (a contract participation goal) that must be achieved in respect of targeted labour and/or targeted enterprises in the performance of the contract. The allocation of targeted enterprises will be as follows: 30% women, 30% youth, 30% disability and 10% other

13.14.2 Specified contract participation goals must be measurable and achievable, and the performance in respect of which must be monitored by the Responsible Agents during the execution of the contract.

13.14.3 Where a minimum contract participation goal has been specified in respect of targeted labour and/or enterprises, the contractor is obliged to meet that goal, and must be penalised if he or she does not.

13.14.4 Contract participation goals in respect of targeted labour and/or enterprises may not be introduced into the preference point system used for the evaluation of bids.

13.15 Remedies

13.15.1 Action in Respect of Fraud or Non-performance

13.15.1.1 The Accounting Officer must, upon detecting that the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis, or that any of the conditions of the contract have not been fulfilled, act against the bidder or person awarded the contract.

13.15.1.2 The Accounting Officer may, in addition to any other remedy that he may have against the bidder or person awarded the contract:

- cancel the contract and claim any damages which the Municipality has
- disqualify the person from the bidding process;
- recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct; suffered as a result of having to make less favourable arrangements due to such cancellation; Expanded Public Works Programme
- restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis and or non-performance, from obtaining business from the Municipality for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
- forward the matter for criminal prosecution.

13.16 Calculation of Penalties

13.16.1 Penalties for failure to comply with specific terms and conditions of the contract must be clearly stipulated in the bid/contract document and must be applied should the terms or conditions not be met.

13.16.2 The penalty to be applied for sub-contracting more than 25% of the value of a contract to enterprises that do not qualify for at least the preference points that the prime contractor qualified for (unless the sub-contractors are Exempted Micro Enterprises) shall be as provided for in any prescribed standard contract documentation, failing which the following formula shall be stipulated:

$$\text{Penalty} = 0.5 \times E (\%) \times P^*$$

Where:

E = The value of work (excluding VAT), executed by sub-contractors that do not qualify for at least the preference points that the prime contractor qualified for, expressed as a percentage of P*, less 25%

P* = Accepted bid sum less provisional sums, contingencies and VAT.

- 13.16.3 The penalty to be applied for non-compliance with a specified contract participation goal, is as follows:
 Penalty = $(CPG - CPG^a) \times P^* \times s \times a$
 Where:
 CPG = The minimum Contract Participation Goals specified (expressed as a percentage).
 CPG^a = The Contract Participation Goal achieved (expressed as a percentage).
 P* = Accepted bid sum less provisional sums, contingencies and VAT.
 Documentation
- 13.16.4 Within the context of preferential procurement, one of the strategies to encourage and assist entry into Local Government procurement by emerging businesses is to simplify and/or standardise bid/contract documentation wherever possible.
- 13.16.5 To this end, the Municipality will prepare a suite of standard documentation and, where appropriate, simplified bid/contract documents for use in the Municipality's procurement process as and where applicable.
- 13.16.6 Where standard bid/contract documentation is prescribed in terms of legislation (the CIDB Standard for Uniformity, for example) such standard documentation must be used for the procurement of goods, services and/or construction works, as applicable.
- 13.17 Guarantees for Due Performance**
- 13.17.1 **Main contractors must ensure insurance**
- 13.17.1 .1 Performance guarantees for the procurement of goods and services (including consultant services) will not generally be called for, but in exceptional circumstances, where required, will be in accordance with the limits set for construction works below.
- 13.17.1 .2 Main contractors must ensure that when performance guarantee is required, such guarantee should covers the subcontractor(s)
 The performance guarantees required for construction works are as follows:
- 13.17.1 .3 In respect of a Rand value less than or equal to R 500 000: 2, 5% may be waived in respect of PE / EME (that is, no performance guarantee is required);
- 13.17.1 .4 In respect of a Rand value exceeding R 500 000, but less than or equal to R1 000 000 : 5% of the bid sum;
- 13.17.1 .5 In respect of a Rand value exceeding R1 000 000, but less than or equal to R 10 000 000: 10% of the bid sum; unless otherwise provided for in the standard conditions of contract prescribed.
- 13.17.1 .6 In respect of Goods/ Services and professional services exceeding the R10 000 000, a 12% professional indemnity will be require.
- 13.17.1 .7 The value of the performance guarantee for projects above R 10 000 000 may be increased with approval of the Accounting officer

13.18 Retention

- 13.18.1 Retention for procurement of goods and services (including consultant services) will not generally be called for, but where required, will be in accordance with the limits set for construction works below:
- 13.18.2 The value of retention to be deducted in respect of construction works contracts shall be as follows:
- In respect of a Rand value less than or equal to R0 - R500 000 : No retention is called for;
 - In respect of a Rand value exceeding R500 000, but less than or equal to R1 000 000 : 5% of the value of work carried out with no limit, reducing by half for the duration of the defects liability period;
 - In respect of a Rand value exceeding R1 000 000 : 10% of the value of work carried out with no limit, reducing by half for the duration of the defects liability period; unless otherwise provided for in the standard conditions of contract prescribed.
- 13.18.3 Where consultant services are to be completed at the end of the defects liability period in respect of a goods/and or services rendered, the value of this work (typically 5%) may be invoiced at the end of the project period, but shall be held as retention until the completion of the service (typically, an end of defects liability period inspection and the preparation of the final account). Alternatively, the value of this work must be budgeted for in the following financial year.
- 13.18.4 The above retention limits may be increased with the approval of the Accounting Officer.
- 13.18.5 Financial guarantees in lieu of retention are, in general, not acceptable and an Insurance of works shall be provided for all works carried out or services rendered.
- ## 13.19 Payment Terms
- 13.19.1 Payments for works undertaken or Goods and services rendered be paid upon receipt of correct payment Certificate in terms of the Cash and Creditors payment Policy of Council.

14 Petty cash purchases

- 14.1 Petty cash purchases means that minor items up to R2 000,00 (VAT included) may be purchased where it is impractical, impossible or not cost-effective to follow the official procurement process.
- 14.2 Cash advances may only be granted for petty cash expenses for delegated representatives of the municipality or upon a written quotation but in all instances a petty cash voucher should be approved by the relevant departmental head.
- 14.3 Officially delegated persons must agree to the deduction from his/her next remuneration any cash advances of which no proof of expenditure is presented on return from the attended event.
- 14.4 No road toll fees or entertainment expenses may be paid from petty cash.
- 14.5 A monthly reconciliation report must be provided to the chief financial officer by the official responsible for petty cash, including –
- the total amount of petty cash purchases for that month; and
 - receipts and appropriate documents for each purchase.
- 14.6 On an ad-hoc basis, the chief financial officer shall perform reconciliations with the personnel responsible for petty cash

15 Written quotations

- 15.1 The conditions for the procurement of goods or services from R2 001 to R30 000, through written quotations, are as follows –
- 15.1.1 quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria in this supply chain management policy;
- 15.1.2 providers must be requested to either submit or confirm such quotations in writing;
- 15.1.3 if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the accounting officer;
- 15.1.4 the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices.

16 Formal written price quotations

- 16.1 The conditions for the procurement of goods or services through formal written price quotations valued from R30 001 to R200 000, are as follows-
- 16.1.1 There must be an advertisement for at least seven (7) days on the website and notice board of the Municipality
- 16.1.2 Evaluation must then be done based on the 80/20 principle in paragraph 12 of this policy
- 16.2 when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis;
- 16.3 the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written quotations or formal written price quotations is not abused;
- 16.4 the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation, and;
- 16.5 the chief financial officer must set requirements for proper record-keeping of written quotations and final written price quotations.

17 Competitive bids

- 17.1 Goods or services above a transaction value of R200 000 (VAT included) and long-term contracts may only be procured through a competitive bidding process, with reference to paragraphs 13 of this policy on Preferential Procurement; and
- 17.2 No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

18 Process for competitive bidding

- The procedures for a competitive bidding process are as follows:
- 18.1 the compilation of bidding documentation;
- 18.2 the public invitation of bids;
- 18.3 site meetings or briefing sessions, if applicable;
- 18.4 the handling of bids submitted in response to public invitation;
- 18.5 the evaluation of bids;
- 18.6 the award of contracts;

18.7 the administration of contracts; and

18.8 proper record-keeping.

19 Bid documentation for competitive bids

19.1 The criteria to which bid documentation for a competitive bidding process must comply, must –

19.1.1 take into account –

the general conditions of contract;

- any Treasury guidelines on bid documentation; and
- the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- that the offer must be within range

19.1.2 include evaluation and adjudication criteria, including any criteria required by other applicable legislation;

19.1.3 compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

19.1.4 if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–

19.1.4.1 • if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements for the past three years or since their establishment if established during the past three years;

19.1.4.2 • a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

19.1.4.3 • particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

19.1.4.4 • a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

19.1.5 stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

19.2 A non-refundable charge as determined by the accounting officer shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality.

19.3 Auditing of bidding processes for bids in excess of R 10 million (all applicable taxes included)

19.3.1 The competitive bidding process for all bids in excess of R10 million must be audited to ensure its compliance with the prescribed norms and standards.

- 19.3.2 The auditing process may be performed by the internal or external auditors and the audit is aimed at minimizing the risk of possible fraud, corruption and/or litigation.
- 19.3.3 A certificate must be issued by the auditors to the effect that all prescribed requirements have been adhered to before the contract is awarded.

20 Public invitation for competitive bids

- 20.1 The procedure for the invitation of competitive bids, are as follows:
- 20.1.1 Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate way (which may include an advertisement in the Government Tender Bulletin); and
- 20.1.2 the information contained in a public advertisement, must include –
- the closing date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper
 - a statement that bids may only be submitted on the bid documentation provided by the municipality; and
 - the date, time and venue of any proposed site meetings or briefing sessions.
- 20.2 The accounting officer may determine a closing date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- 20.3 The closing date may be extended if requested by a minimum of 50% of the bidders on approval by the Municipal Manager.
- 20.4 Bids submitted must be sealed.
- 20.5 Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

21 Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

- 21.1 All bids –
- must be opened only in public; and
 - must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
- 21.2 the bid/proposal shall be stamped with the official stamps, and endorsed with the opening official's signature;
- 21.2 the name of the bidder, and where possible, the bid sum shall be recorded in a bid opening record kept for that purpose; and

- 21.3 the responsible official who opened the bid shall forthwith place his/her signature on the bid opening record.
- 21.4 Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price (except where two-envelope is involved); and
- 21.5 The accounting officer must –
- record in a register all bids received in time;
 - make the register available for public inspection; and
 - publish the entries in the register and the bid results on the website.

22 Two-stage bidding process

- 22.1 A two-stage bidding process is allowed for –
- 22.1.1 large complex projects;
- 22.1.2 projects where it may be undesirable to prepare complete detailed technical specifications; or
- 22.1.3 long term projects with a duration period exceeding three years.
- 22.2 In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- 22.3 In the second stage final technical proposals and priced bids should be invited.

23 Two Envelope System

- 23.1 A two envelope system differs from a two-stage (prequalification) bidding process in that a technical proposal and the financial offer are submitted in separate envelopes at the same place and time. The financial offers will only be opened once the technical proposals have been evaluated.

23.2 Validity Periods

- 23.2.1 The period for which bids are to remain valid and binding must be 150 days and must be indicated in the bid documents.
- 23.2.2 The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.
- 23.2.3 This period of validity may be extended by the Accounting Officer, provided that the original validity period has not expired, and that all bidders are given an opportunity to extend such period. Any such extension shall be agreed to by a bidder in writing.
- 23.2.4 Bidders who fail to respond to such a request before the validity of their bid expires, or who decline such a request shall not be considered further in the bid evaluation process.

- 23.2.5 The Accounting Officer must ensure that all bidders are requested to extend the validity period of their bids where necessary in order to ensure that the bids remain valid throughout the 21 day appeal period
- 23.2.5 In the event that an appeal is received, the validity period is deemed to be extended until finalisation of the appeal.

24 Contract Price Adjustment

- 24.1 Contract price adjustment shall only be applicable if specified in the contract and only for long term contract and must be specified in the bid documents.
- 24.2 In general, if contract periods do not exceed one year, the bid shall be fixed price bid and not subject to contract price adjustment.
- 24.3 If the bid validity period is extended, then contract price adjustment may be applied.
- 24.4 Contract price adjustment shall be implemented in accordance with the general conditions of contract

25 Contracts providing for Compensation Based on Turnover

- 25.1 If a service provider acts on behalf of the Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Municipality must stipulate;
- 25.2
- 25.3 a cap on the compensation payable to the service provider; and
- 25.4 that such compensation must be performance based.

26 Samples

- 26.1 Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) shall be delivered separately (to the bid) to the addressee mentioned in the bid documents.
- 26.2 Bids may not be included in parcels containing samples.
- 26.3 If samples are not submitted as required in the bid documents or by the closing date within any further time stipulated by the Chairperson of the Bid Evaluation Committee in writing, then the bid concerned may be declared non-responsive.
- 26.4 Samples shall be supplied by a bidder at his/her own expense and risk. The Municipality shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and shall reserve the right not to return such samples and to dispose of them at its own discretion.
- 26.5 If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample.

27 Closing of Bids

- 27.1 Bids shall close on the date and at the time stipulated in the notice.
- 27.2 For bids (excluding quotations) for goods and services the bid closing date must be at least 14 (fourteen) days after publication of the notice.
- 27.3 For bids (excluding quotations) for construction works the bid closing date must be at least 21 (twenty one) days after publication of the notice.
- 27.4 Notwithstanding the above, if the estimated contract value exceeds R10 million, or if the contract is of a long term nature with a duration period exceeding one year, then the bid closing date must be at least 30 (thirty) days after publication of the notice.
- 27.5 For banking services, the bid closing date must be at least 60 (sixty) days after publication of the notice.
- 27.6 For proposal calls using a two envelope system, the bid closing date must be at least 30 (thirty) days after publication of the notice.
- 27.7 The bid closing date may be extended by the Accounting Officer if circumstances justify this action; provided that the closing date may not be extended unless a notice is published in the print media and website of the municipality prior to the original bid closing date. This notice shall also be posted on the official notice boards designated by the Accounting Officer, and a notice to all bidders to this effect shall be issued.
- 27.8 The Accounting Officer may determine a closing date for the submission of bids which is less than any of the periods specified in clauses above, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

28 Communication with bidders before bid closing

- 28.1 The Accounting Officer or his/her nominee may, if necessary, communicate with bidders prior to bids closing.
- 28.2 Such communication shall be in the form of a notice issued to all bidders by the Accounting Officer, by either e-mail, facsimile, or registered post as appropriate. A copy of the notice together with a transmission verification report/proof of posting shall be kept for record purposes. Notices should be issued at least one week prior to the bid closing date, where possible.
- 28.3 Notwithstanding a request for acknowledgement of receipt of any notice issued, the bidder will be deemed to have received such notice if the procedures above have been complied with.

28.4 Late Bids

28.4.1 Bids or quotations arriving after the specified closing time shall not be considered and where practicable and cost effective shall be returned to the bidder unopened with a letter explaining the circumstances.

28.4.2 Where it's necessary to open a late bid or quotation to obtain the name and address of the sender, each page of the document shall be stamped "late bid" before the bid is returned to the bidder. The envelope must be stamped and initialed in like manner and must be retained for record purposes

28.5 Amendment of bids before closing

28.5.1 The Municipality is entitled to amend any bid condition, validity period, specifications or plan, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised and/or that all bidders to whom bid documents have been issued, are advised in writing per registered post or by fax of such amendments or of the extension clearly reflecting the new closing date and time. For this reason, employees issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued

28.6 Dealing with bids and quotations if the closing date thereof has been extended

28.6.1 Where the closing date of a bid or quotation is extended, the notice which makes known such extensions shall also mention the bids or quotations already received, will be retained unopened in the bidding box and be duly considered after the expiry of the extended period, unless the bidder requests that such bid or quotation to be returned to the bidder or unless the bidder cancels it by submitting a later dated bid or quotation before the extended closing date.

28.7 Amendments after closing date

28.7.1 No amendments after the closing date allowed. The municipality is not entitled to amend any bid condition, validity period, specification or plan after the closing date of the bid and before the acceptance of a bid or quotation has been notified.

29 Opening of Bids where a Two Envelope System (consisting of a technical proposal and a financial proposal) is followed

29.1 If a two envelope system is followed, only the technical proposal will be opened at the bid opening.

29.2 The unopened envelope containing the financial proposal shall be stamped and endorsed with the opening official's signature, and be retained by him/her for safekeeping.

29.3 When required the financial offers/bids corresponding to responsive technical proposals, shall be opened by the opening official.

29.4 All bidders who submitted responsive technical proposals must be invited to attend the opening of the financial offers/bids.

29.5 Envelopes containing financial offers/bids corresponding to non-responsive technical proposals shall be returned unopened along with the notification of the decision of the Bid Adjudication Committee in this regard.

29.6 After being recorded in the bid opening record, the bids/technical proposals shall be handed over to the official responsible for the supervision of the processing thereof and that official shall acknowledge receipt thereof by signing the bid opening record.

30 Bid Sum

30.1 A bid will not necessarily be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words shall be read out at the bid opening.

30.2 All rates, with the exception of rates only bids and proprietary information are confidential and shall not be disclosed.

31 Committee system for competitive bids

31.1 The following committees should be in place –

31.2 bid specification committees;

31.3 a bid evaluation committee; and

31.4 a bid adjudication committee;

31.5 The accounting officer appoints the members of each committee, taking into account section 117 of the MFMA; and

31.6 The accounting officer must provide for an attendance or oversight process by a neutral or independent observer, appointed by the accounting officer, when this is appropriate for ensuring fairness and promoting transparency.

31.7 The committee system must be consistent with –

31.8 Paragraphs 34, 35,36, 37, 38 and 39 of this policy; and any other applicable legislation.

31.9 The accounting officer may apply the committee system to formal written price quotations.

32 Bid specification committees

32.1 The appropriate bid specification committee must, depending on the department involved, compile the specifications for each procurement of goods or services by the municipality.

32.2 Specifications –

32.2.1 must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

32.2.2 must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

- 32.2.3 where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- 32.2.4 may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- 32.2.5 may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
- 32.2.6 must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2011 and paragraph 9 of this policy; and
- 32.2.7 must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 21 of this policy.
- 32.2.8 Where specifications are based on standard documents available to bidders, a reference to those documents is sufficient
- 32.3 The bid specification committee appointed by the accounting officer or his delegated authority, taking into account section 117 of the MFMA, must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved as well as at least one Supply Chain Management practitioner of the municipality, and may, when appropriate, include external specialist advisors.
- 32.3.1 Where appropriate a representative of Internal Audit and/or Legal Services and/or other specialist advisors (internal or external) may form part of this committee.
- 32.4 No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- 32.4.1 Green procurement must be incorporated as far as reasonable possible, for all specifications of goods, services and construction works.
- 32.4.2 In the development of bid specifications, innovative mechanisms should be explored to render the service or product more resource and energy efficient.
- 32.4.3 Bid Specification Committee meetings must be conducted in accordance with the applicable Terms of Reference, Rules of Order and Implementation Guidelines Regulating the Conduct of Meetings of Bid Specification, Evaluation and Adjudication Committees

33 Bid evaluation committees

- 33.1 The bid Evaluation Committee appointed by the accounting officer or his delegated authority taking into account.
- 33.2 The Bid Evaluation Committee shall be comprised of at least three Municipality Officials, an appointed Chairperson (who may be the same person as the Chairperson of the Bid Specification Committee), a responsible official and at least one Supply Chain Management Practitioner of the Municipality.

- 33.3 The Municipality Manager, or his delegated authority, shall, taking into account section 117 of the MFMA, appoint the members of the Bid Evaluation Committees.
- 33.4 Bid Evaluation Committee meetings must be conducted in accordance with the applicable. Terms of Reference, Rules of Order and Implementation Guidelines Regulating the Conduct of Meetings of Bid Specification, Evaluation and Adjudication Committees.

34 **Bid Evaluation**

- 34.1 The Supply Chain Unit shall carry out a preliminary evaluation of all valid bids received and shall submit a draft bid evaluation report to the Bid Evaluation Committee for consideration. The bid evaluation committee shall not consider any bid for further evaluation:
- whose bid was endorsed as being invalid by the Municipality official presiding over the bid opening;
 - whose bid does not comply with the provisions for combating abuse of this policy;
 - who has failed to submit a certificate of independent bid determination, either with the bid, or within such time for submission stated in the Municipality's written request to do so.
 - whose bid does not comply with the general conditions applicable to bids and quotations of this Policy;
 - whose bid is not in compliance with the specification;
 - whose bid does not meet the minimum score for functionality, if applicable;
 - whose bid is not in compliance with the terms and conditions of the bid documentation;
 - who is not registered and verified on the Municipality's supplier database;
 - who, in the case of construction works acquisitions, does not comply with the requirements of the Construction Industry Development Board Act regarding registration of contractors;
 - who has failed to submit an original and valid tax clearance certificate from the South African Revenue Services (SARS) certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS, and who fails to comply with any applicable Bargaining Council agreements.
- 34.2 If all bids are non responsive due to non submission of bid documents the bid evaluation can recommend to the Accounting officer that the Supply Chain unit request outstanding bid documentation form all bidders.

35 **Bids shall be evaluated according to the following as applicable:**

- Firstly functionality i.e. the bidder's ability to execute the contract; then:
 - bid price, excluding VAT (corrected if applicable and brought to a comparative price where necessary),
 - the unit rates and prices,
 - any qualifications to the bid,
 - the bid ranking obtained in respect of preferential procurement as required by this Policy,
 - the financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable,
 - any other criteria specified in the bid documents.
- 35.1 No bidder may be recommended for an award unless the bidder has demonstrated that it has the necessary resources and skills required to fulfill its obligations in terms of the bid document.

- 35.2 The Bid Evaluation Committee shall check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears.
- 35.3 Additional information or clarification of bids may be called for if required but only in writing.
- 35.4 Alternative bids may be considered, provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted. The Municipality shall not be bound to consider alternative bids.
- 35.5 If a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report for decision by the Bid Adjudication Committee.
- 35.6 Adjudication points calculated in terms of the preference point system described in this policy must be rounded off to the nearest two decimal places.
- 35.7 The responsive bid that scores the highest number of adjudication points must be recommended for acceptance unless objective criteria, in addition to those specific goals contemplated in section 2 of the PPPFA, justify the acceptance of another bid
- 35.8 If, after bids have been brought to a comparative price, two or more score equal total adjudication points, the recommended bidder shall be the one scoring the highest number of preference points for B- BBEE.
- 35.9 When functionality is part of the evaluation process and two or more bids have scored equal points, including equal preference points for B-BBEE, the recommended bidder shall be the one scoring the highest score for functionality.
- 35.10 All disclosures of a conflict of interest shall be considered by the Bid Evaluation Committee and shall be reported to the Bid Adjudication Committee.

36 Recommendation to Bid Adjudication Committee

- 36.1 The Bid Evaluation Committee shall, having considered the Responsible Department's draft bid evaluation report, submit a report, including recommendations regarding the award of the bid or any other related matter, to the Bid Adjudication Committee for award.

37 Bid Adjudication

- 37.1 The Municipality shall not be obliged to accept any bid.
- 37.2 For goods and services bids, the Municipality shall have the right to accept the whole bid or part of a bid or any item or part of an item or accept more than one bid.

38 Bid Adjudication Committee

- 38.1 The Bid Adjudication Committee shall comprise at least four senior managers, and shall include:
- 38.1.1
- the Chief Financial Officer or, if the chief financial officer is not available, another senior finance official heading either of the budget or treasury offices, reporting directly to the chief financial officer and designated by the chief financial officer; and

- 38.1.2 • at least one senior supply chain management practitioner of the Municipality; and
 - 38.1.3 • a technical expert in the relevant field who is an official of the Municipality, if the Municipality has such an expert.
- 38.2 The Accounting Officer shall appoint the members and chairperson of the Bid Adjudication Committee. If the chairperson is absent from a meeting, the members of the committee who are present shall elect one of the committee members to preside at the meeting.
- 38.3 Neither a member of a Bid Evaluation Committee, nor an advisor or person assisting such committees, may be a member of a Bid Adjudication Committee.

39 Adjudication and Award

- 39.1 The Bid Adjudication Committee shall consider the report and recommendations of the Bid Evaluation Committee and make a recommendation to the Accounting Officer on how to proceed with the relevant procurement.

40 Negotiations with preferred bidders

- 40.1 The accounting officer may, subject to paragraph 4.5 of this policy, negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- 40.1.1 does not allow any preferred bidder a second or unfair opportunity;
 - 40.1.2 is not to the detriment of any other bidder; and
 - 40.1.3 does not lead to a higher price than the bid as submitted.
 - 40.1.4 Minutes of such negotiations must be kept for record purposes

41 Approval of Bid not Recommended

- 41.1 If a Bid Adjudication Committee decides to recommend a bid other than the one recommended by the Bid Evaluation Committee, the Bid Adjudication Committee must, prior to recommending the bid:
- 41.1.1 check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears;
 - 42.1.2 check in respect of the preferred bidder that it has the necessary resources and skills required to fulfill its obligations in terms of the bid document.
 - 42.1.3 notify the Accounting Officer.

42 The Accounting Officer may:

- 42.1 after due consideration of the reasons as pointed per clause 41.1. above, accept or reject the decision of the Bid Adjudication Committee referred to above.
- 42.1.2 If the decision of the Bid Adjudication Committee is rejected, refer the decision of the adjudication committee back to that committee for consideration.
- 42.2 If a bid other than the one recommended in the normal course of implementing this Policy is approved, then the Accounting Officer must, in writing and within ten working days, notify the Auditor-General, the Provincial and the National Treasury of the reasons for deviating from such recommendation.
- 43.3 The requirement of above does not apply if a different bid was approved in order to rectify an irregularity.

43 Reconsideration of Recommendations

- 43.1 The Accounting Officer may, at any stage of a bidding process, refer any recommendation made by the Bid Evaluation Committee or Bid Adjudication Committee back to that Committee for reconsideration of the recommendation.

44 Resolution of disputes, objections, complaints and queries

- 44.1 The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –
 - 44.1.1 To assist in the resolution of disputes between the municipality and other persons regarding –
 - any decisions or actions taken in the implementation of the supply chain management system; or
 - any matter arising from a contract awarded in the course of the supply chain management system.
- 44.2 The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively
- 44.3 The person appointed must –
 - 44.3.1 strive to resolve promptly all disputes, objections, complaints or queries received; and
 - 44.3.2 submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- 44.4 A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
 - 44.4.1 the dispute, objection, complaint or query is not resolved within 60 days; or
 - 44.4.2 no response is forthcoming within 60 days.
- 44.5 If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- 44.6 This paragraph must not be read as affecting a person's rights to approach a South African court of law at any time.

45 Procurement of banking services

- 45.1 Subject to section 33 of the Municipal Finance Management Act, any contract for the provision of banking services –
 - 45.1.1 must be procured through competitive bids;
 - 45.1.2 must be consistent with section 7 or 85 of the MFMA; and
 - 45.1.3 may not be for a period of more than 5 years at a time.
- 45.2 Bids shall be restricted to banks registered in terms of the Banks Act, 94 of 1990.
- 45.3 The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- 45.4 The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 21.1. Bids must be restricted to banks registered in terms of the Banks Act 94 of 1990.

46 Procurement of IT related goods or services

- 46.1 The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- 46.2 Both parties must enter into a written agreement to regulate the services rendered by, as well as the payments to be made to, SITA.
- 46.3 The accounting officer must notify SITA together with a motivation of the IT needs if –
 - 46.3.1 the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - 46.3.2 the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- 46.4 If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

47 Procurement of accommodation for seminars and conferences

- 47.1 The accounting officer may procure accommodation for council business on attendance of conferences/seminars/workshop/meetings outside the District in the following manner:

47.2 Where feasible, three quotations must be sought for accommodation within a reasonable radius from the seminar/meeting/workshop or conference venue. The ruling is in the spirit of not getting a venue that is too far from the conference venue as this can result in getting accommodation too far from the venue.

48 Procurement of goods and services under contracts secured by other organs of state

48.1 The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

48.1.1 the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

48.1.2 there is no reason to believe that such contract was not validly procured;

48.1.3 there are demonstrable discounts or benefits to do so; and

48.1.4 that other organ of state and the provider have consented to such procurement in writing.

49 Procurement of goods necessitating special safety arrangements

49.1 The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

49.2 Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

50 Public-Private Partnerships

50.1 Part 2 of chapter 11 of the MFMA applies to the procurement of public-private partnership agreements. Section 33 also applies if the agreement will have multi-year budgetary implications for the Municipality within the meaning of that section.

51 Publications in the Media

51.1 In respect of any contract relating to the publication of official and legal notices and advertisements in the media by or on behalf of the Municipality, there is no requirement for a competitive bidding process to be followed.

52 Community Based Vendors

- 52.1 The Head of Supply Chain Management may request quotations directly from Community Based Vendors in a specific area or from a specific community for the procurement of goods and services for amounts less than R30 000 (including construction works). Range of Procurement Processes
- 52.2 Goods and services, including construction works and consultant services shall be procured through the range of procurement processes set out below

53 Proudly SA Campaign

- 53.1 The Proudly SA Campaign is supported to the extent that, all things being equal, preference is given to procuring local goods and services from:
- 53.1.1 Firstly – suppliers and businesses within the municipality or district;
- 53.1.2 Secondly – suppliers and businesses within Mpumalanga;
- 53.1.3 Thirdly – suppliers and businesses within the Republic of South Africa.
- 53.1.4 The principles set out in sub-paragraph 54.1 must be reflected in the preferential procurement points.

54 Appointment of consultants

- 54.1 When evaluating bids for the rendering of consultancy services to the council, functionality shall be considered before price.
- 54.2 The accounting officer may procure consulting services provided that any Treasury guidelines and CIDB requirements in respect of consulting services are taken into account when such procurements are made.
- 54.3 Consultancy services must be procured through competitive bids if-
- 54.3.1 the value of the contract exceeds R200 000 (VAT included); or
- 54.3.2 the duration period of the contract exceeds one year.
- 54.4 In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of:
- 54.4.1 all consultancy services provided to an organ of state in the last five years; and
- 54.4.2 any similar consultancy services provided to an organ of state in the last five years.
- 54.5 The accounting officer must ensure that copyright in any document produced, as well as the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.
- 54.6 Appointment of panels of consultants be made for period of two years, subject to compliance with sec 33 of MFMA

54.7 The following criteria may be used to evaluate bids for the rendering of consultancy services to the council, the Accounting Officer may authorize a variation on the evaluation criteria when approving the bid documents:

Description of quality criteria and sub-criteria		Maximum number of bid evaluation points	
Specific project applicable expertise			20
*	Infrastructure of firm	10	
	Specific project experience by proposed team	10	
Approach and methodology (Work Plan)			20
	Understanding of the terms of Reference / Brief	5	
*	Approach and Work Plan	15	
Track Record (Average of previous three projects of Company where proposed Project Team Manager was involved)			30
*	Completion of assignment on time	8	
	Quality of work and accuracy reports submitted	6	
*	Response and attendance of meetings	6	
*	Communication with stakeholders	5	
	Application & adherence of conditions of contract	5	

55 Procurement of catering services

55.1 Catering cost be determined by the Accounting Officer annually and panel of caterers be appointed on an annual basis.

56 Procurement of Assets

56.1 Procurement of assets should be in compliance of relevant legislations and applicable internal policies as where applicable.

57 Deviation from, and ratification of minor breaches of, procurement processes

57.1 The accounting officer may –

57.1.1 dispense with the official procurement processes established by this policy and to procure any required goods or

services through any convenient process, which may include direct negotiations, but only –

- in an emergency;
- if such goods or services are produced or available from a single provider only;
- for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

57.1.2 ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

57.2 The accounting officer must record the reasons for any deviations in terms of sub-paragraphs 55.1.1 and 55.1.2 of this policy and report them to the next meeting of the council and include it as a note to the annual financial statements.

Paragraph 57.2 does not apply to the procurement of goods and services contemplated for water and electricity from DWA and ESKOM respectively.

58 Emergency Dispensation

58.1 The conditions warranting Emergency dispensation should include the existence of one or more of the following:

58.1.1 the possibility of human injury or death;

58.1.2 the prevalence of human suffering or deprivation of rights;

58.1.3 the possibility of damage to property, or suffering and death of livestock and animals;

58.1.4 the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole;

58.1.5 the possibility of serious damage occurring to the natural environment;

58.1.6 the possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service; and

58.1.7 the possibility that the security of the state could be compromised.

58.2 The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process. Emergency dispensation shall not be granted in respect of circumstances other than those contemplated above.

58.3 Where possible, in an emergency situation, three quotes in accordance with general acquisition management principles should be obtained and a report submitted, via the Bid Adjudication Committee, to the Municipality Manager for approval. However, where time is of the essence, the emergency shall be immediately addressed, and the process formalised in a report to the Municipality Manager as soon as possible thereafter.

59 Unsolicited bids

59.1 In accordance with section 113 of the MFMA there is no obligation to consider unsolicited bids received outside a normal bidding process.

59.2 The accounting officer may decide in terms of section 113(2) of the MFMA to consider an unsolicited bid, only if:–

59.2.1 the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

- 59.2.2 the product or service will be exceptionally beneficial to, or have exceptional cost advantages for the municipality and the community;
- 59.2.3 the person who made the bid is the sole provider of the product or service; and
- 59.2.4 the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- 59.3 If the accounting officer decides to consider an unsolicited bid that complies with sub-paragraph 57.2, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with
 - 59.3.1 reasons as to why the bid should not be open to other competitors;
 - 59.3.2 an explanation of the potential benefits if the unsolicited bid were accepted; and
 - 59.3.3 an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- 59.4 All written comments received pursuant to sub-paragraph 57.3, including any responses from the unsolicited bidder, must be submitted to the National Treasury and the relevant provincial treasury for comment.
- 59.5 The bid adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- 59.6 A meeting of the bid adjudication committee to consider an unsolicited bid must be open to the public.
- 59.7 When considering the matter, the bid adjudication committee must take into account –
 - 59.7.1 any comments submitted by the public; and
 - 59.7.2 any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- 59.8 If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor-General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following such recommendations.
- 59.9 Such submission must be made within 7 days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

60 Combating of abuse of supply chain management system

- The following measures are established to combat the abuse of the supply chain management system:
 - 60.1 The accounting officer must–
 - 60.1.1 take all reasonable steps to prevent abuse of the supply chain management system;

- 60.1.2 investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this supply chain management policy and, when justified –
- take appropriate steps against such official or other role player; or
 - report any alleged criminal conduct to the South African Police Service;
- 60.1.3 check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- 60.1.4 reject any bid from a bidder –
- if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that its performance was unsatisfactory;
- 60.1.5 reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- 60.1.6 cancel a contract awarded to a person if –
- the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - an official or other role-player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- 60.1.7 reject the bid of any bidder if that bidder or any of its directors –
- has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - has been convicted for fraud or corruption during the past five years;
 - has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - has been listed in the Register for Tender Defaulters in terms section 29 of the Prevention and Combating of Corrupt Activities Act 12 of 2004.
- 60.1.8 reject the bid of any bidder tendering as part of a joint-venture, whose bid otherwise be rejected individually or otherwise.
- 60.2 The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of sub-paragraphs 58.1.7 of this policy.

Part 3: Logistics, Disposal, and Performance Management

61 Logistics management

- 61.1 The accounting officer must implement an effective system of logistics management which must include the following:
- 61.1.1 monitoring of spending patterns on types or classes of goods and services which should, where practical, incorporate the coding of items to ensure that each item has a unique number for the purposes of monitoring;
 - 61.1.2 setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - 61.1.3 placing of manual or electronic orders for all acquisitions other than petty cash;
 - 61.1.4 before payment is approved, certification from the responsible officer that the goods and services have been received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted or in terms of a contract;
 - 61.1.5 appropriate standards of internal control and warehouse management to ensure goods placed in stores are secure and only used for the purpose for which they were purchased;
 - 61.1.6 regular checking to ensure that all assets, including official vehicles, are properly managed, appropriately maintained and only used for official purposes; and
 - 61.1.7 monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for a particular good or service.

62 Transport Management

- 62.1 The Municipality's fleet management policy must be adhered to at all times.

63 Vendor Performance

- 63.1 The accounting system will enable system-based evaluation, based on the vendors' performance with regard to certain pre-determined criteria.
- 63.2 This information will be available for future evaluation purposes, contract negotiations and regular feedback to the vendors.

64 Contract Administration

62.1 Contract administration includes all administrative duties associated with a contract that has arisen through one of the acquisition/procurement processes described in this policy.

62.2 All contracts must be administered by a contract manager, who will be an internal official assigned to ensure the effective administration of the contract. The contract manager will typically be the internal project manager assigned to the project as a whole, but may also be a cost centre owner or other responsible official.

62.3 A contract manager must be assigned to each contract and, where possible, should be involved from the earliest stages of the acquisition process.

62.4 The contract manager's duties and powers shall be governed by the conditions of contract and the general law.

62.5 In administering a contract, the contract manager will be required to form opinions and make decisions which, while in the Municipality's best interests, must be fair to all parties concerned.

Departmental Heads (Directors) shall be responsible for ensuring that contract managers:

- 62.6 - are assigned to all contracts within the Department Head's area of responsibility;
- 62.6.1 - are adequately trained so that they can exercise the necessary level of responsibility in the performance of
- 62.6.2 their duties.

The contract manager shall:

62.6.3 ensure that all the necessary formalities in signing up the contract and/or issuing the purchase order(s) are

62.6.4 adhered to;

62.6.5 ensure that contracts related to the procurement of goods and services are captured on the Municipality's accounting system in the form of a price schedule;

62.6.6 ensure that all original contract documentation is lodged with the Supply Chain Management Department for record purposes;

62.6.7 monitor the performance of the contractor in order to ensure that all of the terms and conditions of the contract are met;

62.6.8 where necessary, take appropriate action where a contractor is underperforming or is in default or breach of the contract;

62.6.9 where appropriate, authorise payments due in terms of the contract by processing payment certificates (if applicable), and ensuring that the necessary Service Entry Sheets or Goods Received Notes are captured on the Municipality's accounting system;

- 62.6.10 manage contract variation or change procedures;
- 62.6.11 administer disputes where necessary, in terms of this policy and the applicable Conditions of Contract;
- 62.6.12 conduct, as appropriate, post contract reviews;
- 62.6.13 maintain adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;
- 62.6.14 act with care and diligence and observe all accounting and legal requirements.

65

Disposal management

The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to section 14 of the MFMA, are as follows:

- 63.1.1 Movable assets:
 - 63.1.1.1 the asset is uneconomical to repair;
 - 63.1.1.2 the asset is irreparable;
 - 63.1.1.3 the relevant department has no further use for the asset; and
 - 63.1.1.4 no other department requires the asset.
- 63.1.2 Immovable assets:
 - 63.1.2.1 the relevant department has no further use for the asset;
 - 63.1.2.2 no other department requires the asset;
 - 63.1.2.3a member of the public wishing to acquire the asset can utilize the asset to the advantage of the community; or
 - 63.1.2.4 where the assets were specifically created for the sale or rental thereof to the public.
- 63.2 The disposal of assets must—
be by one of the following methods:
 - 63.2.1 transferring the asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;
 - 63.2.2 transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - 63.2.3 selling the asset; or
 - 63.2.4 destroying the asset;
 - 63.2.5 trading in the asset.

provided that –

- 63.2.6 immovable property may be sold only at market-related prices except when the public interest or the plight of the poor demands otherwise;
- 63.2.7 movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market-related prices, whichever is the most advantageous;
- 63.2.8 in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
- 63.2.9 in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic

63.3 When letting or disposing of an asset it must be ensured that –

- 63.3.1 *immovable* property is let at market-related rates except when the public interest or the plight of the poor demands otherwise;
- 63.3.2 all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and
- 63.3.3 where assets are traded in for other assets, the highest possible trade-in price is negotiated.

66 Transfer or Permanent Disposal of Assets and the Granting of Right

- 64.1 Non-exempted capital assets shall be transferred or permanently disposed of strictly in accordance with Chapter 2 of the Municipal Asset Transfer Regulations.
- 64.2 Exempted capital assets shall be transferred strictly in accordance with Chapter 3 of the Municipal Asset Transfer Regulations.
- 64.3 The granting of rights (where sections 14 and 90 of the MFMA do not apply) by the Municipality, shall be executed strictly in accordance with Chapter 4 of the Municipal Asset Transfer Regulations.

67 Performance management

- 65.1 The accounting officer must ensure that an effective internal monitoring system is implemented in order to determine, on the basis of retrospective analysis, whether the authorised supply chain management processes were followed and whether the measurable performance objectives linked to and approved with the budget and the service delivery and budget implementation plan, were achieved.
- 65.2 Performance management shall accordingly be characterised by a monitoring process and retrospective analysis to determine whether:
 - value for money has been attained;
 - proper processes have been followed;
 - desired objectives have been achieved;
 - there is an opportunity to improve the process;
 - suppliers have been assessed and what that assessment is; and
 - there has been deviation from procedures and, if so, what the reasons for that deviation are.
- 65.3 The performance management system shall accordingly focus on, amongst others:

- achievement of goals;
- compliance to norms and standards;
- savings generated;
- cost variances per item;
- non-compliance with contractual conditions and requirements; and
- the cost efficiency of the procurement process itself.

Part 4: Other matters

68 Prohibition on awards to persons whose tax matters are not in order

- 66.1 The accounting officer must ensure that, irrespective of the procurement process followed, no award is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- 66.2 Before making an award to a provider or bidder, a tax clearance certificate from South African Revenue Service must first be provided as contemplated in paragraph 12.1.1.

69 Prohibition on awards to persons in the service of the state

The accounting officer must ensure that irrespective of the procurement process followed, no award may be given to a person –

- 67.1 who is in the service of the state; or
- 67.2 if that person is not a natural person, of which any director, manager, majority shareholder or majority stakeholder is a person in the service of the state; or
- 67.3 who is an advisor or consultant contracted with the municipality in respect of a contract that would cause a conflict of interest.

70 Awards to close family members of persons in the service of the state

- 68.1 The notes to the annual financial statements must disclose particulars of any award of more than R2 000 to a person who is a spouse, life partner, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- 68.1.1 the name of that person;
- 68.1.2 the capacity in which that person is in the service of the state; and
- 68.1.3 the amount of the award.

71 Ethical standards

- 71.1 A code of ethical standards is in place, for officials and other role players in the supply chain management system in order to promote –
- 71.1.1 mutual trust and respect; and
- 71.1.2 an environment where business can be conducted with integrity and in a fair and reasonable manner.
- 71.2 An official or other role player involved in the implementation of the supply chain management policy –
- 71.2.1 must treat all providers and potential providers equitably;
- 71.2.2 may not use his/her position for private gain or to improperly benefit another person;
- 71.2.3 may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- 71.2.4 notwithstanding sub-paragraph 71.2.3, must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- 71.2.5 must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by the municipality;
- 71.2.6 must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- 71.2.7 must be scrupulous in his/her use of property belonging to the municipality;
- 71.2.8 must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- 71.2.9 must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
- any alleged fraud, corruption, favoritism or unfair conduct;
 - any alleged contravention of paragraph 71.1 of this policy; or
 - any alleged breach of this code of ethical standards.
- 71.3 Declarations in terms of paragraphs 71 must be declared to the accounting officer
- 71.3.1 must be recorded in a register which the accounting officer must keep for this purpose;

- 69.3.2 by the accounting officer must be made to the executive mayor who must ensure that such declarations are recorded in the register.
- 69.4 The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management. A copy of the National Treasury code of conduct is available on the website www.treasury.gov.za/mfma located under "legislation".
- 69.5 A breach of the code of conduct adopted by the municipality must be dealt with in accordance with Schedule 2 of the Local Government: Municipal Systems Act 32 of 2000.

72 Inducements, rewards, gifts and favours to municipalities, officials and other role players

- 70.1 No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- 70.1.1 any inducement or reward to the municipality for or in connection with the award of a contract; or
- 70.1.2 any reward, gift, favour or hospitality to –
- any official; or
 - any other role player involved in the implementation of the supply chain management policy.
- 70.2 The accounting officer must promptly report any alleged contravention of sub-paragraph 70.1.2 to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- 70.3 Sub-paragraph 72.1 does not apply to gifts less than R350 in value.

73 Sponsorships

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- 71.1 a provider or prospective provider of goods or services; or
- 71.2 a recipient or prospective recipient of goods disposed or to be disposed.

74 Objections and complaints

- 72.1 Persons aggrieved by decisions or actions taken in the implementation of the supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action, at the office of the accounting officer.

75 Resolution of disputes, objections, complaints and queries

73.1 The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

73.1.1 To assist in the resolution of disputes between the municipality and other persons regarding –

- any decisions or actions taken in the implementation of the supply chain management system; or
- any matter arising from a contract awarded in the course of the supply chain management system.

73.1.2 to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

73.2 The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

73.3 The person appointed must –

73.3.1 strive to resolve promptly all disputes, objections, complaints or queries received; and

73.3.2 submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

73.4 A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –

73.4.1 the dispute, objection, complaint or query is not resolved within 60 days; or

73.4.2 no response is forthcoming within 60 days.

73.5 If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

73.6 This paragraph must not be read as affecting a person's rights to approach a South African court of law at any time.

76 Contracts providing for compensation based on turnover

If a service provider acts on behalf of the municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –

74.1 a cap on the compensation payable to the service provider; and

74.2 that such compensation must be performance-based.

77 Payment of sub-contractors or joint venture partners

The chief financial officer or an official designated by the chief financial officer may consent to the direct payment of sub-contractors or joint venture partners by way of:

- 75.1 an approved cession; or
- 75.2 an agreement for direct payment.

78 Extending or varying a contract

76.1 Subject to sub-paragraph 76.2, the municipality on its own initiative or upon receipt of an application from the person, body, organisation or corporation supplying goods or services to the municipality in terms of this policy, may resolve to extend or vary a contract if:-

- 76.1.1 the circumstances as contemplated in paragraph 57.1.1 prevail; or
- 76.1.2 with due regard to administrative efficiency and effectiveness, the accounting officer deems it appropriate.

76.2 The municipality may not extend or vary a contract:-

- 76.2.1 more than once;
- 76.2.2 for a period exceeding the duration of the original agreement; or
- 76.2.3 for an amount exceeding **20 percent** of the original bid value for construction related goods, services and or infrastructure project and **15 percent** for all other goods and or services

76.3 Within 1 month of the decision referred to in sub-paragraph 78.1, the matters specified in sub-paragraph 78.4 must be:-

76.3.1 published by the municipality at least in an appropriate newspaper circulating within the boundaries of the municipality; and

76.3.2 displayed on the notice board of the municipality.

76.4 The matters to be published or displayed are:-

- 76.4.1 the reasons for dispensing with the prescribed procedure;
- 76.4.2 a summary of the requirements of the goods or services; and
- 76.4.3 the details of the person, body, organisation or corporation supplying the goods or services.

ASSET MANAGEMENT POLICY



NKANGALA DISTRICT MUNICIPALITY

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PART 1: TERMINOLOGY AND DEFINITIONS

“agricultural assets” biological assets when related to agricultural activity for example, the management of biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

“assets” are resources controlled by an entity as the result of past events and from which future economic benefits or potential service provision are expected to flow to the entity.

“asset categories” are the main and sub groups used for the classification of assets.

“attractive items” are items of property, plant and equipment which are not significant enough for financial recognition in the fixed asset register, but are attractive enough to warrant special safeguarding. Such items are controlled through departmental attractive item (inventory) registers.

“asset manager” is the senior manager who has the functional accountability for and control of the physical management of a particular set of assets in order to achieve the municipality’s strategic objectives relevant to his/her department/unit. The execution of this responsibility will require the asset manager to control the acquisition, utilization, management and disposal of this set of assets to optimize the achievement of these objectives.

“biological assets” living animals or plants.

“capitalization” is the recognition of expenditure as an asset(s) in the financial asset register.

“carrying amount” is the amount at which an asset is included in the statement of financial position after deducting any accumulated depreciation thereon.

“cost” is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction plus costs incidental to the acquisition or acquirement. Also known as historical cost/value.

“cost of acquisition” is all the costs incurred in bringing an item of plant, property and equipment to the required condition and location for its intended use.

“deferred maintenance” is the extent of preventative maintenance that has not been performed.

“duly delegated representative” means a delegate who are assigned responsibility for performing certain functions or duties, although the person who delegates responsibility will remain accountable for ensuring that such activities are performed.

“depreciation” is the systematic allocation of the depreciable amount of an asset over its useful life, and therefore reflects the consumption of economic benefits or service potential of the asset.

“depreciable amount” is the cost of an asset, or other amount of an asset, or other amount substituted for cost in the financial statements, less its residual value.

“disposal” is the act of derecognizing an asset that has reached the end of its useful life and no future economic benefits or service potential is further expected from its use.

“donated” an item donated to the municipality at no cost or for a nominal cost or acquired by means of an exchange of assets.

“fair value” is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction.

“GRAP” standards of Generally Recognized Accounting Practice

“heritage assets” assets held indefinitely for the benefit of present and future generations and have a cultural, environmental, historical, natural, scientific, technological and artistic significance.

“impairment” is when the recoverable amount of an asset is less than the carrying value of such an asset.

“intangible assets” are identifiable non-monetary assets without physical substance. (Identifiable means that the asset can be separated or divided from the entity and sold, transferred, rented or exchanged).

“investment property” is property (land/building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both rather than for use in production or supply of goods or services or for administrative purposes or sale in the ordinary course of operations.

“maintenance” is considered operating expenses incurred in ensuring that the useful operating life of assets is attained.

“property, plant and equipment” are tangible assets that are held by a municipality for use in the production of goods or supply of goods or services, for rental to others, for administrative purposes; and are expected to be used during more than one (1) period.

“recoverable amount” is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

“recognition” is the process by which expenditure is included in the financial asset register as an asset(s).

“replacement value” is the amount which is needed in current terms to replace an asset.

“**residual value**” is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs for disposal.

“**senior manager**” is a manager referred to in section 56 of the Municipal Systems Act being someone reporting directly to the Municipal Manager.

“**useful life**” is either:

a) the estimated period of time over which the future economic benefits or future service potential embodied in an asset is expected to be consumed by the municipality; or

b) the estimated total service potential expressed in terms of production or similar units that are expected to be obtained from the asset by the municipality.

Valuation Principle, i.e. the need to attach a value to the transfer or

disposal of a Municipal Capital Asset, in order to ensure that the interests of the Municipality are not prejudiced by the transfer or *disposal*;

Continuity of Service Principle, i.e. the need to ensure the uninterrupted continuance of a Municipal Service when a Municipal Capital Asset that is being used in the delivery of that Service, is transferred or disposed of, particularly when the Asset is used in the provision of the minimum level of *basic municipal services*;

Risk Transfer Principle, i.e. the need to transfer the risk relating to a Municipal Capital Asset in conjunction with the transfer of the Asset; and

Asset Preservation Principle, i.e. the need to prevent the

indiscriminate or unsustainable transfer or *disposal* of a Municipal Capital Asset in order not to undermine the ability of the Municipality to render or expand Municipal Services in the longer term.

PART 2: INTRODUCTION

2.1 A fixed asset is defined in GRAP 17 as a tangible item of property, plant or equipment held by a municipality for use in the productions or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year).

2.2 A fixed asset is thus an asset, either movable or immovable, under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.

2.3 To be recognised as a fixed asset, an asset must also meet the criteria referred to in parts 13, 14 and 15 below.

2.4 A finance lease is a lease agreement which in effect transfers all risks and rewards associated with ownership of an asset from the lessor to the lessee. An asset held under a finance lease, shall be recognised as a fixed asset, as the municipality has control over such an asset even though it does not own the asset.

PART 3: ROLE OF ACCOUNTING OFFICER

3.1 As accounting officer of the municipality or his/her duly delegated representative shall be the principal custodian of all the municipality's fixed assets, and shall be responsible for ensuring that the fixed asset management policy is scrupulously applied and adhered to.

PART 4: ROLE OF CHIEF FINANCIAL OFFICER

4.1 The chief financial officer or his/her duly delegated representative shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained.

4.2 No amendments, deletions or additions to the fixed asset register shall be made other than by the chief financial officer or by an official acting under the written instruction of the chief financial officer.

PART 5: FORMAT OF FIXED ASSET REGISTER

5.1 The fixed asset register shall be maintained in the format determined by the chief financial officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and any other accounting requirements which may be prescribed.

5.2 The fixed asset register shall reflect the following information:

- a) a brief but meaningful description of each asset
- b) the date on which the asset was acquired or brought into use
- c) the location of the asset
- d) the department(s) or vote(s) within which the assets will be used
- e) the title deed number, in the case of fixed property
- f) the stand number, in the case of fixed property
- g) where applicable, the identification number, as determined in compliance with part 11 below
- h) the original cost, or the revalued amount determined in compliance with part 26 below, or the fair value if no costs are available
- i) the (last) revaluation date of the fixed assets subject to revaluation
- j) the revalued value of such fixed assets
- k) who did the (last) revaluation
- l) accumulated depreciation to date
- m) the depreciation charge for the current financial year

- n) the carrying value of the asset
- o) the method and rate of depreciation
- p) impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- q) the source of financing
- r) the current insurance arrangements
- s) whether the asset is required to perform basic municipal services
- t) whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements
- u) the date on which the asset is disposed of
- v) the disposal price
- w) the date on which the asset is retired from use, if not disposed of.

5.3 All heads of department or duly delegated representatives under whose control any fixed asset falls shall promptly provide the chief financial officer in writing with any information required to compile the fixed asset register, and shall promptly advise the chief financial officer in writing of any material change which may occur in respect of such information.

5.4 A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it or a significant component thereof, as may be applicable, is available for use, where after it shall be appropriately capitalised as a fixed asset, and commence with depreciation at the applicable rate as per the accounting policy.

5.5 A fixed asset shall remain in the fixed assets register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

PART 6: CLASSIFICATION OF FIXED ASSETS

6.1 In compliance with the requirements of the National Treasury, the chief financial officer shall ensure that all fixed assets are classified in terms of the mSCOA regulation framework under the following headings in the fixed assets register, and heads of departments shall in writing provide the chief financial officer with such information or assistance as is required to compile a proper classification:

6.1.1 PROPERTY, PLANT AND EQUIPMENT

- a) land (not held as investment assets)
- b) infrastructure assets (assets which are part of a network of similar assets)
- c) community assets (resources contributing to the general well-being of the community)
- d) other assets (ordinary operational resources)

6.1.2 HERITAGE ASSETS

heritage assets (culturally significant resources)

6.1.3 INVENTORY

housing (rental stock or housing stock not held for capital gain)

6.1.4 INVESTMENT PROPERTY

investment property (resources held for capital or operational gain)

3.1 The chief financial officer shall adhere to the classifications indicated in the annexure on estimate useful lives of fixed assets (see part 34 below), and in the case of a fixed asset not appearing in the annexure shall use the classification applicable to the asset most closely comparable to the asset in question.

PART 7: INVESTMENT PROPERTY

- 7.1 Investment property shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the municipality's statement of financial position.
- 7.2 Investment property shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.
- 7.3 Investment property shall be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.
- 7.4 Investment property shall not be depreciated, but shall be annually valued on balance sheet date to determine their fair (market) value. Investment property shall be recorded in the Statement of Financial Position at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.
- 7.5 An expert valuer shall be engaged by the municipality to undertake such valuations.
- 7.6 If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as work-in-progress/ordinary fixed asset component, until it is ready for its intended use – whereafter it shall be reclassified as an investment property.

PART 8: FIXED ASSETS TREATED AS INVENTORY

- 8.1 Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's Statement of Financial Position.
- 8.2 Major spares that constitute an entire or significant portion of a component type, or a specific component, defined in the immovable PPE asset hierarchy are considered capital spare parts and are recognised as an item of PPE as they are expected to be

used for more than one period or they can only be used in connection with an item of PPE.

8.3 Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

PART 9: RECOGNITION OF HERITAGE ASSETS IN THE FIXED ASSETS REGISTER

9.1 Heritage assets are assets of cultural, environmental, historical, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations, such as monuments, nature reserves, and works of art.

9.2 If no original costs or fair values are available in the case of one or more or all heritage assets, the chief financial officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned. Heritage assets are not depreciated.

PART 10: RECOGNITION OF DONATED ASSETS

10.1 Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined and/or approved by the chief financial officer.

PART 11: SAFEKEEPING OF ASSETS

11.1 Every head of department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.

11.2 In exercising this responsibility, every head of department shall adhere to any written directives issued by the municipal manager to the department in question, or generally to all departments, in regard to the control of or safekeeping of the municipality's fixed assets.

PART 12: IDENTIFICATION OF FIXED ASSETS

12.1 The municipal manager shall ensure that the municipality maintains a fixed asset identification system which shall be operated in conjunction with its computerised fixed asset register.

12.2 The identification system shall be determined by the municipal manager, acting in consultation with the chief financial officer and other heads of departments, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor-General as indicated in the municipality's audit report(s), and shall be decided upon within the context of the municipality's budgetary and human resources.

12.3 Every head of department shall ensure that the asset identification system approved for the municipality is scrupulously applied in respect of all fixed assets controlled or used by the department in question.

PART 13: CAPITALISATION CRITERIA: INTANGIBLE ITEMS

13.1 No intangible item shall be recognised as a fixed asset, except that the chief financial officer, acting in strict compliance with the criteria set out in GRAP 102 (dealing with research and development expenses) may recommend to the council that specific development costs be recognised as fixed assets.

PART 14: CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES

- 14.1 An item of property plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.
- 14.2 Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition, determined by the Chief Financial officer, in consultation with the head of department concerned.
- 14.3 The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- 14.4 Directly attributable costs include the following:
- a) Cost of site preparation.
 - b) Initial delivery and handling costs.
 - c) Installation cost.
 - d) Professional fees.
 - e) Estimate cost of dismantling the asset and restoring the site to the extent that it is recognised as a provision.
- 14.5 Expenses which are thus reasonably ancillary to the bringing into operation of a fixed asset may be capitalised as part of such fixed asset. Such other expenses may include but need not be limited to import duties, forward cover costs, transportation costs, etc.
- 14.6 Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.
- 14.7 Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

PART 15: MAINTENANCE PLANS

- 15.1 Every head of department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the council of the municipality for approval.
- 15.2 If so directed by the municipal manager, the maintenance plan shall be submitted to the council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.
- 15.3 The head of department controlling or using the infrastructure asset in question, shall annually report to the council, not later than end of June, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the asset concerned.

PART 16: DEFERRED MAINTENANCE

- 16.1 If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset (see part 16 above), the chief financial officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements. Such note shall also indicate any plans which the council of the municipality has approved in order to redress such deferral of the maintenance requirements concerned.
- 16.2 If no such plans have been formulated or are likely to be implemented, the chief financial officer shall redetermine the useful operating life of the fixed asset in question, in consultation with the head of department controlling or using such asset, and shall recalculate the annual depreciation expenses accordingly.

PART 17: GENERAL MAINTENANCE OF FIXED ASSETS

17.1 Every head of department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 16 and part 17 above) are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

PART 18: DEPRECIATION OF FIXED ASSETS

18.1 All fixed assets, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

18.2 Depreciation may be defined as the monetary quantification of the extent to which a fixed asset is used or consumed in the provision of economic benefits or the delivery of services.

18.3 Depreciation is calculated using the capitalised amount of the asset, on a straight line basis, over the estimated useful life of the asset. Depreciation shall generally take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed.

18.4 However, depreciation shall be calculated in accordance with the electronic asset management system in use, provided that it is not in contradiction with the applicable set of accounting standards.

18.5 Each head of department, acting in consultation with the chief financial officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

18.6 The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other fixed assets.

PART 19: RATE OF DEPRECIATION

19.1 Only the chief financial officer, shall assign a useful operating life to each depreciable asset, recorded on the municipality's fixed asset register. In determining such a useful life the chief financial officer shall adhere to the useful lives set out in the annexure to this document (see part 34 below).

19.2 In the case of a fixed asset which is not listed in this annexure, the chief financial officer shall determine a useful operating life, if necessary in consultation with the head of department who shall control or use the fixed asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

PART 20: METHOD OF DEPRECIATION

20.1 Except in those cases specifically identified in part 23 below, the chief financial officer shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

PART 21: AMENDMENTS OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS

21.1 The useful lives of assets shall be determined on an annual basis by each departmental head responsible for assets. It will be required that such assessment be done in writing to the CFO, to serve as motivation for the change required.

21.2 Only the chief financial officer, following the indications by the respective departmental heads controlling such assets, may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs, the chief financial officer shall inform the Council of the municipality of such amendment.

21.3 The chief financial officer shall amend the useful operating life assigned to any fixed asset, in consultation with the respective departmental head, if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has

occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

21.4 If the value of a fixed asset has been diminished to such an extent that it has no or a negligible further useful operating life or value such fixed asset shall be fully depreciated in the financial year in which such diminution in value occurs.

21.5 Similarly, if a fixed asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the fixed asset has physically ceased to exist, it shall be written off the fixed asset register, at the date on which such event occurred.

21.6 In the all the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question.

21.7 If any of the foregoing events arises in the case of a normally non-depreciable fixed asset, and such fixed asset has been capitalised at a value other than a purely nominal value, such fixed asset shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable asset, and the department or vote controlling or using the fixed asset in question shall bear the full depreciation expenses concerned.

PART 22: ALTERNATIVE METHODS OF DEPRECIATION IN SPECIFIC INSTANCES

22.1 The chief financial officer may employ the sum-of-units method of depreciation in the case of fixed assets which are physically wasted in providing economic benefits or delivering services.

22.2 The chief financial officer shall only employ this method of depreciation if the head of department controlling or using the fixed asset in question gives a written undertaking to the municipal manager to provide:

- a) estimates of statistical information required by the chief financial officer to prepare estimates of depreciation expenses for each financial year; and
- b) actual statistical information, for each financial year.

22.3 The head of department concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the chief financial officer.

22.4 Where the chief financial officer decides to employ the sum-of-units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the chief financial officer shall inform the council of the municipality of the decision in question.

PART 23: CARRYING VALUES OF FIXED ASSETS

23.1 All fixed assets shall be indicated in the fixed asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation and impairment.

23.2 The only exceptions to this rule shall be revalued assets (see part 26 below) and heritage assets in respect of which no value is recorded in the fixed asset register (see part 8 above).

PART 24: VERIFICATION OF FIXED ASSETS

24.1 The head of department in conjunction with the CFO, shall during every financial year undertake a comprehensive verification of all fixed assets controlled or used by the department concerned. Such verification exercises shall be undertaken at 31 July and 31 January of each financial year.

24.2 Every head of department shall promptly and fully report in writing to the chief financial officer in the format determined by the chief financial officer, all relevant results of such fixed asset verification, provided that each such asset verification shall be undertaken and completed as closely as possible to the end of each financial year, and that the resultant final and updated report shall be submitted to the chief financial officer not later than 30 June of the year in question.

PART 25: ALIENATION/DISPOSAL OF FIXED ASSETS

- 25.1 In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy.
- 25.2 Every head of department shall report in writing to the chief financial officer on 31 July and 31 January of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender. Such indications shall be accompanied by relevant motivations for each asset concerned. The chief financial officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.
- 25.3 The municipal manager shall approve the alienation of any fixed asset within a prescribed limit, which is not an asset required to provide a minimum level of basic municipal services, as per the applicable powers of delegation.
- 25.4 The municipal manager will submit to Council the alienation of any fixed asset with a carrying value above the prescribed limit, in compliance with Section 14 of the Municipal Finance Management Act, 2004 (see part 34 below), for a resolution on the approval of the disposal of the asset and the method to be used.
- 25.5 Once the fixed assets are alienated, the chief financial officer shall delete the relevant records from the fixed asset register.
- 25.6 If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the-statement of financial performance of the department or vote concerned. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the statement of financial performance of the department or vote concerned.
- 25.7 All gains realised on the alienation of fixed assets shall be appropriated annually to the municipality's asset financing reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the income

statement of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

25.8 Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the Asset Transfer Regulations.

PART 26: OTHER WRITE-OFFS OF FIXED ASSETS

26.1 A fixed asset even though fully depreciated shall be written off only on the recommendation of the head of department controlling or using the asset concerned, stating a full motivation, and with the approval as per the powers of delegation.

26.2 Every head of department shall report to the chief financial officer on 31 July and 31 January of each financial year on any fixed assets which such head of department wishes to have written off, stating in full the reason for such recommendation. The chief financial officer shall consolidate all such reports, and shall promptly submit a recommendation to the council of the municipality on the fixed assets to be written off.

26.3 The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft and destruction or material impairment of the fixed asset in question, which will render that the asset cannot be used for its intended purpose (redundant/obsolete).

26.4 In every instance where a not fully depreciated fixed asset is written off, the chief financial officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned (see also part 22).

PART 27: REPLACEMENT NORMS

27.1 The replacement of vehicles is set out in the official Fleet Management Policy of the municipality. All other moveable assets will be replaced subject to the asset becoming redundant/obsolete, provided that permission to write it off had been obtained by Council and furthermore subject thereto that provision had been made in the Capital Budget of the approved Annual Budget for the replacement of such asset.

PART 28: INSURANCE OF FIXED ASSETS

28.1 The municipal manager shall ensure that all movable fixed assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

28.2 The municipal manager shall after consulting with the chief financial officer, determine the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

PART 29 BIOLOGICAL ASSETS

29.1 Accounting for biological assets shall take place in accordance with the requirements of GRAP 101.

29.2 The chief financial officer, in consultation with the head(s) of department concerned, shall ensure that all biological assets, such as livestock and crops, are valued at 30 June each year at fair value less estimated point-of-sales costs. Such valuation shall be undertaken by a recognised value in the line of the biological assets concerned. Any losses on such valuation shall be debited to the department or vote concerned as an operating expense, and any increase in the valuation shall be credited to the department or vote concerned as an operating revenue.

- 29.3 If any biological asset is lost, stolen or destroyed, the matter – if material – shall be reported in writing by the head of department concerned in exactly the same manner as though the asset were an ordinary fixed asset.
- 29.4 Records of the details of biological assets shall be kept in a separate section of the fixed assets register or in a separate accounting record altogether, and such details shall reflect the information which the chief financial officer, in consultation with the head of department concerned and the internal auditor, deems necessary for accounting and control purposes.
- 29.5 The chief financial officer shall annually insure the municipality's biological assets, in consultation with the head(s) of department concerned, provided the council of the municipality considers such insurance desirable and affordable.

PART 30: RESIDUAL VALUES

- 30.1 The residual value is the estimated amount that the municipality would currently obtain from disposal of the asset after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.
- 30.2 The residual values of assets are indicated in section 34 in the form of a percentage.

PART 31: IMPAIRMENT

- 31.1 Impairment is defined as the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.
- 31.2 Indications of impairment
- 31.2.1 The municipality must review assets for impairment when one of the indicators below occurs or at least at the end of each reporting period. In assessing whether

there is any indication that an asset may be impaired, an entity shall consider as a minimum the following indicators:

31.3.3 *External sources of information:*

- a) decline or cessation in demand;
- b) significant long-term changes in the technological, legal or government policy environment;
- c) the carrying amount of the net assets of the entity is more than its market capitalisation; or
- d) market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- e) a halt in construction could indicate an impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.

31.4 *Internal sources of information:*

- a) evidence of physical damage;
- b) evidence of obsolescence;
- c) significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or a manner in which, an asset is used or is expected to be used, including an asset becoming idle, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- d) cash flow for acquiring an asset or maintenance cost thereafter is higher than originally budgeted;
- e) the actual net cash flow or operating profit or loss flowing from an asset are significantly worse than those budgeted;
- f) a significant decline in budgeted net cash flow or operating profit, or a significant increase in the budget loss, flowing from the asset; or
- g) operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

31.5 *Other indications, such as loss of market value.*

31.5.1 *Impairment of projects under construction*

31.5.1.1 In assessing whether a halt in construction would trigger an impairment test, it should be considered whether construction has simply been delayed or postponed, whether the intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postponed to a specific future date, the project may be treated as work in progress and is not considered as halted.

31.6 *Significant*

31.6.1 The municipality must only record impairments that are significant. The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable service amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.

31.7 *Impairment loss*

31.7.1 An impairment loss of a non-cash-generating unit or asset is defined as the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and its value in use.

31.7.2 An impairment loss of a cash-generating unit (smallest group of assets that generate cash inflows) or asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use.

31.8 *Non-cash generating unit*

31.8.1 Non-cash-generating units are those assets (or group of assets) that are not held with the primary objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit.

31.8.2 The recoverable service amount is the higher of the asset's fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain. However, sometimes it will not be possible to determine the fair value less cost to sell because there is no basis for making reliable estimates of the amount obtainable.

31.8.3 For non-cash generating assets which are held on an ongoing basis to provide specialised services or public goods to the community, the value in use of the assets is likely to be greater than the fair value less cost to sell. In such cases the municipality may use the asset's value in use as its recoverable service amount. The value in use of a non-cash generating unit/asset is defined as the present value of the asset's remaining service potential.

31.8.4 This can be determined using any of the following approaches:

- a) the Depreciated Replacement Cost (DRC) approach (and where the asset has enduring and material over-capacity, for example in cases where there has been a decline in demand, the Optimised Depreciated Replacement Cost (ODRC) approach may be used);
- b) the restoration cost approach (the Depreciated Replacement Cost less cost of restoration) – usually used in cases where there has been physical damage; or
- c) the service units approach (which could be used for example where a production units model of depreciation is used).

31.8.5 Where the present value of an asset's remaining service potential (determined as indicated above) exceeds the carrying value, the asset is not impaired.

31.9 *Cash-generating unit*

31.9.1 Cash-generating units are those assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit oriented entity. Holding an asset to generate a “commercial return” indicates that an entity intends to generate positive cash inflows from the asset (or from part of the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in holding the asset. When the cost model is adopted, fair value is determined in accordance with the rules indicated for measurement after recognition.

31.10 *Costs to sell*

31.10.1 These are the costs directly attributable to the disposal of the asset (for example agents fees, legal costs), excluding finance costs and income tax expenses. The value in use is determined by estimating the future cash inflows and outflows from the continuing use of the asset and net cash flows to be received or (paid) for the disposal of the assets at the end of its useful life, including factors to reflect risk in the respective cash-flows and the time value of money.

31.11 *Judgement*

31.11.1 The extent to which the asset is held with the objective of providing a commercial return needs to be considered to determine whether the asset is a cash generating or non-cash generating asset. An asset may be held with the primary objective of generating a commercial return even though it does not meet that objective during a particular reporting period.

31.11.2 Conversely, an asset may be a non-cash-generating asset even though it may be breaking even or generating a commercial return during a particular reporting period. In some cases it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so

significant that the asset is a non-cash-generating- or a cash-generating asset. Judgement is needed in these circumstances.

31.12 *Recognition of impairment*

31.12.1 The impairment loss is recognised as an expense when incurred (unless the asset is carried at a re-valued amount, in which case the impairment is carried as a decrease in the Revaluation Reserve, to the extent that such reserve exists). After the recognition of an impairment loss, the depreciation charge for the asset is adjusted for future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

31.12.2 When no future economic benefit is likely to flow from an asset, it is derecognised and the carrying amount of the asset at the time of de-recognition, less any economic benefit from the de-recognition of the asset, is debited to the Statement of Financial Performance as a "Loss on Disposal of Asset".

31.12.3 In the event of compensation received for damages to an item of immovable PPE, the compensation is considered as the asset's ability to generate income and is disclosed under Sundry Revenue; and the asset is impaired/ de-recognised.

31.13 *Reversing an impairment loss*

31.13.1 The municipality must assess each year from the sources of information indicated above whether there is any indication that an impairment loss recognised in previous years may no longer exist or may have decreased. In such cases, the carrying amount is increased to its recoverable amount (providing that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods).

PART 32 Disposal Management System

32.1 The objectives of the *disposal management system* are to:

32.1.1 Ensure that only *assets* that do not provide the minimum level of *basic municipal services* are disposed of.

32.1.2 Ensure that *assets* are not disposed when the *disposal* of the *asset* or the terms of the *disposal* of the *asset* could disadvantage the municipality or community financially or otherwise.

32.1.3 Ensure that all *disposals* are in terms of section 14 of the MFMA and in line with the Municipal Asset Transfer Regulations No. R878

32.1.4 Provide guidance to those officials responsible for planning, assessing and disposing *assets*.

32.1.5 Clearly define the roles and responsibilities of those involved in the life cycle of NDM *assets*.

32.2 PLANNING FOR DISPOSAL OF MOVABLE ASSETS

All Department/units of the NDM are responsible for the strategic planning for *disposal* of *assets* that cause the municipality not to perform service delivery efficiently and effectively.

32.2.1 Planning for *disposals* must be conducted by Department/units on an annual basis and must be submitted to the Management team for assessment and recommendation for approval to the Management Team. Planning for *disposals* offers Department/units the means of *disposal* of surplus *assets* timed to minimise disruption to their service delivery and maximise returns by selecting appropriate time in the *asset's* life cycle.

32.2.2 The planning should involve a detailed assessment of *assets* identified as obsolete i.e surplus *assets* or redundant *assets* by the Department/unit.

Such *assets* may include the following:

32.2.2.1 *Assets* not required for the delivery of services, either currently, or over the longer planning period.

- 32.2.2.2 *Assets that have become uneconomical to maintain or to operate.*
- 32.2.2.3 *Assets that are not suitable for service delivery.*
- 32.2.2.4 *Assets that have a negative impact on the service delivery of the municipality, the environment or the community.*
- 32.2.2.5 *Assets that no longer support a Department/unit's service objective due to a change in type of service being delivered or the delivery method.*
- 32.2.2.6 *Assets where the use has become uneconomical to continue due to the limited availability of spares or the cost of replacement parts exceed the reasonable value of the item.*
- 32.2.2.7 *Assets where the technology has been outdated.*
- 32.2.2.8 *Assets which can no longer be used for the purpose originally intended.*

PART 33: ASSESSING ASSET DISPOSAL APPLICATIONS

33.1 The management team will meet as and when there are applications to assess the applications for *disposal* of *obsolete assets* made by Department/units. In order to arrive at a decision the management team will consider the following factors:

33.1.1 Whether there are net *disposal* benefits, either in financial or other forms.

33.1.2 Whether there is secondary service obligations associated with the *asset* which dictates its retention.

33.1.3 Whether a *disposal* can be carried out without adverse impacts on the physical environment.

33.2 In assessing the benefits of *disposal*, the advantages and disadvantages for the NDM as a whole and not just the controlling Department/unit, must be considered. *Assets* that have been identified as surplus may need to be retained due to heritage, social, environmental considerations or requirements of other Department/units.

33.3 The symbolic importance and the cultural significance of *assets* should also be considered when assessing the *disposal* of *assets*.

33.4 The Chief Financial Officer should consider the advantages of engaging experts if their experience in disposal activities is not core business to assist with the activities in the *disposal* cycle in compliance with Supply Chain Management processes.

33.5 Not all *assets* identified as surplus will be able to be sold at a value greater than its *carrying amount*, in such circumstances, the advantages of disposing the *asset* must be weighed against the costs of continued ownership. Examples of cost ownership include

33.5.1 Insurance

33.5.2 Maintenance

33.5.3 Storage costs

33.5.4 Operating costs

33.5.5 Staffing costs

33.6 Retaining such *assets* in service when they no longer effectively support service delivery will expend resources that could otherwise be used elsewhere and could effectively constrain investment in more suitable and economic *assets*.

33.7 *Disposals* need not always be for strict financial gain. Other opportunities and gains should also be taken into consideration, for example:

33.7.1 Swapping one *asset* for another; or

33.7.2 Construction of a facility for the NDM in return for the *asset*.

PART 34: APPROVAL OF ASSET DISPOSALS

34.1 Thereafter Finance Department/unit will prepare an item for submission to the following *Council* structures.

- (i) Management Team – for consideration and recommendation to Mayoral Committee
- (ii) Mayoral Committee – for recommendation for final approval by *Council*.

36.2 The final authority to dispose of *obsolete assets* rests with *Council*.

PART 35 : PROCEDURES TO BE FOLLOWED BY DEPARTMENT/UNITS WHEN CONSIDERING DISPOSAL OF AN ASSET

35.1 When an *asset* of the NDM is no longer in use, the following procedures must be followed:

35.1.1 Asset(s) that are uneconomical to maintain or operate must be identified.

35.1.2 The appropriate application to dispose of an *asset* form/memorandum or report must be completed and signed by the head of Department/Unit.

35.1.3 The application to dispose of an *asset* must clearly motivate the reasons for the *disposal* of such *asset(s)*

35.1.4 The application to dispose of an *asset* must be completed and submitted to the Finance Asset Management Unit for assessment and consideration by the management team.

35.1.5 If the item is of a technical nature e.g. computer equipment, a department/unit must forward a request to Municipal Information Systems Unit to confirm the status of the equipment and submit a copy of the report to Finance Asset Management Unit.

35.1.6 Based on the report(s) and motivation submitted by the Department/unit a motivation will then be submitted by the Finance Asset Management Unit to the

Management Team for consideration and assessment of the *asset disposal* request.

35.1.7 The Management team will make a recommendation to the Municipal Manager and *Council* for approval to dispose of an *asset*.

35.1.8 The Management team will sign the Authority to Dispose of an Asset Form and authorise Finance Department/unit to proceed with the *asset disposal* processes until approved by *Council*.

35.1.9 After approval has been granted by *Council* to dispose of an *obsolete asset*, the *obsolete assets* that are not in a good condition will be transferred to Storeroom by the relevant department/unit, following the procedure set out below:

- (i) Complete an Asset Transfer form and attach a list of *obsolete assets* being transferred to Storeroom and.
- (ii) A copy of the Asset Transfer Form and the list of *obsolete assets* must be forwarded to;
 - Finance Asset Management Unit to effect necessary changes on the Movable Asset Register.
 - and the original copy must be kept by the relevant department/unit.
- (iii) The asset management official and the delivering agent must both sign the Asset Transfer Form when the obsolete furniture is delivered
- (iv) In a case where approval has been granted by *Council* to dispose of an *obsolete assets*, that are usable or in good condition such *asset/s* must be transferred to the Asset Management Storeroom. Transfer arrangements must be made with the Finance Asset Management Unit.

35.2 When disposing of computer equipment the following procedure will be followed:

35.2.1 In the case of PC's, only on the recommendation of the MIS (Municipal Information systems) Unit will the item be disposed of.

35.2.2 Preference will be given to educational institutions, welfare and charitable organisations.

35.2.3 Information Technology Unit must make sure that all data is secured from the computer before it is disposed- off

35.3 When a free *donation* of an *obsolete asset* is considered the following procedure must be followed:

35.3.1 Free *disposal* of obsolete *assets* may be applied to the following *assets*:

- (i) Obsolete furniture and redundant equipment
- (ii) Computer equipment, computer notebooks (in a case where the user of the notebook did not exercise the purchase option)
- (iii) Used library books
- (iv) Used uniforms, old stock no longer in use.

35.3.2 The following types of organisations will be considered to receive donation of *obsolete assets*:

- (i) Registered welfare or Charitable Organisations except for Community Chest Organisations.
- (ii) Schools catering for handicapped and disabled,
- (iii) Schools for special learners
- (iv) Educational institutions initiating programmes for the benefit of the community of the NDM.

35.3.3 The following procedures will apply on consideration of an application for free donation of obsolete furniture, redundant equipment and notebooks by organisation listed in 37.3.2:

- (i) Applications will be directed to the NDM for the attention of the Municipal Manager.
- (ii) The application must be accompanied by the following:
 - (a) A motivation with reasons for requesting a free *donation* of such a particular *asset* to the organisation or institution.

- (b) Proof of registration of the organisation/ institution
- (c) A copy of the applicant's constitution

35.3.4 The following procedure will apply in respect of the donation of obsolete library books or any books;

- (i) The relevant Department/unit will identify a recipient organisation as stipulated in 37.3.2 that obsolete books/library books may be donated to.
- (i) The relevant Department/unit will remove any NDM branding before it is donated

PART 36: DISPOSAL OF LOST, STOLEN OR MISSING OR DAMAGED ASSETS

PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF
FIXED ASSETS IDENTIFICATION OF FIXED ASSETS

36.1 Every head of department shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the chief financial officer, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.

36.2 *Notwithstanding the above*

- (i) The affected employee shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the him/her or department in question is promptly reported in writing to the head of department/unit, to the chief financial officer, and – in cases of suspected theft or malicious damage – also to the South African Police Service.
- (ii) must report the lost, stolen or missing item to his/her immediate superior, whom will report to the Municipal Manager.

- (iii) In the case of a stolen asset the incident must be reported to the South African Police Services within twenty four hours.
- (iv) A Theft, Loss and Damage report must be completed in triplicate by the affected employee, and signed by the relevant superior.
- (v) A copy of the report must be submitted to Finance Department/unit: Asset Management Sub-department/unit, another copy to the Budget and Treasury Department/unit (for insurance purposes).
- (vi) The Finance Department/unit will submit an item through the *Council* Structures to get *Council* approval for such *assets* to be removed from the Movable Assets Register.

PART 37: OTHER METHODS OF DISPOSAL

37.1 Any other proposed method of *disposal* will be in terms or compliance with the Supply Chain management Policy

PART 38: TRANSFER OF OWNERSHIP

Department/units will be allowed to transfer ownership of the asset only after the following events have occurred:

38.1 The Department/unit has received a notification from the Finance Department/unit that *Council* has approved the *disposal* of the asset in line with Section 14 of the Municipal Finance Management Act (Act No. 56, 2003).

38.2 The Department/unit has received payment in full or partial payment in terms of the terms and conditions of the purchase agreement where necessary.

38.3 During the transfer of ownership of the asset, the purchaser must sign an acknowledgement of receipt form as evidence that the purchaser has received the asset according to the terms and conditions of the purchase agreement and in the expected physical condition.

PART 39: CALCULATION OF THE PROFIT AND LOSS ON DISPOSAL

39.1 Profits and losses on the sale of property, plant and equipment will be calculated by Budget and Treasury Department/unit and shall be disclosed in Annual financial statements:

PART 40: ACCOUNTING FOR THE DISPOSAL OF ASSETS

40.1 Accounting for the *disposal* of assets will be taken care of by Finance Department/unit in line with the applicable legislations.

40.2 An effective system of disposal management for disposal or letting of assets, including unserviceable, redundant or obsolete assets, must be provided for in the Supply Chain Management Policy. This must specify the ways in which assets may be disposed of, including by –

- a) transfer the asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;
- b) transferring the assets to another organ of state at market related value or, when appropriate, free of charge;
- c) selling the asset; or
- d) destroying the asset.

40.3 Immovable property may be sold only at market related prices except when the public interest or the poor demands otherwise. When assets are traded in for other assets, the highest possible trade-in price must be negotiated.

PART 41: ANNEXURE: FIXED ASSET LIVES

The annual depreciation rates are based on the following estimated asset lives:-

<u>DETAILS</u>	<u>RESIDUA</u> <u>L</u>	<u>YEAR</u> <u>S</u>	<u>DETAILS</u>	<u>RESIDUA</u> <u>L</u>	<u>YEAR</u> <u>S</u>
Infrastructure			Other		
Electricity			Buildings	0	30
Supply & Reticulation	0	20	Office Equipment		

<u>DETAILS</u>	<u>RESIDUA</u> <u>L</u>	<u>YEAR</u> <u>S</u>	<u>DETAILS</u>	<u>RESIDUA</u> <u>L</u>	<u>YEAR</u> <u>S</u>
Roads			Computer Hardware	0	7
Roads	0	10	Computer Software	0	3
Bridges	0	30	Office Machines	0	3
Sewerage			Air Conditioners	0	7
Sewers	0	20	Furniture & Fittings		
Water			Chairs	0	7 - 10
Supply & reticulation	0	20	Tables/Desks	0	7 - 10
Reservoirs & tanks	0	20	Cabinets/Cupboards	0	7 - 10
Pumps	0	15	Miscellaneous	0	7 - 10
			Emergency Equipment		
			Fire	0	15
			Ambulances	0	5
Community Assets			Fire hoses	0	5
Buildings			Emergency Lights	0	5
Clinics	0	30	Plant & Equipment		
Parks	0	30	General	0	7
Community Centres	0	30	Telecommunication equipment	0	5
Fire Stations	0	30	Radio	0	7
			Vehicles		
Recreational Facilities			Fire Engines		20
Fire Breaks	0	20	Motor Vehicles	20%	7
			Bakkies	20%	7
			Bins		
			Bins		5-10

PART 42 ANNEXURE: PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2003

42.1 A municipality may not alienate any capital asset required to provide a minimum level of basic municipal services.

42.2 A municipality may alienate any other capital asset, but provided

- the council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services, and
- the council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

POLICY ON DONATIONS



NKANGALA DISTRICT MUNICIPALITY

EFFECTIVE DATE: 01 JULY 2016

REVIEW DATE : YEARLY

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DONATIONS, SPONSORSHIP, AND GIFTS POLICY

1. POLICY AS DEFINED

A donation is a gift given by natural or legal persons, typically for charitable purposes and/or to benefit a cause. A donation may take various forms, including cash offering, services, new or used goods including clothing, toys, food, and vehicles. It also may consist of emergency, relief or humanitarian aid items and development aid support. Donations are given without return consideration.

2. DEFINITIONS

“Act” means the Local Government: Municipal Finance Management Act (no. 56 of 2003).

“Constitution” Constitution of Republic of South Africa, 1996

“Council” means elected council of the Nkangala District Municipality.

“Councillor” means an elected member of the council.

“Donation” in the context of this policy, it means monetary consideration, goods, services, immovable property, or any other item of value.

“NDM” Nkangala District Municipality

“MFMA” Local Government: Municipal Finance Management Act 2003, Act No. 56 of 2003

“Official” means any person in the employment of the Nkangala District Municipality.

“Structures Act” means Local Government: Municipal Structures Act 1998, Act No. 117 of 1998

“System Act” means Local Government: Municipal Systems Act 2000, Act No. 32 of 2000

3. INTRODUCTION

The Council has an obligation to comply with its internal and external audits, sound financial governance framework and to be accountable to the community for its expenditure on donations. This policy framework is not intended to be exhaustive in coverage, but aim to identify principles and provide guidelines when the council decides to grant donations.

4. PURPOSE

The purpose of this Policy is to define the framework for donations and the mechanism for solicitation, acceptance and deposit as well as to provide general principles and guidelines in relation to the acceptance and administration of donations.

This policy will assist to structure donations/grants of municipally owned resources in limited amounts to non-profit organizations within the municipality for purposes related to the well-being of the community and the growth and/or recognition of individuals in the community.

5. FORMS OF DONATIONS

The Nkangala District Municipality may receive various forms of donations, sponsorship or gifts

This may include:

- (i) Donations to fund operational projects or
- (ii) Sponsorships to fund sports, culture and recreation
- (iii) Donations to fund Capital Expenditure

These donations need to be managed effectively and efficiently to ensure that the desired outcomes are met. In addition to donations and sponsorships offered to the municipality.

Individuals (staff members and councillors) are sometimes offered rewards and gifts as a token of appreciation.

6. FINANCIAL SERVICES

The representative from the Finance Department shall be responsible for the arrangement of the payment to the beneficiaries.

7. COUNCILOR

A councillor shall be present to assist in the allocation of donations as well as observing the fairness of the procedures.

8. ACCEPTANCE OF DONATIONS, GRANTS, REWARDS, AND GIFTS

The Nkangala District Municipality should not simply accept all donations, sponsorship, and gifts offered to Council, but should consider all the implications of acceptance of the donations, sponsorship and gifts before accepting it.

The Municipal Finance Management Act Regulations 47 does not prohibit sponsorships or donations (in money or kind) to the municipality as such but prescribes that such action must be disclosed if it was promised, offered or granted by a provider or prospective provider of goods and services or a recipient or prospective recipient of goods disposed of or to be disposed of by a municipality or municipal entity, may either directly or through a representative or intermediary promise, offer or grant-

- a) Any inducement or reward to the municipality or municipal entity for or in connection with the award of a contract or
- b) Any reward, gift, favour or hospitality to-
 - (a) Any official of the municipality or municipal entity or
 - (b) Any other role player involved in the implementation of the supply chain management policy of the municipality or municipal entity.
- (iii) The accounting officer of a municipality or municipal entity must promptly report any alleged contravention of sub-regulation (1) to the national treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the national treasury's database of persons prohibited from doing business with the public sector.
- (iv) Sub-regulation (1) does not apply to gifts less than R350 in value.

9. DONATIONS AND SPONSORSHIPS TO THE MUNICIPALITY

The acceptance of donations and sponsorships must, at all time, be done in such a manner that it maintains and promotes sound financial management, public accountability, transparency and good governance. When donations or sponsorships are offered to the municipality, the following must be considered:

- Whether the sponsorship or donation creates an expectation of further work, contracts, support, etc to the organization or person making the sponsorship or donation;
- Whether the sponsorship or donation is within the ambit of the Supply Chain Management Regulation 47 and 48;
- Whether the sponsorship or donations infringes the ethical standards set in regulation 46 of the Municipal Supply Chain Management Regulations.

If it is found that the offered donation or sponsorship is offered or granted with the intention of being an inducement or reward for the awarding of any form of bid, or that

it infringes on the ethical standards in Regulation 46 of the Municipal Supply Chain Management Regulations, the donation or sponsorship must not be accepted.

All donations or sponsorship offered or granted to the Nkangala District Municipality must be submitted to the Municipal Manager for approval.

No person other than the Municipal Manager/or delgate may authorize the acceptance of donations or sponsorship on behalf of the municipality.

All donations or sponsorship offered or granted to the NDM must be declared to National Treasury and the provincial treasury in terms of Section 48 of the Municipal Supply Chain Management Regulations.

10. REWARDS, GIFTS, FAVOURS, HOSPITALITIES OR OTHER BENEFITS DIRECTLY OR INDIRECTLY OFFERED TO STAFF MEMBERS.

- No staff member may accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including any close family member, partner or associate of the staff member, of a value more than R350 from any provider or potential provider of good and/or service,
- Notwithstanding the above, the relevant staff member must declare details of any reward, donations, favour, hospitality or other benefit promised, offered or granted to him/her or to any close family member, partner or associate of him/her;
- The Municipal Manager must maintain a register where rewards, donations, favours, hospitality or other benefits that are offered and / or accepted by staff members in NDM are recorded,
- The abovementioned register must be available for inspection by the Chief Audit Executive.

11. DONATIONS AND SPONSORSHIPS FROM THE NKANGALA DISTRICT MUNICIPALITY

11.1 OBJECTIVE OF DONATIONS POLICY

11.1.1 One of the objectives of donations policy is to provide a framework within which the municipality can grant donations.

11.1.2 To promote and maintain an effective system of granting donations in an ethical, compliant and consistent manner with relevant legislations and other approved council policies.

11.1.3 To instil a sense of accountability regarding the number or keeping database of donations received and made for reporting purpose.

11.1.4 To ensure that granting of donations is spread evenly to NDM and not just one Municipal jurisdiction area.

12. POLICY STATEMENT

There are occasions when the Council receives requests from various members of the community, organizations for donations. As with all other expenses, the council or the accounting officer must exercise prudent business judgment in considering proposed expenditure in relation to the granting of donations, based on the specific request and the availability of funds.

13. BACKGROUND

The Council has an obligation to comply with its internal and external audits, corporate governance framework and to be accountable to the community for its expenditure on donations.

This policy framework is not intended to be exhaustive in coverage, but aim to identify principles and provide guidelines when the council decides to grant donations.

14. PROCEDURAL PROVISIONS WHEN MAKING DONATIONS

Requests for donations will be done in a prescribed format approved by council. All requests for donation shall be directed to the accounting officer and / or the Executive Mayor of Nkangala District municipality.

15. CLASSIFICATION OF DONATIONS

For the purpose of this policy framework, donations may only be made to institutions with a regional, a political and a religious character;

Any funds made available may only be utilised for cultural, educational, sports, recreational or welfare purposes.

16. CONSEQUENCES OF NON-COMPLIANCE

Any donation granted contrary to the provisions of this policy; constitute unauthorized, irregular or fruitless and wasteful expenditure and as such will amount to serious misconduct.

17. REPORTING

The council may require that an organization or institution granted a donation, must report to the accounting officer of the municipality on the actual expenditure against the donation on a monthly basis or on request;

Failure to report to the accounting officer as requested shall automatically disqualify the organization or institution for further donations.

Where appropriate, to comply with financial management and auditing requirements as may be stipulated.

A list of donations granted, with particulars of the organizations/groups must be submitted to Council bi-annually for noting.

The donations committee shall be established and shall report all donations of cash to the Mayoral committee on a quarterly basis.

The report shall include:

- All requests for donations received
- All requests for donations declined
- All requests for donations approved
- The financial status of the expenditure vote.

18. PROCEDURE FOR APPLICATIONS FOR DONATIONS

- ❖ An eligible organization wishing to apply for a donation shall apply in writing for such donation.
- ❖ Every such application shall be addressed to the office of the Municipal Manager and shall be either:
 - ❖ posted to the Municipality's address or
 - ❖ Delivered by hand to the municipality offices
- ❖ Each such application shall include the following:
 - ❖ The full name of the applicant;
 - ❖ The name of the applicant's contact person;
 - ❖ The postal, physical and e-mail addresses of the applicant;
 - ❖ The telephone number of the applicant;
 - ❖ The registration number, income tax number and fund-raising number of the applicant where applicable;
 - ❖ A list of the names of the members of the board of directors or governing body of that organization.
 - ❖ A copy of the financial statements of the applicant, if any.
 - ❖ The amount or nature of the donation requested;
 - ❖ The identity and location of the community which it is intended will benefit from the donation;
 - ❖ The nature of the activity or project which is intended to be funded by the donation;

- ❖ The manner in which such activity or project is expected to benefit the community;
- ❖ A business plan showing in detail how the activity or project is to be implemented and sustained where applicable;
- ❖ Any other information which the applicant considers relevant to the application;
- ❖ An acknowledgement by the recipient that it is familiar with and understands the provisions of this policy.

19. AGREEMENT

- (i) The terms and conditions attaching to any donation shall be reduced to a written agreement which will be signed by a representative of each of the Municipality and the recipient.
- (ii) Unless and until such agreement is signed, no asset which is the subject of a donation shall be transferred to the recipient and the recipient shall have no claim to such assets.
- (iii) If such agreement is not signed within thirty days of the municipality having approved the application, such approval shall lapse and be of no further force and effect, and the recipient shall have no claim against the Municipality.

20. NON ADHERENCE TO POLICY

Any political office bearer, management and general staff of the municipality who does not strictly adhere to the provision of this policy commits and act of misconduct.

21. SHORT TITLE AND EFFECTIVE DATE

The above policy shall be known as Nkangala District Municipality Donations Policy and will be effective from 1 July 2015. The policy will be reviewed annually.

NKANGALA DISTRICT MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

NDM Credit Control and Debt Collection Policy

P R E A M B L E

WHEREAS sections 95 & 96 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) requires a municipality to adopt, maintain and implement a credit control-, debt collection and customer care policy;

AND WHEREAS section 97 of the Systems Act prescribes what such policy must provide for;

AND WHERAS section 64 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) defines the Management of Revenue of a municipality;

NOW THEREFORE the NKANGALA DISTRICT MUNICIPALITY adopts the policies as set out in this document.

NDM Credit Control and Debt Collection Policy

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NDM Credit Control and Debt Collection Policy

NDM Credit Control and Debt Collection Policy

CREDIT CONTROL AND DEBT COLLECTION POLICIES

1. 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:

“Accounting officer”- means the Municipal Manager appointed in terms of section 82 of the Municipal Structures Act and being the head of administration and accounting officer in terms of section 55 of the Municipal Systems Act.

“Acknowledgement of debt” - A term used to describe a document from which a Debtor’s acknowledgment of a claim or undertaking to pay a debt can be inferred.

“Bad Debt” - Money owed to a person or Municipality by a Customer/ Debtor that it is unable to collect from the Debtor.

“Cash Flow” - The level of money required by a Municipality to meet the costs of its normal trading/operating activity.

“Customer Voluntary Arrangement –CVA” -A voluntary agreement for a Customer is a procedure whereby a plan of recognition or composition in satisfaction of debts, is put forward to Creditors and shareholders. There

NDM Credit Control and Debt Collection Policy

is limited involvement by the Court and the scheme is under the control of a supervisor.

“Collection Commission” -When , by judgment agreement, a debt is payable in installments, there is a fee that an attorney or registered third party debt collector may charge more than the maximum recoverable fee stipulated by law being presently 10% of the installment up to the maximum of R250.00 (plus VAT) per installment.

“Contract” - An agreement entered into by parties who intend to bind themselves thereby. There must be consensus between the parties as to the material terms of the contract.

“Credit” - Is the means by which an individual or business may, in agreement with a credit grantor, obtain goods or services for immediate use and pay for such goods or service at an agreed future date.

“Creditor” - The person or Municipality that provides goods, services, or finance to a Customer/Debtor on the promise of repayment of the cash value to the Creditor within the stated credit period and subject to the credit Terms. A Creditor is a person/entity to whom money is due and owing by a Debtor.

“Credit approval” - A term used when an applicant is successfully awarded credit.

“Credit Bureau” - A Body providing credit information.

“Credit controller” - A person who is responsible for the operational implementation of the Credit Management and Credit Risk Management

NDM Credit Control and Debt Collection Policy

Policies in order to minimize the Business Credit Risk and to maximize the recovery of credit sales revenue as well as money owed to the Municipality by its Debtors.

“Criminal Action “ - A legal proceeding where the State prosecutes an individual for an act or omission, which is punishable by law.

“Debt” The value of goods, services or capital (including interest) that is owed by a Debtor to the Creditor.

“Debtor” - A Customer who purchases goods, services or capital from a service provider on credit and therefore owes money to the service provider who becomes the Creditor.

“Finance Management Act” - the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003);

“Garnishee” - A person (or Municipality) that you claim owes the Debtor money. You can often get the Court to order the garnishee to pay you instead of the Debtor.

“Insolvency” - Insolvency refers to a state of financial affairs whereby the liabilities of an individual or a business exceed their assets, rendering the individual or business unable to meet their financial obligations. It is important to note that insolvency is a state of affairs and not a legal condition, as is the case with sequestration or liquidation.

“interest” - a charge levied with the same legal priority as service fees and calculated at a rate determined by the NDM from time to time on arrear monies;

NDM Credit Control and Debt Collection Policy

“Jurisdiction” - The area in which the Municipality has the power/ability to enforce its powers and functions.

“Letter of Demand” - An initial document indicating the Plaintiff’s claim and consequences if the Defendant does not comply with his request.

“Liability” - A legal obligation or duty, an amount owed.

“Local Municipality” means a municipality that shares municipal executive and legislative authority in its area with a District Municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality and act as a Water Services

“Manager Finance (Chief Financial Officer)” - the person appointed by the NDM to administer its finances in terms of section 80(2) (a) of the Finance Management Act;

“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 Systems Act” - Refer to the Municipal Systems Act no of 2000.

“Municipal Structures Act” - Refer to the Local Government: Municipal structure Act no 117 of 1998.

NDM Credit Control and Debt Collection Policy

“*N D M*” - the Nkangala District Municipality;

“*occupier*” - any person who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property;

“*owner*” – can be described as follows

- a) the person in whose name the property is legally vested;
- b) In the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, or any other legal representative;
- c) in the case of a lease agreement in excess of 30 years was entered into, then the lessee;
- d) regarding:
 - i) a portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, 1986 (Act 95 van 1986), without limiting it to the developer or managing body to the communal property;
 - ii) a portion as defined in the Sectional Title Act, the person in whose name that portion is registered in terms of a “sectional title, including the legally appointed representative of such person;

NDM Credit Control and Debt Collection Policy

- e) any legal entity including but not limited to :
- i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust *inter vivos*, trust *mortis causa*, a closed corporation registered in terms of the Close Corporation Act, 1984 (Act 69 of 1984), and any voluntary organisation;
 - ii) any provincial or national government department, local authority;
 - iii) any organization or management body established in terms of any legal framework applicable to the Republic of South Africa; and
 - iv) any embassy or other foreign entity.

“*property*” - any portion of land, of which the boundaries are determined, within the jurisdiction of the NDM;

“*Structures Act*”- means the Local Government: Municipal Structures Act, Act 117 of 1998;

“*Systems Act*” - the Local Government Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

“*Public Finance and Management Act*” - refer to the Public Finance and Management Act no of 2000.

“*GRAP*” – General Recognised Accounting Practices

NDM Credit Control and Debt Collection Policy

2. GENERAL OBJECTIVES

The objectives of this policy are to:

- 2.1. provide a framework within which the NDM can exercise its executive and legislative authority with regard to credit control and debt collection;
- 2.2. ensure that all monies due and payable to the NDM are collected and used to deliver services in the best interests of the community and residents and in a financially sustainable manner;
- 2.3. provide a framework for customer care;
- 2.4. describe credit control measures and sequence of events;
- 2.5. outline debt collection procedures and mechanisms; and
- 2.6. set realistic targets for debt collection;

3. PRINCIPLES

- 3.1. The administrative integrity of the NDM 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.
- 3.2. Billing is to be accurate, timeous and understandable.

NDM Credit Control and Debt Collection Policy

3.3. The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.

3.4. 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.

3.5. Enforcement of payment must be prompt, consistent and effective.

3.6. The collection process must be cost-effective.

4. DUTIES AND FUNCTIONS

4.1. Duties and Functions of the NDM

4.1.1. To approve a budget consistent with the needs of communities and the different categories of consumers.

4.1.2. To impose and determine tariffs to finance the rental income budget.

4.1.3. To provide for a bad debt provision, in line with the payment record of the debtors as reflected in the financial statements of the NDM.

4.1.4. To approve a reporting framework for customer care, credit control and debt collection.

4.1.5. To approve and maintain by-laws to give effect to this policy of the

NDM Credit Control and Debt Collection Policy

NDM.

4.1.6. To monitor the performance of the Municipal Manager regarding customer care, credit control and debt collection.

4.1.7. To revise the budget should targets for customer care, credit control and debt collection not be met.

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

4.1.9. To approve the list of attorneys who act in all legal matters relating to debt collection.

4.1.10. To delegate the required authorities to monitor and execute the customer care, credit control and debt collection policy to the Municipal Manager.

4.1.11. To provide sufficient capacity in the Financial Department to give effect to customer care, credit control and debt collection policy and bylaws in terms of the provisions of Chapters 8 and 10 of the Finance Management Act.

NDM Credit Control and Debt Collection Policy

4.2. Duties and functions of the Municipal Manager

4.2.1. To implement and promote the NDM customer care, credit control and debt collection policy.

4.2.2. To install and maintain an appropriate accounting system in terms of Chapters 8 and 10 of the Finance Management Act.

4.2.3. To demand payment on due dates.

4.2.4. To raise penalties for defaults.

4.2.5. To collect outstanding debt.

4.2.6. To provide different payment methods.

4.2.7. To determine customer care, credit control and debt collection measures.

4.2.8. To report all legal processes to the NDM (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).

4.2.9. To set performance targets for staff.

4.2.10. To delegate certain functions to heads of departments.

4.2.11. To determine control procedures.

NDM Credit Control and Debt Collection Policy

4.3. Duties and functions of communities and consumers

4.3.1. To fulfill certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities.

4.3.2. To pay tariffs and duties imposed by the NDM on or before due date.

4.3.3. To comply with the by-laws and other legislation of the NDM

4.3.4. To refrain from tampering with NDM property.

4.4. Duties and functions of Councillors

4.4.1. To hold regular ward meetings;

4.4.2. To adhere to and convey policies to residents and consumers;

4.4.3. To adhere to the Municipal Code of Conduct for Councillors.

5. PERFORMANCE EVALUATION

5.1. The NDM must establish a mechanism to set targets for debt collection, customer care and administrative performance, evaluate and take corrective actions on a regular basis to enhance credit control and debt collection.

NDM Credit Control and Debt Collection Policy

5.2. Income Collection Targets

The NDM must create targets that include:

5.2.1. Reduction in present monthly increase in debt in line with performance agreements determined.

5.3. Customer Service Targets

The NDM to create targets that would include:

5.3.1. Response time to customer queries.

5.3.2. Date of first account delivery to new customers.

5.4. Administrative Performance

The NDM to create targets that will include:

5.4.1. Cost efficiency of debt collection.

5.4.2. Query and appeal periods.

6. REPORTING

6.1. The Municipal Manager shall report monthly to the NDM Council in a

NDM Credit Control and Debt Collection Policy

prescribed format determined by the Finance Management Act in accordance with Chapters 8 and 10 and sections 99 and 100(c) of the Systems Act. This report shall contain particulars on:

6.1.1. Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt).

6.1.2. Performance of all areas against targets agreed to in item 5(3) above of this policy document.

6.1.3. If in the opinion of the Municipal Manager the NDM will not achieve cash receipt income equivalent of the income projected in the annual budget as approved, he must report this with motivation to the NDM and recommend for a revision of the budget according to realistically achievable income levels.

7. CREDIT CONTROL POLICY

7.1. OBJECTIVE

To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt.

7.2. Collection Procedures.

7.2.1. The following procedures will be followed on collection of all outstanding amounts.

7.2.2. Sundry Debtors

In most of the applicable cases a written agreement will serve as the recognition of the debt by the debtor. In the event of the non-existence of a written agreement, an agreement and acknowledge of debt must be completed by the debtor.

A monthly statement is sent out to the sundry debtor which is payable by the due date. A respite period of 5 days after the due date is allowed.

If the sundry debtor fails to pay within this period it becomes a *arrears debtor* and the Finance Manager must:

- Sent a final notice to the debtor to serve as a letter of demand for payment. The debtor has 7 days to react on this letter of demand.
- Issue a summons, if the debtor fails to pay within the due date of the letter of demand and obtain a judgment from the court.
- Hand the debtor's account over to council's legal representatives for collection if the debtor still fails to pay.

7.2.3. Grants from National and Provincial Government

As soon as amounts are identified, as a grant to Nkangala District Municipality, a budget income and expenditure vote is created with the due amount. These votes are monitored and in the event of payments not received when due the Finance Manager must:

- Send a reminder letter to National/Provincial Government.
- Send a final notice to the debtor to serve as a letter of demand for payment. The debtor has 7 days to react on this letter of demand.

NDM Credit Control and Debt Collection Policy

- Issue a summons, if the debtor fails to pay within the due date of the letter of demand and obtain a judgment from the court.
- Hand the debtor's account over to council's legal representatives for collection if the debtor still fails to pay.

7.2.4 Public Office Bearers and staff officials Debtors

- 7.2.4.1. Expenditures resulting from breaches of the Public Office-Bearers Act and employment related legislations and policies must be recovered from the political office-bearer or official to whom it was paid
- 7.2.4.2. the accounting officer must in writing request that the liable political office-bearer or official pay the amount within 30 days or in reasonable instalments.
- 7.2.4.3. If the person fails to comply with the request, the whole amount will be deducted from his/her salary or allowance the following with a minimum of one to a maximum three monthly instalments.
- 7.2.4.4. Failure to recover the outstanding amount through the above mentioned methods, the matter must be recovered through the normal debt collection process of the municipality

7.2.5 Interest Charges

- 7.2.5.1. Interest will be charged on all overdue accounts that are older than 30 days at prime interest rate.
- 7.2.5.2. Interest will be calculated on a monthly basis.

7.3. Cost of collection

- 7.3.1 All costs of legal process, including interest, penalties, service

NDM Credit Control and Debt Collection Policy

discontinuation costs and legal costs associated with customer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

8. DEBT COLLECTION POLICY

8.1. OBJECTIVE

To provide procedures and mechanisms to collect all the monies due and payable to the NDM arising from the rental of office facilities in order to ensure financial sustainability and delivery of such services in the interest of the community.

8.2. Personal contact

8.2.1 Telephonic contact, agents calling on clients:

8.2.2 The NDM will endeavour, within the constraints of affordability, to make personal or telephonic and any other communication system contact with all arrear debtors to encourage their payment, and to inform them of their arrears state, their rights in terms of this policy to conclude arrangements.

8.2.3 Such contact and notification does not prevent the NDM to evacuate the facilities.

NDM Credit Control and Debt Collection Policy

8.3. Legal Process/Use of attorneys/Use of credit bureaus

8.3.1. The NDM may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgments, garnishee orders and/or sales in execution of property.

8.3.2. The NDM will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by and approved by the NDM.

8.3.3. The NDM will establish procedures and codes of conduct with these outside parties.

8.3.4. Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of the NDM's system of debt collection procedures.

8.3.5. All costs of this process will be for the account of the debtor.

8.3.6. Individual debtor accounts are protected and are not the subject of public information. However the NDM may release debtor information to credit bureaus. This release will be in writing or by electronic means.

8.3.7. The NDM may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.

8.4. Abandonment of Claims

8.4.1. The Municipal Manager must ensure that all avenues are utilised to collect the debt in regard rental of facilities.

There are some circumstances that allow for the valid termination of debt collection procedures as contemplated in section 109(2) of the Systems Act, such as:

8.4.2. The insolvency of the debtor, whose estate has insufficient funds.

8.4.3. A balance being too small to recover, for economic reasons considering the cost of recovery.

8.4.4. Where the NDM on the recommendation of the Attorneys deems that a customer or group of customers is unable to pay for services rendered.

8.4.5. The NDM will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

9. PROCEDURES TO ENSURE COMPLIANCE WITH 'GENERAL RECOGNISED ACCOUNTING PRACTICES (GRAP)'

NDM Credit Control and Debt Collection Policy

The accounting of debtors is in compliance with GRAP. Provision for bad debts is made at a reasonable percentage of the average outstanding debtors per year where applicable.

10. SHORT TITLE

This policy shall be known as the Nkangala District Municipality's credit control and debt collection policy.

Budget & Virement policy of Nkangala District Municipality



1. Background

The Municipal Finance Management Act and the Municipal Budget and Reporting Regulations seek to move municipalities away from the traditional approach of appropriating/approving budgets by line item. The aim is to give the managers of municipal departments and programmes greater flexibility in managing their budgets. To further facilitate this, each municipality must put in place a council approved virement policy, which should provide clear guidance to managers of when they may shift funds between items, projects, programmes and votes.

As Nkangala District Municipality is a mSCOA pilot site, this policy will be aligned to mSCOA on the release of the final chart by National Treasury. During the piloting phase virements will be allowed to correct proper allocation to the mSCOA structure within the limitations of the municipal budget regulations.

2. Introduction

2.1. Webster's New Millennium™ Dictionary of English defines "Virement" as "a regulated transfer or re-allocation of money from one account to another, especially public funds."

2.2. A virement represents a flexible mechanism to effect budgetary amendments within a municipal financial year.

2.3. Changing circumstances and priorities during a financial period may give rise to a need to virement (transfer) funds within or between approved votes, as defined in the Municipal Finance Management Act 56 of 2003 (MFMA). The treatment of such instances may, however, be dependent on whether an adjustments budget is required or not.

3. Purpose

- 3.1. The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. A municipality's virement policy and its underlying administrative process within the system of delegations is one of these controls.
- 3.2. Section 81(1)(d) of the MFMA states inter alia that "The chief financial officer of a municipality-...must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79;..."
- 3.3. It is the responsibility of each Manager of each Department to which funds are allocated, to plan and conduct assigned operations so as not to expend more funds than budgeted and to ensure that funds are utilized effectively and efficiently.
- 3.4. Section 78(1)(b) of the MFMA states inter alia that "Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure-...(b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;..."
- 3.5. This policy aims to provide guidelines to senior management in the use of virements as a mechanism in their day-to-day management of their budgets.

In addition it specifically aims to empower senior managers with an efficient financial – and budgetary system to ensure optimum service delivery within the current legislative framework of the MFMA and the District's system of delegations.

4. Definitions

4.1. Accounting Officer (MFMA)

“- (a) in relation to a municipality, means the municipal official referred to in section 60; or...”

4.2. Approved Budget (MFMA)

“ - means an annual budget-

4.2.1. approved by a municipal council; or

4.2.2. approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;”

4.3. Chief Financial Officer (MFMA)

“a person designated in terms of section 80(2)(a)”

4.4. Cost Element

A line item within a specific category.

4.5. Department or Section

A Department or Section is a cost collector which represents a logical point at which cost (expenditure) is collected and managed by a responsible manager.

4.6. Expenditure Category

Expenditure Category distinguish between the following categories:

- 4.6.1. Salary and Wages
- 4.6.2. Councilor allowances
- 4.6.3. General Expenditure
- 4.6.4. Repairs and maintenance
- 4.6.5. Capital Expenditure
- 4.6.6. Capital Charges
- 4.6.7. Contributions to Local Municipalities

4.7. Manager

Section 56 of the Systems Act states inter alia that: “Appointment of managers directly accountable to municipal managers - (a) a municipal council, after consultation with the municipal manager, appoints a manager directly accountable to the municipal manager...”

4.8. Financial year

The 12 month period between 1 July and 30 June.

4.9. Vote (MFMA)

“(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”

In the case of the District the definition of Vote is set as follows:

Vote	Manager Responsible
4.9.1. Executive and Council	Municipal Manager
4.9.2. Administration	Manager Corporate Services
4.9.3. Finance	Manager Finance
4.9.4. Social Services	Manager Social
4.9.5. Technical Services	Manager Technical Services
4.9.6. Local Economic Development	Municipal Manager
4.9.7. District Planning and IDP	Municipal Manager
4.9.8. Contributions to Local Municipalities	Municipal Manager

4.10. Virement

The process of transferring an approved budgetary provision from one operating expenditure category to another within a vote during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the previous budget adoption.

4.11. mSCOA

Municipal Standard Charts of Accounts

5. MFMA REGULATION ON BUDGET VERSUS EXPENDITURE

The MFMA regulates as follows regarding the incurring of expenditure against budgetary provisions.

5.1. Section 15 – Appropriation of funds for expenditure

“A municipality may, except where otherwise provided in this Act, incur expenditure only-

- (a) in terms of an approved budget; and
- (b) within the limits of the amounts appropriated for the different votes in an approved budget.”

5.2. Unauthorised Expenditure (MFMA Definition)

“in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes-

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with this Act;”

5.3. Overspending (MFMA Definition)

“(a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section;”

5.4. Section 71(1)(g)(iii) states inter alia

“(1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:...(g) when necessary, an explanation of-
... (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget...”

6. VIREMENT REQUIREMENTS

- 6.1. The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a Department during a financial year.
- 6.2. In order for a “vote” to transfer funds from one cost element or capital project to another cost element or capital project, a saving has to be identified within the monetary limitations of the approved “giving” cost element or capital project allocations on the respective budgets.
- 6.3. Sufficient, (non-committed) budgetary provision should be available within the “giving” vote's cost element or project concerned to give effect to the budgetary transfer (virement). In addition, the transferring function must clearly indicate to which cost element or capital project the budget provision will be transferred to and provide a clear motivation for the transfer.
- 6.4. Any budgetary amendment of which the net impact will be a change to the total approved annual budget allocation and any other amendments not covered in this policy are to be considered for budgetary adoption via an adjustments budget (per MFMA Section 28).

6.5. In terms of Section 17 of the MFMA a municipality’s budget is divided into an operating and capital budget and consequently no virements are permitted between Operating and Capital Budgets.

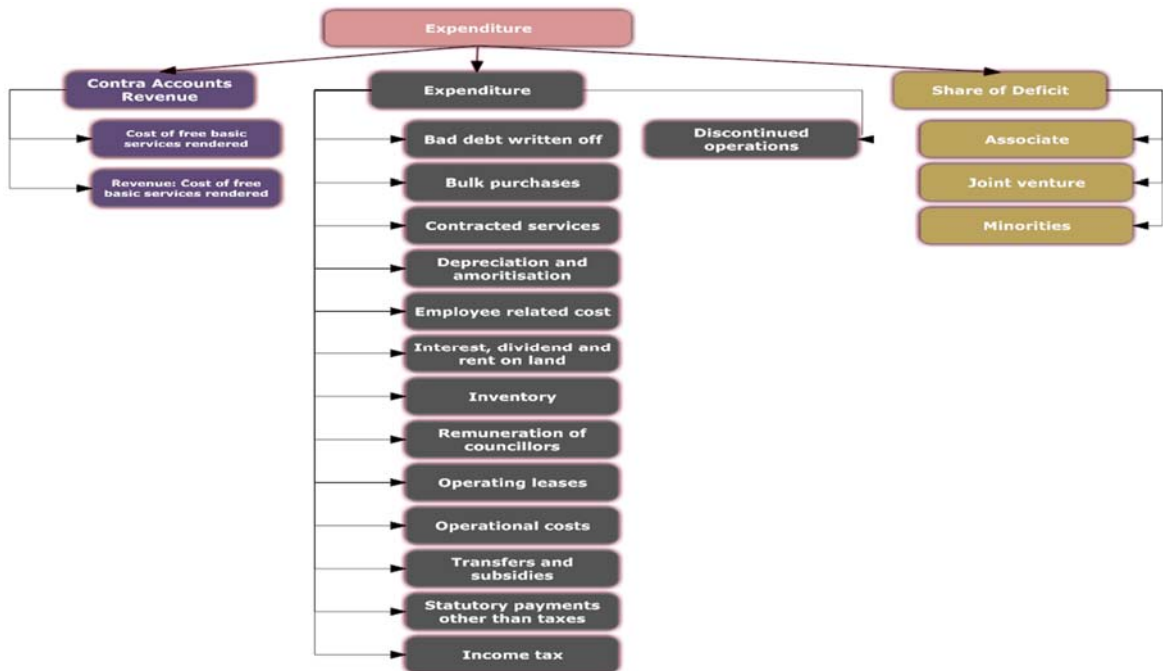
6.6. Virements are not permissible across, or between, votes.

7. OPERATING BUDGET VIREMENTS

7.1. Virements are not allowed to utilise special purpose budgetary allocations, adopted by Council as such and to which specific Council recommendations apply (e.g. budget strategy for growth in repairs and maintenance provisions) and which result from specific resolutions adopted when adopting the budget, as virement sources.

7.2. Sound motivations should be provided for all virements, as provided for on pro forma virement documentation.

7.3. Specific virement limitations:



7.3.1. Bad debt written off

7.3.1.1. Virements are allowed between cost elements of - and only if these virements are within - this subjective category, subjective to the approval of the relevant Manager and the Chief Financial Officer.

7.3.1.2. Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

7.3.2. Contracted services

7.3.2.1. Virements are allowed between cost elements of - and only if these virements are within - this subjective category, subjective to the approval of the relevant Manager and the Chief Financial Officer.

7.3.2.2. Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

7.3.3. Deprciation

7.3.3.1. Virements are allowed between cost elements of - and only if these virements are within - this subjective category, subjective to the approval of the relevant Manager and the Chief Financial Officer.

7.3.3.2. Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

7.3.4. Employee related cost:

7.3.4.1. Virements are allowed between cost elements of - and only if these virements are within - this subjective category, subjective to the approval of the relevant Manager and the Chief Financial Officer.

7.3.4.2. Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

7.3.5. Interest costs.

7.3.5.1. Virements are allowed between cost elements of - and only if these virements are within - this subjective category, subjective to the approval of the relevant Manager and the Chief Financial Officer.

7.3.5.2. Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

7.3.6. Inventory usage

7.3.6.1. Virements are allowed between cost elements of - and only if these virements are within - this subjective category, subjective to the approval of the relevant Manager and the Chief Financial Officer.

7.3.6.2. Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

7.3.7. Remuneration of Councillors

7.3.7.1. Virements within this category are allowed between cost elements, subjective to the approval of the relevant Manager and/or the Chief Financial Officer

7.3.7.2. No virements to and from this subjective expenditure category are allowed.

7.3.8. Operating leases

7.3.8.1. Virements within this category are allowed between cost elements, subjective to the approval of the relevant Manager and the Chief Financial Officer

7.3.8.2. Virements to and from this subjective expenditure category are allowed between cost elements subject to the approval of the Accounting Officer and/or the Chief Financial Officer.

7.3.9. Operational cost

7.3.9.1. Virements are allowed between cost elements of - and only if these virements are within - this subjective category, subjective to the approval of the relevant Manager and the Chief Financial Officer.

7.3.9.2. Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

7.3.10. Transfers and subsidies to Local Municipalities

7.3.10.1. Virements within this category are allowed between cost elements, subjective to the approval of the Accounting Officer and/or the Chief Financial Officer.

8. CAPITAL BUDGET VIREMENTS

8.1.1.1. Virements within this category are allowed between cost elements, subjective to the approval of the relevant Manager.

8.1.1.2. No virements to and from this category are allowed.

9. PROCESS AND ACCOUNTABILITY

9.1. Accountability to ensure that virement application forms are completed in accordance with Council's virement policy and are not in conflict with the department's strategic objectives manifests with the manager of the relevant department.

9.2. Virements must offset each other so that virements in Total Expenditure equals zero

9.3. Completed virement documentation is to be effected by the Chief Accountant.

9.4. Virements approved and processed will be reported for information to the Executive Mayor on a quarterly basis.

10. ANNEXURES

Annexure A: Operating Budget Virement Form

Annexure B: Capital Budget Virement Form

Annexure A: Operating Budget Virement Form

Nkangala District Municipality			
To	Budget Officer		
From			
<p>Changing circumstances and priorities during a financial period gave rise to a need to a budget virement (transfer) funds within or between approved Votes, categories or line items as defined in the Municipal Finance Management Act 56 of 2003 (MFMA). The treatment of such instances may, however, be dependent on whether an adjustments budget is required or not.</p>			
Budget Line	Increase Amount	Decrease Amount	Reason for virement
The above virement constitute an adjustments budget in term of the MFMA	Yes		No
Requested by	Signature	Date	
Approved by	Signature	Date	
Approved by Chief Financial Officer	Signature	Date	
Affected by	Signature	Date	

Annexure B: Capital Budget Virement Form

Nkangala District Municipality			
To	Budget Officer		
From			
<p>Changing circumstances and priorities during a financial period gave rise to a need to a budget virement (transfer) funds within or between approved Votes, categories or line items as defined in the Municipal Finance Management Act 56 of 2003 (MFMA). The treatment of such instances may, however, be dependent on whether an adjustments budget is required or not.</p>			
Budget Line	Increase Amount	Decrease Amount	Reason for virement
The above virement constitute an adjustments budget in term of the MFMA	Yes		No
Requested by	Signature	Date	
Approved by	Signature	Date	
Approved by Chief Financial Officer	Signature	Date	
Affected by	Signature	Date	

NKANGALA DISTRICT MUNICIPALITY



FLEET MANAGEMENT AND PETROL CARD USAGE POLICY

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FLEET MANAGEMENT AND PETROL CARD USAGE POLICY - NKANGALA DISTRICT MUNICIPALITY

Definitions

Unless the context otherwise indicates:

- i. Fleet Manager
Refers to the Nkangala District Municipality's Fleet Manager;
- ii. Fleet Assets
Refers to Municipality's vehicles and machines;
- iii. Driver
Is the official of the Nkangala District Municipality entrusted with a fleet asset at any given time;
- iv. Asset Management Policy.
Refers to the approved Asset Management Policy of Nkangala District Municipality;
- v. Issue form
Refers to the trip authority form, that allows a driver to drive a municipal vehicle as per the route detailed in such a form;
- vi. Management of Pool Vehicles
Management will include servicing, maintenance, issuing of vehicles, *licensing*, purchasing and disposal thereof;
- vii. Log Book
Give details of the route travelled by the driver, including the kilometer reading of the vehicle used for the authorized purpose, and any comments;
- viii. Petrol card
Refer to the petrol cards issued per vehicle by the NDM's bank.

1 Introduction

- 1.1 Department Corporate Services of Nkangala District Municipality presently manages the Municipality's fleet vehicles of the Nkangala Office and Social Services manage the fleet of vehicles at the Kwamhlanga Fire Station and the Disaster Management Centre. The size of the fleet managed by the both departments is quite small. Technical Services manages the fleet of machinery and equipment.

- 1.2 The introduction of an efficient fleet management system will ensure the equitable distribution of vehicles across Nkangala District Municipality's departments. A component of a pool vehicle system will be entrenched therein. The pool vehicle system will also ensure easy access to Municipality's vehicles by all departments, as vehicles will be controlled and managed from a central point i.e. Corporate Services department. It will contribute to the effective and efficient use of the Municipality's resources in that the number of vehicles required will be reduced and the official will be allocated the type of vehicle required for the road and purpose he/ she is travelling on.

2 Purpose

- 2.1 To provide and maintain an effective and efficient fleet of vehicles, list of machinery and equipment, and manage such fleet in a manner that the Municipality's mission and fleet user's aspired goals are met in a cost effective way.
- 2.2 To regulate the management and use of pool vehicles by the officials of the Nkangala District Municipality and to ensure that the fleet is used in a safe and efficient manner.
- 2.3 To provide a procedure for reporting accidents and procedure of conducting an inquiry into vehicle accidents involving Municipal vehicles.
- 2.4 To provide a framework for remedial actions to be instituted by Management.
- 2.5 To introduce operational controls which explain clearly who can use a vehicle with regard to drivers, passengers, authority to use, issuing, parking, log books, fuel management, fuel cards, keys and equipment.
- 2.6 To ensure that vehicles are serviced on time and properly maintained to support the Municipality in the attainment of its objectives.
- 2.7 To co-ordinate the management of Municipal transport by means of control measures which are applicable to all officials and Councilors.

3 Management, Accountability and Responsibility for NDM's Fleet Assets

- 3.1 The fleet management policy and operational fleet management will be the responsibility of the Corporate Services Department and will be administered by the Legal Services Manager or a person delegated to perform the latter duties by the Manager of the Department.
- 3.2 Corporate Services Department must maintain a list of vehicles, machinery and equipment and ensure that they are fully roadworthy and licensed.
- 3.3 Fleet assets required on an ad hoc, seasonal or temporary basis should be provided from the central pool.
- 3.4 This policy will apply to all Nkangala District Municipality officials, who are required to use pool vehicles when conducting their official duties.
- 3.5 This applies to contract / temporary as well as full time employees.
- 3.6 Heads of Departments of NDM will be accountable for the vehicles which are allocated to officials within their respective Departments.
- 3.7 Authorization for the usage of vehicles will only be approved by Heads of Departments, except where the HOD has delegated such a power to the senior official within his/her Department.
- 3.8 Such an official referred to in 3.7 must be from the level of an Assistant Manager or higher.
- 3.9 Social Services is responsible for the management of fleet assets that have been allocated to their respective Department in relation to the Kwamhlanga Fire Station and Disaster Management Centre.
- 3.10 HOD's are required to budget in their operational budget for the usage of vehicles by the employees within their Departments.
- 3.11 The Manager Corporate Services are responsible for the disciplinary action arising from the misuse of the Municipality's vehicles by the employees.

4 Policy statement

- 4.1 This policy covers the use and management of pool vehicles within the Nkangala District Municipality.
- 4.2 If vehicles are paid for by the Nkangala District Municipality but managed by other Municipalities, the recipient municipality must ensure that their control systems are as effective as those outlined in the policy. They must report against the key performance indicators used by the Nkangala District Municipality. NDM must visit the recipient Municipality once every quarter to inspect the condition of the vehicles and to ensure that they still exist. A service level agreement must be prepared between the NDM and the municipality using the asset.
- 4.3 Transport to a department of the Nkangala District Municipality is supplied as a tool to support the department in the delivery of its objectives. It must therefore be used in the most cost-effective manner.
- 4.4 The Corporate Services Department is responsible for the ongoing development of a policy framework and an operational management system for the use of pool vehicles.
- 4.5 The Corporate Services Department will co-ordinate Nkangala District Municipality's fleet management and consolidate fleet management report within 10 days after end of each month and submit such report to the Municipal Manager.
- 4.6 The fleet management report should include (but not limited to) kilometers travelled, maintenance done for the month, the cost incurred, damages, as per clause/paragraph 7 below.

5 Utilisation of fleet assets

5.1 The Municipality's fleet assets should be utilized in a responsible manner, which will ensure the valuable and long-term use of such assets.

5.2 Negative deviations must be reported, followed up and corrected on a continuous basis.

5.3 Allocation of Vehicles

5.3.1 All NDM vehicles are considered as the property of the Municipality regardless of the original source of the vehicle.

5.3.2 There are three (3) types of allocations that can be approved by the Heads of Departments of NDM.

5.3.2.1 Permanent allocation

Permanent allocation to officials will be due to the nature of the duties performed, frequency of the usage of the vehicle and for emergency services. Permanent allocation will be reviewed annually.

5.3.2.1.1 An official with a Municipality's vehicle allocated to him/her will be required to sign a monthly trip authority which will be approved by his/ her HOD.

5.3.2.1.2 Keys and logbooks for permanently allocated vehicles should be returned to Corporate Services Department every Friday by no later than 16h00 and collected on Monday mornings, on completion of the trip authority mentioned in 5.3.2.1.1.

5.3.2.1.3 Monthly log sheets in respect of permanently allocated vehicles will have to be submitted to Budget and Treasury Office by the relevant department for costing purposes.

5.3.2.1.4 The Head of the relevant department will be responsible for arranging for repairs and maintenance of the vehicle permanently allocated to the officials and it will be the responsibility of the official/ Department to whom the vehicle is permanently allocated to take it in for repairs.

5.3.2.1.5 Motivation for the allocation referred to 5.3.2 in must be in writing stating the reason for such an allocation with the signature of the HOD.

5.3.2.1.6 When the vehicle is not in use during the day, the driver must ensure that the vehicle's keys are handed to a designated official for safe-keeping.

5.3.2.1.7 The Heads of Departments shall take responsibility and be accountable for official's allocated vehicles in their respective departments.

5.3.2.2 Short term allocation

5.3.2.2.1 Vehicles can be allocated to officials for a short term period of a week, two weeks or a month depending on the need.

5.3.2.2.2 Short term allocation of vehicles can only be effected subject to an approval by the Head of Department of the official who intends to have the vehicle allocated.

5.3.2.2.3 The Corporate Services Department can't issue a vehicle for short-term allocation without the approval of the HOD.

5.3.2.3 Pool vehicles (i.e. vehicles used on a casual basis).

5.3.2.3.1 The policy caters for regular and daily allocation of pool vehicles.

5.3.2.3.2 The regular or daily allocation operates on the basis of day to day need for the use of vehicles as determined by the official's operation duties of NDM.

5.3.2.3.3 The allocations referred to in 5.3.2.3.1 require a signed trip authority which is approved by the HOD in which the official seeking a vehicle is located

5.3.2.3.4 In the event of non-availability of pool vehicles, the Corporate Services Department will make necessary arrangements by approaching departments with permanently allocated vehicles. Departments are under no circumstances allowed to lend vehicles that are permanently allocated to them to users from other departments without consulting Corporate Services Department.

5.4 Who can use a pool vehicle?

5.4.1 Pool vehicles can be used by any official with the authorized trip authority involved in an activity in line with the objectives of the responsible department within the Nkangala District Municipality.

5.4.2 Vehicles cannot be used for party political purposes under any circumstances, or to take part in industrial union activities.

5.5 Care and Safe Guarding of Municipal Vehicles

5.5.1 Municipal vehicles must be kept in a clean and neat condition at all times.

5.5.2 No smoking is allowed in Municipal vehicles.

5.5.3 Although eating and drinking in Municipal vehicles is not encouraged, should circumstances dictate otherwise, the driver should remove litter/ left-overs from the vehicle.

5.5.4 No intoxicating substance must be consumed before and/or whilst driving a Municipal vehicle.

5.6 Exclusions

5.6.1 This policy does not apply to Municipal employees who are receiving car allowances, as a separate policy for those employees is in place.

5.6.2 Councilors who receive car allowance for the use of NDM vehicles for performing ceremonial functions should comply with Policy on Use of Municipal Vehicles by Councilors Performing Ceremonial Functions.

5.7 Drivers

5.7.1 A pool vehicle can only be driven by Nkangala District Municipality employees.

5.7.2 The driver must have an unendorsed valid driver's license. The officer must check the license for validity and the ability to drive.

- 5.7.3 The driver must have no outstanding transport related disciplinary action against them at the time of taking the vehicle.
- 5.7.4 Where necessary, drivers must be in possession of a Professional Drivers Permit.
- 5.8 Passengers
- 5.8.1 Passengers carried by a pool vehicle must be authorized to travel in the vehicle.
- 5.8.2 The picking up of casual passengers (i.e. hitchhikers) is not allowed under any circumstances.
- 5.8.3 The driver of the vehicle will be held responsible for ensuring that unauthorized passengers are not conveyed.
- 5.8.4 Indemnification letter must be signed by the HOD authorizing the official who intends to carry passengers who are not Municipal officials. (refer to Annexure "B")
- 5.9 Authority to use a vehicle
- 5.9.1 All officials requiring a vehicle must have a signed trip authority from their management before the vehicle is allocated.
- 5.9.2 In normal circumstances a trip authority must be authorized by an official at Assistant Manager level or above, who is senior to the person traveling and is in their direct management line.
- 5.9.3 In circumstances where this is not possible, alternate signatories must be identified within the Municipality.
- 5.9.4 If a vehicle is moved in an emergency, a trip authority must be obtained immediately after the event, or within 24 hours of the movement.
- 5.9.5 This process is only to be used in a case of extreme emergency and the manager must be satisfied that the journey was necessary.

5.9.6 If a vehicle is based with a member of staff away from the office, then a trip authority can be issued against a weekly or monthly work plan.

5.9.7 Trip authorities must not run longer than one week at a time for staff based at the main office.

5.10 Issuing of vehicles

5.10.1 All vehicles should be issued on the day of travel unless advance authority to park the vehicle at home has been obtained, refer to Clause 5.11 of this policy.

5.10.2 The driver must carry his/her license and produce it to the transport officer within the Corporate Services Department upon request.

5.10.3 The signed trip authority must be carried in the vehicle with a copy placed on the file at the Corporate Services Department.

5.10.4 The intended time of departure and return is to be recorded on to the vehicle issue form and compared against the actual time of return.

5.10.5 Continued late return of vehicles may lead to a refusal to allocate vehicles in the future.

5.10.6 The person responsible for fleet will complete a vehicle issue form and a visual checklist before and after each trip. (refer to Annexures "A" and "C")

5.10.7 The driver will then sign the issue form.

5.10.8 The driver then takes responsibility for the vehicle at this point. The vehicle will be checked using the same procedures.

5.10.9 The driver must hand in all petrol/diesel/oil purchase slips to the transport officer for checking and allocation after each trip.

5.11 Parking a vehicle overnight

5.11.1 In normal circumstances vehicles must be parked at official locations.

- 5.11.2 The officer responsible for transport must allocate an approved parking place for each vehicle.
- 5.11.3 The parking places should be lockable or with 24 hour security available.
- 5.11.4 When the vehicle is away from Municipality's parking, the ensure that the vehicle is locked and parked at secure facilities.
- 5.11.5 Where secure facilities are not available, the vehicle should be parked at the nearest official property.
- 5.11.6 The driver of the vehicle is responsible for ensuring that the vehicle is parked as safely as circumstances permit.
- 5.11.7 Parking charges for the use of secure parking will be refunded.
- 5.11.8 Permission may be given for a vehicle to be parked overnight at a home of an official if:
- 5.11.8.1 The driver undertakes to keep the vehicle in adequately secured premises i.e. a garage or lockable gates and,
- 5.11.8.2 The member of staff will be leaving early morning or returning late at night.
- 5.11.8.3 The actual times that this would come into force would be the time when public transport starts / stops. Exceptions can also be made if the personal security of the individual is also at stake, or
- 5.11.8.4 The home of the individual is at a place between the office and their destination such that it is not sensible to come into the office (normally a journey saving of at least 25 km would be expected), or
- 5.11.8.5 The individual works from home or,
- 5.11.8.6 The individual is on call and there is no means by which they can be transported in event of a call out.

- 5.11.9 A signed authority form to park a vehicle at home must be issued. (refer to Annexure "D")
- 5.11.10 The person responsible for signing trip authorities must sign it.
- 5.11.11 It will normally be issued for each occasion.
- 5.11.12 However, for those on call, blanket permission can be issued for a specific time period.
- 5.11.13 The permission is subject to review and can be withdrawn at any time.
- 5.11.14 Whilst a vehicle is parked at home it may not be used for any private purposes.
- 5.11.15 If an emergency arises and it becomes necessary to use the vehicle, a signed trip authority for the movement must be obtained within 24 hours of the journey.
- 5.11.16 Private use of the vehicle whilst parked at home will lead to the withdrawal of the privilege and possible disciplinary action.
- 5.11.17 The officer responsible for transport must perform a distance check to determine the reasonableness thereof.

6 Log books, petrol cards, vehicle keys, and vehicle equipment

- 6.1 The driver takes responsibility for the logbook, keys and petrol card once the vehicle issue form has been signed until the vehicle has been returned to the transport officer at the end of the journey.
- 6.2 All vehicle keys should be safely secured (preferably in a locked container) in the transport office when the vehicle is not in use.
- 6.3 A spare set of all vehicle keys should be kept in a secure place, e.g. the office safe.

- 6.4 The petrol card is to be treated as cash and the driver will be held responsible for the transactions that take place on it whilst it is in his/her possession.
- 6.5 The petrol cards must not be used for schedule maintenance and repairs of vehicles, they can be used only on emergency cases.
- 6.6 All fuel receipts must be kept and made available when the vehicle is returned to the transport officer.
- 6.7 The fleet manager must ensure that all municipal vehicles are e-tagged
- 6.8 It is the responsibility of the driver to fill in the vehicle logbook legibly and accurately.
- 6.9 It must be possible from the details given for a distance check to be carried out. A distance check must be performed where the vehicle was not parked at official locations. Adhoc distance checks should be performed where vehicles are parked at official locations. This should be performed by the officer responsible for transport. The officer responsible for transport must either attach a calculation of the distance check to the "Vehicle Issue Form" or must perform the calculation on the form. Any discrepancies should be investigated.
- 6.10 Loose vehicle equipment, e.g. the spare wheel, toolkit, jack and any other extras will be checked at the time of issuing the vehicle and will remain the responsibility of the driver until such time as the vehicle is returned to the transport officer.
- 6.11 The Fleet Manager will make available to the Budget and Treasury Office log sheets at the end of each month for costing purposes.
- 6.12 The copy of the log sheet will thereafter be stored in the electronic data system.

7 Management systems

7.1 The following key indicators will be kept for each vehicle by the Senior Administration Officer: Assets and Archives.

- Actual kilometers traveled
- Fuel utilization (km/l)
- Total maintenance cost
- Maintenance cost per kilometer
- Running cost per kilometer
- Availability
- Utilization
- Vehicle Performance Vs other similar vehicles within the fleet
- Accidents

8 Vehicle Accidents

8.1 A copy of the accident report form should be kept in the vehicle.

8.2 The following procedure shall be followed in the event of a Municipality-owned motor vehicle becoming involved in an accident, no matter how trivial, and irrespective of whether or not any person or animal or property, other than the Municipality's vehicle is involved: -

8.2.1 Call a police or a traffic officer and, if requested to do so supply name and address of the driver of the motor vehicle to any person having reasonable grounds for requiring this information.

- 8.2.2 If a police or traffic officer is not available, report the accident to a police station as soon after the occurrence of the accident as practicable, but at least within 24 hours.
- 8.2.3 In no circumstances shall liability be admitted or unguarded statements are made to any person or payment offered or made to a third party.
- 8.2.4 Should any third party involved admits liability, endeavors should be made to obtain a statement in writing from him/her to this effect.
- 8.2.5 Should a driver of a vehicle be suspected of being under the influence of intoxicating liquor or narcotic drugs, this fact must be brought to the notice of the police or traffic officer present at the scene of the accident, with the least possible delay and every assistance should be rendered to such police or traffic officer in ensuring that the suspected person is examined by a doctor as soon as possible, or be subjected to a legally permissible Alco-test.
- 8.2.6 Obtain as soon as possible, preferably at the scene of the accident, at least the following particulars, which are required for completing the accident report form and be kept in the vehicle: -
- 8.2.6.1 Registration number, make and type of other vehicle(s).
- 8.2.6.2 Name(s) and address of driver(s) of the other vehicle(s).
- 8.2.6.3 Name(s) and address(es) of person(s) involved in an accident be it she/he/they was/were passenger/s of the Municipal vehicle's driver or the third party or pedestrian(s).
- 8.2.6.4 Name and address of the third party's insurance company.
- 8.2.6.5 Name, occupation and address and age or estimated age of any pedestrian(s) involved in the accident and of any pedestrians killed or injured
- 8.2.6.6 Description of animals and fixed objects involved in the accident and the name and address of the owner.

- 8.2.6.7 Name and address of witnesses including the occupants of the other vehicle(s) in their capacities as witnesses.
- 8.2.6.8 Measurements for the preparation of a sketch of the scene of the accident (pace off the distance if there is no scientific tape measure).
- 8.2.6.9 Note the geographical landscape of the place of accident, type of road, accident related obstructive substances or object on or around the road, road make-up including any fencing and weather condition at the time of the accident.
- 8.2.6.10 The Municipality's vehicle user should obtain identity of the third party involved in the accident.

9 Internal Accident Reporting

- 9.1 The driver of the Municipal vehicle shall, within twenty-four hours after the accident, submit a written report to the officer responsible for transport, who will ensure that the accident report form is completed and forwarded to the Senior Insurance Clerk.
- 9.2 The Senior Insurance Clerk or his/her superior shall make endeavors (in addition to obtaining a mechanical report on the condition of the vehicle after the accident) to obtain a minimum of two repair quotations from different repairing agencies or write-off report if applicable and trade-in value of the vehicle.
- 9.3 In the event of institution of a legal action by the third party, the driver concerned shall upon receipt of summons, subpoena or notice to appear in court pass that information to the Senior Insurance Clerk or his/her superior so that the Municipality's insurers may be approached.
- 9.4 Any accident, damage or third party claim received shall immediately be submitted to the Senior Insurance Clerk. Any damage made to the Municipal vehicle as a result of an accident involving another vehicle or animal/s or any object, shall be reported to the officer responsible for transport who will ensure

that the accident report form is completed and forwarded to the Senior Insurance Clerk.

- 9.5 Upon admission of complete liability in the accident report a driver of the Municipal vehicle involved in accident shall be given an option to personally bear all repair costs.

10 Accident Committee

This is a Committee appointed by the Executive Manager Corporate Services to assist him/her in the investigations of misuse of Municipal fleet and motor vehicle accidents.

10.1 Duties of the Accident Committee

10.1.1 To consider reports on the misuse of Municipal vehicles.

10.1.2 To consider reports on motor vehicle accidents.

10.1.3 To consider reports on any non-compliance of the Municipality's Fleet Management Policy and Asset Management Policy.

10.1.4 Interview the driver, assessor, third party or any other person with information relevant to the accident. In addition, the Accident Committee may:

- Request witnesses to make a verbal/written statement about the accident.
- Probe the nature of the trip and granting of authority to the driver.

10.1.5 Recommend actions to be taken against drivers to the Manager: Corporate Services Manager.

10.1.6 The committee must meet 2 weeks (or earlier) after the accident reported.

11 Duties of the officer responsible for transport

11.1 Shall investigate all Vehicle Accidents and gather all documentary, photographic and other evidence that may be relevant to the case and submit to accident committee.

11.2 If feasible the officer responsible for transport, with the assistance of the Senior Safety Officer, may conduct an inspection of the accident scene.

11.3 The officer responsible for transport must submit a report on results of points 11.1 to 11.3 to the Accident Committee referred to 10.

12 Framework for remedial Actions

12.1 All remedial and corrective actions will be subject to and governed by the Municipality's disciplinary procedure.

12.2 The following structure of progressive imposition of fines on drivers who have been found partly or mainly responsible for the occurrence of the accident involving a Municipal vehicle through direct or indirect means, shall be adhered to: -

TABLE OF FINES

RATE OF DAMAGE (%)	RATE OF FINE ®
0 – 5	250
6-10	500
11-15	750
16-20	1 000
21-25	1 250
26-30	1 500
31-35	1 750
36-40	2 000
41-45	2 250
46-50	2 500
51-55	2 750
56-60	3 000
61-65	3 250
66-70	3 500
71-75	3 750
76-80	4 000
81-85	4 250
86-90	4 500
91-95	4 750
96-100	5 000

12.2.1 These represent minimum fines. Should the cost of repairs be less than the amounts shown above, the amount of the fine will not exceed the total cost of repairs. The rate of damage shall be determined as follows:-

Approved cost of repairs X 100 divide by Trade-in-value

12.2.2 These fines may be imposed in addition to any sanction, which a Disciplinary Hearing may decide upon.

12.3 The fine is payable by means of deduction from an employee's salary over a period not longer than 6 months. A motivation letter must be submitted to the Manager: Corporate Services where an employee requires the period to exceed 6 months.

12.3.1 The Municipal employee shall sign an acknowledgement of debt in which the time frame for the payment of the fine shall also be captured.

13 Hired Vehicles

13.1 In the case when no pool vehicles are available, the Head of Department must approve the hire of vehicle and confirm funding. It will be the responsibility of the officer responsible for transport to hire through the supply chain processes such a vehicle without delay.

13.2 The Policy will apply to all hired vehicles when no pool vehicle is available, but will exclude car rentals when officials travel by plane when away on official business of council, which will be dealt with through the travel, accommodation and subsistence policy.

14 Disposal and acquisition of fleet assets by Nkangala District Municipality

- 14.1 Fleet Assets will be disposed in line with the Supply Chain Management policy and regulations and the Asset Management Policy, Procedures and Implementation guide.
- 14.2 Vehicles will be replaced every 5 years or 200 000km, subject to the overall condition of the vehicle, and availability of budgeted funds.
- 14.3 The Municipality will require a Certificate of Fitness annually from a reputable organization for every vehicle that falls outside the warranty period.
- 14.4 The Asset Management Policy, Procedures and Implementation guide outlines the procedures to be followed in acquiring Municipal assets, and the same will apply to the fleet assets.

15 Traffic Offences

- 15.1 The driver of a Municipal vehicle shall diligently obey all traffic laws and shall be responsible for the payment of all traffic fines which may be attributable to his or her negligence, and the amount will be deducted from his/her salary and/or in terms of the credit control and debt management policy
- 15.2 The Municipality may, at its sole discretion, financially assist a driver convicted of a road traffic offence with the payment of a fine or private legal assistance to enable a driver to defend a criminal or civil claim against him or her in a court of law.
- 15.3 The officer responsible for transport will direct traffic fines to relevant users for payment by the offender. The logbook will be used as a source document to ascertain the offenders of traffic rules.

		Nkangala District Municipality Vehicle issue/ Trip Authorization form	FMP-NDM 1
SECTION A : DETAILS OF DRIVER			Mileage
Name of driver:			Out :
Driver[s] ID number :			In :
Name[s] of passenger[s] :			Distance travelled:
			License Code :
			Time
			Out :
			In :
SECTION B : TRIP PARTICULARS			
From:	To:	Date of Trip:	
From:	To:	Date of Trip:	
SECTION C : DETAILS OF ALLOCATED VEHICLE			
Department	Vehicle Stationed	OFFICIAL STAMP	
Registration No.	Make/Model		
Condition of Vehicle			
[Please note that if the vehicle is to be kept overnight, signed permission must be given by Head of Department]			
Approval by HOD for overnight stay :	YES/NO		
Signature of driver	Print Name		
SECTION D : APPROVAL			
Signature	Print Name	Signature	
		Print Name	
Condition of Vehicle at return			



NKANGALA DISTRICT MUNICIPALITY

Date:.....

To:.....

AUTHORITY TO TRAVEL AS PASSENGER IN COUNCIL VEHICLE

ACCEPTANCE BY PASSENGER

I.....hereby understand that I shall travel as a passenger in the municipal vehicle referred to herein solely at my risk and hereby agree to indemnify the Municipality, its agents, employees or contractors against any loss, damage or injury which I may suffer as a result of my conveyance in the said vehicle.

SIGNATURE OF PASSENGER

DATE:.....

AUTHORITY TO TRAVEL AS PASSENGER IN COUNCIL VEHICLE

Authority is hereby given for you to travel as a passenger in Municipal Vehicle Registration Number..... On for the purpose of.....

By traveling a passenger in the aforesaid vehicle, you hereby agree that neither the Municipality nor any of its agents, employees or contractors, shall be liable for any injury, loss or damage to you whatsoever arising from your conveyance in the said vehicle and you hereby waive any claim you may have against the Municipality in this regard.

Yours
faithfully

SIGNATURE OF HEAD OF DEPARTMENT: _____

DATE: _____



NKANGALA DISTRICT MUNICIPALITY VEHICLE

CHECKLIST PRIOR TO USAGE

DRIVER'S NAME:	DATE:
VEHICLE MAKE:	REG. NO.
TIME ISSUED :	TIME RETURNED:

I AM AWARE OF THE FLEET MANAGEMENT POLICY AND PROCEDURES AND WILL ADHERE TO ALL CONDITIONS PRESCRIBED. I AM AWARE THAT, IF I LOSE THE FUEL CARD AND PARKING DISK, I WILL BE RESPONSIBLE FOR THE REPLACEMENT COSTS.

ACCESSORIES & PARTS	YES	NO	REMARKS
Unendorsed Credit Card Drivers Licence			
Radio fitted or supplied			
Petrol level [full tank, ¾, ½, ¼			
Oil level checked			
Spare wheel, Jack and spanners			
Windscreen			
Dents			
Mirrors			
Oil Leaks			
Rubber Mats			
Check Licence Disc for validity and write			
Check fuel cap for security			
Log Book issued			
Fuel card issued			
Parking Disc			
Tyre Check			
Further comments.			
SIGNATURE OF DRIVER			



NKANGALA DISTRICT MUNICIPALITY

APPLICATION TO PARK VEHICLE AT HOME OR OTHER SECURE AREA

To: Head of Department

I hereby apply for authority to park municipal vehicle Registration Number

_____ at my home situated at ___ or at the property situated at _____.

The reasons for this application are as follows:

In the event of my application being approved, I agree to abide by the provisions of the Municipality's policy with regard to the parking of the vehicle at my home or other secure area.

SIGNATURE OF APPLICANT: _____

DATE: _____

DESIGNATION: _____

DEPARTMENT: _____

APPLICATION APPROVED/ NOT APPROVED BY MANAGER: RESPONSIBLE FOR FLEET FOR THE FOLLOWING REASON(S)

SIGNATURE OF HEAD OF DEPARTMENT: _____ **DATE:** _____

OR

Authority is hereby granted to.....

to park municipal vehicle

Registration Number..... at his/her home situated ator

at the property situated at, being the approved parking area, subject to the following conditions:

- [a] The authority contained herein being valid for the period to
- [b] The authority contained herein being subject to review or withdrawal at any time subject to prior consultation with the employee where necessary.
- [c] That whilst the vehicle is parked at the home of the employee or at the approved parking area, it may not be used for any non-work or private purpose.
- [d] That if an emergency arises whilst the vehicle is parked at the home of employee or the approved parking area necessitating the use of the vehicle, then a signed trip authority for the movement of such vehicle must be obtained within 24 hours of the journey.
- [e] The private use of a vehicle whilst parked at the home of the employee or the approved parking area will lead to the withdrawal of the privilege and possible disciplinary action against the employee concerned.

SIGNATURE OF HEAD OF DEPARTMENT :

DATE:.....20.....

FMP-NDM 5

NKANGALA DISTRICT MUNICIPALITY

STOLEN VEHICLE
REPORT

VEHICLE REGISTRATION NUMBER	
MAKE	
MODEL	
YEAR	
VEHICLE INVENTORY NUMBER	
COLOUR	
ENGINE NUMBER	
MILEAGE/ODOMETER READING	
DATE OF LAST SERVICE	
GENERAL CONDITION INCLUDING RUST	
NAME OF DRIVER AT TIME OF THEFT	
DATE OF THEFT	
PLACE OF THEFT	
STATE CIRCUMSTANCES IN WHICH THEFT TOOK PLACE	

	YES	NO
WAS THE THEFT REPORTED TO THE SOUTH AFRICAN POLICE SERVICES		
IF YES, DATE OF REPORTING		
S.A. POLICE SERVICE CR NUMBER		
DATE REPORTED TO INSURER		
DATE REPORTED TO COUNCIL		
RESPONSE FROM INSURANCE COMPANY:		

SIGNATURE OF DRIVER

**SIGNATURE OF
MANAGER: FLEET
MANAGEMENT**

DATE _____

DATE _____

ACCOMMODATION TRAVEL AND SUBSISTENCE POLICY



NKANGALA DISTRICT
MUNICIPALITY

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1 OBJECTIVE

It is essential that Councillor/Official of the municipality from time to time travel to other cities and towns in order to establish and maintain links and relationships with other municipalities, government bodies, and other parties, institutions and organisations operating in the sphere of local government. It is important for Councillor/Official to broaden their knowledge and understanding of and compare local experiences in local government transformation, innovation and change in the rest of the country, and this can effectively be done only through the medium of personal contact with a wide range of local government stakeholders.

In terms of the Income Tax Act (No. 58 of 1962) Councillors and officials traveling to other destinations for official business purposes or needs be granted an ad-hoc travel and subsistence allowance.

The object of this policy is to enforce the promulgated legislation in terms of ad-hoc travel and subsistence allowances, in order to set uniform guidelines for Councillors and officials from Nkangala District Municipality.

This policy sets out the basis for the payment of a subsistence and travel allowance for the purposes of such official travelling.

2 DEFINITIONS

Car ownership cost: Means the cost based on 10 000 km per year as reflected and maintained in the AA Tables for "Estimated average car ownership cost over six years

Councillor as defined in terms of the Municipal Structures Act (Act 117 of 1998)

Day allowance is equivalent to the total allowance granted for meals and incidental cost for 24-hour period portion thereof to a minimum of 6 hours after the first 24 hours.

Holder of public office (Councilor) is any member of a municipal council.

Incidental cost expenses which are not necessarily incurred in performing the duties of employment whilst away on business (e.g telephone cost, laundry cost, drinks, tips etc.)

Meals, any food/refreshment that an employee is entitled to whilst on official Council business away from the workplace.

Municipal official, in relation to a municipality or municipal entity, means:

- An employee of a municipality or municipal entity
- A person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- A person contracted by a municipality or municipal entity otherwise than as an employee

Official duty approved official council business / activities

Official travel is the travel on official business away from their normal workplace and exclude travel from and to their workplace

Purchase price: Means, in the case of a new vehicle, the actual invoice price of the vehicle without regard being had to any discount allowed or trade-in price negotiated and, in the case of a second-hand vehicle, the retail price indicated in the "Auto Dealer's Digest" plus VAT

SARS South African Revenue Services

Total fixed cost: Means the tariff in cents per kilometer as reflected and maintained in the AA Tables for "Estimated average car ownership cost over six years" and determined by the actual purchase price of the vehicle

Transport allowance

Is an allowance that include fixed and running cost

Transport allowance bearing post: Means a post to which a fixed or running monthly transport allowance is coupled

Travel: domestic: For purposes of this policy, domestic travel shall mean travel within South Africa

Travel: International: For purpose of this policy, international travel shall mean travel to any country outside South Africa

3 RESPONSIBILITIES OF COUNCILLOR/OFFICIAL WHO TRAVEL ON BUSINESS OF THE MUNICIPALITY

- 3.1 Every Councillor/Official who travels on the business of the municipality must comply with this policy in letter and in spirit.
- 3.2 Councillor/Official who travel on the business of the municipality must appreciate, at all times, that they are ambassadors for the municipality, that their actions, conduct and statements must be in the best interests of the municipality, and that they must comply with any specific mandates they have been given.

4 SUBSISTENCE AND TRAVEL ALLOWANCE

- 4.1 A subsistence and travel allowance is an amount of money paid by the municipality to a Councillor/Official to cover the following expenses:
 - 4.1.1 meals (including reasonable gratuities);
 - 4.1.2 incidentals such as refreshments, snacks, drinks and newspapers; and
 - 4.1.3 all business-related travel.
- 4.2 A subsistence allowance does not cover any personal recreation, such as visits to a cinema, theatre or nightclubs, or sightseeing.
- 4.3 Calculation of the allowances shall be in respect of the period from the latest reasonable time at which it would be necessary for the traveler using the authorized form of transport to leave the ordinary place of residence or office in order to be present at the appointed time to the earliest reasonable time on or about which such traveler could, by using such transport, arrive back at the ordinary place of residence or office.

5 ENTITLEMENT TO A SUBSISTENCE AND TRAVEL ALLOWANCE

- 5.1 A Councillor/Official may claim a daily subsistence allowance as provided in this policy with the understanding that all authorised personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses (see 10 below), may be claimed.
- 5.2 The subsistence allowance may be claimed without the Councillor/Official having to furnish proof of expenses, as it is deemed as actual cost in terms of the Income Tax Act (No. 58 of 1962).
- 5.3 Entertainment of external business associates or contacts or clients or potential investors or potential clients falls outside the scope of the subsistence allowance and will be separately reimbursed (subject to prior approval where applicable). If a Councillor/Official of the municipality has an entertainment allowance, this

entertainment of external business associates or contacts or other parties must be claimed against the entertainment allowance.

- 5.4 A Councillor/Official of the municipality must claim his or her subsistence allowance, as provided in this policy, before embarking on any official trip. The subsistence allowance must, in order to facilitate its timeous payment, be claimed at least three working days before the planned trip.
- 5.5 No subsistence allowance will be paid, and no Councillor/Official will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality.
- 5.6 All travel on business of the municipality must be approved as such before a Councillor/Official is entitled to a subsistence allowance.
- 5.7 For the purposes of a subsistence allowance, a Councillor shall mean:
 - 5.7.1 Executive Mayor,
 - 5.7.2 Speaker
 - 5.7.3 Council Whip
 - 5.7.4 Members of the Mayoral Committee,
 - 5.7.5 other Councillors specifically authorised to represent the municipality on a particular occasion
- 5.8 For the purposes of a subsistence allowance, an Official shall mean:
 - 5.8.1 Municipal Manager
 - 5.8.2 Heads of Departments
 - 5.8.3 any other official specifically authorised to represent the municipality on a particular occasion or who is on official council business
 - 5.8.4 any official who is a member of a recognised professional institution and is granted permission to attend meetings and conferences of such institution.

6 ACCOMMODATION COSTS AND SUBSISTENCE ALLOWANCE

- 6.1 For purposes of this policy, domestic travel shall mean travel within South Africa, and international travel shall mean travel to any country other than South Africa.
- 6.2 In the case of both domestic and international travel, the day of departure and the day of return each qualify for a subsistence allowance.
- 6.3 In the event where an official is unable to make use of the meals provided due to religious convictions the reimbursement for alternative meals shall be dealt with

on an ad hoc basis with the authorization of the Municipal Manager or his/her delegated authority

6.4 Travel: domestic: one or more nights spent away from home

- 6.4.1 Councillor/Official who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in a hotel, motel, guesthouse or bed and breakfast establishment.
- 6.4.2 The actual cost of accommodation will be borne by the municipality, subject to a maximum of R2 500 per night for the accommodation and breakfast in respect of domestic travel. Where such accommodation is available, the rate for a single room will be payable.
- 6.4.3 A daily allowance, at the SARS rate, to defray incidental costs only (deemed to have been expended) will be paid to the amount as announced and gazette annually in February by the Minister of Finance, to the recipient where the official business trip is in the Republic of South Africa (domestic travel). Any amount over and above the prescribed amount, if for whatever reason approved by Council, will be taxable.
- 6.4.4 A daily allowance, at the SARS rate, to defray meals and incidental costs (deemed to have been expended) will be paid in advance to the amount as announced and gazette annually in February by the Minister of Finance, to the recipient where the official business trip is in the Republic of South Africa (domestic travel) and that the Councillor/Official needs to stay overnight for the purpose traveled for. Any amount over and above the prescribed amount, if for whatever reason approved by Council, will be taxable.

- 6.4.5 If a Councillor/Official travels on the business of the municipality where the business unavoidably entails one or more nights to be spent away from home, and furnish proof of meal expenses other than the actual place of accommodation, a reimbursement subsistence allowance of not more than R120 per lunch and R160 per dinner is payable.
- 6.4.6 If a Councillor/Official stays with a relative or friend, no accommodation allowance may be claimed, however the Councillor/Official may, in addition to the applicable subsistence allowance, claim a Taxable amount of R200.00 (Two Hundred Rand) per day.
- 6.4.7 Councillors/Officials would only be allowed to claim for accommodation if the destination is beyond 250 kilometers from the municipal building.
- 6.4.8 Where it is not necessary to sleep overnight on any travel for municipal business, no accommodation costs will be paid but only incidental costs and/or meals can be claimed for.
- 6.4.9 In cases where Council's official Travel Agent did not make the reservation, payments of overnight accommodation for Councillor/Official shall be paid directly into the account of the hotel or guesthouse. Requests for reservations and payment must be submitted by the relevant official at least seven days prior to embarking on an official trip to enable the administration sufficient time to process the reservation and payment. This is to avoid unnecessary inconvenience to all parties concerned.
- 6.4.10 In the event where an official is unable to make use of the meals provided due to religious convictions the reimbursement for alternative meals shall be dealt with on an ad hoc basis with the authorization of the Municipal Manager or his/her delegated authority.

6.5 Travel: domestic: for a day or part of a day with no overnight stay

- 6.5.1 Where it is not necessary to sleep overnight on any travel for municipal business, no accommodation costs will be paid but only incidental costs and/or meals can be claimed for and will only be payable if the Councillor/Official is away from Four(4) hours or more.
- 6.5.2 A daily allowance, at 25% of the SARS rate for overnight subsistence, to defray meals and incidental costs (deemed to have been expended) will be paid in advance to the amount as announced and gazette annually in February by the Minister of Finance, to the recipient where the official business trip is in the Republic of South Africa (domestic travel) and that the Councillor/Official needs to stay overnight for the purpose traveled for, without furnishing proof of expenses.
- 6.5.3 If a Councillor/Official travels on the business of the municipality for a day or part of a day, and furnish proof of meal expenses, a reimbursement subsistence allowance of R100 per day or part of a day is payable. No more than R100 shall be payable per day, irrespective of the number of trips undertaken.
- 6.5.4 Any amount over and above the prescribed amount, if for whatever reason approved by Council, will be taxable.

6.6 Travel: international: one or more nights spent away from home

- 6.6.1 Any Councillor/Official embarking on an overseas visit must request his/her subsistence allowance not later than 7 (seven) working days before actual date of departure. For consistency, the value of the subsistence will be calculated against an exchange rate obtained from Council's official bankers as listed 5 (Five) working days before the actual departure date indicated on the plane ticket or reservation which must accompany the request for subsistence. This exchange rate will be according to the currency of the specific country to be visited.
- 6.6.2 Council will reimburse the costs of visas for countries to be visited in accordance with the official visit.
- 6.6.3 Councillor/Official who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in an hotel, motel, guesthouse or bed and breakfast establishment.
- 6.6.4 The recoverable cost of accommodation for international travel may not exceed US\$350 per day.
- 6.6.5 A daily allowance, at the SARS rate, to defray incidental costs only (deemed to have been expended) will be paid in advance to the amount as announced and gazette annually in February by the Minister of Finance, to the recipient where the official business trip is in the Republic of South Africa (international travel). Any amount over and above the prescribed amount, if for whatever reason approved by Council, will be taxable.

- 6.6.6 A daily allowance, at the SARS rate, to defray meals and incidental costs (deemed to have been expended) will be paid in advance to the amount as announced and gazette annually in February by the Minister of Finance, to the recipient where the official business trip is in the Republic of South Africa (domestic travel) and that the Councillor/Official needs to stay overnight for the purpose traveled for. Any amount over and above the prescribed amount, if for whatever reason approved by Council, will be taxable.
- 6.6.7 In cases where Council's official Travel Agent did not make the reservation, payments of overnight accommodation for Councillor/Official shall be paid directly into the account of the hotel or guesthouse. Requests for reservations and payment must be submitted by the relevant official at least seven days prior to embarking on an official trip to enable the administration sufficient time to process the reservation and payment. This is to avoid unnecessary inconvenience to all parties concerned.
- 6.6.8 On return from overseas visits the Councillor/Official must submit to the next Council meeting a written report, which may be a collective exercise, regarding the value, experience and benefits achieved. It will be the responsibility of Municipal Manager to forward the report to Council.

7 CAR RENTAL AND OTHER TRAVEL COSTS

- 7.1 Only category "B" to "E" vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle (for example, when the number of Councillor/Official involved could justify the hire of a micro-bus).
- 7.2 Car rental must be approved as part of the travel package before the trip is embarked on. A Councillor/Official who rents a vehicle whilst travelling on the business of the municipality without having received prior authorisation will only be reimbursed for the cost of the vehicle rental if proof of expenditure can be produced

and the Councillor/Official can demonstrate that vehicle rental was reasonably but unexpectedly necessitated by the circumstances.

- 7.3 All flights by Councillor/Official of the municipality shall be in economy class, unless another class of travel is specifically authorised by the Municipal Manager.
- 7.4 All flights by the Executive Mayor shall be business class
- 7.5 Councillor/Official who prefer to make use of their own personal transport he/she will be reimbursed at the lowest of the rate as indicated in 7.5 below or the cost of a return airplane ticket and the kilometers travelled from his/her normal workplace to the nearest airport.
- 7.6 If a Councillor/Official has to utilise his or her personal motor vehicle outside the boundaries demarcated for the municipality he or she will be reimbursed at the rate per kilometre or any other maximum amount prescribed from time to time by the South African Revenue Service. The distance to which the reimbursement applies, must be the shortest distance between the municipality's offices and the location where the official business is to be transacted.
- 7.7 In case where Councillor/Official make use of their own personal transport he/she will be reimbursed at the following rates and scenarios for kilometers traveled in respect of official trips on behalf of the Nkangala District Municipality as calculated

for the shortest distance from normal residence or place of work to the approved venue and back:

- 7.7.1 Officials who are in receipt of a transport allowance will be reimbursed against the official Running Costs Tables of the “AA Rates for Vehicle Operating Costs” for the specific vehicle used;
 - 7.7.2 Contract employees (packages includes a provision for transport allowance), e.g. the Municipal Manager (Sect 57 Appointees), Heads of Departments and Contractual to Incumbent employees, where applicable, will be reimbursed at the rate determined for the use of privately-owned vehicles by the Department of Transport’s Notice: “Tariffs for the use of Motor Transport” as distributed monthly by the Department of Local Government and Housing.
 - 7.7.3 Councilors will be reimbursed in terms of the Determination of Upper Limits of Councillors as follows, at the rate determined for the use of privately-owned vehicles by the Department of Transport’s Notice: “Tariffs for the use of Motor Transport” as distributed monthly by the Department of Local Government and Housing.
 - 7.7.4 Officials that does not receive a travel allowance, (other than mentioned in paragraphs 7.7.1, 7.7.2 and 7.7.3) will be reimbursed at the rate determined for the use of privately-owned vehicles by the Department of Transport’s Notice: “Tariffs for the use of Motor Transport” as distributed monthly by the Department of Local Government and Housing. Reimburse travel claims will only be paid in terms of vehicles owned by the Councillor/Official and proof of the ownership, a copy of the purchase invoice clearly indicating the price and capacity of the vehicle was furnished to Council.
- 7.8 Officials who does not own a car and make use of public transport can be reimbursed at a rate of 30% of the SARS rate for travel
- 7.9 Prior approval must be acquired for all of the above arrangements.

8 DETERMINATION OF TRANSPORT BEARING POSTS FOR OFFICIALS

LEVEL	KILOMETERS PER MONTH	DESIGNATION
1.	Unlimited	Section 57 Managers
2.	650	Deputy Managers accountable to section 57 & field workers
3.	600	Assistant Managers
OTHER OFFICIALS	550	Approved by Council

- 8.1.1 When it is agreed with an employee, excluding employees referred to in table above, to daily utilise private transport for the execution of official duties and such employee regularly travels more than 650 km per month in the process, a monthly transport allowance may be paid in accordance with the total distance, as determined in terms of this Policy, travelled.
- 8.1.2 The post to which this monthly transport allowance is coupled, is known as a transport allowance bearing post and the payment of a transport allowance is subject to the conditions specified in this Policy.
- 8.1.3 For the determination of distances with regard to the payment of a transport allowance, the following principles shall apply:
- 8.1.4 The Municipal Manager will decide whether an employee who qualify must submit a monthly log sheet of official journeys undertaken or whether compensation based a fixed average journey distance per month is to be paid to such employee.
- 8.1.5 If the Municipal Manager decides in terms of clause 8.1.1 that a monthly transport allowance is to be paid to an employee for the use of private transport in the execution of his/her duties, a provisional monthly official kilometer distance, calculated to the nearest 25 kilometer for such post, shall be determined after submission of a report by the relevant head of department. This report shall serve as the basis of assessment of the provisional monthly official kilometer distance.
- 8.1.6 For a period of the twelve months after the determination of the provisional monthly official kilometer distance in terms of clause 8.1.5, the incumbent of the specific post must maintain a daily official kilometer distance return (log sheet) of official journeys undertaken as approved by the relevant head of department. After the twelfth month period the distance travelled for official purposes and the result rounded off to the nearest 100 kilometres in order to obtain the annual official kilometer distance in respect of the post.
- 8.2 Should Council or incumbent of a transport allowance bearing post require a re-determination of the official distance limit attached to his/her post, written notice must be given to the relevant head of department. Seven days after serving such notice, the relevant employee must start maintaining a daily return of all official journeys for a period

of three months, in accordance with the procedure stipulated in clause 8.1.6 to re-determine the official distance on which compensation is to be paid to such employee.

- 8.3 Should an employee not be satisfied with the determination or re-determination of the official distance limit applicable to the transport allowance bearing position occupied by him/her, the employee can request a round table discussion with the Municipal Manager and, in the event of failure to reach an agreement, the employee can pursue the matter further as he/she deems fit.
- 8.4 The kilometer distance per month that Council determines for a post, excluding those referred to in clause 8.1.1, must be pertinently made known to the employee.

8.5 Travel allowance in acting positions

8.5.1 When an employee who does not occupy a transport allowance bearing post is temporarily appointed by the Municipal Manager to act in the place of an employee who occupies a transport allowance bearing post and such employee utilises his/her private vehicle for the execution of official duties for the period during which he/she so acts, the transport allowance applicable to such transport allowance bearing post shall be paid to such employee for the period he/she acts in the transport allowance bearing post.

8.5.2 Such transport allowance shall be calculated as follows:

$$A = bx \frac{c}{12} x \frac{e}{f}$$

- A = transport allowance payable
- b = total vehicle ownership cost per kilometer, based on the actual purchase price of the vehicle provided by the employee subject to the provisions of clause 6; and on an annual kilometer distance of 10 000 kilometres (rounded to 850km per month);
- c = annual kilometer distance (to a maximum of 10 000km per year, rounded to 850 kilometer per month) as determined in respect of the position in which the employee temporarily acts;
- e = number of working days that the employee acts in the temporary position in the calendar month mentioned in f; and
- F = number of working days in the calendar month in which the transport allowance is calculated.

8.6 CALCULATION OF TRANSPORT ALLOWANCES

8.7 Basis of compensation

$$A = bx \frac{c}{12}$$

8.8 All transport allowance payments shall be calculated in accordance with the 10 000 km per year column (rounded to 850 kilometer per month) of the AA Tables for "Estimated average car ownership cost over six years", except where the employment contract of an employee determines a different basis for calculating the compensation due to such employee.

8.9 Transport allowance

8.9.1 This allowance refers to the amounts payable to incumbents of transport allowance bearing posts who, in accordance with official distance limitations or by using log sheets, submit claims for the actual distance travelled. A transport allowance is payable monthly and is calculated as follows:

Fixed

$$A = bx \frac{c}{12}$$

Where

A = the monthly fixed transport allowance;

b = total ownership cost per kilometer; and

c = total annual kilometer distance.

, (subject to the maximum of 10000km per year, rounded to 850km per month)

provided that the calculation of the transport allowance is based on vehicles with a maximum cylinder capacity of 2500 cc and the actual purchase price is limited to 100% of the employee's salary excluding bonus and any allowances.

Running:

$B = a \times b$

B = Monthly running allowance

a = Rate per kilometer as per section 7.6.1

b = Monthly kilometers allocated to employee to a maximum of 850 km per month

Monthly travel allowance = A (monthly fixed) + B (monthly running cost)

8.9.2 The transport allowance for a particular calendar month is, where possible, payable to an employee at the end of the same month.

8.9.3 In the case of any period of unpaid leave, the monthly transport allowance payable to an employee is reduced on a pro rata basis for such period.

8.9.4 An employee whom travel more kilometers per month than the kilometers allocated to him/her may claim for the additional kilometers travelled by submitting a logbook for ALL kilometers travelled in the specific month and will be re-imbursed as follows:

For the difference of 850 km and the kilometers allocated to him/her at a rate of fixed plus running

For all kilometers above 850km per month only running cost will be paid

9 SUBSISTENCE AND TRAVEL ALLOWANCES FOR PERSONS INVITED FOR INTERVIEWS

9.1 No subsistence costs will be paid to any candidate invited for an interview, but travelling costs can be reimbursed at the rate per kilometer or any other maximum

amount prescribed from time to time by the South African Revenue Service if the candidate has to travel more than 50km to attend the interview.

- 9.2 When necessary persons invited for interviews should be booked on a flight in economy class. Persons invited for interviews who prefer to make use of their own personal transport he/she will be reimbursed at the lowest of the rate as indicated in 8.1 above or the cost of a return airplane ticket and the kilometers travelled from his/her place of residence to the nearest airport.

10 TOLL GATE FEES, PARKING FEES AND OTHER UNAVOIDABLE EXPENSES

The reimbursement of tollgate fees, parking fees and any unavoidable expenses related to the approved official business travel will be paid on the furnishing of proof of the expenses, on a fortnightly basis.

11 AUTHORISATION

For purposes of implementing this policy:

- 11.1 Only the Municipal Manager may authorise any travel to be undertaken by Heads of Departments or Unit Managers who reports directly to the Municipal Manager, or payments to be made for persons invited for interviews, but provided the expenses to be incurred are on the approved budget of the relevant department.
- 11.2 Only Heads of Departments or Unit Managers may authorise any travel to be undertaken by officials who reports to the relevant Head of Department or the Unit Manager, provided the expenses to be incurred are on the approved budget of the relevant department.
- 11.3 Only the Executive Mayor or his delegate may authorise any travel to be undertaken by the Mayor, Speaker, Council Whip, any Councillor, or the Municipal Manager, but provided the expenses to be incurred are on the approved budget of the municipality.
- 11.4 The Executive Mayor shall approve his or her own travel on municipal business, provided the expenses to be incurred are on the approved budget of the municipality, and provided further that the Executive Mayor reports to the following council meeting on the nature of and reasons for such travel and the expenses incurred.
- 11.5 An invitation to attend a workshop, meeting or related event is not an automatic authorisation to attend such workshop or event. The required authorisation must still be obtained from the Municipal Manager or Executive Mayor, Head of Department or Unit Manager, as the case may be.
- 11.6 Councilor/Official delegated to attend any conference, workshop, meeting or any other official council business must ensure that they arrive on time and attend until the conclusion of such event. If any Councillor/Official fails to do so, the Executive Mayor or the Municipal Manager, as the case may be, may recover all allowances

and disbursements paid to enable such delegated Councillor/Official to attend such event, provided that such delegated Councillor/Official is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.

12 PAYMENTS OF CLAIMS

- 12.1 Payment of claims will only be effected on receipt of a completed claim on the prescribed claim form duly authorized in terms of paragraph 10 above.
- 12.2 Claims will only be considered if a copy of the relevant tax invoice for accommodation is attached to the claim form.
- 12.3 All claims be paid on a fortnightly basis only

13 LEGAL REQUIREMENTS

- 13.1 In terms of Section 66 of the Municipal Finance Management Act No. 56 of 2003 the accounting officer of the municipality must report to the council, in the format and for the periods prescribed, all expenses relating to staff salaries, allowances and benefits, separately disclosing (inter alia) travel, subsistence and accommodation allowances paid.

14 Suspension of transport allowance

Should an employee who occupy a transport allowance bearing post be transferred on his/her own request to another post not bearing a transport allowance, no transport allowance shall be payable to such employee from the date of such transfer.

Should an employee who occupies a transport allowance bearing post be transferred to a non-transport allowance bearing post without such employee requesting the transfer, the employee shall give be given six months written notice of the withdrawal of the transport allowance. During this period of six months the employee shall receive a monthly transport allowance calculated on the following basis, if the employee's vehicle is not utilised for official purposes during this period:

$$A = hx \frac{c}{12}$$

Where

- A = monthly transport allowance;
- h = total fixed cost per kilometer; and
- c = annual kilometer distance as determined in accordance with the scheme.

Should Council decide to withdraw an employee's transport allowance, such employee shall be given six months written notice of such withdrawal. During this period of six months the employee shall receive a monthly transport allowance, calculated on the basis as determined in clause 8.12.1, if the employee's vehicle is not utilised for official purposes during this period.

15 EXCLUSIONS

An employee performing any functions which require one or more of the following, is automatically EXCLUDED from participating in this determination:

- a) The functions require specialised vehicles and/or equipment;
- b) The functions necessitate the transportation of co-worker(s) and/or equipment: and
- c) The primary functions are to transport goods and/or people.

RENTAL OF FACILITIES (USE OF COUNCIL CHAMBER, PARLOUR, TRAINING ROOM AND COMMITTEE ROOMS) POLICY



NKANGALA DISTRICT MUNICIPALITY

RENTAL OF FACILITIES (USE OF COUNCIL CHAMBER, PARLOUR, TRAINING ROOM AND COMMITTEE ROOMS) POLICY

1. Background

The District Municipality allows the use of certain facilities, eg. The Council Chamber, Parlour, etc. to third parties on an on-going basis

2. Objectives of the policy

The objective of this policy are to:

- Ensure that the rental of council facilities are dealt with in accordance with authorized processes only
- Ensure that the municipality has and maintains an effective system of internal control .

3 Who may rent facilities?

The following organizations are allowed to use the Nkangala District Municipality's Council Chamber, Parlour, Training Room and Committee Rooms subject to the conditions contained in this policy:

- National Government Departments
- Provincial Government Departments
- Local Municipalities
- SALGA
- Parastatals
- Non-Governmental Organizations
- Private Institutions

4 Deposits

A deposit is payable by all non-governmental organizations and private institutions when the booking for the venue is made. Should there be no damage to the venue or equipment and the venue needs no cleaning, the deposit will be refunded.

In the case of any damage to the venue or equipment or in case the venue needs cleaning after the conclusion of the function, the deposit will be repaid

after deduction of any amount necessary to repair the damage, repair or replace the equipment or cleaning of the venue.

The amount to be deducted will be determined by the Municipal Manager or his plenipotentiary whose decisions shall be final and binding. This fee will also be applicable if the venue is used for a period longer than the period of use applied for.

5 Council Chamber

A tariff per hour or part thereof for the use of the Council Chamber and facilities are payable in advance. This fee will also be applicable if the venue is used for a period longer than the period of use applied for.

6 Parlour

A tariff per hour or part thereof for the use of the Parlour and facilities are payable in advance. This tariff is payable in addition to the tariff payable for the use of the Council Chamber. This fee will also be applicable if the venue is used for a period longer than the period of use applied for.

7 Training Room

A tariff per hour or part thereof is payable for the use of the Training Room and facilities. This fee will also be applicable if the venue is used for a period longer than the period of use applied for.

8 Committee Rooms and any other facilities

A tariff per hour or part thereof is payable for the use of any Committee Room and facilities. This fee will also be applicable if the venue is used for a period longer than the period of use applied for.

9 Sunday and public holidays

If the venue is to be used before 08h00 and/or after 16h00 and on Saturdays, Sundays and Public Holidays, double the normal tariff is payable. This fee will also be applicable if the venue is used for a period longer than the period of use applied for.

10 **Organs of state**

The venues are available free of charge during normal office hours for use by a National Government Department, Provincial Government Department, Local Municipality; SALGA and Parastatals.

11 **Bona fide Non-Governmental Organisations or registered welfare organisations**

The venue is made available free of charge if, in the opinion of the Municipal Manger or his plenipotentiary, the venue is to be used by a bona fide Non-Governmental Organisation or registered welfare organisation; provided that the event to be held is:

- To the benefit of the community; and
- No admission fees are payable

The deposit is still payable in such cases.

12 **Letter of undertaking**

A letter of undertaking as prescribed must be issued by the person responsible for the use of the venue.

13 **Age restrictions**

No agreement to use a venue may be entered into with a person under the age of 21 years

14 **Cancelation**

The Municipal Manager or his plenipotentiary may refuse or cancel any booking for a venue if it is deemed that:

- The proposed use may expose Council to any risk of damage or liability of whatever nature; or
- The proposed use is contrary to the morals of the community; or
- The proposed use may damage the Nkangala District Municipality's image and reputation; or
- The proposed use is limiting the use by other institutions or persons; or

- The proposed venue is to be used by the Nkangala District Municipality itself.

The Nkangala District Municipality is not obliged to furnish any reasons for refusal to make a venue available to any institution.

15 Restrictions

No furniture, decorations or equipment in the venue may be taken out of the venue for any purposes whatsoever.

16 No stationery or equipment of whatsoever nature will be supplied by the Nkangala District Municipality. If banners, posters etc are put up during a meeting, such banners posters etc. may not be fixed with nails, or in any manner that may damage the walls etc. Such poster, banners etc. must also be removed at the end of the meeting, failing which a fee will be levied to remove such banners etc.

17 Use of kitchen

Use of kitchen must be limited to the Caterers who are rendering services for Nkangala District Municipality and Government Departments only.

18 The Municipal Manager is authorized to allow the use of a venue by an institution without any formalities in his own discretion.

19 Responsibility of person responsible for renting the facility

The person responsible for the rental of the venue must visit the venue at least 1 (one) day before the date of the proposed use of the venue in order to complete the checklist prescribed by the Municipal Manager for the use of the venue.

20 The person responsible for the rental of the venue must appoint a specific person to usher the persons who will attend the proposed meeting to the correct venue, ensuring that all safety and prescribed conditions for entering the offices of the Nkangala District Municipality are complied with at all times.

21 The Municipal Manager or his delegate is authorized to determine any other conditions which may be required or necessary.

NKANGALA DISTRICT MUNICIPALITY



BUDGET POLICY

Nkangala District Municipality

Budget Policy

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DEFINITIONS

"Accounting Officer"

(a) means the Municipal Manager;

"Allocation", means

- (a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution; (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget," means an annual budget

- (a) approved by a municipal council in terms of section 24 of the MFMA, or
- (b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including

- (a) a tariffs policy, which a municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) a rates policy which a municipality must adopt in terms of section 3 of the municipal property rates Act;
- (c) a credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
- (d) a cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;
- (e) a borrowing policy which must comply with Chapter 6 of the Act;
- (f) a funding and reserves policy;

- (g) a policy related to the long-term financial plan;
- (h) a supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act;
- (i) any policies dealing with the management and disposal of assets;
- (j) any policies dealing with infrastructure investment and capital projects, including – (i) the policy governing the planning and approval of capital projects; and
(ii) the policy on developer contributions for property developments;
- (k) an indigents policy of the municipality;
- (l) any policies related to the provision of free basic services;
- (m) any policies related to budget implementation and monitoring including –
(i) a policy dealing with the shifting of funds within votes;
(ii) a policy dealing with unforeseen and unavoidable expenditure; and
(iii) policies dealing with management and oversight;
- (n) any policies related to the managing electricity and water including -
(i) a policy related to the management of losses; and
(ii) a policy to promote conservation and efficiency;
- (o) any polices related to personnel including polices on overtime, vacancies and temporary staff;
- (p) any policies dealing with municipal entities, including – (i) the service delivery agreement; and
(ii) the dividend preference of the municipality; and
- (q) any other budget-related or financial management policies of the municipality.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

"Chief financial officer" means a person designated in terms of section 80(2) (a) of the MFMA;

"Councilor" means a member of a municipal council;

"creditor", means a person to whom money is owed by the municipality;

"current year" means the financial year, which has already commenced, but not yet ended;

"delegation", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA

"financial statements", means statements consisting of at least

- (a) a statement of financial position;
- (b) a statement of financial performance;
- (c) a cash-flow statement;

- (d) any other statements that may be prescribed; and
- (e) any notes to these statements;

"financial year" means a twelve months period commencing on 1 July and ending on 30 June each year

"financing agreement" includes any loan agreement, lease, and installment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"irregular expenditure", means

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in Accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not In accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorized expenditure";

"investment", in relation to funds of a municipality, means

- (a) the placing on deposit of funds of a municipality with a financial institution;
or
- (b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"lender", means a person who provides debt finance to a municipality;

"local community" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"long-term debt" means debt repayable over a period exceeding one year;

"executive mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"municipal council" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipality"

- (a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"accounting officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

"mSCOA" Is the municipal standard chart of accounts as per the regulation issues 2014

"municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" means property rates or other taxes, levies or duties that a municipality may impose;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"official", means

- (a) an employee of a municipality or municipal entity;
- (b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- (c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"overspending"

- (a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"past financial year" means the financial year preceding the current year;

"quarter" means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

"service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate

- (a) projections for each month of-
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter; and
- (c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l) (c) of the MFMA;

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognised accounting practice", means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

"unauthorised expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of

"allocation" otherwise than in accordance with any conditions of the allocation; or (f) a grant by the municipality otherwise than in accordance with the MFMA;

"virement" means transfer of funds between functions / votes

"vote" means

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

1. INTRODUCTION

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals.

In brief, the conceptualisation and the operationalisation of the budget must be located within the national government's policy framework.

2. OBJECTIVE

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- The responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to the Nkangala District Municipality's IDP review and budget processes.

3. BUDGETING PRINCIPLES

- (a) The municipality shall not budget for a cash deficit and should also ensure that revenue projections in the budget are realistic taking into account actual collection levels.

- (b) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- (c) The municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF)) that would be reviewed annually and approved by Council.
- (d) The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.
- (e) Allocation of available funds to local municipalities shall be based on the following basis(as per census 2011)
 - i. Population 30%
 - ii. Low and medium capacity 20% (high capacity LMs will be excluded)
 - iii. Level of service 10% based on backlog
 - iv. Square area in km 20%
 - v. Poverty levels 20%
- (f) The allocation of district initiated projects will be as follows:
 - i. 30% women
 - ii. 30% youth
 - iii. 30% disability
 - iv. 10% other
- (g) Allocations to local municipalities be focussed on bulk infrastructure development

4. BUDGET PREPARATION PROCESS

4.1. Formulation of the budget

- (a) The Accounting Officer with the assistance of the Chief Financial Officer, Deputy Manager IDP and the Assistant Manager Performance Management shall draft the IDP process plan as well as the budget timetable for the municipality for the ensuing financial year.

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- (b) The executive mayor shall table the IDP process plan as well as the budget timetable to Council not later than 31 August of each year for approval (10 months before the start of the next budget year).
- (c) IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act, Municipal Budget and reporting regulations as well as the guidelines set by National Treasury.
- (d) The Executive Mayor shall convene a strategic workshop in September/October with the mayoral committee and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality. The executive mayor shall table the IDP priorities with the draft budget to Council.
- (e) The Executive Mayor shall table the draft IDP and MTREF budget to council by 31 March of each year (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.
- (f) The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
- (g) The budget must be in the prescribed format by National Treasury, and must be divided into capital and operating budget that is fully aligned to the mSCOA regulations
- (h) The budget must reflect the realistically expected revenues by major source for the budget year concerned.
- (i) The expenses reflected in the budget must be divided into items.
- (j) The budget should further make provision for all the 7 segments of the mSCOA
- (k) The budget must contain the information related to the two financial years following the financial year to which the budget relates, as well as the estimated revenues and expenses for the current year and the two prior year actual revenue and expenditures.

4.2. Public participation process

Immediately after the draft annual budget has been tabled, the municipality must convene hearings on the draft budget in April and invite the public, stakeholder organisations, to make representation at the council hearings and to submit comments in response to the draft budget.

4.3. Approval of the budget

- (a) Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year).
- (b) The council resolution, must contain budget related policies and performance measures to be adopted.

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- (c) Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance that the budget has not been approved.
- (d) The budget tabled to Council for approval shall include the following supporting documents:
 - i. draft resolutions approving the budget;
 - ii. and levying property rates, other taxes and tariffs for the financial year concerned;
 - iii. measurable performance objectives for each budget vote, taking into account the municipality's IDP;
 - iv. the projected cash flows for the financial year by revenue sources and expenditure votes;
 - v. any proposed amendments to the IDP;
 - vi. any proposed amendments to the budget-related policies;
 - vii. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the accounting officer, the chief financial officer, and other senior managers;
 - viii. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as Non-Governmental Organisations, welfare institutions and so on;
 - ix. particulars of the municipality's investments; and
 - x. various information in regard to municipal entities under the shared or sole control of the municipality

4.4. Publication of the budget

- (a) Within 14 days after the draft annual budget has been tabled, the Director must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public.
- (b) The Chief Financial Officer must within 14 days after the draft annual budget is tabled:
 - (i) submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.
 - (ii) ensure that a newspaper advertisement is placed that the draft budget is available at the Municipal offices and available for comments.

4.5. Service Delivery and Budget Implementation Plan (SDBIP)

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- (a) The Executive mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.
- (b) The SDBIP shall include the following components:
 - (i) Monthly projections of revenue to be collected for each source
 - (ii) Monthly projections of expenditure (operating and capital) and revenue for each vote
 - (iii) Quarterly projections of service delivery targets and performance indicators for each vote
 - (iv) Ward information for expenditure and service delivery
 - (v) Detailed capital works plan broken down by ward over three years

5. CAPITAL BUDGET

- (a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and has a useful life in excess of one year.
- (b) The capital budget shall distinguish between replacement and new assets.
- (c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- (d) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.
- (e) Before approving a capital project, the Council must consider:
 - (i) the projected cost of the project over all the ensuing financial years until the project becomes operational,
 - (ii) future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- (f) Before approving the capital budget, the council shall consider:
 - (i) the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - (ii) depreciation of fixed assets,
 - (iii) maintenance of fixed assets, and
 - (iv) any other ordinary operational expenses associated with any item on such capital budget.
- (g) Council shall approve the annual or adjustment capital budget only if it has been properly cash funded.
- (h) The capital expenditure shall be funded from the following sources:
 - (i) **Revenue or Surplus**
 - If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.
 - If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

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(ii) External loans

- External loans can be raised only if it is linked to the financing of an asset;

- I) Each Executive Manager shall submit his / her business plan for the ensuing year to the finance department at ± February of each year accompanied by general expenditure projections with total budget not exceeding the limits set by the Chief Financial Officer.
- j) Each Local Municipality within the jurisdiction of the district shall submit its IDP/budget projects request together for the ensuing year to the finance department at ± February of each year accompanied by general expenditure projections with total budget not exceeding the limits set by district council and the Chief Financial Officer.
- k) The Local Municipality request should be accompanied by the following:
 - (a) full scope of project
 - (b) multi-year budget projection
 - (c) cash flow projection for the budget year
 - (d) ward information of the area which will be serviced by the asset;
 - (e) in the case of infrastructure asset, a repairs and maintenance plan
 - (f) the municipality should allocate at least 8% of the project allocation to repairs and maintenance of the project
 - (g) in case of a revenue generating
 - (h) an undertaking that the project may not be changed after it has been approved (except unforeseen) and any changed are subject to the approval by the Budget Steering committee.
 - (i) All projects for which the municipality requests funding from the district must be prioritised within the allocated budget.

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- l) All projects not commenced with by the end of half year (December) of the budget year, a progress report must be submitted to the budget steering Committee in January for consideration to retain the budget provision during the adjustment budget process.
- m) All projects which will not be completed within a budget year (least by June), a progress report must be submitted to the Budget Steering Committee in February in order to consider to roll- over a portion of the budget provision to the next financial year during the budget process.
- n) Capital projects must be budgeted in phases i.e. feasibility studies budgeted first then the construction/implementation after.
- o) In order to align the budget to IDP and SDBIP, KPI numbers must be captured referencing them back to IDP and SDBIP (same KPI numbers must be used).
- p) A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
- q) The loan redemption period should not exceed the estimated life span of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
- r) Interest payable on external loans shall be included as a cost in the operating budget;
- s) Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

Grant Funding

- Non capital expenditure funded from grants o must be budgeted for as part of the revenue budget;
 - o Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
 - o Capital expenditure must be budgeted for in the capital budget;
- Grant funding does not need to be cash backed but cash should be secured before spending can take place.
- All unutilized grants received must be ring fenced and cash backed by means of an investment.

6. OPERATING BUDGET

- (a) The municipality shall budget in each annual and adjustments budget for the contribution to:
- (i) provision for accrued leave entitlements equal to 100% of the accrued leave
 - (ii) entitlement of officials as at 30 June of each financial year,
 - (iii) provision for the impairment of debtors taking into account prior year, current year improvements and future improvement in debt collection percentages.
 - (iv) provision for the obsolescence and deterioration of stock in accordance with its stores management policy
 - (v) Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
 - (vi) The budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 35% 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 excluded from this limit.

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- (vii) At least 4% of the operating budget component of each annual and adjustments ` budget shall be set aside for maintenance.
- (b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- (c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- (d) The operating budget shall reflect the impact of the capital component on:
 - depreciation charges
 - repairs and maintenance expenses • interest payable on external borrowings.
 - other operating expenses.
- (e) The chief financial officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.

7. FUNDING OF CAPITAL AND OPERATING BUDGET

- (a) The budget may be financed only from:
 - (i) realistically expected revenues, based on current and previous collection levels;
 - (ii) cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
 - (iii) borrowed funds in respect of the capital budget only.

8. UNSPENT FUNDS / ROLL OVER OF BUDGET

- (a) The appropriation of capital funding in an annual or adjustments budget, will not lapse to the extent that they are unspent by the end of the relevant budget year, except if such funds are motivated in writing, to serve as an item, by the relevant departmental/unit manager to the Budget Steering Committee, and approved by the committee as such.
- (b) The appropriation of operating funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, except if such funds are motivated in writing, to serve as an item, by the relevant departmental/unit manager to the Budget Steering Committee, and approved by the committee as such.
- (c) Only unspent grants (if the conditions set by National Treasury had been adhered to for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year
- (d) Conditions of the grant fund shall be taken into account in applying for such roll over of funds
- (e) Application for roll over of funds shall be forwarded to the budget office by the 15th of April each year to be included in next year's budget for adoption by Council in May.
- (f) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made at least 30 days (31 May each year) prior the end of that particular financial year.

- (g) No unspent budget for administrative operations shall be rolled over to the next budget year

9. BUDGET TRANSFERS AND VIREMENTS

Budget transfers and Virement are dealt with in terms of the councils Budget Virement Policy.

10. ADJUSTMENT BUDGET

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.

- (a) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the executive mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.
- (b) Council may revise its annual budget by means of an adjustments budget in terms of section 28 of the MFMA and according to the timelines of the Municipal Budget and reporting regulations section 23.
- (c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- (d) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council.
- (e) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.
- (f) An adjustments budget must contain all of the following:
 - (i) an explanation of how the adjustments affect the approved annual budget;
 - (ii) appropriate motivations for material adjustments; and
 - (iii) an explanation of the impact of any increased spending on the current and future annual budgets.
- (g) Any inappropriate surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's capital replacement reserve.

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- (h) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- (i) Unauthorised expenses may be authorised in an adjustments budget.
- (j) In regard to unforeseen and unavoidable expenditure, the following apply:
 - (i) the Executive mayor may authorise such expenses in an emergency or other exceptional circumstances in terms of Section 29 of the MFMA;
 - (ii) the authorized amount may not exceed 4 % of the approved own revenue included in the annual budget in respect of such unforeseen and unavoidable expenses;
 - (iii) these expenses must be reported by the Executive mayor to the next Council meeting;
 - (iv) the expenses must be appropriated in an adjustments budget; and
 - (v) Council must pass the adjustments budget within sixty days after the expenses were incurred.

11. BUDGET IMPLEMENTATION

11.1. Monitoring

- (a) The accounting officer with the assistance of the chief financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:
 - funds are spent in accordance with the budget;
 - expenses are reduced if expected revenues are less than projected; and - revenues and expenses are properly monitored.
- (b) The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Executive mayor for consideration and tabling to Council.
- (c) The Accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

11.2. Reporting

11.2.1 Monthly budget statements

- (a) The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to

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the Executive mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

- (i) actual revenues per source, compared with budgeted revenues;
- (ii) actual expenses per vote, compared with budgeted expenses;
- (iii) actual capital expenditure per vote, compared with budgeted expenses;

- (iv) actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- (v) the amount of allocations received, compared with the budgeted amount;
- (vi) actual expenses against allocations, but excluding expenses in respect of the equitable share;
- (vii) explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- (viii) the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
- (ix) projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

- (b) The report to the National Treasury must be both in electronic format and in a signed written document.

11.2.2 Quarterly Reports

- (a) The Executive mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

11.2.3 Mid-year budget and performance assessment

- (a) The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and

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- performance indicators which were set in the service delivery and budget implementation plan.
- (b) The Accounting officer must then submit a report on such assessment to the Executive mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 25 January each year.
 - (c) The Accounting officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

12. CONCLUSION

The Assistant Manager Information Technology must place on the municipality's official website the following:

- _ the annual and adjustments budgets and all budget-related documents;
- _ all budget-related policies;
- _ the integrated development plan
- _ the annual report;
- _ all performance agreements;
- _ all service delivery agreements;
- _ all long-term borrowing contracts;
- _ all quarterly and mid-year reports submitted the Council on the implementation of the budget and the financial state of affairs of the municipality.

NKANGALA DISTRICT MUNICIPALITY



TARRIF POLICY

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1. DEFINITIONS

“Basic municipal services” mean a Municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment.

“Council” refers to the Nkangala District Municipality and its successors in law and includes the Council of that Municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties with regard to this policy.

“Municipal area” means the area in respect of which the Nkangala District Municipality has executive and legislative authority as determined by the constitution and the National legislation and demarcated in terms of the Demarcation Act (Act 27 of 1998).

“Tariff policy” means a policy on, the levying of fees, rates for the Municipal services provided by the Municipality itself, which complies with the Municipal Systems Act, 2000.

2. GENERAL INTRODUCTION AND OBJECTIVE

- 2.1 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.
- 2.2 The tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74 of Municipal Systems Act, 2000 (Act No. 32 of 2000).
- 2.3 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.
- 2.4 The tariffs policy has been compiled to ensure that Municipal services are financially sustainable, affordable and equitable
- 2.5 And that there is consistency in how tariffs are applied throughout the Municipality

3. GENERAL PRINCIPLES

- 3.1 Service tariffs imposed by the Municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability to pay of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion. However when setting the tariffs the Council shall consider the impact, which the proposed increases in service charges will have on the monthly Municipal accounts of users in the Municipal area. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts. Because users have no mechanism for passing on such increases to other parties, but must fully absorb the increases concerned, the Council shall ensure that the additional impact of such increases is in keeping with the relevant increase in the consumer price index.
- 3.2 The Municipality shall ensure that its tariffs are uniformly and fairly applied throughout the Municipal region.
- 3.3 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.

- 3.4 The 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.
- 3.5 The 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.
- 3.6 The Municipality also undertakes to render its services cost effectively in order to ensure the most economical cost of service delivery concerned; and another directly related to the consumption of the service in question.

4. CATEGORIES OF CONSUMERS

4.1 Tariff structure may be imposed for the following categories of consumers:

- a) Domestic consumers
- b) Business consumers
 - i) Commercial consumers
 - ii) Industrial consumers
 - iii) Agricultural consumers
- c) Consumers with whom special agreements were made
- d) Consumers in certain geographical areas
- e) Educational institution
- f) Welfare organisations

5. NEED FOR A TARRIFF POLICY

5.1 The Municipality must have access to adequate sources of revenue to enable it to carry out its functions. The Municipality must fully utilize the available sources of revenue to meet its development objective.

5.2 Financial sustainability requires that the Municipality must ensure that its budget balances, services are provided at affordable levels and it is able to recover the cost of services delivery.

5.3 Effective and efficient usage of resources, this means that Municipality must use the resources in the best possible ways to reap the maximum benefits for the community.

5.4 Budget and Financial affairs of the Municipality must be open to public scrutiny, in accordance with section 22 of the Municipal Finance Management Act no 53 of 2003. The community should be part of the decision making process about how revenue is raised and spent.

6. IMPLEMENTATION OF TARIFFS POLICY

6.1 The Municipality like any other business enterprise is subject to continuous price increase in the goods, material and other resources that it uses to perform its function.

6.2 Tariffs represent the charges levied by the council on consumers for the utilization of services provided by the Municipality. Tariffs maybe calculated in a various different ways, dependent upon the nature of the services that are provided.

7. MISCELLANEOUS TARIFFS

7.1 Where at all possible all miscellaneous tariffs relating to the Municipality will be standardised.

7.2 All minor tariffs shall be approved by the Council in each annual budget.

7.3 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.

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

- a) Municipal lending library (except for fines set out below)

7.6 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:

- a) rentals for the use of Municipal premises
- b) search fees
- c) Photostat copies and fees
- d) Issuing of compliance certificates and licenses
- e) Use of equipments

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

- a) penalty and other charges imposed in terms of the approved policy on credit control and debt collection;
- b) Penalty charges for the submission of dishonored, stale, post-dated or otherwise unacceptable cheques.

7.8 Lease agreements shall be entered into for the lease of municipal properties. Where possible market related rentals will be levied.

8. BY-LAWS: SECTION 75 TO GIVE EFFECT TO POLICY

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

8.2 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.

9. POLICY ADOPTION

This policy has been considered and approved by the Council of **Nkangala District Municipality** on this day..... of 2016

ANNEXURE A: 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:

- a) that users of municipal services must be treated equitably in the application of the municipality's tariffs;

- b) That the amount individual users pay for services must generally be in proportion to the use of such services;
- c) That Indigent 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 Indigent households;
- d) That tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
- e) 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;
- f) That provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- g) That provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- h) That the economic, efficient and effective use of resources, the recycling of waste and other appropriate environmental objectives must be encouraged;
- i) That the extent of subsidisation of tariffs for Indigent 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.

BLACKLISTING POLICY

1 JULY 2016



**NKANGALA DISTRICT
MUNICIPALITY
DC31**

1. **DEFINITIONS**

“*appeal authority*” shall mean an independent and impartial person appointed by the accounting officer in terms of section 57 of the supply chain management policy.

“*applicant*” shall mean a department or directorate with the Nkangala District Municipality who lodged the complaint. “*Complainant*” shall have a corresponding meaning.

“*award*” shall mean the acceptance of a bid or proposal.

“*blacklisting/restricting*” shall mean the act of disqualifying a person or an entity from participating in the procurement process of Nkangala District Municipality.

“*blacklisting authority*” shall mean the person/s or committee/s that have delegated authority to blacklist or restrict a tenderer/supplier/contractor.

“*blacklisting period*” shall mean the period for which the tenderer is barred from participating in the procuring processes.

“*contract period*” shall mean the duration of the contract as set out in the contract.

“*delisting*” shall mean removal of a person/entity, after the period of blacklisting expires.

“*eligibility documents*” shall mean:

1. Tax clearance and municipal fee declarations and certificates certifying that the bidder has no undisputed commitments for municipal fees due to any municipality or overdue for a period of 30 days or more.
2. Declarations by tenderers certifying the correctness of information and certifying validity of authority to act (Regulation 14 of the Preferential Policy Framework Act 5 of 2000).
3. Certificates declaring details of private or business interests in terms of Regulation 46(e) of the Supply Chain Management Regulations.
4. CIDB certificates, (Construction Industry and Development Board accreditation certificates).
5. Proof of registration of a company, close corporation, co-operative or any other document requiring formal registration.
6. Any partnership agreement or agreement of joint venture, memorandum of articles of a company, association agreement or any other agreement establishing a business entity.

7. Statement setting out details of work undertaken in the government/public sector/organs of state in the past five (5) years, including particulars of persons who assessed the work and who can be contacted to verify completion/non completion of the contract.
8. Audited financial statements where applicable, or books of account.
9. Or any other document prescribed by law or specifically requested by Nkangala District Municipality.

“*executive directors*” shall mean a person appointed as director directly accountable to the Municipal Manager.

“*fronting*” shall mean companies with no black economic empowerment (BEE) status illegally claiming to be headed by previously disadvantaged individuals and claim false BEE credentials in order to win tenders contacts.

“*irregular practice*” shall include, but not be limited to:

- (i) fronting;
- (ii) misrepresentation on eligibility documents or application forms or any other returnable document which contains information which will have a material bearing on the award;
- (iii) attempt to bribe/bribing an official by monetary or non-monetary inducements or attempt to influence an official directly or indirectly involved with the procurement process, in order to:
 - obtain a tender
 - retain a tender
 - withdraw from a tender
- (iv) deliberately omitting information, or misrepresenting information which would have a bearing on the award of a tender;
- (v) committing of fraud or extortion in relation to the bidding process;
- (vi) obtaining information on the contents of other bids in the same tender which one would not ordinarily be entitled to in terms of the Promotion of Access to Information Act (PAIA) No. 2 of 2000, which information is in the possession and under the control of the municipality;
- (vii) collusive tendering;
- (viii) restrictive horizontal and vertical practices as defined by the Competition Act;
- (ix) committing an exclusionary act as defined by the Competition Act; and
- (x) any other activity which is not specifically set out in this definition, but constitutes an unlawful or unfair/improper business practice.

“*municipality*” shall mean Nkangala District Municipality or any municipal entities, whichever is applicable.

“*non-performance*” shall mean default on a contract in the public/-government sector by willfully or negligently:

- (i) failing to perform at all;
- (ii) failing to complete work timeously without good reason;
- (iii) delivering defective performance, i.e. poor workmanship or substandard materials;
- (iv) being in breach of a material term of the contract;
- (v) failing to achieve a specified participation goal as set out in the tender documents; and
- (vi) despite being given written notice to remedy non-performance.

“*Senior Manager/ sec 56 manager*” shall mean all directors who are responsible for managing the respective votes of the municipality and to whom powers and duties for this purpose have been delegated in terms of section 79 of the Local Government : Municipal Finance Management Act, Act 56 of 2003 and any other senior officials designated by the accounting officer.

2. **INTRODUCTION**

The municipality is committed in terms of its procurement policies to acquire the best goods and services for the Council while also supporting small businesses, local economic development and previously disadvantaged service deliverers.

In order that these objectives are achieved, the standard of the goods and services delivered and the method of doing business must be of an acceptable standard.

This policy shall govern the blacklisting/restricting of defaulters at the following stages:

- (i) registration on the municipality’s database;
- (ii) during the bidding process, i.e. from the advertisement, until the award; and
- (iii) after the award of contracts, i.e. during the contract period or roll out.

3. **OBJECTIVES**

3.1 To prevent the municipality from doing business with persons, business, organizations or entities who abuse the supply chain management system by committing a corrupt, fraudulent, unfair or irregular practice/s.

3.2 To prevent the municipality from doing business with individual persons, business, organizations or entities who default on any contract, performance willfully or negligently.

3.3 To develop a uniform criteria and a fair process for barring such persons, tenderers and business entities who engage in 3.1 and/or 3.2 above.

3.4 To discourage persons who are blacklisted from re-entering the procurement arena by setting up new business entities and by using existing business entities to tender for public sphere work, during the blacklisting period.

4. **POLICY STATEMENT**

A tenderer who is blacklisted by Nkangala District Municipality or who has already been included on the National Treasury's Register of Tender Defaulters shall not be allowed to participate in the bidding for work offered by the municipality during the period of disqualification.

5. **APPLICABILITY TO FIRMS / PARTNERSHIPS / INDIVIDUALS**

5.1 Any restriction imposed on any business entity by Nkangala District Municipality will, at the discretion of the municipality, also be applicable to any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise.

5.2 Whilst such persons are blacklisted, such persons may re-organize themselves into new entities, however such new entities will be precluded from tendering for work put out to tender by Nkangala District Municipality.

5.3 The onus is on the contractor who is so blacklisted to advise his business associates and/or partners that he has been blacklisted.

5.4 As concerns existing business entities, example holding companies and subsidiaries of which the blacklisted entity/person is a member, shareholder, associate, and the blacklisting committee may at its discretion depending on the level of complicity of the blacklisted person/entity in the current blacklisting application blacklist such entities.

6. **GROUNDS FOR BLACKLISTING**

6.1 Committing an irregular practice/s as defined above.

6.2 Failing to achieve a specified goal as is stipulated in the tender document in terms of Regulation 15(1) of the Preferential Procurement Regulations.

6.3 Committing of any offence as set out in section 12 and 13 of the Prevention and Combating of Corrupt Activities Act 12 of 2004.

6.4 Persistent non-performance as defined above.

6.5 A conviction in respect of a related criminal activity, by a competent court of law, for which the sentence is a term of imprisonment of not less than six (6) months.

7. **PROCEDURES**

7.1 **Application**

7.1.1 The complainant must apply on prescribed forms to be collected from the supply chain unit or any other department duly authorized by the accounting officer.

7.1.2 The application form shall make provision for reasons for the application, which if not stated shall render the application null and void and shall not be considered.

7.1.3 The applicant's application shall be signed by the relevant Senior Manager or manager delegated by the Accounting Officer.

7.1.4 In the case of applications for blacklisting pertaining to construction or works, where non-performance is claimed, (excluding failure to achieve specified goals) the application is to be accompanied by proof:

- that the contractor has been advised in writing of his non-performance and had been given an opportunity to remedy the non-performance, a certificate from a consultant registered engineer, or an internal report from a suitably qualified official confirming the non-performance and failure to remedy.
- in addition, a final demand must be issued by accounting officer or any duly authorized official requesting the contractor to perform not later than fourteen (14) days from the date of the notice.
- in the case of applications in respect of contracts other than contracts mentioned above and failure to achieve specified goals a copy of all notices served on the supplier/contractor to perform must be attached to the application.

7.2 **Notification**

7.2.1 The completed application form shall be lodged with the supply chain management unit or any duly authorized department by the accounting officer.

7.2.2 Supply chain management unit or any duly authorized department shall send out a notification to the person or entity against whom the application is made.

7.2.3 The notice shall be sent by registered post or delivery by hand to the person/entity concerned.

7.2.4 The notice shall set out:

- (a) The basis of the claim, together with all supporting documents.
- (b) The time period within which the respondent is to respond, by furnishing reasons why he/she/it should not be blacklisted.
- (c) The place for the delivery of the response.

7.3 Response

The respondent shall be expected in his response to indicate whether or not he admits or denies the allegations and the reasons for denial, if applicable and why the sanction should not be imposed.

The blacklisting committee shall make its determination based on the application and response. Should either the complainant or the respondent wish to give oral evidence then this must be indicated in writing with the filing of the application and response, respectively.

7.4 Notification of date

7.4.1 The supply chain unit shall upon receipt of the response then advise the respondent and the complainant of a date for consideration of the matter.

7.4.2 This notice shall:

- (a) Advise both parties of the date for consideration by the blacklisting committee which shall be a date not less than twenty (20) calendar days from the date of the notice.

- (b) The respondent may submit, a statement setting out the basis of any denial and any supporting documents, and should he/she/it wish to present evidence in person, that he/she/it is to advise so that suitable arrangements may be made.

7.4.3 If the respondent does not respond to the first notice despite proper notification, he/she shall be deemed to have no objection and the blacklisting authority may proceed with the consideration and finalization of the matter.

7.4.4 Any documentation received from the respondent shall be made available to the applicant, who may file a written response thereto. A copy of which shall be made available to the respondent.

7.5 The hearing

7.5.1 The blacklisting authority shall on the basis of application, together with all other papers filed impose an appropriate sanction.

7.5.2 The blacklisting authority shall not be precluded from calling for oral evidence on issues of clarity or dispute of fact.

7.5.3 The blacklisting authority shall allow the respondent to make oral representations where he has exercised the right to do so, in advance.

7.5.4 The blacklisting authority shall make a decision on the facts before it, and issue an order within ten (10) working days after the conclusion of the hearing.

7.6 Notification of decision and order

7.6.1 The supply chain unit or any duly authorized department shall advise the parties of the decision in writing within ten (10) working days of the decision being made, by enclosing in the notice, a copy of the order.

7.6.2 The order shall contain the following information:

- (a) The decision.

- (b) The effective date of the sanction, the date of the expiration of the sanction and the date of commencement of the tenderer into the public tender

arena, which will be the next working day, if the expiry falls on weekend or South African public holiday.

7.6.3 The decision notice shall enclose the order and set out the following:

(a) The reasons for the decision.

(b) The right of appeal against the decision and/or sanction.

7.6.4 The executive committee to receive regular reports as soon as there are incidents of blacklisting.

7.7 Appeal

An appeal against the blacklisting committee's decision shall lie with a competent court of law.

7.8 Effect of the decision

A contractor is restricted from the effective date as set out in the order referred to in 7.5.4. This means that no department within the municipality may award a contract to such person/entity from the effective date to the expiry of the period set out in the order.

8. PUBLICATION

The supply chain unit or any duly authorized department shall advise the National Treasury of the decision of the blacklisting authority within ten (10) working days of any restrictions, period of restriction, reasons and the date of commencement of the restriction that it imposes against the respondent.

The supply chain unit or any duly authorized department shall publicize the findings of the blacklisting authority on its website.

9. UPLIFTING OF SANCTION

9.1 The accounting officer based on good reasons may amend or uplift any restriction which is imposed on the contractor by the blacklisting authority.

9.2 Application for the uplifting of the restriction must be made by the respondent.

9.3 Such reasons for amendment or upliftment must be furnished to National Treasury within ten (10) working days of the amendment or upliftment.

9.4 An application for uplifting may only be made after the respondent has been suspended for at least a year from the effective date of the decision where the sanction is for three (3) or more years.

9.5 Furthermore if an application is refused, the applicant shall be precluded from bringing a further application for a period of six (6) months from such refusal after obtaining a legal opinion on this course of action.

10. **ONUS**

The onus shall rest with the tenderer to ensure that he/she is removed from the defaulters list / Nkangala District Municipality's website once the period of blacklisting has expired.

11. **SANCTIONS**

11.1 If the blacklisting authority is satisfied that there are grounds to blacklist, the blacklisting authority must decide on the blacklisting period based on the merits of each matter. The blacklisting authority shall take into account, inter alia, the following:

1. the seriousness of the offence;
2. previous similar conduct in bidding processes in other municipalities and Nkangala District Local Municipality when imposing the sanction;
3. the hardship/inconvenience that has been occasioned by the tender/contractor's conduct;
4. other remedies which the municipality has/may invoke; and/or ③ the financial logs by the municipality.

11.2 The municipality shall not be precluded from invoking its conventional remedies in law.

12. **COMPOSITION OF BLACKLISTING COMMITTEE AND THE APPOINTMENT OF MEMBERS**

The blacklisting committee shall be established by Nkangala District Municipality to consider applications for the restricting of tenderers and contractors who wish to do business with the municipality / are already doing business with the municipality.

The blacklisting committee shall be appointed by the accounting officer of the municipality, in collaboration with the Council.

12.1 **Criteria for appointment**

The blacklisting committee must consist of at least the following disciplines:

- (i) Senior Managers;
- (ii) Assistant Manager responsible for supply chain management;
- (iii) Assistant manager responsible for legal and administration;
- (iv) Any other manager as delegated by the Municipal Manager.

Such a committee must consist of at least four (4) managers and a minimum of seven (7) members constituted as follows:

(i) Chairperson

Where possible, the chairperson should be an attorney, with particular experience in law, administrative justice issues and constitutional issues or a supply chain expert.

(ii) Vice-chairperson

An official on at least Manager level.

(iii) Members

Cross functional teams consisting of senior officials or advisors may be co-opted on account of their specialized knowledge.

(iv) Secretariat

A departmental official must be made available to act as secretary.

(v) Quorum

There shall be at least four (4) number of persons in attendance for the full duration of the meeting.

A duly convened committee at which a quorum is present shall have all the powers vested in them by this policy.

(vi) Secondment

For the purpose of continuity and not to delay meetings, the accounting officer may also appoint secondi to temporary replace members that are absent from meetings due to illness, leave, etc. The accounting officer will also decide whether or not such secondment will have the same powers than members.

12.2 Duties and powers of the various office bearers

12.2.1 Chairperson

- has a casting vote as well as a deliberate vote;
- retains all his/her rights as a member;
- may adjourn a meeting;
- may rule on points of order which will be final; and
- may withdraw any proposal or other matters under discussion before it is put to the vote; and convene extraordinary committee meetings on request.

The chairperson shall –

- maintain order during a meeting and ensure that business is conducted in an orderly manner;
- before opening a meeting, ensure that it is properly constituted;
- protect the rights of every member;
- vacate his seat to the vice chairperson, should he/she wishes to partake in a discussion in a partial manner;
- regulate participation in discussions;
- deal with items in sequence of the agenda;
- ensure that members know exactly what they are required to vote on;
- ensure that only one member holds the floor at any one time;
- provide guidance by directing the meeting, but shall not dominate;
- conduct meetings in a formal manner; and
- formulate the decisions to be minuted clearly and sign and approve the minutes after they have been verified for correctness.

12.2.2 Vice-chairperson

The vice-chairperson has the same powers and duties as those of members and in addition, where necessary, shall –

- in the absence of the chairperson, preside as chairperson; and
- take the seat of and act as chairperson, should the chairperson wishes to partake in partial discussions.

In the event when both the chairperson and vice chairperson are absent from a meeting, the members present may elect one (1) of their members to preside at such meeting.

12.2.3 Secretary

The secretary shall –

- in conjunction with the chairperson compile an agenda and determine dates of meetings;
- give notice of proposed meetings to committee members;
- process and distribute all submissions/reports together with the agenda to committee members at least three working days before the actual meeting takes place;
- minute all decision taken at meetings;
- adhere strictly to the stipulations of the National Archives of South Africa Act, No.43 of 1996 and accompanying directives;
- ensure that the proceedings at meetings are recorded mechanically;
- give written feedback of all decision taken by the committee;
- be responsible for all the administrative tasks of the Committee; and
- furnish copies of minutes required.

12.2.4 Members

Members of the committee shall –

- be fully conversant with the powers and limitations of the committee as well as all directives pertaining to blacklisting, including the relevant sections of the MSCM Regulations, Preferential Procurement Policy Framework Act and accompanying regulations, all directives and circulars issued by National Treasury as well as the delegated powers issued by the accounting officer and at all times act in accordance with abovementioned legislation, regulations and procedures;
- apply their mind to matters at hand in order to take meaningful and accountable decisions and in the event of doubt or uncertainty, to propose that matters be referred back for clarification;
- in advance, furnish a written apology should he/she not be able to attend a meeting;
- strive to be punctual for meetings and stay for the duration of a meeting;
- prepare properly for each meeting by studying the agenda and submission/reports;
- be familiar with meetings procedures in order to make a contribution in the correct manner; and
- refrain from repetition and duplication of contributions by other members.

Members have the right to –

- have advance knowledge of the agenda;

- submit proposals and participate in proceedings;
- vote; and
- have a dissenting voice, as well as the member's reasons therefore, recorded.

12.2.4 Co-opted members/advisors

Co-opted members/advisors have the same powers and duties as members but excluding the right to vote on any matter under discussion.

13. **MEETING PROCEDURES**

13.1 Notice of meetings

- The agenda/committee pack of a meeting serves as the programme of the meeting, the agenda/committee pack shall be made available to members at least three working days before the actual meeting.
- To fully consider the committee pack prepared for members in advance.
- To fully understand Nkangala District Municipality's procurement processes and the legislation and policy dealing with municipal procurement.
- To apply themselves with diligence to the matter at hand.
- To pronounce on the matter, having had regard to the merits of the matter, by either restricting the tenderer/contractor and imposing upon him an appropriate sanction, or by dismissing the application.
- To prepare an order duly signed by the committee chair.

13.2 In order to afford members the opportunity to prepare for the meeting, the agenda shall be made available to members at least three working days before the actual meeting.

13.3 Submissions / reports to the committee

All submissions/reports to the committee must be in writing.

13.4 Minutes

13.4.1 The minutes will be the written record reflecting in a brief, clear and impartial manner the decisions of the committee. The signed minutes will serve as proof of the decisions of the committee.

- 13.4.2 Should a member wish to have a specific matter other than a decision recorded, it must be specifically requested. A member's reasons for dissenting voice must also be recorded.
- 13.4.3 Proceedings are also recorded mechanically to enable the secretary to prepare verbatim reports when required by a court of law.

13.5 Register

- 13.5.1 Members shall sign a register at each meeting, serving as attendance register as well as an undertaking to confidentiality of that meeting.
- 13.5.2 This register will also provide for the declaration of interest. Any interest which may infringe, or might reasonably be deemed to infringe on member's impartiality in any matter relevant to their duties, must be recorded.
- 13.5.3 Members must declare and record all gifts and invitations accepted to social events received from suppliers in the register.

13.6 Chairperson

- 13.6.1 Each meeting will be presided over by the chairperson. In the absence of the chairperson, the vice-chairperson will preside as chairperson, in which case he/she will occupy the chair for the whole meeting, even if the chairperson should arrive during the course of the meeting.
- 13.6.2 Every member attending the meeting owes deference to the chairperson and may be removed if that person does not respect the authority of the chair.

13.7 Point of order

A member may speak on a point of order only if he/she is of the opinion that there has been a departure from the rules of order, example, an objection against improper language used, that a speaker has transgressed, etc.

14. **CONDUCT OF OFFICE BEARERS**

14.1 Rights and responsibilities of committee members

- ③ A person as a member of the committee obtains rights as a share in the control of the matter for which the meeting is constituted and the member may exercise this right by making proposals, voting, etc. a member's conduct at the meeting must however not infringe on the rights of others. A member's conduct at the meeting must however not infringe on the rights of others.

Members must accept that –

- the chairperson must be respected;
- the chairperson has the right to interrupt and ask a member to stop speaking if address is repetitive or irrelevant to the matter under discussion;
- a member must stop speaking if ruled out of order by the chairperson;
- decisions are taken by general consensus or by show of hands when matter is decided upon by voting; and
- once a decision has been taken it is final and not open for discussion unless additional information which was not available at the time of decision making can be produced.

15. **PRESCRIBED FORMS**

Attached as annexures to the blacklisting policy are the prescribed forms which must be used in the blacklisting procedures:

- | | |
|--|--------------|
| 1. Blacklisting application forms | (Annexure A) |
| 2. Notification forms: | |
| 2.1 Notice of non-performance | (Annexure B) |
| 2.2 Notice of final demand by accounting officer | (Annexure C) |
| 2.3 Notice of bidder of application to blacklist | (Annexure D) |
| 2.4 Notice of the decision | (Annexure E) |
| 3. Blacklisting by appeal authority | (Annexure F) |

16. **REVIEW**

This policy will be revised annually to ensure it complies with changes in applicable legislation and regulation.

17. **SHORT TITLE**

This policy shall be called the blacklisting policy of the Nkangala District Municipality.

**ANNEXURES
BLACKLISTING POLICY**

**ANNEXURE A
BLACKLISTING APPLICATION FORM**

1. APPLICATION

1.1 Name of the department and cluster making application

1.2 Name of and capacity of official making the statement on behalf of the department

1.3 How is the official in 2.2 above involved in this contract/tender on which this application is based?

2. DETAILS OF CONTRACT / TENDER

2.1 Is the tender/contract for supply of goods/service or a construction/works contract?

goods/services construction/works (please indicate with a 'x')

2.2 Name of department which is the owner of the tender/contract and the tender/contract number and description

2.3 When did the tender/contract commence?

2.4 Is the tender/contract complete? If not, at what stage is the contract currently?

2.5 If the contract was terminated, when was the contract terminated, for what reasons and by whom was contract terminated?

2.6 If the contract has been terminated, the applicant is to attach copies of all notices which have been served on the contractor, placing him in breach/advising of termination and calling on the contractor to perform

2.7 What process was followed to remedy the contract/tender? Attach proof of documentation (written letter of non-compliance, final document notices served)?

3. **REASONS FOR APPLICATION**

3.1 The applicant is to state the basis of this application, and to attach a statement in support of thereof. The statement is to set out in detail all particulars of the basis of the claim, as this will be used as evidence on which the blacklisting committee will make its decision.

3.2 In the case of non-performance, a certificate from a registered engineer (in works contracts), or suitably qualified person (in contracts other than works contracts) confirming the non-performance is to be accompanied by the statement, referred to above.

3.3 All supporting documentation, such as the tender/contract/ performance or progress reports, notices served, other relevant correspondence should be attached to the application.

4. **GENERAL** (to be filled in by all applicants)

4.1 Is the conduct of the tenderer/contractor, an offence?

4.2 If so, in terms of what legislation. Has a report been made to the South African Police or has municipal prosecution been instituted If yes, state the Case Number/case number. If not, is it likely that a report will be made in the future?

4.3 Have any other remedies been invoked against the contractor? Example, penalties or damages claimed. Details to be provided.

4.4 Does the contractor have any other contracts running concurrently with the municipality? Ps state.

4.5 Does the applicant wish to make oral representations at the hearing, or can the blacklisting committee make its findings on the statement in 4.1 above?

5. **DOMICILLIUM OF RESPONDENT** (Person/s / bidder / contractor against whom this application is made)

If the Domicillium of the respondent is known state the address for the purposes of serving notification in terms of the blacklisting guidelines.

Signature of applicant

.....

Name of Signatory in Print

Signed at: **Date of Application:**

NOTICE 1

The name of contractor and details

By Registered Post / Hand Delivery

Date of Notice (this is extremely important)

Sir

NOTICE OF NON-PERFORMANCE / BREACH OF CONTRACT NO:

You are hereby notified that you have failed to perform this contract satisfactorily in that you have not at all/timeously/according to an acceptable standard (*delete whichever is not applicable).

You are hereby requested to regularize your non-performance/breach within fourteen (14) days from the date of this letter, by doing

failing which the municipality shall have the right to cancel this contract, institute a claim for damages, and invoke any other remedy that the municipality may have in terms of the contract, and in law.

Be further advised that should you fail to remedy the breach above, an application may be made by this department to bar you from tendering for future contracts with the municipality.

Yours faithfully

ANNEXURE C

MUNICIPAL MANAGER

If hand delivered, make provision for signatures of persons receiving
NOTICE 2

Details of Contractor, as in Notice 1

By Registered Post / Hand Delivery

Date (impt*)

Sirs

**FINAL NOTIFICATION OF NON-PERFORMANCE / BREACH OF CONTRACT
NO.**

We refer to notice dated (date of Notice 1), attach copy for ease of reference).

We have been advised that despite the aforesaid notice, you have failed/refused* (*delete which is not applicable) to comply with the notice.

You are hereby advised that this notification demands, that you perform as set out in the attached notice within the time period stipulated in this notice (state the date, it must be calculated as fourteen (14) calendar days), failing which the department shall despite any remedies the municipality may have set out in the notification dated (first notice) make application to blacklist/restrict you from applying for any work within the government sector.

Yours faithfully

MUNICIPAL MANAGER

NOTICE 3

Notification to Contractor

Contractor's details

Date
By Registered Post / Hand Delivery

Sirs

NOTIFICATION OF APPLICATION FOR BLACKLISTING

Kindly take note that an Application has be made against you on date at
(venue) for the consideration of blacklisting of:

..... (name of the company)

The basis of the allegations against you are:

The likely sanction which will be imposed is restricting/blacklisting of the person/entity for a period of not more than ten (10) years.

You are advised that you may oppose this application

You are required to file your objections by no later than (date, being not more than fourteen (14) days) from date hereof, failing which it shall be presumed that you have no objections and the application shall be finalized *in absentia*.

ANNEXURE E

Should you wish to give evidence orally, kindly indicate this in your response.

Yours faithfully

MUNICIPAL MANAGER

NOTICE 4

Contractor's details

Date of Notice

Sirs

NOTIFICATION OF THE DECISION OF BLACKLISTING COMMITTEE

You are advised that the Blacklisting Committee at its sitting on (date of consideration) made the following decision against (contractor).

Decision:

You are further advised that you are entitled to appeal the decision in a court of law.

Yours faithfully

MUNICIPAL MANAGER

BLACKLISTING ORDER

**At its sitting on the BLACKLISTING COMMITTEE ordered
that (COMPANY) be blacklisted.**

Period of blacklisting:

**Effective date : Date of expiry :
.....**

Dated at MIDDELBURG this 2012.

**SIGNED
CHAIRPERSON OF BLACKLISTING COMMITTEE**

ANNEXURE G

Dated at Middelburg this

Nkangala District Municipality application form for restriction/blacklisting of tenderers/contractors

FUNDING & RESERVES POLICY

1 JULY 2016



**NKANGALA DISTRICT
MUNICIPALITY
DC31**

1. INTRODUCTION

The funding and reserves policy is aimed to ensure that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

This policy aims to set guidelines towards ensuring financial viability over both the short- and long-term which includes reserves requirements.

2. OBJECTIVES OF POLICY

The objectives of the policy are to:

2.1 Ensure that the Medium Term Expenditure Framework (annual budget) of the municipality is appropriately funded.

2.2 Ensure that cash resources and reserves are maintained at the required levels to avoid future year unfunded liabilities.

2.3 To achieve financial sustainability with acceptable levels of service delivery to the community.

3. LEGISLATIVE REQUIREMENTS

The legislative framework governing borrowings are:

3.1 Local Government Municipal Finance Management Act, Act 56 of 2003; and

3.2 Local Government Municipal Budget and Reporting Regulation, Regulation 393, published under Government Gazette 32141, 17 April 2009.

4. FUNDING OF ANNUAL BUDGET

4.1 An annual budget may only be funded from:

- a) cash backed accumulated funds from previous years surpluses and reserves not committed for any other purpose; and/or
- b) borrowed funds but only for capital expenditure.

4.2 Realistic anticipated revenue projections must take into account:

- (a) projected revenue for the current year based on collection levels to date.
- (b) actual revenue collected in previous financial years.

4.3 Capital expediting may only incur on a capital project if:

- (a) the funding for the project has been appropriated in the capital budget.
- (b) the total cost for the project has been approved by Council.
- (c) the future budgetary implications and projected cost covering all financial years until the project is operational has been considered.
- (d) the implications of the capital budget on municipal tax and tariff increases.
- (e) the sources of funding are available and have not been committed for other purposes.

5. CASH MANAGEMENT

5.1 The availability of cash is one of the most important requirements for financial sustainability and must be closely monitored to ensure minimum days cash and cash equivalent of forty five (45) days for its daily operations.

5.2 Changes in the municipal environment that may have an impact on the municipal cash position include:

- (a) reduced growth as a result of economic conditions;

5.3 Surplus cash not immediately required for operational purposes is invested in terms of the municipality's investment policy to maximize the return on cash.

6. DEBT MANAGEMENT

6.1 Debt is managed in terms of the municipal credit control and debt collection policy and the writing off of bad debts and impairments of debtors' policy.

6.2 The provision for revenue that will not be collected are budgeted as an expense and is based on the projected annual non-payment rate for each service.

7. **OPERATING BUDGET**

7.1 The operating budget provides funding to departments for their medium term expenditure as planned. The municipality categorizes services rendered to the community according to its revenue generating capabilities.

- (a) rates and general services – services that are funded by rates, surpluses generated by trading services, and/or other revenues generated such as fines, interest received, grants and subsidies etc.

7.2 The operating budget is funded from the following main sources of revenue:

- (a) government grants and subsidies.
- (b) other revenue, fines, interest received etc.
- (c) cash backed accumulated surpluses from previous years not committed for any other purposes.

7.3 The following guiding principles apply when compiling the operating budget:

- (a) The annual budget must be balanced.
- (b) Growth parameters must be realistic taking into account the current economic conditions.
- (c) Tariff adjustments must be realistic, taking into consideration the general inflation, affordability, bulk increases and the demand according to the approved Integrated Development Plan (IDP).
- (d) Revenue from government grants and subsidies must be in line with allocations gazette in the Division of Revenue Act and provincial gazettes.
- (e) Revenue from public contributions, donations or any other grants may only be included in the budget if there are acceptable documentation that guarantees the funds such as:
 - (i) signed service level agreement; (ii) contract or written confirmation; or
 - (iii) any other legally binding document.

- (f) Other projected income is charged in terms of the approved sundry tariffs and fines considering the past trends and expected growth for each category.
- (g) Provision for revenue that will not be collected is made against the expenditure item bad debt and based on management judgement.
- (h) Interest received from actual long-term and or short-term investments are based on the amount reasonably expected to be earned on cash amounts available during the year according to the expected interest rate trends.
- (i) Transfers from the accumulated surplus to fund operating expenditure will only be allowed for specific once-off projects.
- (j) A detailed salary budget is compiled on an annual basis. All funded positions are budgeted for in total and new and/or funded vacant positions are budgeted of the total package as guided by the budget steering committee. As a guiding principle the salary budget should not constitute more than 35% of annual operating expenditure
- (l) Depreciation charges are fully budgeted for according to the asset register and to limit the impact of the implementation of GRAP 17 a transfer from the accumulated surplus is made.
- (m) To ensure the health of municipal assets, sufficient provision must be made for the maintenance of existing and infrastructure assets based on affordable levels, resulting that maintenance budgets are normally lower than the recommended levels. As a guiding principle repair and maintenance should constitute 5% of total operating expenditure.
- (n) Individual expenditure line items are to be revised each year when compiling the budget to ensure proper control over expenditure. Increases for these line items must be linked to the average inflation rate and macro-economic indicators unless a signed agreement or contract stipulates otherwise.

8. **CAPITAL BUDGET**

8.1 The capital budget provides funding for the municipality's capital programme based on the needs and objectives as identified by the community through the Integrated Development Plan and provides for the eradication of infrastructural backlogs, renewal and upgrading of existing infrastructure, new developments and enlargement of bulk infrastructure.

8.2 Provisions on the capital budget will be limited to availability of sources of funding and affordability. The main sources of funding for capital expenditure are:

- (a) accumulated cash back internal reserves;
- (b) borrowings;
- (c) government grants and subsidies; and
- (d) public donations and contributions,

8.3 The following guiding principles applies when considering sources of funding for the capital budget:

- (a) Government grants and subsidies:
 - (i) only gazette allocations or transfers as reflected in the Division of Revenue Act or allocations as per provincial gazettes may be used to fund projects;
 - (ii) the conditions of the specific grant must be taken into consideration when allocated to a specific project; and
 - (iii) government grants and subsidies allocated to specific capital projects are provided for on the relevant department's operating budget to the extent the conditions will be met during the financial year.
- (b) In the case of public contributions, donations and/or other grants, such capital projects may only be included in the annual budget if the funding is guaranteed by means of:
 - (i) signed service level agreement; (ii) contract or written confirmation; and/or (iii) any other legally binding document.
- (c) Public donations, contributions and other grants are provided for on the relevant department's operating budget to the extent the conditions will be met during the financial year.

- (d) The borrowing requirements as contained in the borrowing policy are used as a basis to determine the affordability of external loans over the Medium Term Income and Expenditure Framework. The ratios to be considered to take up additional borrowings:
 - (i) long-term credit rating of BBB;
 - (ii) interest cost to total expenditure to not exceed 8%;
 - (iii) long-term debt to revenue (excluding grants) not to exceed 50%;
 - (iv) percentages of capital charges to operating expenditure less than 18%.
- (e) Allocations to capital projects from cash back internal surpluses will be based on the available funding.

8.4 All capital projects have an effect on future operating budget therefore the following cost factors should be considered before approval:

- (a) additional personnel cost to staff new facilities once operational;
- (b) additional contracted services, that is, security, cleaning etc.
- (c) additional general expenditure, that is, services cost, stationery, telephones, material etc.
- (d) additional other capital requirements to the operate facility, that is, vehicles, plant and equipment, furniture and office equipment etc.
- (e) additional costs to maintain the assets;
- (f) additional interest and redemption in the case of borrowings;
- (g) additional depreciation charges;
- (h) additional revenue generation. The impact of expenditure items must be offset by additional revenue generated to determine the real impact on tariffs.

9. PROVISIONS AND OBLIGATION

A provision and an obligation is recognized when the municipality has a present obligation as a result of a past event and it is probable, more likely than not, that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions and obligations are revised annually and those estimates to be settled within the next twelve (12) months are treated as current liabilities.

The municipality has the following provisions and obligations:

(a) *Leave obligation*

Liabilities for annual leave are recognized as they accrue to employees. An annual provision is made from the operating budget to the leave provision.

(b) *Long services awards*

Municipal employees are awarded leave days according to years in service at year end.

(c) *Post employment medical care benefits*

The municipality provides post-retirement medical care benefits by subsidizing the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over a period of employment. This provision must be cash backed to ensure the availability of cash for the payment of medical aid payments.

10. OTHER ITEMS TO BE CASH BACKED

11.1 Donations, public contributions, unspent grant funding

Revenue received from conditional grants, donations and funding is recognized as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Unspent amounts in relation to donations, public contributions and unspent grant funding are therefore retained in cash and are not available to fund any other items on the operating or capital budget other than that for which it was intended for.

11.2 Sundry debtor deposits

Sundry debtor deposits are partial security for a future payment of an account. Deposits are considered a liability as the deposit is utilized on the account once the service is terminated. Therefore the funds are owed to consumers and can therefore not be utilized to fund the operating or capital budget. This deposits are retained in cash. .

11. **REVIEW**

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and regulation.

12. **SHORT TITLE**

This policy shall be called the Funds and Reserves Policy of the Nkangala District Municipality

INVESTMENT OF SURPLUS FUNDS POLICY

1 JULY 2016



NKANGALA DISTRICT MUNICIPALITY DC31

Approved – May 2014

1. **DEFINITIONS**

In terms of Government Gazette R301 dated 1 April 2005 all definitions as applied in this regard will be as stated in the Municipal Finance Management Act, 2003.

Unless otherwise stated the following definitions shall mean:

<i>“Act”</i>	The Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003)
<i>“Investee”</i>	An institution with which an investment is placed
<i>“Investment Manager”</i>	A natural person or legal entity that is a portfolio manager registered in terms of the Stock Exchange Control Act, 1985 (Act 1 of 1985) and the Financial Markets Control Act, 1989 (Act 55 of 1989.), contracted by the municipality to – <ul style="list-style-type: none">- advise it on investments;- manage investments on its behalf; or- advise it on investment and manage investments on its behalf.
<i>“Trust money”</i>	Money held in trust on behalf of third parties in a trust contemplated in terms of section 12 of the Act.
<i>“Public-private partnership”</i>	A commercial transaction between the municipality and a private party.

2. **VISION**

1. to enable the Council, the Accounting Officer and its Chief Financial Officer as trustees of public funds to exercise their obligation to ensure that cash resources are managed in the most efficient and effective manner possible.
2. to lay down broad investment parameters for use by those responsible for the placing of investments.
3. to have instituted a policy geared to obtain the best return without risk within periods for which funds are not required.
4. to provide for an effective cash flow management programme.

3. **STATEMENT**

In dealing with financial institutions and related interested parties the following ethics should be observed:

1. The Accounting Officer and the chief financial officer is ultimately responsible for the investment of funds and they must avoid outside interference whether such interference comes from individual councillors, agents or any institution.
2. under no circumstances should inducements to invest be accepted. While reasonable entertainment by investment institutions is accepted as business practice, the acceptance of gifts other than mere tokens, is not proper for a public official whether or not such gifts influence or are intended to influence him/her in his/her work.
3. interest rates quoted by one institution must never be disclosed to another.

4. **OBJECTIVES OF THE POLICY**

The objectives of this policy, with due regard to the provisions of the regulations, are:

1. the preservation and safety of investments as a primary aim;
2. the need of investment diversification;
3. to specify minimum acceptable credit rating for investments including:
 - o a list of approved investment types;
 - o a list of approved institutions;
4. guidelines for the invitation and selection of competitive bids or offers in accordance with part 1 of chapter 11 of the Act for investments in excess of six (6) months or the appointment of an investments manager;
5. measures for ensuring implementation of the policy and internal controls over investments made;
6. guidelines for reporting on and monitoring of all investments made, subject to Regulation 9;
7. guidelines for benchmarking and performance evaluation;
8. the assignment of roles and functions, including any delegation of decision making powers; and
9. to provide for the necessity of the annual review of the policy.

5. **LEGISLATIVE COMPLIANCE**

The legislative framework governing investment decisions are:

5.1 Local Government Municipal Finance Management Act, Act 56 of 2003

(a) Section 8(2)(d)

“all income received by a municipality on its investments must be paid into a municipality’s primary bank account”.

(b) Section 13(1) to (4)

1. the National Treasury may prescribe a framework within which municipalities must conduct their cash management and investments and invest money not immediately required.
2. the municipality must establish an appropriate and effective cash management and investment policy in accordance with such framework.
3. a bank where a municipality holds at the end of a financial year a bank account or held a bank account at any time during a financial year, must:
 - within thirty (30) days after the end of that financial year notify the Auditor-General in writing of such bank account, including the type and number of the account and the opening and closing balances of that bank account in that financial year.
 - disclose information regarding the account when so requested by the National Treasury or the AuditorGeneral.
4. a bank, insurance company or other financial institution which at the end of a financial year holds, or at any time during a financial year held, an investment for a municipality must:
 - within thirty (30) days after the end of that financial year notify the Auditor-General in writing of that investment including the opening and closing balances of that investment in that financial year; and
 - promptly disclose information regarding the investment when so requested by the National Treasury or the Auditor-General.

(c) Section 17(3)(f)

When an annual budget is tabled by the executive mayor, it must be accompanied by an information statement on the particulars of the municipality's investments.

5.2 Municipal Investment Regulations published under Government Gazette R308 dated 1 April 2005

Read with section 13 and 99(2)(g) of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) these regulations have been promulgated to regulate municipal investments. Various regulations and provisions have been set out in this section to regulate the investment of surplus cash of a municipality.

6. **STANDARD OF CARE**

Investments made by the municipality, or by an investment manager on behalf of the municipality:

1. must be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that person's affairs;
2. may not be made for speculation but must be a genuine investment; and
3. must in the first instance be made with primary regard being to the probable safety of the investment, and in the second instance to the liquidity needs of the municipality and lastly to the probable income derived from the investment.

7. **PERMITTED INVESTMENTS**

The municipality may invest funds only in any of the following investment types and institutions:

1. securities issued by the national government;
2. listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency;
3. deposits with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990);
4. deposits with the Public Investment Commissioner as contemplated by the Public Investment Commissioners Act, 1984 (Act 45 of 1984);
5. deposits with the Corporation for Public Deposits as contemplated by the Corporation of Public Deposits Act, 1984 (Act No. 46 of 1984);

6. banker's acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990;
7. guaranteed endowment policies with the intention of establishing a sinking fund,
8. repurchase agreements with registered banks in terms of the Banks Act, 1990;
9. deposits with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990);
10. municipal bonds issued by a municipality; and
11. any other investment type as the Minister of Finance may identify by regulation in terms of Section 168 of the Act, in consultation with the Financial Services Board.

8. **INVESTMENTS DENOMINATED IN FOREIGN CURRENCIES PROHIBITED**

The municipality may make an investment only if the investment is denominated in rand currency and is not indexed to, or affected by, fluctuations in the value of the rand against any other currency.

9. **PAYMENT OF COMMISSION**

No fee, commission or other reward may be paid to a councillor or official of the municipality or to a spouse or close family member of such a councillor or official in respect of any investment made or referred by the municipality.

If an investee pays any fee, commission or other reward, to an investment manager in respect of any investment made by the municipality, both the investment manager and the investee must declare payment to the council of the municipality by way of a certificate disclosing full details of the payment.

10. **REPORTING REQUIREMENTS**

The accounting officer of the municipality must within ten (10) working days of the end of each month, as part of the section 71 report required by the Act, submit to the executive mayor of the municipality a report describing in accordance with the generally recognized accepted accounting practice (GRAP) the investment portfolio of the municipality as at the end of the month.

The report must set out at least:

1. the market value of the investment as at the beginning of the reporting period;
2. any changes to the investment portfolio during the reporting period;

3. the market value of each investment as at the end of the reporting period:
and
4. fully accrued interest and yield for the reporting period.

11. **RATING OF PERMITTED INVESTMENT INSTITUTIONS**

The municipality shall rely on the credit rating analysis from external credit rating agencies as submitted by the financial institutions from time to time. When an investment institution no longer has the minimum acceptable credit rating, all investments when appropriated must be liquidated.

12. **PORTFOLIO DIVERSIFICATION**

The municipality must take all reasonable and prudent steps, consistent with its investment policy and according to the standard of care prescribed to diversify its investments across institutions, types of investments and investment maturities.

A good rule is not to invest with banks with investments of more than 15% of its capital and reserves and to examine such in conjunction with a bank rating by an independent agency.

As a general principle it must be accepted that the greater the return, the greater the risk.

13. **BORROWING AND RE-INVESTMENT**

There may not be borrowings for re-investment as this is tantamount to taking a view on interest rate movements and could be construed as speculating with public funds.

The Chief Financial Officer can re-invest with the same institution as and when funds come available and they are not needed immediately cash payment of operations.

14. **MATCH THE INVESTMENT TYPE TO THE FUND**

Should investments in growth related instruments be considered, only funds which are unlikely to necessitate a forced sale should be used, to ensure that the funds used for the investment are of such nature that the investment can be realized when market conditions are most favourable.

15. **REGISTERED FINANCIAL INSTITUTIONS**

Investments must only be made in accordance of the regulations as in **section 6** of the Government Gazette Notice No. R308 dated 1 April 2005. (Refer Chapter E : Permitted Investments). The municipality must ensure that it places

investments only with credit worthy institutions and regularly monitors its investment portfolio.

16. **GROWTH-LINKED INVESTMENTS**

When legislation permits investments in growth linked instruments, extreme care must be exercised as in most cases market conditions will determine the value of the investment at any given time, and it should be ensured that the return of the capital invested is guaranteed.

17. **CASH AT BANK**

The “*overnight*” interest rate regularly negotiated with the Council’s bankers for money kept in the current bank account must continuously be compared to that of call deposits. These rates can be improved by fixed term investments and the overriding principle is that funds in the current account must be kept to the absolute minimum as required by cash flow projections.

18. **CONTROL AND REGISTERING OF INVESTMENTS**

The CFO must establish and maintain proper internal control structure to ensure the management of investments is protected from loss, theft or misuse. These controls include amongst others:

1. a proper register of all investments made indicating the institution, fund, interest rate and maturity date. Interest must be correctly calculated and received timeously together with any capital which matures.
2. investment papers and confirmation must be kept in a secured place.
3. delegation of authority to subordinate officials.
4. separation of functions through segregation of duties.

19. **INVESTMENT MANAGERS**

An investment manager may only be used to facilitate investments if such an appointment has been authorized by the Accounting Officer in terms of its supply chain management policy of the municipality and all conditions of services and fees payable have been disclosed to the Accounting Officer.

20. **INVESTMENT LIMITATIONS**

In order to ensure safe investment with the minimum risk exposure, investments are not to be made with financial institutions with ratings lower than A1/F1 as defined in the national rating definitions.

21. **PROCESS OF INVESTMENT OF FUNDS**

21.1 **Short term investments (6 months)**

1. authority is delegated to the Chief Financial Officer for the placement and control of such deposits.
2. quotations must be invited from at least three (3) financial institutions for the term for which the investment is to be placed.
3. it is acceptable to obtain telephonic quotations, confirmed by a facsimile, when placing funds.
4. when obtaining quotations, note should be taken of the name of the institution, the person who gave the telephonic quotation, and the terms and interest applicable.
5. in considering the investment of funds, intermediaries must not be employed to make investments on behalf of the Council.
6. only banks with an A1/F1 or similar rating for safe investment purposes by an independent bank rating institution may be approached for quotations.
7. quotations must only be obtained and investments placed at the capital market sections or the corporate investment divisions of the qualifying banks.
8. investment confirmation on must immediately be issued by the related financial institution and be forwarded to the Chief Financial Officer for safekeeping.

21.2 **LONG-TERM INVESTMENTS**

1. In terms of the Municipal Systems Act, Act 32 of 2000 authority is delegated to the Executive Mayor to in conjunction with the Chief Financial Officer make investments on behalf of the municipality within a policy framework determined by the Minister of Finance.
2. The placement of any investment in excess of six (6) months is subjected to surplus funds being identified in a proper cash flow forecast covering at least the period over which the investment is envisaged and must be certified by the Chief Financial Officer Services.
3. Fully detailed quotations in compliance with Supply Chain Management Regulations must be obtained and must be considered

together with a report by the Chief Financial Officer to the Accounting Officer.

22. **REVIEW**

The policy must be reviewed annually to ensure that it complies with changes in legislation and regulations that applies.

23. **SHORT TITLE**

This policy shall be called the Investment of Surplus Funds Policy of the Nkangala District Municipality.

BORROWING POLICY

1 JULY 2016



**NKANGALA DISTRICT
MUNICIPALITY
DC31**

1. **DEFINITIONS**

“*Act*” means the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

“*disclosure statements*” means a statement issued or to be issued by:

- ③ a municipality which intends to incur debt by issuing municipal debt instruments; and
- ③ a person who intends to incur debt by issuing securities backed by municipal debt.

“*financing agreement*” means any loan agreement, lease, instalment, purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time.

“*lender*” means a person who provides debt finance to the municipality.

“*long term debt*” means debt repayable by the municipality over a period exceeding one (1) year.

“*municipal debt*” means:

- (a) a monetary liability or obligation on a municipality by:
 - ③ a financing agreement, note, debenture, bond or overdraft; and
 - ③ the issuance of municipal debt instruments.
- (b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another.

“*security*” means any mechanism intended to secure the interest of a lender or investor and includes any of the mechanisms mentioned.

“*short term debt*” means debt that is repayable over a period not exceeding one (1) year.

2. **INTRODUCTION**

Considering the large demand for municipal infrastructure, borrowing is an important element to obtain additional funding sources to fund the municipal capital programme over the medium term.

The purpose of the policy is to govern the taking up of short-term or long-term debt according to the legislative framework.

3. **OBJECTIVES OF POLICY**

The objectives of the policy are to:

- 3.1 Enable the municipality to exercise their obligation to ensure sufficient cash resources to implement their capital programme in the most cost effective manner.
- 3.2 Ensure compliance with the relevant legal and statutory requirements relating to municipal borrowing.
- 3.3 Manage interest rate and credit risk exposure.
- 3.4 Maintain debt with specified limits and ensure adequate provision for the repayment of debt.
- 3.5 To maintain financial sustainability.

4. **LEGISLATIVE**

The legislative framework governing borrowings are:

- 4.1 Local Government Municipal Finance Management Act, Act 56 of 2003; and
- 4.2 Local Government Municipal Regulations and Debt Disclosure, Regulation R492, published under Government Gazette 29966, 15 June 2007.

5. **COMPULSORY DISCLOSURES WHEN INCURRING MUNICIPAL DEBT**

- 5.1 When entering into discussions with a prospective lender with a view to incur municipal debt, the municipality must indicate in writing to the prospective lender whether it intends to incur short-term or long-term debt.
- 5.2 In the case of short-term debt it must be disclosed whether the debt is to bridge:
 - (a) shortfalls within a financial year during which the debt is incurred, in expectation or specific and realistic anticipated revenue to be received with that financial year; or
 - (b) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocation or long-term debt commitments.
- 5.3 In the case of long-term debt, whether the purposes of the debt is for:
 - (a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objectives of local government, subject to section 46(4) of the Act.

- (b) refinancing of existing long-term debt, subject to section 46(5) of the Act.

6. **PROCESS**

The process as required by the Act is as follows:

Short-term debt

6.1 A municipality may incur short-term debt only if:

- (a) a resolution of the municipal council, signed by the executive mayor, has approved the debt agreement; and
- (b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt.

6.2 A short term debt transaction may be:

- (a) approve individually; or
- (b) approve an agreement with a lender for short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that:
 - (i) the credit limit must be specified in the resolution of the council;
 - (ii) in terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and
 - (iii) if the council approves a credit facility that is limited to emergency use, the accounting officer must notify the council in writing as soon as practical of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as options for repaying such debt.

6.3 A municipality:

- (a) must pay off short-term debt within the financial year; and
- (b) may not renew or refinance short-term debt, whether its own debt or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

6.4 No lender may will fully extend credit to a municipality for the purpose of renewing or refinancing short-term debt that must be paid off in terms of subsection 6.3(a).

- 6.5 If a lender will fully extends credit to a municipality in contravention of paragraph 6.4, the municipality is not bound to repay the loan or interest on the loan.
- 6.6 Subsection 6.5 does not apply if the lender:
- a) relied in good faith on written representations of the municipality as to the purpose of the borrowing; and
 - b) did not know and had no reason to believe that the borrowing was for the purpose of renewing or refinancing short-term debt.

Long-term debt

- 6.7 A municipality may incur long-term debt only if:
- (a) a resolution of the municipal council, signed by the executive mayor, has approved the debt agreement; and
 - (b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt.
- 6.8 A municipality may incur long-term debt only if the accounting officer of the municipality:
- (a) has, in accordance with section 21A of the Municipal Systems Act:
 - (i) at least twenty one (21) days prior to the meeting the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and
 - (ii) invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt; and
 - (b) has submitted a copy of the information statement to the municipal council at least twenty one (21) days prior to the meeting of the council, together with particulars of:
 - (i) the essential repayment terms, including the anticipated debt repayment schedule; and
 - (ii) the anticipated total cost in connection with such debt over the repayment period.

6.9 Capital expenditure contemplated in 5.3(a) may include:

- (a) financing costs, including:
 - (i) capitalized interest for a reasonable initial period;
 - (ii) costs associated with security arrangements in accordance with section 48 of the MFMA Act;
 - (iii) discounts and fees in connection with the financing;
 - (iv) fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and
 - (v) costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing.
- (b) costs of professional services directly related to the capital expenditure; and
- (c) such other costs as may be prescribed.

6.10 A municipality may borrow money for the purpose of refinancing existing long-term debt, provided that:

- (a) the existing long-term debt was lawfully incurred;
- (b) the refinancing does not extend the term of the debt beyond the useful life of the property, plant or equipment for which the money was originally borrowed;
- (c) the net present value of projected future payments (including principal and interest payments) after refinancing is less than the net present value of projected future payments before refinancing; and
- (d) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

6.11 A municipality's long-term debt must be consistent with its capital budget referred to in section 17(2) of the Act.

7. **CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT**

7.1 A municipality may incur debt only if:

- (a) the debt is denominated in rand and is not indexed to, or affected by fluctuations in the value of the rand against any foreign currency; and
- (b) section 48(3) of the Act has been complied with, if security is to be provided by the municipality.

8. **SECURITIES**

8.1 A municipality may by resolution of its council provide security for:

- (a) any of its debt obligations; and
- (b) contractual obligations of the municipality undertaken in connection with capital expenditure by the persons on property, plant or equipment to be used by the municipality or such other person for the purpose of achieving the objectives of local government in terms of section 152 of the Constitution.

8.2 Appropriate security is contemplated in section 48(2) of the Act.

8.3 Other additional conditions to be complied with are contemplated in section 48(3) to (5) of the Act.

9. **DISCLOSURE**

9.1 Any person involved in the borrowing of money by a municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective investor:

- (a) disclose all information in that person's possession or within that person's knowledge that may be material to the decision of that prospective lender or investor; and
- (b) take reasonable care to ensure the accuracy of any information disclosed.

9.2 A lender or investor may rely on written representations of the municipality signed by the accounting officer, if the lender or investor did not know and had no reason to believe that those representations were false or misleading.

10. **GUARANTEES**

10.1 A municipality may not issue any guarantee for any commitment or debt of any organ of state or person, except on the following condition:

(a) the guarantee must be within limits specified in the municipality's approved budget.

10.2 Neither the national nor a provincial government may guarantee the debt of a municipality except to the extent that chapter 8 of the Public Finance Management Act provides for such guarantees.

11. **SUBMISSION OF DOCUMENTS**

11.1 When entering into discussion with a prospective lender with a view to incur short-term or long-term debt, the following information must be made available to the prospective lender.

- (a) audited financial statements for the preceding three (3) financial years with audited outcomes;
- (b) approved annual budget;
- (c) the municipal integrated development plan;
- (d) repayment schedules pertaining to existing short-term or long-term debt.

12. **NOTIFICATION TO NATIONAL TREASURY**

12.1 The following information must be provided to National Treasury with respect to a long-term debt proposal:

<u>Details</u>	<u>MFMA</u>
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|---|----------------------|
| (a) A copy of the information statement required by section 46(3), containing particulars of the proposed borrowing (debt) instrument: <ul style="list-style-type: none">1. the name of the municipality;2. where the municipality is located;3. particulars of the proposed debt;4. amount of proposed debt;5. purposes for which the debt is to be incurred; and6. particulars of any security to be provided. | 46(3)(a)(i) |
| (b) If not already incorporated in the information statement, the following information is provided separately: <ul style="list-style-type: none">1. amount of debt to be raised through borrowing or other means;2. issue date; | 46(3)(b)(i) and (ii) |

3. purposes for which the borrowing (debt) is to be incurred;
4. interest rate(s) applicable (state whether fixed or variable etc.);
5. planned start and end date (term of instrument);

Details **MFMA**

detailed repayment schedule for the duration 46(3)(b)(i) and (ii) of the borrowing (debt) (showing dates and all payments of principal and interest etc.);

final maturity date;

total estimated cost of the borrowing (debt) over the repayment period;

type of instrument;

debt amortization terms;

security to be provided and provide details; and

source of loan funds.

- (c) A schedule of consultation undertaken, including: 46(3)(a)(i), (ii)
 1. date(s) when the information statement was made public; and
 2. details of meetings, media adverts and other methods used to consult on the proposed long-term borrowing (debt);
- (d) A copy of the approved budget and relevant 46(6) documentation supporting the budget, highlighting 17(2) the asset(s) to be funded by the proposed 19 borrowing (debt) and the revenue to be received. It must be demonstrated that the proposed borrowing (debt) is consistent with the IDP, the capital budget and the revenue is shown accordingly.
- (e) If the borrowing (debt) is for the purpose of 46(5) refinancing existing long-term borrowing (debt), the following information must be provided:
 1. description of the asset(s) for which the original loan was required;
 2. the useful remaining life of the asset(s)
 3. the net present value of the asset(s), including the discount rate used and any assumptions in the calculations;
 4. the net present value of projected future payment before refinancing, including the discount rate and assumptions used; and
 5. the net present value of projected future payments after refinancing, including the discount rate and assumptions used.

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- (f) A copy of the councils' resolution approving the borrowing (debt) instrument should be forwarded to National and relevant provincial Treasury once approved.

13. FINANCIAL AFFAIRS OF THE MUNICIPALITY

13.1 The following information concerning the financial situation and financial management of the municipality must be disclosed:

- (a) schedule of all long-term debt obligations stating principal and interest payments for the life of all loans and any security provided to secure such debt;
- (b) the amount of any short-term debt outstanding;
- (c) the revenue of the municipality for the preceding three (3) financial years stated separately:
 - (i) government grants and public donations;
 - (ii) revenue from rates and service charges; and
 - (iii) other revenue sources
- (d) what source of funding will be used to repay the loan;
- (e) details of any default by the municipality on outstanding or repaid debt during the preceding three (3) years;
- (f) the reserves of the municipality;
- (g) a summary of financial policies and practices; and
- (h) the latest credit rating obtained.

14. INTEREST RATE RISK

14.1 As a general principle when interest rates are expected to decrease, it is advisable that a floating rate be negotiated in order to take advantage of the lower interest rates in future. If interest rates are expected to increase, it is advisable to obtain a fixed rate so that the benefits of the current low interest rate are maintained.

14.2 The interest risk must be limited in so far as possible. The policy directive is to negotiate fixed interest rates for all long-term borrowings. This will ensure stability of the repayments and reduce the risk for high rates and tariff increases as a result of interest rate hikes in the market.

14.3 Variable rates should be considered for short-term debt only.

15. **LIMITATIONS**

To ensure a financial viable municipality the following ratios are used to determine the municipal gearing ability to borrow:

1. long-term credit rating of BBB;
2. interest cost to total expenditure to not exceed 8%;
3. long-term debt to revenue (excluding grants) not be exceed 50%;
4. percentage of capital charges to operating expenditure less than 18%.

16. **REVIEW**

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and regulation.

17. **SHORT TITLE**

This policy shall be called the Borrowing Policy of the Nkangala District Municipality.

NKANAGALA DISTRICT MUNICIPALITY



INSURANCE POLICY

NKANGALA DISTRICT MUNICIPALITY
INSURANCE POLICY

1. INTRODUCTION

- 1.1 As trustees of public funds, the Council must ensure that the assets of the Council are adequately insured at all times. The insurance should in addition cover Councillors, employees and third parties
- 1.2 This insurance policy is aimed at ensuring that all assets, Councillors, employees and third parties are insured economically and adequately at all times.

2. RESPONSIBILITY FOR INSURANCE

- 2.1 Procurement of insurance shall be treated in compliance with the Supply Chain Management Policy for the insurance of Council's assets, Councillors, employees and third parties.
- 2.2 The insurance period will for a maximum period of three years and shall be renewable, dependent on previous performance.
- 2.3 Premiums shall be paid either monthly or annually in advance in terms of the agreement.
- 2.4 Should circumstances change during the year amendments, additions or deletions should be made to the insurance portfolio with the Insurance Company/Insurance Broker.

3. ASSETS TO BE INSURED

- 3.1 When considering the insurance of assets all movable and immovable assets should be considered. All assets to be insured should be covered against fire, accident or loss of any nature.
- 3.2 Separate cover for riot, strike and public disorder damage should be taken out at the discretion of the Municipal Manager in consultation with the Chief Financial Officer and the relevant departmental head.
- 3.3 Any other insurance cover should be at the discretion of the Municipal Manager.
- 3.4 Assets that are insured should be insured at replacement value or Cost whichever the municipal manager considers appropriate. Should it be considered necessary a valuer should be used to arrive at a replacement value for each asset.

3.5 The following assets and risks should, after consideration of risk and excess by the Municipal Manager, be insured:-

- Vehicles and equipment.
- Mobile plant and Fixed plant
- Buildings.
- Cash on hand up to a value to be determined by the Municipal Manager in consultation with the Chief Financial Officer.
- Personal property of Councillors and employees whilst on Council business.
- Computer equipment and data..
- Mayoral and Deputy Mayoral chains.
- Fidelity guarantee.
- Machinery breakdown (motors, pumps, sewer fall out stations, etc.) excluding normal wear and tear.
- Contractors all risks – Where a contractor is unable to supply Council with a valid insurance certificate Council must ensure that the contractor is covered for all risks and the insurance premium for such cover may be deducted from the contract price.

3.6 The nature and extent of cover for the assets to be determined by the Municipal Manager in consultation with the Chief Financial Officer.

(a) Other assets not mentioned above:-

- The decision whether to insure an asset or not should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer and the relevant departmental head.

4. INSURANCE OF COUNCILLORS AND EMPLOYEES

4.1 Unemployment Insurance

4.1.1 The Council is to pay all employer contributions in respect of employees in terms of the Unemployment Insurance Act of 2002.

4.2 Group Life Insurance

4.2.1 The Council is to cover all permanent employees in terms of Staff Policy and the Council is to pay all employer contributions to the Group Life Insurer.

4.3 Councillors

4.3.1 The Council is to cover all Councillors for 24 hour cover in respect of death or bodily injury caused by accident and Council is to pay all premiums to the Insurer. On receipt of a report from the Municipal Manager, Council to decide on the extent and amount of cover for political office-bearers in terms of the upper limits as determined in the Public Bearers Act

4.3.2 The Council is to provide cover for the loss of or damage to a councillor's property, assets, life or disability arising from any riot, civil unrest, strike or public disorder, or ensure that councillors have such cover for their property.

(a) It is the responsibility of the councillor to provide all necessary details to the municipality, upon request, regarding the councillor's property or assets to be covered by the special risks insurance. Failure by the councillor to comply with the municipality's request, will lead to the exclusion of that councillor's property or assets from the special risk insurance cover.

4.4 Workman's Compensation

4.4.1 The Council is to pay all employer contributions in respect of employees in terms of the Compensation for Occupational Injuries and Diseases Act of 1993 as amended.

4.5 Employees

4.5.1 All employees including contract employees who are on the payroll of the Council are to be provided with 24 hour cover in respect of death or bodily injury caused by accident and Council is to pay all premiums to the Insurer. The amount of cover is to be determined by the Municipal Manager in consultation with the Chief Financial Officer.

5. LEGAL LIABILITY

5.1 Third parties are to be covered for death, bodily injury or illness and/or loss of or damage to property for any one occurrence up to a maximum limit to be determined by the Municipal Manager in consultation with the Chief Financial Officer for the following risks:-

- (a) General Public Liability.
- (b) Products Liability/Defective Workmanship.
- (c) Wrongful Arrest and Defamation.
- (d) Legal Defence Costs.
- (e) Employer's Liability.
- (f) Professional Liability.
- (g) Spread of Fire.
- (h) Motor Liability.

6. EXCESSES

6.1 Limits

6.1.1 On an annual basis the excess limits should be assessed as part of the adjudication of the insurance quotations/bid received from the Insurance Companies/Insurance Brokers.

6.1.2 The excess limits should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer.

6.2 Payment of excesses by employees

- 6.2.1 Where in the opinion of the departmental head and the Municipal Manager an employee's negligence led to the damage to, or loss of, an asset the excess payable may be claimed from the employee concerned in terms of the cash and debt management policy and applicable employee related policies.

7. CLAIMS

- 7.1 A departmental head must notify the Chief Financial Officer immediately after any occurrence of damage to, or loss of, any asset of the municipality.
- 7.2 A departmental head must thereafter complete the appropriate claim form and supply an estimate of the cost to repair such damage or loss. Where applicable i.e. theft, vehicle accident, etc. the matter must be reported to the South African Police Services and a case number obtained.
- 7.3 A departmental head must in the same manner inform the Chief Financial Officer of any injuries to or damage sustained by any employee or a third party that could lead to a claim against the municipality
- 7.4 The Chief Financial Officer must immediately notify the Insurance Company/Insurance Broker of any claims. This must be followed up by the submission of the prescribed claim form to the Insurance Company/Insurance Broker. On a monthly basis the Chief Financial Officer should follow up on all outstanding claims and note the progress in the insurance register.

8. RECORD KEEPING

- 8.1 The Chief Financial Officer must:
- (a) Keep a record of all insurance policies of the municipality.
 - (b) Ensure payment of all premiums in respect of all insurances on or before the due date.
 - (c) Ensure that all claims arising from the different insurance policies are completed and submitted timeously.
 - (d) Keep an insurance claims register with progress on each claim.
 - (e) Report on a monthly basis to Top Management

9. REVISION OF THIS POLICY

- 9.1 This policy should remain in operation until it is deemed necessary, by the Municipal Manager, to revise it.

10. POLICY ADOPTION

This policy has been considered and approved by the Council of Nkangala District Municipality on this day..... of 2016. This policy will take effect at Nkangala District Municipality on this day.....1..... ofJuly.....

PETTY CASH POLICY

1 JULY 2016



**NKANGALA DISTRICT
MUNICIPALITY
DC31**

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1. **INTRODUCTION**

Petty cash is a small amount of discretionary funds in the form of cash used for expenditure where it is impractical to follow the official procurement process due to the nature of the goods and/or services required.

2. **OBJECTIVES OF POLICY**

The objectives of the policy are to:

2.1 Ensure goods and services are procured by the municipality in accordance with authorized processes only.

2.2 Ensure that the municipality has and maintains an effective petty cash system of expenditure control.

2.3 Ensure that sufficient petty cash is available when required.

2.4 Ensure that the items required to be procured are approved petty cash items.

3. **LEGISLATIVE FRAMEWORK**

The legislative framework governing petty cash are:

3.1 The Local Government Municipal Finance Management Act, 56 of 2003.

3.2 The Municipal Supply Chain Management Regulations, Regulation 868, published under Government Gazette 27636, 30 May 2005.

3.3 The municipal supply chain management policy.

4. **PETTY CASH PURCHASES**

4.1 The Director Financial Services must delegate personnel from the expenditure section in the treasury office to keep petty cash registers and make petty cash payments up to the maximum amount as allowed per transaction.

4.2 Petty cash is restricted to cash purchases up to a transaction value of R2000,00 VAT included.

4.3 Petty cash purchases may not deliberately be broken up over two (2) or more transaction claims or be split over more than one (1) day for the same items in order to fall within the determined threshold of R2000,00 VAT included.

4.4 To limit the risk of cash handling and misuse of petty cash, reimbursement of expenditure incurred by official/councillors with

his/her funds will be re-imbursed by EFT in compliance with cash management and debt management policy

5. **APPROVED LIST OF PETTY CASH PURCHASES**

5.1 Approved items for petty cash bin purchases, but not limited:

- (a) Pay-as-you-go cellular airtime;
- (b) Purchases of an urgent nature where it is impractical to follow the official procurement process; and/or
- (c) Any fuel purchases where it is impractical to use a petrol card, provided fuel reconciliation is provided with the claim;
- (d) Parts/material for vehicle repairs, excluding tyre repairs, only on emergency cases.
- (e) Any items which can be classified as assets (inventory items), for example, calculators, memory sticks (USB); tools etc.;
- (f) Materials for urgent repair work not kept or not available at the municipal offices where stock is kept;
- (g) Materials of special nature only available at specific suppliers; and
- (h) Ad hoc items accompanied by necessary authorisation;

5.2 Petty cash specified in 5.1 above must be approved by the Manager Financial Services or delegated senior official prior to the transaction.

5.3 Petty cash bins kept by the Expenditure unit may only be utilized for materials and/or repair work for work less than R2000,00 where it is impractical to follow an official procurement process as per 5.1(b) and 5.1(g)

5.4 Petty cash purchases as per 5.1(a-h) may only be claimed from petty cash bins kept at the treasury office.

6. **SAFEGUARDING**

6.1 The petty cash is to be safeguarded in a lockable cash box and should be locked away when not in use during normal business hours.

6.2 The keys of the petty cash box must be safeguarded by the petty cash official.

- 6.3 After normal business hours, the responsible petty cash official must lock away the petty cash bins in a fire and theft resistant safe as identified.

7. **TRANSFER OF PETTY CASH BINS AND KEYS**

- 7.1 When the petty cash bins are transferred to another delegated official, the petty cash must first be reconciled and be verified by the immediate supervisor/delegated official before it is officially handed over. The new incumbent must sign for the petty cash bin as well as for the keys to the bin.
- 7.2 The Accountant Expenditure and Salaries will be responsible to record the transfer of the bin as well as the transfer of the keys in the appropriate register and also ensure that the officials sign the register.
- 7.3 The Accountant Expenditure and Salaries must ensure that the new holder of the petty cash bin is aware of his/her responsibilities relating to the petty cash transactions as well as the contents of this policy.
- 7.4 For proper safeguarding of the petty cash, the following control must apply:
- (a) only the delegated official may have the key to the petty cash bin;
 - (b) only the delegated official may be in possession to the safe key where the petty cash bin is kept
- 7.5 The spare keys of the petty cash bin and the safe keys will be in possession of the Director Financial Services.

8. **OTHER**

- 8.1 The maximum amount allocated per petty cash bin will be determined from time to time by the Director Financial Services, based on the operational requirements of the municipality and the risk of safeguarding petty cash bins.
- 8.2 When the amount per petty cash bin is increased the Accountant Expenditure/delegated official must draw a cheque and encash it with the municipal bankers.
- 8.3 The responsible official must sign for the acceptance of the increased cash amount together with the Accountant Expenditure/delegated official and be verified by the internal audit unit.

9. **PETTY CASH REPLENISHMENT**

- 9.1 Petty cash replenishments will only be done after having exhausted the available cash in the bins to a lower operational level.
- 9.2 A proper petty cash register must be kept where each disbursement of petty cash transactions are recorded.
- 9.3 The minimum detail to be recorded in the petty cash register is:
- (a) department name;
 - (b) cost centre (vote) to allocate petty cash transaction;
 - (c) name of vendor;
 - (d) date;
 - (e) amount issued; and
 - (f) name of person
- 9.4 The petty cash register with all petty cash vouchers, receipts or slips must be attached to the cheque and/or request for payment voucher.
- 9.5 The transaction control and verification section must check the petty cash float against the petty cash payment vouchers.
- 9.6 The cheque amount must be the difference between the petty cash float and the maximum allowable amount allocated to each petty cash bin.

10. **DISBURSEMENT OF PETTY CASH**

- 10.1 All petty cash disbursements must be completed on the prescribed petty cash voucher, authorized by the delegated official of each department as approved by Council in terms of the delegation of authorities.
- 10.2 The authorized official must ensure that funds are available in the budget prior the submission of claims.
- 10.3 An invoice or an original receipt, clearly indicating it has been paid must support the petty cash voucher.
- 10.4 The authorized official or delegated person must sign for the acceptance of the petty cash monies and ensure that the monies are correct. Once paid out, the Manager Financial Services will take no responsibility if the money is not received by the originator of the transaction.
- 10.5 In the case where a petty cash advance was granted, the recipient of the advance must bring the signed invoice and/or original receipt within two (2) working days from receipt of the advance to the petty cash official from when he/she received the cash advance.

10.6 Where proof of expenditure could not be provided on petty cash advances within the prescribed period, the advance will automatically be deducted from the respective employee's salary and disciplinary action will be taken against the employee.

11. **SHORTAGES AND LOSSES**

11.1 The holder of the petty cash bins will be held accountable for losses and shortages unless there is physical evidence of breaking-in and no act or omission on the part of the relevant official contributed to the loss.

11.2 In the event of identified shortages and/or losses it must immediately be reported to the Manager Financial Services and be paid in by the holder of the petty cash bin(s).

12. **INTERNAL CONTROLS**

12.1 Surprise petty cash audits must be concluded by the immediate supervisor or delegated official throughout the financial year.

12.2 Petty cash reconciliations with the general ledger must be reconciled before 30 June of each year and the petty cash replenished to the maximum amount allowed.

13. **REVIEW**

This policy will be reviewed annually to be in line with municipal practices and legislation.

14. **SHORT TITLE**

This policy shall be called the Petty Cash Policy of the Nkangala District Municipality.

CASH MANAGEMENT AND CREDITORS PAYMENT POLICY



NKANAGALA DISTRICT MUNICIPALITY

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1. POLICY OBJECTIVES

The objective of this policy is to ensure that the Municipality has a sound cash management and payment system

2. STATUTORY FRAMEWORK

In terms of section 13(1) of the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003) (MFMA) the Minister of Finance may prescribe a framework within which the Municipality must conduct its cash management. Section 13(2) of the MFMA requires that the Municipality must establish an appropriate and effective cash management policy, which must comply with the framework prescribed by the Minister.

The Municipality must, when it approves the annual budget for each year, also approve a cash flow projection for the year by revenue source broken down per month in terms of section 17(3)(c) of the MFMA. The Municipality's service-delivery and budget implementation plan (SDBIP) must contain revenue and expenditure projections for each month as required by section 53(3)(a) of the MFMA. The Municipal Manager must ensure, in terms of section 54(1)(d) of the MFMA that spending of funds and revenue collection proceed according to the budget.

3. Revenue management

- 3.1 The Municipal Manager of a municipality is responsible for the management of the revenue of the municipality.
- 3.2 The Municipal Manager must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy;
- 3.3 The Chief Financial Officer must ensure that revenue due to the municipality is calculated on a monthly basis;
- 3.4 The Chief Financial Officer must ensure that accounts for municipal charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- 3.5 The Chief Financial Officer must ensure that all money received is promptly deposited on a weekly basis, except if the amount of R10000 is exceeded, then the money must be deposited the following working day into the municipality's primary and other bank accounts;

3.6 The Municipal Manager must ensure that the municipality has and maintains a management, accounting and information system which—

- (i) recognises revenue when it is earned;
- (ii) accounts for debtors; and
- (iii) accounts for receipts of revenue;

3.7 The Municipal Manager must ensure that the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;

3.8 The Chief Financial Officer must ensure that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and

3.9 The Chief Financial Officer must ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled at least on a monthly basis.

3.10 The Municipal Manager must immediately inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal charges for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

3.11 Moneys incorrectly paid into the municipality's bank account will only be considered to be refunded after the 10 working days after a receipt of a formal written request/letterhead, duly signed by the claimant. Refunds will only be considered after confirmation is received from the municipality's bank.

4. Opening of bank accounts

4.1 Nkangala District Municipality will or must open and maintain at least one bank account in the name of the municipality.

4.2 All money received by Nkangala District Municipality must be paid into its bank account or accounts, and this must be done promptly and in accordance with any requirements that may be prescribed by MFMA.

4.3 Nkangala District Municipality may not open a bank account -

- (a) abroad;

(b) with an institution not registered as a bank in terms of the Banks Act, 1990 (Act No. 94 of 1990); or

(c) otherwise than in the name of the municipality.

4.4 Money may be withdrawn from a municipal bank account only in terms of section 11(1) of MFMA.

5. Primary bank account

5.1 Nkangala District Municipality must have a primary bank account. If a Nkangala District Municipality —

(a) has only one bank account, that account is its primary bank account; or

(b) has more than one bank account, it must designate one of those bank accounts as its primary bank account.

5.2 The following moneys must be paid into a municipality's primary bank account:

(a) All allocations to the municipality, including those made to the municipality for transmission to a municipal entity or other external mechanism assisting the municipality in the performance of its functions;

(b) all income received by the municipality on its investments;

(c) all income received by the municipality in connection with its interest in any municipal entity, including dividends;

(d) all money collected by a municipal entity or other external mechanism on behalf of the municipality; and

(e) any other moneys as may be prescribed.

5.3 The Municipal Manager must take all reasonable steps to ensure that all moneys referred to in subsection (2) are paid into its primary bank account.

5.4 No organ of state in the national, provincial or local sphere of government may transfer an allocation of money referred to in subsection (2) to a municipality except through the municipality's primary bank account.

5.5 The Municipal Manager must submit to the National Treasury, the relevant provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If NKANGALA DISTRICT MUNICIPALITY wants to change its primary bank account, it may do so only after the accounting officer has informed the National Treasury and the Auditor-General, in writing, at least 30 days before effecting the change.

6. Bank account details to be submitted to provincial treasuries and Auditor-General

6.1 The Municipal Manager must submit to the relevant provincial treasury and the Auditor-General, in writing -

(a) within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and

(b) annually before the start of a financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

7. Control of municipal bank accounts

7.1 The Municipal Manager -

(a) must administer all the municipality's bank accounts, including a bank account referred to in section 12 or 48(2)(d) of MFMA;

(b) is accountable to the municipal council for the municipality's bank accounts; and

(c) must enforce compliance with sections 7, 8 and 11 of MFMA.

7.2 The Municipal Manager may delegate the duties referred to in subsection (1)(c) to the Municipality's chief financial officer only.

8. Withdrawals from municipal bank accounts

8.1 Only the accounting officer or the chief financial officer, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts, and may do so only -

- (a) to defray expenditure appropriated in terms of an approved budget;
- (b) to defray expenditure authorised in terms of section 26(4);
- (c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);
- (d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section;
- (e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including—
 - (i) money collected by the municipality on behalf of that person or organ of state by agreement; or
 - (ii) any insurance or other payments received by the municipality for that person or organ of state;
- (f) to refund money incorrectly paid into a bank account;
- (g) to refund guarantees, sureties and security deposits;
- (h) for cash management and investment purposes in accordance with section 13;
- (i) to defray increased expenditure in terms of section 31; or
- (j) for such other purposes as may be prescribed.

8.2 Any authorisation in terms of subsection (1) to a senior financial official to withdraw money or to authorise the withdrawal of money from a bank account must be in writing.

The accounting officer may not authorise any official other than the chief financial officer to withdraw money or to authorise the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account which is separate from its other bank accounts.

8.3 Money may be withdrawn from a bank account in terms of subsection (1)(b) to without appropriation in terms of an approved budget.

8.4 The accounting officer must within 30 days after the end of each quarter—

(a) table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that quarter; and

(b) submit a copy of the report to the relevant provincial treasury and the Auditor-General.

9. Relief, charitable, trust or other funds

9.1 No political structure or office-bearer of Nkangala District Municipality may set up a relief, charitable, trust or other fund of whatever description except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

9.2 Nkangala District Municipality may in terms of section 4 open a separate bank account in the name of the municipality for the purpose of a relief, charitable, trust or other fund.

9.3 Money received by Nkangala District Municipality for the purpose of a relief, charitable, trust or other fund must be paid into a bank account of Nkangala District Municipality, or if a separate bank account has been opened in terms of subsection (2), into that account.

9.4 Money in a separate account opened in terms of subsection (2) may be withdrawn from the account without appropriation in terms of an approved budget, but only -

(a) by or on the written authority of the Municipal Manager acting in accordance with decisions of the municipal council; and

(b) for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

10 . Expenditure management

- 10.1 The Municipal Manager must ensure that the Municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
- 10.2 The Municipal Manager must ensure that the Municipality has and maintains a management, accounting and information system which recognises expenditure when it is incurred, and which accounts for creditors of and payments made by the municipality;
- 10.3 The Municipal Manager must ensure that the Municipality has and maintains a system of internal control in respect of creditors and payments;
- 10.4 The Municipal Manager shall ensure that any dispute concerning payments due by the Municipality to another organ of state is disposed of in terms of legislation regulating disputes between organs of state;
- 10.5 The Chief Financial Officer shall ensure that the Municipality's available working capital is managed effectively and economically in terms of the cash management and investment framework prescribed by the Minister of Finance;
- 10.6 The Chief Financial Officer shall ensure that all financial accounts of the Municipality are closed at the end of each month and reconciled with its records.
- 10.7 The Chief Financial Officer shall ensure that payments by the municipality are made directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed and either electronically or by any way on non-transferable cheques, provided that cash payment and payments by way of cash cheques may be made for exceptional reasons only, and only up to a limit prescribed by the Minister of Finance in terms of a regulation
- 10.8 The Chief Financial Officer shall ensure that the Municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments;
- 10.9 The Accounting Officer shall ensure that any dispute concerning payments due by the Municipality to another organ of state is disposed of in terms of legislation regulating disputes between organs of state;
- 10.10 The Chief Financial Officer shall ensure that all financial accounts of the Municipality are closed at the end of each month and reconciled with its records.

11. PAYMENT OF CREDITORS

- 11.1 The Chief Financial Officer shall ensure that all contracts awarded by the Municipality stipulate payment terms that are favourable to the Municipality. As far as possible, payment should fall due not sooner than 30 days from the invoice date, unless –

a) there are financial incentives for the Municipality to effect earlier payment; or in the case of small, micro and medium enterprises, this policy may cause financial hardship to the contractor in which case payment may be effected within a minimum of 14 days and a maximum of 30 days after receipt of a correct original signed tax invoice.

(b) the end of the month during which the service is rendered, goods supplied or work executed.

11.2 Notwithstanding the foregoing, 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 there are financial incentives for the Municipality to do so. Contrary to S.65

11.3 No payment for the provision of a service, the supply of goods or the execution of work shall be processed unless an original supplier invoice containing a reference to the relevant purchase order or such other relevant information as the Chief Financial Officer may determine, has been received.

11.4 Supplier invoices processed for payment shall be certified to represent goods received, services rendered or work executed in a manner and to a standard acceptable to the relevant departmental head and, where applicable, the relevant contract manager or according to contract.

11.5 Supplier invoices shall be submitted to the Budget and Treasury Office. Any invoice submitted to another department shall be forwarded forthwith to the Budget and Treasury Office.

11.6 Wherever possible, payment shall be effected by means of electronic transfer rather than by cheque. The Chief Financial Officer shall prescribe such procedures and measures as may be reasonably necessary to ensure that the banking details supplied by creditors who request payments by the Municipality to be made by electronic transfer or direct deposit into the relevant creditor's bank account are correct, including requesting the bank concerned to verify such information.

11.7 All payments, shall be made through the Municipality's bank account(s).

11.8 The Chief Financial Officer shall –

(a) draw all cheques on the Municipality's bank account(s);

(b) in consultation with the Municipal Manager, determine – (i) procedures relating to the signing of cheques; and (ii) appropriate signatories.

11.9 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 procedures as are determined from time to time by the Chief Financial Officer and shall be accompanied by such supporting documents as the CFO may determine.

11.10 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.

12. STOP PAYMENTS AND CANCELLING OF CHEQUES

12.1 The Chief Financial Officer shall install and maintain a system to stop payments and cancel issued cheques.

12.2 A written stop payment request shall be sent to the disbursements section if an issued cheque has been lost, stolen or mislaid. Such notification shall include such details as the Chief Financial Officer may determine but shall state at least the details of the payee, the amount of the payment and the reason for the request.

12.3 A replacement cheque shall be issued only after receiving written confirmation that the Municipality's bank has received the stop payment request. A replacement cheque shall be issued in due course, taking into account the operational requirements of the Municipality.

12.4 The Chief Financial Officer shall require that a creditor make arrangements for the electronic payment of her/his invoices if a stop payment request is received from that creditor on more than one occasion during a financial year.

12.5 Should a stop payment request be received and the cheque concerned clears the Municipality bank account before or after a replacement cheque is issued, the Chief Financial Officer shall -

- (a) stop payment of the replacement cheque had such been issued but has not yet cleared the bank; or
- (b) immediately commence proceedings to recover the amount of the duplicate payment on the payee, if the replacement cheque has already cleared the bank; and
- (c) report the matter to the SAPS if it is suspected that the payee has attempted to defraud the Municipality.
- (d) Report the incident to the Municipal Manager as potentially fruitless expenditure.

13. CASH MANAGEMENT PROGRAMME/ CASH FLOW PROJECTIONS

13.1 The Chief Financial Officer shall –

- (a) prepare an annual estimate of the Municipality's cash flows divided into calendar (per month per revenue source) months; and
- (b) update this estimate at least on a monthly basis.

13.2 For the purpose of par 14.1 each departmental head shall supply such information to the Chief Financial Officer as may be required.

13.3 The cash flow estimate shall indicate –

- (a) when, for what periods and the amounts of surplus revenues that may be invested;
- (b) when and for what amounts investments will have to be liquidated; and
- (c) when, if applicable, either long-term or short-term debt must be incurred.

13.4 The Chief Financial Officer shall report on a monthly basis to the (Council) Municipal Manager –

- (a) the cash flow estimate or revised estimate for such month;
- (b) the actual cash flows for the month immediately preceding the month in respect of which an estimate is submitted;
- (c) the estimates or revised estimates of the cash flows for the remaining months of the financial year;
- (d) any movements in respect of the Municipality's investments; and
- (e) such other details regarding the Municipality's investments as may be relevant.

13.5 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.

14. PAYMENT OF RE-IMBURSEMENT

14.1 To limit the risk of cash handling and misuse of petty cash, re-imbursment of expenditure incurred by official/councillors with his/her funds will be re-imbursed by EFT in compliance with the following conditions:

- (a) In exceptional cases and only accompanied by the written approval by the relevant Head of Department and Municipal Manager.
- (b) No claims will be accepted if to be paid to a supplier directly.
- (c) Proof of payment of such expenditures must be provided with each claim.

15. POLICY ADOPTION

This policy has been considered and approved by the Council of **Nkangala District**

Municipality on this day 27 May 2015

This policy will take effect at **Nkangala District Municipality** on this day 1st of July 2015.

CATERING POLICY

1 JULY 2016



**NKANGALA DISTRICT MUNICIPALITY
DC31**

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1. PREAMBLE

The catering policy will monitor the catering requirements and allowances of all meetings and other gatherings of Nkangala District Municipality (NDM).

2. OBJECTIVES

- 2.1 To regulate and control expenditure in relation to catering;
- 2.2 To regulate instances and events where catering should be provided;
- 2.3 To indicate what meetings are allowed to have catering;
- 2.4 To indicate what other gatherings are allowed to have catering;
- 2.5 To indicate what type of catering is allowed; and
- 2.6 To indicate the processes to be followed for catering.

3. SCOPE OF APPLICATION

This policy is applicable to all service providers, employees and Councillors of NDM.

4. DEFINITIONS

Catering: The supply of or food and beverages for any internal or external event / meeting / similar gathering of the municipality

Beverage: Coffee / tea / juice / cool drink / water

5. MEETINGS WHERE CATERING IS ALLOWED (subject to paragraphs 6 & 7)

- 5.1 Council meetings
- 5.2 Mayoral Committee meetings
- 5.3 Budget steering meetings
- 5.4 IDP steering meetings
- 5.5 Section 79 meetings
- 5.6 Section 80 meetings
- 5.7 MPAC
- 5.8 Audit Committee meetings
- 5.9 Risk Management meetings
- 5.10 Meetings or workshops taking the whole day
- 5.11 Meetings with external stakeholders, e.g. Budget Indaba, IDP Indaba
- 5.12 Municipal Manager on request
- 5.13 Mass meetings held for municipal purposes (e.g. Imbizos)
- 5.14 Any other meeting /function approved by the Municipal Manager

6. TYPES OF CATERING

TYPE A: For meeting starting in the morning and end before lunch (including half day):

Coffee / Tea, sandwiches and refreshments (menu 1)

TYPE B: For meetings starting in the morning and end beyond lunch (full day, not half day):

Full Lunch (menu 2 / 3)

TYPE C: For meetings starting at 14:00:

Coffee / Tea, sandwiches and refreshments (menu 1)

TYPE D: For meetings extending to after 19:00 in the evening:

Supper will be served (menu 4)

TYPE E: For meetings starting in the morning and extend to after 19:00

Full Lunch (menu 2 / 3)

Supper will be served (menu 4)

7. CATERING ARRANGEMENTS

7.1 COUNCIL MEETINGS

7.1.1 50- 80 persons, including guests (the number to be based on the average attendance figures over the past six months).

7.1.2 A light lunch / finger lunch will be served (**menu three (3)**) or **menu two (2)**.

7.2 MAYCO MEETINGS

7.2.1 25 persons (the actual number to be based on the average attendance figures over the past six months).

7.2.2 A light lunch / finger lunch will be served (**menu three (3)**) or **menu two (2)**.

7.3 ALL DAY SESSIONS

7.3.1 Tea/coffee prior to meeting

7.3.2 **Menu two (2)** for lunch with fruit juice

7.3.3 Tea/coffee at 15h00/15h30 on request

7.3.4 In all day sessions held in venues where Council is obliged to make use of the caterers nominated by the venue owner (venues not owned by Council) the actual cost of catering must be paid on condition that the food supplied is similar to menu two and that the use of non-Council venues be authorized by the relevant Directorates.

7.3.5 Municipal Manager may approve **menu three (3)** for all day sessions if external stakeholders are involved, but only with special motivation.

7.4 HALF DAY SESSIONS

7.4.1 Menu one (1) - Tea/coffee and sandwiches OR muffins and scones only

7.5 PUBLIC PARTICIPATION AND OTHER EXECUTIVE MEETINGS

7.5.1 The Executive Mayor, the Deputy Executive Mayor, Speaker, Chief Whip and other Mayoral Committee members may require refreshments for official meetings, other than the formal Committee meetings.

7.5.2 The relevant Councillors have to determine the nature of catering to be arranged.

7.5.3 Catering has to be in line with the guidelines in this policy.

7.5.4 Arrangements for this purpose will have to be made by the relevant officials and should be funded from the relevant operating budget vote.

7.5.5 VIP - **Menu three (3) / four (4)**

7.5.6 Masses - **Menu two (2) / three (3)**

8. TYPES OF MENUS

8.1 Menu one (1)

Snacks

- Sandwiches or muffins or scones

Coffee / tea / fruit juice

8.2 Menu two (2)

Meal

- Assortments of sandwiched snacks and savouries with a variety of fillings (meat, chicken and vegetarian)

Coffee / tea

Cold Beverage

8.3 Menu three (3)

Meal

Salad

Bread

Coffee / tea

Cold Beverage

8.4 Menu four (4)

Meal

Vegetables

Salad

Bread

Coffee / tea

Cold Beverage

9. PROCUREMENT PROCESSES

9.1 Managers should direct any request for catering to the Assistant Manager SCM by way of completing a request form indicating:

9.1.1 What type of a meeting

9.1.2 Number of people attending

9.1.3 Names/Positions of people attending/relevant department or organization name

9.1.4 Starting time

9.1.5 Estimated adjourning time

9.1.6 Indicate where funds are to be sourced from and the availability of funds

9.2 Request for catering must be submitted to the SCM Unit at least 7 days before the meeting in instances of procurement below R 30,000.

For major events, the following conditions also apply:

9.2.1 The Municipal Manager or his designate will set up an Organizing Committee.

9.2.2 The designate committee will comprise of at least one member of supply chain, the project manager, another designate from the department procuring and other members to be appointed by the Municipal Manager.

9.2.3 The committee will be charged with the following responsibilities:

9.2.3.1 Develop a check list

9.2.3.2 Submit plan and recommendations to Municipal Manager for procurement in terms of the Council's SCM Policy and subject to the availability of funds.

9.2.3.3 All expenses relating to catering shall be undertaken and paid for in terms of applicable NDM policies.

9.2.3.4 The necessary order form must be completed and properly signed before any expenditure is undertaken.

10. RESTRICTIONS ON CATERING

10.1 Catering may only be incurred in terms of the approved budget, thus only if the specific activity was originally provided for in the budget.

10.2 All beverages referred to are non-alcoholic; no alcohol may be procured with municipal funds.

11. STANDARD CONDITIONS FOR CATERING

The municipality expect a quality service and value for money in all catering services to be rendered with the municipality. The following conditions have been prepared to assist the service provider in delivering such a service:

1. The Service Provider must provide the service according to the specifications provided.
2. The service provided must be of good quality and be delivered on the agreed time before the commencement of the event.
3. Bottled water if included in the specs must be delivered early in the morning between 08h00 and 09h30 before the event.
4. The food delivered must be of the right quantity as per the specs.
5. The food must be well cooked and be poured in bowls, not cooking pots.
6. The service provider must prepare a table where they will be served and has a table cloth.
7. The plates, spoons, forks to be used for serving must be clean and must be of the same colour & design.
8. All catering must come with tooth picks & serviettes.
9. Cool drinks must be served cold.
10. All caterers are expected to leave the venue clean after catering.
11. Food must arrive at least 15 minutes before the agreed time to allow the caterer enough time to unpack, set up the table and ensure that everything is in place before people start dishing up.
12. Caterers are expected to be clean and presentable during the delivery of the service.
13. During delivery of the service the caterer's hair must be covered and an apron or decent overall be worn.
14. All invoices must not exceed the price of the quotation unless pre-approval has been obtained to cater for more.

15. Any food remaining during catering must be given to the project manager or must be enquired with the project managers on what should be done with it.
16. On any service rendered that is not satisfactory, the municipality has the right to impose penalties and / or blacklist the service provider.
17. An acceptance of the municipality`s order means that the service provider accepts the conditions under which the municipality can impose penalties or suspensions on them due to lack of or poor service delivery. Even though SLAs are not signed for every service, the standard penalty paragraph of the NDM standard SLA applies to all services rendered only on order.
18. Supply Chain Official and the project manager will be available to inspect the food before the food can be served and complete an assessment form of the service providers performance.
19. It is the responsibility of the service provider to communicate with the municipality in case of unforeseen circumstances that can hinder delivery of goods according to specification.
20. If failure to deliver the service is anticipated, the municipality must be informed 24 hours before the day of the event.
21. Penalties and / or suspensions can be imposed according to the discretion of the municipality and with the approval of the Municipal Manager.

12. INSPECTION FOR CATERERS

All caterers or catering companies must comply with the following:

1. Regulation nr. 29792: Foodstuffs, Cosmetics and Disinfectants Act, 54 of 1972 (Regulation Gazette nr. 328) Regulations relating to the powers and duties of inspectors and analysts conducting inspections and analyses on foodstuffs and at food premises (20 April 2007)
2. Regulation nr. 28553: Foodstuffs, Cosmetics and Disinfectants Act, 54 of 1972 (Regulation Gazette nr. 186) Regulations relating to the powers and duties of inspectors and investigations conducted on foodstuffs at food premises (3 March 2006)
3. Must be in possession of a Certificate of Acceptability (COA) for Food Handling (R918 of 31 July 1999) in terms of Food Premises issued by the Local Authority: Environmental Health Department By request – A reliable Caterer who complies with halaal, kosher or special dietary requirements / dietary needs.

13. IMPLEMENTATION

- 13.1 All expenditures related to catering for an event will be paid out of a vote budgeted for that purpose.
- 13.2 This policy must be implemented by all employees of NDM, but managers and supervisors should ensure that this policy is implemented effectively.
- 13.3 Any employee who breaches this policy shall be liable for disciplinary measures.

Adopted by Council at its meeting held on2016

Council Resolution Number

Signed at on 2016

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Municipal Manager

MANAGEMENT OF FOREIGN EXCHANGE POLICY

1 JULY 2016



**NKANGALA DISTRICT MUNICIPALITY
DC31**

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1 Policy

1.1 Overview

The Municipality, envisages that it will from time to time, procure goods and services from countries outside of South Africa, either by way of direct import, or, more commonly, through a local agent in South Africa. These goods and services are normally priced and payable in a foreign currency.

Upon payment by the Municipality, or by the local importer, of the foreign currency amount and conversion of that amount into South African Rand (Rand), an exchange profit or loss is realised.

Over the past ten years, the value of the Rand has fluctuated significantly against the value of most of the currencies of South Africa's major trading partners. This means that the exchange differences realised upon settlement of foreign liabilities can become an expense, or loss, to the Municipality. Therefore it becomes important for the Municipality to protect itself against potential foreign exchange losses arising from the import of goods and services by identifying and quantifying the risk in such transactions and by taking steps to manage this risk in accordance with an approved policy.

1.2 Purpose

The purpose of this policy is to provide an agreed framework within which:

- Foreign currency exchange risks are identified and managed in an efficient and cost effective manner;
- Foreign exchange conversion differences are properly quantified, accounted for and fairly apportioned between the foreign supplier, any local agent and the Municipality;

1.3 Objectives

Responsibility for identifying and managing potential foreign exchange risk is clearly allocated to Municipal officials and business areas dealing with the following:

- The direct import of goods and services from an overseas supplier;
- The indirect import of goods and services through a local supplier;
- The disbursement of subsistence allowance for travel in the pursuit of official Municipal business;
- To advise to the accounting of revenue derived from foreign based transactions.

1.4 Business Process Framework

1.4.1 Legal Framework

The Municipal Finance Management Act (MFMA) 56 of 2003, the Municipal Systems Act (MSA) 32 of 2000, and all other applicable legislation, policies and circulars make reference.

1.4.2 Accounting Framework

The responsibility of the management of foreign exchange currency risk rests with the Municipal Manager and the Chief Financial Officer. The performance of this function may be delegated to subordinates; however this however does not alleviate the responsibility of the Municipal Manager and Chief Financial Officer.

1.5 Recommendations

This policy, processes and procedures document be adopted as the Management of Foreign Exchange Currency Risk Policy;

This policy, processes and procedures document be recognised as identifying, characterizing and addressing the various stages of Management of Foreign Exchange Currency Risk Policy;

This policy, processes and procedures document be recognised as denoting all internal control mechanisms relevant to the efficient and effective discharge of the policy;

This policy document is adopted by the Council of Nkangala District Municipality (NDM) as the framework for the Management of Foreign Exchange Currency Risk Policy.

2 Processes

2.1 Definitions Exchange

Transactions

Transactions in which the contracting party receives approximately equal value in exchange for goods or services

Exchange Rate

The ratio at which the currencies of two countries are exchanged

Exchange Differences

Foreign Currency Forward Exchange Contract [FEC]

- exchange gains or losses which result when the rate used to initially record an item is different from the rate ruling at the final settlement date
- a currency other than the South African Rand
- an agreement with a commercial bank to exchange different currencies at a specified future date and at a specified exchange rate (the forward rate).
- Hedge transaction by which future exchange gains or losses are controlled within agreed margins or entirely eliminated

Local Supplier

A supplier based in South Africa

Overseas Supplier

A supplier based in a foreign country

Premium or discount on a forward exchange contract

The difference between the spot rate at the time of inception of the FEC and the forward rate specified in the contract

Settlement Date

The date at which the supplier/creditor is actually paid

Spot Date

The exchange rate for immediate delivery of currencies to be exchanged at a particular time

Tender Price

The price quoted by a supplier in response to either a formal tender or a request for quotations.

2.2 Explanatory Discussion

2.2.1 Firm Rand Prices

It should not be an automatic assumption that goods and services sourced by the Municipality from outside South Africa, whether directly from an overseas supplier or indirectly through a local supplier, should be priced in foreign currency with any exchange differences being for the Municipality's account.

Wherever possible, the Municipality should contract with suppliers on a firm Rand price basis with any exchange risk being managed and borne by the supplier. This should be possible, bearing in mind the Municipality's considerable purchasing power, in a competitive market situation with many suppliers bidding for a contract.

However, for proprietary items and in situations where there is a limited number of potential suppliers, it is unlikely that the Municipality will be able to insist on firm Rand prices. If a firm Rand price is not obtainable, then the Municipality must manage the currency risk in association with the other parties to the procurement contract, viz. the overseas supplier, the local agent (if applicable) and the commercial banks.

2.2.2 Tendered Prices

Prices tendered in Rand by local suppliers for goods or services sourced from overseas must be indicated as either firm or subject to adjustment for movement in exchange rates. All Municipal tenders or requests for quotation for the procurement of such goods or services must clearly state whether Rand prices which are subject to exchange rate variation are acceptable, or whether firm Rand prices are required.

Where prices are quoted subject to exchange rate variation, the underlying foreign currency elements and prices must be clearly identified and disclosed.

The basis for their conversion to Rand and their incorporation into the final Rand price together with the local Rand denominated costs and prices, should also be clearly disclosed. In order to compare tendered prices on a common basis, the Municipality must specify in the tender document/request for quotations the exchange rates to be used by the local supplier for converting foreign currency prices to Rand.

These should normally be the spot selling rates quoted by the Municipality's main banker at a ruling rate referenced to the closing date for receipt of tenders/quotations.

However, where the anticipated supply lead time is more than three months, it will be more appropriate to specify a forward exchange rate at the ruling date based on the estimated delivery period and eventual payment date.

Prices tendered by overseas suppliers for goods or services sourced directly from overseas will normally be in foreign currency. For evaluation purposes, these prices must be converted to Rand at the rate specified to local suppliers as per the above.

Where there is a minimal difference between a firm Rand price and a Rand price subject to exchange rate variation, then preference should obviously be given to the firm Rand price.

2.2.3 Identification of Risk

It is the responsibility of the relevant procurement section to identify any element of foreign currency exchange risk to the Municipality in a procurement contract and to

bring this to the attention of the Finance Department immediately after award of contract/placement of an order

A copy of (or relevant extracts from) the procurement contract/purchase order, together with the contact details of the supplier's local representative, should be submitted to the Finance Department of the Municipality within 5 working days of the signing of the contract/purchase order.

2.2.4 The Hedging decision

It is the responsibility of the Finance Department of the Municipality to decide on the hedging action required in respect of any foreign currency exchange risk identified by the procurement authorities. The decision may be to fully hedge, partly hedge or not to hedge at all.

If the decision to hedge is taken, the type, extent and period of the hedge will be decided by the finance department in conjunction, where appropriate, with the supplier, the supplier's banker and the Municipality's own banking advisers.

The hedge should be tailored to the particular currency risk in each procurement contract. The hedging decision should be made by the finance department within 5 working days of receipt of the necessary information/documentation from the procurement section as per the identification of risk above.

In the case of a currency hedge required for an indirect import of goods or services (through a local supplier), the finance department is responsible for instructing the local supplier to put the hedge in place, obtaining a copy of the foreign exchange contract with the supplier's bankers, documenting the hedging action, and supplying the procurement section/payments section with the necessary information for adjusting the eventual payment to the supplier to reflect permitted price adjustments in respect of conversion of foreign currency to Rand.

The supplier should be obliged, in terms of his contract with the Municipality, to make the necessary hedging arrangements with his banker within five days of receiving the relevant instructions from the Municipality's finance department.

In the case of a currency hedge required for a direct import of goods or services, the finance department will deal with the Municipality's own bankers in putting the hedge in place within the five days referred to above.

2.2.5 Local supplier's obligation i.r.o. foreign currency hedging

Where the Municipality has agreed to accept tenders/quotations from a local supplier based on foreign currency prices, the tender document should clearly state that the Municipality has the right to instruct the supplier to take out a forward exchange contract or any other type of currency hedge in respect of the foreign currency element of the contract.

If so instructed, the supplier must act according to the Municipality's instructions and produce documentary proof of same to the Municipality within specified time frames.

2.2.6 Permitted price adjustments

Where the Municipality has accepted a tender or quotation which is subject to exchange rate variation, the supplier is entitled to claim from the Municipality the Rand equivalent of the foreign currency prices incorporated in the contract price, converted in accordance with the following:

Where the Municipality does not request the supplier to take out any form of currency hedge on its behalf, the rate of exchange in respect of the foreign currency component of the cost of the contracted goods or services shall be the closing spot selling rate as published by the Municipality's main bankers ruling at either;

- the date of shipment of the goods
- the date of clearance by the Customs and Excise authorities of the goods at their port of entry into South Africa
- the date of receipt of the services in South Africa, or
- such other date and on such other conditions as may be specifically provided for by the Municipality in any particular tender or request for quotation

Where the Municipality does request the supplier to take out a currency hedge on its behalf, the rate of exchange payable in respect of the foreign currency component of the cost of the contracted goods or services shall be the forward exchange or other hedging rate contracted with the relevant commercial bank on the Municipality's behalf.

The Municipality may, at its sole discretion, require the supplier to furnish such documentation relating to any aspect of the foreign exchange component of the cost of such goods or services as it may deem necessary, including shipping and Customs documents

3 Procedures

3.1 Accounting Treatment of Foreign Exchange Transactions

The basic principle is that revenue is measured at the fair value of the consideration received or receivable, including any trade discounts or rebates.

3.1.1 Recognition of transactions

- Services – recognized at the stage of completion i.e. when the outcome of the transaction can be accurately determined, as per GRAP 11. Where the outcome of the transaction cannot be accurately forecasted, revenue is only recognized to the extent that expenditures are recoverable;

- Sale of Goods – when the purchaser has received the goods and it is effectively under his control and usage hence the associated revenue and costs can be accurately determined;
 - Interest – recognized via the effective interest method;
 - Royalties – recognized on an accrual basis as guided by the underlying agreement;
- Dividends – recognized when the right to payment occurs.

3.1.2 Disclosure of Foreign Exchange Transactions

NDM needs to disclose the following in its Annual financial Statements;

- The accounting policy applied to the recognition and measurement of foreign exchange transactions;
- The amount of revenue linked to foreign exchange transactions for the period under review and the nature of each underlying transaction;

3.2 Evaluation of tenders/quotations

Tenders/quotations for imported goods and services may be either in foreign currencies, Rand prices subject to exchange rate variation, firm Rand prices, or a combination of these. In order to place these prices on a comparable basis, it is necessary to convert the foreign currency prices to Rand.

In comparing firm Rand prices (no exchange risk) with prices which are subject to variations in rates of exchange, it is in Council's best interests to use a forward rate of exchange for converting foreign currency prices to Rand. The forward rate used should be based on best estimates of the expected delivery/payment date of the goods or services, taking into account the time required for evaluation of tender, committee reports, supplier lead time etc.

3.3 Monitoring of hedge decisions

The Finance Department of the Municipality shall be responsible for monitoring its hedging decisions regarding the management of foreign currency risk. It should record full details of all decisions made and track the actual movement of exchange rates against the contracted hedge rates from date of initial identification of currency risk through to final settlement of the foreign exchange liability.

Realised exchange gains or losses, combined with the premiums and discounts payable on FEC, should be ascertained, together with their impact on Municipal costs, for each procurement transaction which has a foreign currency price component. In this way, the efficiency of the hedging function in protecting the Municipality against foreign currency losses can be monitored over time and corrective action taken as and when required.

3.4 Statement of Policies

Firm Rand prices, free of currency fluctuations/adjustments, shall be sought by the Municipality from suppliers, wherever possible, for the import of goods and services.

Where prices are quoted subject to exchange rate variation, the underlying foreign currency elements and prices, and the basis of their conversion to Rand and incorporation in the final Rand price, must be clearly disclosed by the supplier.

Any exposure by the Municipality's foreign currency exchange risk must be clearly identified in every procurement contract at its inception. Responsibility for identifying this risk, and for bringing it to the attention of the Finance Department within the specified time frames, rests with the relevant procurement section.

The Municipality must always take a view on the extent of currency risk in any procurement contract and make a decision on whether to hedge and to what extent. Responsibility for any hedging action, within the specified time frames, rests with the Finance Department, advised, where appropriate, by the Municipality's or the supplier's Bankers.

Every procurement contract with a local supplier, where potential currency risk has been identified, must provide for the Municipality's right to instruct the supplier to take out a forward exchange contract or other hedging instrument on the Municipality's behalf.

Claims from suppliers for permitted price adjustments in respect of exchange differences must be fully substantiated by reference to forward exchange contracts, foreign currency purchases and other relevant documentation.

Evaluation of tenders/quotations for imported goods or services shall be performed using forward rates based on estimated supply lead times for conversion of foreign currency prices to Rand.

All hedging decisions made by the Municipality in respect of managing foreign currency risk shall be properly recorded by the Finance Department and subsequently monitored up to the settlement date in order to ascertain the actual monetary gain or loss realized as a result of the hedging action.

3.5 Subsistence Allowance for Travel Purposes

All authorized travel for municipal Councillors/officials on official business will include a subsistence allowance. Such allowance will be relative to the hedging decision undertaken by the municipality and based on the forward rate.

3.6 Amendment and Review of the policy

The Management of Foreign Exchange Policy shall be reviewed annually and/or at the discretion of the CFO due to changing circumstances as a result of the legislation or otherwise.

DC31 Nkangala - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	29 656	28 431	31 084	15 757	20 907	15 757	14 404	17 880	16 399	16 417
Transfers recognised - operational	304 562	313 813	329 709	334 683	337 683	334 683	336 926	337 235	342 759	356 764
Other own revenue	3 338	2 294	3 470	997	1 704	997	1 451	691	724	756
Total Revenue (excluding capital transfers and contributions)	337 556	344 538	364 263	351 437	360 293	351 437	352 780	355 806	359 882	373 937
Employee costs	58 451	55 981	71 257	106 986	108 404	106 903	61 421	120 523	128 236	136 444
Remuneration of councillors	10 885	11 598	12 691	12 915	13 073	12 915	9 600	14 348	15 266	16 243
Depreciation & asset impairment	8 220	8 312	7 910	9 711	11 289	9 711	6 883	9 585	10 114	11 042
Finance charges	5 295	4 557	4 491	1 989	2 025	1 989	1 598	1 583	1 587	1 605
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
Other expenditure	80 847	106 447	111 515	84 444	111 545	84 462	44 063	89 950	95 324	91 909
Total Expenditure	367 602	417 909	333 947	452 250	428 102	452 185	191 686	441 906	378 492	353 595
Surplus/(Deficit)	(30 046)	(73 372)	30 316	(100 813)	(67 809)	(100 748)	161 094	(86 100)	(18 610)	20 343
Transfers recognised - capital	-	-	1 950	2 010	2 010	2 010	-	2 076	2 180	2 321
Contributions recognised - capital & contributed assets	-	-	527	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Capital expenditure & funds sources										
Capital expenditure	10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	6	-	527	-	-	-	-	-	-	-
Borrowing	-	-	788	-	-	-	-	-	-	-
Internally generated funds	10 017	22 223	23 810	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Total sources of capital funds	10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Financial position										
Total current assets	675 111	591 111	606 980	470 657	469 590	490 790	682 958	518 604	508 094	513 807
Total non current assets	123 564	133 213	116 492	162 388	197 059	197 059	122 393	197 324	197 323	256 066
Total current liabilities	65 795	68 011	48 337	76 706	76 706	76 706	34 029	28 602	33 523	74 861
Total non current liabilities	43 659	40 448	26 036	26 535	27 135	27 135	25 403	25 432	26 429	26 883
Community wealth/Equity	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128
Cash flows										
Net cash from (used) operating	24 034	(33 122)	77 526	(89 091)	(36 188)	(26 770)	93 611	4 949	(5 494)	24 060
Net cash from (used) investing	212	(24 894)	(27 389)	(58 187)	(94 488)	(21 530)	32 492	(9 850)	(10 113)	(5 965)
Net cash from (used) financing	(5 843)	(6 253)	(19 541)	(6 852)	(3 426)	(18 448)	(1 703)	(1 703)	(1 503)	(1 503)
Cash/cash equivalents at the year end	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258
Cash backing/surplus reconciliation										
Cash and investments available	497 138	435 539	469 037	298 278	336 278	357 477	549 005	465 575	450 054	467 681
Application of cash and investments	(152 657)	(47 739)	(285 470)	55 408	56 585	56 474	(13 578)	19 070	24 391	66 979
Balance - surplus (shortfall)	649 795	483 279	754 506	242 870	279 693	301 003	562 582	446 506	425 663	400 702
Asset management										
Asset register summary (WDV)	92 478	99 457	116 492	162 388	159 059	159 059	157 524	157 524	155 935	213 643
Depreciation & asset impairment	8 220	8 312	7 910	9 711	11 289	9 711	9 585	9 585	10 114	11 042
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 173	7 584	7 652
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

DC31 Nkangala - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard	1									
<i>Governance and administration</i>		336 556	343 648	365 805	353 447	362 303	353 447	355 564	362 062	376 258
Executive and council		-	-	-	20	20	20	21	22	23
Budget and treasury office		336 556	343 648	365 805	353 427	362 283	353 427	355 543	362 040	376 235
Corporate services		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 000	890	934	-	-	-	2 318	-	-
Planning and development		1 000	890	934	-	-	-	2 318	-	-
Total Revenue - Standard	2	337 556	344 538	366 739	353 447	362 303	353 447	357 882	362 062	376 258
Expenditure - Standard										
<i>Governance and administration</i>		79 634	103 958	112 162	143 041	176 882	142 975	147 360	154 331	154 759
Executive and council		38 706	42 584	48 513	49 435	60 810	49 435	51 794	55 480	57 286
Budget and treasury office		17 118	25 824	30 089	34 234	45 560	34 149	32 970	31 160	32 525
Corporate services		23 811	35 550	33 560	59 373	70 512	59 391	62 596	67 691	64 948
<i>Community and public safety</i>		21 328	37 796	40 199	70 280	67 202	70 282	70 996	70 233	73 527
Community and social services		-	-	5	14 701	17 101	14 703	18 635	12 962	13 995
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		21 242	35 225	34 407	36 116	36 658	36 116	31 030	34 970	35 633
Housing		-	-	-	-	-	-	-	-	-
Health		86	2 571	5 787	19 463	13 444	19 463	21 331	22 302	23 899
<i>Economic and environmental services</i>		265 685	272 911	170 352	228 407	177 692	228 407	220 366	152 264	124 615
Planning and development		240 413	224 416	158 886	226 890	176 248	226 890	217 855	149 548	121 715
Road transport		24 892	48 264	10 518	-	-	-	-	-	-
Environmental protection		380	231	948	1 518	1 445	1 518	2 511	2 716	2 901
<i>Other</i>	4	955	3 244	11 234	10 521	6 325	10 521	3 184	1 663	693
Total Expenditure - Standard	3	367 602	417 909	333 947	452 250	428 102	452 185	441 906	378 492	353 595
Surplus/(Deficit) for the year		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	(84 024)	(16 430)	22 664

References

- Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
- Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
- Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
- All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

DC31 Nkangala - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard	1									
<i>Municipal governance and administration</i>		336 556	343 648	365 805	353 447	362 303	353 447	355 564	362 062	376 258
Executive and council		-	-	-	20	20	20	21	22	23
<i>Mayor and Council</i>		-	-	-	20	20	20	21	22	23
<i>Municipal Manager</i>		-	-	-	-	-	-	-	-	-
Budget and treasury office		336 556	343 648	365 805	353 427	362 283	353 427	355 543	362 040	376 235
<i>Economic and environmental services</i>		1 000	890	934	-	-	-	2 318	-	-
Planning and development		1 000	890	934	-	-	-	2 318	-	-
<i>Economic Development/Planning</i>		-	-	-	-	-	-	2 318	-	-
<i>Town Planning/Building enforcement</i>		1 000	890	934	-	-	-	-	-	-
<i>Licensing & Regulation</i>		-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	337 556	344 538	366 739	353 447	362 303	353 447	357 882	362 062	376 258
Expenditure - Standard										
<i>Municipal governance and administration</i>		79 634	103 958	112 162	143 041	176 882	142 975	147 360	154 331	154 759
Executive and council		38 706	42 584	48 513	49 435	60 810	49 435	51 794	55 480	57 286
<i>Mayor and Council</i>		27 851	33 673	40 221	37 426	44 749	37 426	34 510	36 769	37 705
<i>Municipal Manager</i>		10 855	8 911	8 292	12 009	16 061	12 009	17 284	18 711	19 581
Budget and treasury office		17 118	25 824	30 089	34 234	45 560	34 149	32 970	31 160	32 525
Corporate services		23 811	35 550	33 560	59 373	70 512	59 391	62 596	67 691	64 948
<i>Human Resources</i>		2 386	6 233	4 410	10 368	16 518	10 368	12 365	13 341	14 057
<i>Information Technology</i>		5 013	12 082	9 117	10 219	9 313	10 219	10 695	12 049	8 903
<i>Property Services</i>		2 951	7 184	7 939	11 640	16 001	11 640	11 570	12 139	9 862
<i>Other Admin</i>		13 460	10 050	12 094	27 146	28 680	27 164	27 966	30 163	32 126
<i>Community and public safety</i>		21 328	37 796	40 199	70 280	67 202	70 282	70 996	70 233	73 527
Community and social services		-	-	5	14 701	17 101	14 703	18 635	12 962	13 995
<i>Cemeteries & Crematoriums</i>		-	-	-	2 005	1 057	2 005	300	300	-
<i>Other Social</i>		-	-	5	12 696	16 044	12 698	18 335	12 662	13 995
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		21 242	35 225	34 407	36 116	36 658	36 116	31 030	34 970	35 633
<i>Police</i>		-	-	-	-	-	-	-	-	-
<i>Fire</i>		19 533	31 883	29 465	28 428	27 678	28 428	21 818	24 944	25 352
<i>Civil Defence</i>		-	-	-	-	-	-	-	-	-
<i>Street Lighting</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		1 709	3 342	4 942	7 688	8 979	7 688	9 212	10 025	10 281
Housing		-	-	-	-	-	-	-	-	-
Health		86	2 571	5 787	19 463	13 444	19 463	21 331	22 302	23 899
<i>Clinics</i>		-	-	-	-	-	-	-	-	-
<i>Ambulance</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		86	2 571	5 787	19 463	13 444	19 463	21 331	22 302	23 899
<i>Economic and environmental services</i>		265 685	272 911	170 352	228 407	177 692	228 407	220 366	152 264	124 615
Planning and development		240 413	224 416	158 886	226 890	176 248	226 890	217 855	149 548	121 715
<i>Economic Development/Planning</i>		9 443	11 054	30 070	24 579	23 842	24 579	29 949	31 577	11 220
<i>Town Planning/Building enforcement</i>		107 250	87 796	72 936	31 326	31 566	31 326	27 213	24 072	10 162
<i>Licensing & Regulation</i>		123 721	125 566	55 881	170 986	120 840	170 986	160 693	93 899	100 333
Road transport		24 892	48 264	10 518	-	-	-	-	-	-
<i>Roads</i>		24 892	48 264	10 518	-	-	-	-	-	-
Environmental protection		380	231	948	1 518	1 445	1 518	2 511	2 716	2 901
<i>Pollution Control</i>		380	231	948	1 518	1 445	1 518	2 511	2 716	2 901
<i>Biodiversity & Landscape</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		955	3 244	11 234	10 521	6 325	10 521	3 184	1 663	693
Air Transport		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Tourism		955	3 244	11 234	10 521	6 325	10 521	3 184	1 663	693
Forestry		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	367 602	417 909	333 947	452 250	428 102	452 185	441 906	378 492	353 595
Surplus/(Deficit) for the year		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	(84 024)	(16 430)	22 664

DC31 Nkangala - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - Council General and Executive		-	-	-	20	20	20	21	22	23
Vote 2 - Municipal Manager Town Secretary and Chief Execu		-	-	-	-	-	-	-	-	-
Vote 3 - Finance		336 556	343 648	365 805	353 427	362 283	353 427	355 543	362 040	376 235
Vote 4 - Social Services		-	-	-	-	-	-	-	-	-
Vote 5 - Local Economic Development		-	-	-	-	-	-	2 318	-	-
Vote 6 - Development and Planning		1 000	890	934	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 8 - Corporate services		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	337 556	344 538	366 739	353 447	362 303	353 447	357 882	362 062	376 258
Expenditure by Vote to be appropriated	1									
Vote 1 - Council General and Executive		27 851	33 673	40 221	37 426	44 749	37 426	34 510	36 769	37 705
Vote 2 - Municipal Manager Town Secretary and Chief Execu		12 558	10 427	12 030	24 921	32 401	24 921	30 285	32 998	34 920
Vote 3 - Finance		17 093	25 369	29 523	34 665	44 213	34 580	31 030	29 041	30 230
Vote 4 - Social Services		21 708	38 027	41 147	69 792	67 590	69 794	73 207	72 649	76 427
Vote 5 - Local Economic Development		10 256	7 508	35 142	35 089	29 983	35 089	33 127	33 238	11 910
Vote 6 - Development and Planning		107 391	94 586	79 097	33 341	32 807	33 341	27 519	24 374	10 165
Vote 7 - Technical Services		151 564	181 014	74 338	180 994	132 779	180 994	168 155	101 666	105 543
Vote 8 - Corporate services		19 182	27 305	22 449	36 020	43 580	36 039	44 073	47 756	46 694
Total Expenditure by Vote	2	367 602	417 909	333 947	452 250	428 102	452 185	441 906	378 492	353 595
Surplus(Deficit) for the year	2	(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	(84 024)	(16 430)	22 664

References

1. Insert 'Vote'; e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

DC31 Nkangala - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - Council General and Executive		-	-	-	20	20	20	21	22	23
1.1 - Mayor and Council		-	-	-	20	20	20	21	22	23
Vote 2 - Municipal Manager Town Secretary and Chief Executive Officer		-	-	-	-	-	-	-	-	-
2.1 - Finance and Administration: Core Function: Risk Management		-	-	-	-	-	-	-	-	-
2.2 - Internal Audit: Core Function: Governance Function		-	-	-	-	-	-	-	-	-
2.3 - Core Function: Marketing Customer Relations Publicity		-	-	-	-	-	-	-	-	-
2.4 - Core Function: Support to Local Municipalities: Support		-	-	-	-	-	-	-	-	-
2.5 - Core Function: Municipal Manager Town Secretary and		-	-	-	-	-	-	-	-	-
2.6 - Core Function: Administrative and Corporate Support: P		-	-	-	-	-	-	-	-	-
2.7 - Finance and Administration: Core Function: Legal Serv		-	-	-	-	-	-	-	-	-
Vote 3 - Finance		336 556	343 648	365 805	353 427	362 283	353 427	355 543	362 040	376 235
3.1 - Core Function: Finance: Data Processing		-	-	-	-	-	-	-	-	-
3.2 - Finance and Administration: Core Function: Asset Mana		-	-	-	-	-	-	-	-	-
3.3 - Finance and Administration: Core Function: Finance		336 556	343 648	365 805	353 427	362 283	353 427	355 543	362 040	376 235
3.4 - Core Function - Treasury Office		-	-	-	-	-	-	-	-	-
3.5 - Core Function - Supply Chain Management		-	-	-	-	-	-	-	-	-
3.6 - Core Function: Administrative and Corporate Support: H		-	-	-	-	-	-	-	-	-
3.7 - Core Function: Budget and Treasury Office: Budget Offi		-	-	-	-	-	-	-	-	-
3.8 - Core Function: Budget and Treasury Office: Creditors		-	-	-	-	-	-	-	-	-
3.9 - Core Function: Budget and Treasury Office: Projects		-	-	-	-	-	-	-	-	-
Vote 4 - Social Services		-	-	-	-	-	-	-	-	-
4.1 - Non-core Function: Population Development: Transvers		-	-	-	-	-	-	-	-	-
4.2 - Non-core Function: Population Development: Youth Ser		-	-	-	-	-	-	-	-	-
4.3 - Non-core Function: Population Development: Social Ser		-	-	-	-	-	-	-	-	-
4.4 - Other - Disaster Management (not Civil Defence)		-	-	-	-	-	-	-	-	-
4.5 - Public Safety: Core Function: Fire Fighting and Protecti		-	-	-	-	-	-	-	-	-
4.6 - Core Function: Pollution Control		-	-	-	-	-	-	-	-	-
4.7 - Health: Core Function: Health Services		-	-	-	-	-	-	-	-	-
Vote 5 - Local Economic Development		-	-	-	-	-	-	2 318	-	-
5.1 - Other: Core Function: Tourism		-	-	-	-	-	-	-	-	-
5.2 - Planning and Development: Core Function: Economic D		-	-	-	-	-	-	-	-	-
5.3 - Core Function: Economic Development/Planning: EPWF		-	-	-	-	-	-	2 318	-	-
Vote 6 - Development and Planning		1 000	890	934	-	-	-	-	-	-
6.1 - Core Function: Cemeteries Funeral Parlours and Crema		-	-	-	-	-	-	-	-	-
6.2 - Core Function: Project Management Unit: Project Mana		-	-	-	-	-	-	-	-	-
6.3 - Planning and Development: Core Function: Town Plann		-	-	-	-	-	-	-	-	-
6.4 - Planning and Development: Core Function: Corporate V		1 000	890	934	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-
7.1 - Core Function: Roads: Roads		-	-	-	-	-	-	-	-	-
7.2 - Core Function: Development Facilitation: Regional Plan		-	-	-	-	-	-	-	-	-
7.3 - Core Function: Property Services: Property Services		-	-	-	-	-	-	-	-	-
Vote 8 - Corporate services		-	-	-	-	-	-	-	-	-
8.1 - Core Function: Marketing Customer Relations Publicity		-	-	-	-	-	-	-	-	-
8.2 - Finance and Administration: Core Function: Human Res		-	-	-	-	-	-	-	-	-
8.3 - Finance and Administration: Core Function: Information		-	-	-	-	-	-	-	-	-
8.4 - Core Function: Administrative and Corporate Support: C		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	337 556	344 538	366 739	353 447	362 303	353 447	357 882	362 062	376 258

DC31 Nkangala - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure by Vote										
Vote 1 - Council General and Executive	1	27 851	33 673	40 221	37 426	44 749	37 426	34 510	36 769	37 705
1.1 - Mayor and Council		27 851	33 673	40 221	37 426	44 749	37 426	34 510	36 769	37 705
Vote 2 - Municipal Manager Town Secretary and Chief Executive Officer		12 558	10 427	12 030	24 921	32 401	24 921	30 285	32 998	34 920
2.1 - Finance and Administration: Core Function: Risk Management		25	455	566	1 857	2 006	1 857	2 610	2 833	3 055
2.2 - Internal Audit: Core Function: Governance Function		3 997	4 118	4 780	8 087	10 635	8 087	13 075	14 236	14 829
2.3 - Core Function: Marketing Customer Relations Publicity		-	-	-	739	-	739	-	-	-
2.4 - Core Function: Support to Local Municipalities: Support		-	-	-	1 631	4 062	1 631	4 108	4 371	4 651
2.5 - Core Function: Municipal Manager Town Secretary and		6 858	4 793	3 512	3 922	5 427	3 922	4 209	4 475	4 752
2.6 - Core Function: Administrative and Corporate Support: P		-	-	-	-	2 038	-	1 057	1 134	1 269
2.7 - Finance and Administration: Core Function: Legal Serv		1 678	1 061	3 172	8 685	8 233	8 685	5 225	5 949	6 364
Vote 3 - Finance		17 093	25 369	29 523	34 665	44 213	34 580	31 030	29 041	30 230
3.1 - Core Function: Finance: Data Processing		-	-	1 069	-	512	-	502	539	543
3.2 - Finance and Administration: Core Function: Asset Mana		-	-	-	1 449	1 736	1 449	52	61	34
3.3 - Finance and Administration: Core Function: Finance		16 871	25 369	28 454	23 231	32 201	23 146	29 143	27 000	28 273
3.4 - Core Function - Treasury Office		-	-	-	794	1 296	794	71	80	57
3.5 - Core Function - Supply Chain Management		-	-	-	3 024	3 215	3 024	57	67	41
3.6 - Core Function: Administrative and Corporate Support: H		-	-	-	2 288	658	2 288	671	714	760
3.7 - Core Function: Budget and Treasury Office: Budget Offi		221	-	-	2 450	2 133	2 450	433	459	453
3.8 - Core Function: Budget and Treasury Office: Creditors		-	-	-	-	1 480	-	51	60	34
3.9 - Core Function: Budget and Treasury Office: Projects		-	-	-	1 428	981	1 428	51	60	34
Vote 4 - Social Services		21 708	38 027	41 147	69 792	67 590	69 794	73 207	72 649	76 427
4.1 - Non-core Function: Population Development: Transvers		-	-	-	-	1 844	-	3 864	3 773	4 402
4.2 - Non-core Function: Population Development: Youth Ser		-	-	-	1 349	3 513	1 349	3 346	4 091	4 456
4.3 - Non-core Function: Population Development: Social Ser		-	-	5	11 347	10 687	11 349	11 124	4 798	5 136
4.4 - Other - Disaster Management (not Civil Defence)		1 709	3 342	4 942	7 688	8 979	7 688	9 212	10 025	10 281
4.5 - Public Safety: Core Function: Fire Fighting and Protecti		19 533	31 883	29 465	28 428	27 678	28 428	21 818	24 944	25 352
4.6 - Core Function: Pollution Control		380	231	948	1 518	1 445	1 518	2 511	2 716	2 901
4.7 - Health: Core Function: Health Services		86	2 571	5 787	19 463	13 444	19 463	21 331	22 302	23 899
Vote 5 - Local Economic Development		10 256	7 508	35 142	35 089	29 983	35 089	33 127	33 238	11 910
5.1 - Other: Core Function: Tourism		955	3 244	11 234	10 521	6 325	10 521	3 184	1 663	693
5.2 - Planning and Development: Core Function: Economic D		9 301	4 264	23 909	24 568	19 674	24 568	20 674	23 122	9 674
5.3 - Core Function: Economic Development/Planning: EPWF		-	-	-	-	3 984	-	9 269	8 452	1 543
Vote 6 - Development and Planning		107 391	94 586	79 097	33 341	32 807	33 341	27 519	24 374	10 165
6.1 - Core Function: Cemeteries Funeral Parlours and Crema		-	-	-	2 005	1 057	2 005	300	300	-
6.2 - Core Function: Project Management Unit: Project Mana		142	6 789	6 161	11	184	11	6	3	3
6.3 - Planning and Development: Core Function: Town Plann		101 859	84 313	66 806	29 164	29 389	29 164	24 746	21 439	7 345
6.4 - Planning and Development: Core Function: Corporate V		5 391	3 483	6 130	2 161	2 177	2 161	2 467	2 633	2 817
Vote 7 - Technical Services		151 564	181 014	74 338	180 994	132 779	180 994	168 155	101 666	105 543
7.1 - Core Function: Roads: Roads		24 892	48 264	10 518	-	-	-	-	-	-
7.2 - Core Function: Development Facilitation: Regional Plan		123 721	125 566	55 881	169 355	116 778	169 355	156 585	89 528	95 682
7.3 - Core Function: Property Services: Property Services		2 951	7 184	7 939	11 640	16 001	11 640	11 570	12 139	9 862
Vote 8 - Corporate services		19 182	27 305	22 449	36 020	43 580	36 039	44 073	47 756	46 694
8.1 - Core Function: Marketing Customer Relations Publicity		-	-	-	3 571	5 770	3 571	6 539	6 957	7 473
8.2 - Finance and Administration: Core Function: Human Res		2 386	6 233	4 410	10 368	15 869	10 368	11 704	12 637	13 308
8.3 - Finance and Administration: Core Function: Information		5 013	12 082	9 117	10 219	9 313	10 219	10 695	12 049	8 903
8.4 - Core Function: Administrative and Corporate Support: C		11 782	8 989	8 922	11 863	12 629	11 881	15 135	16 112	17 009
Total Expenditure by Vote	2	367 602	417 909	333 947	452 250	428 102	452 185	441 906	378 492	353 595
Surplus/(Deficit) for the year	2	(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	(84 024)	(16 430)	22 664

References

1. Insert 'Vote'; e.g. Department, if different to standard structure
2. Must reconcile to Financial Performance ('Revenue and Expenditure by Standard Classification' and 'Revenue and Expenditure')
3. Assign share in 'associate' to relevant Vote

DC31 Nkangala - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Rentals of facilities and equipment		130	86	89	120	120	120	105	131	143	156
Interest earned - external investments		29 656	28 431	31 084	15 757	20 907	15 757	14 404	17 880	16 399	16 417
Interest earned - outstanding debtors		1	0	1 280	-	11	-	11	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		2 590	1 688	1 640	-	800	-	976	210	221	230
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		304 562	313 813	329 709	334 683	337 683	334 683	336 926	337 235	342 759	356 764
Other revenue	2	617	519	461	877	772	877	359	350	360	370
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		337 556	344 538	364 263	351 437	360 293	351 437	352 780	355 806	359 882	373 937
Expenditure By Type											
Employee related costs	2	58 451	55 981	71 257	106 986	108 404	106 903	61 421	120 523	128 236	136 444
Remuneration of councillors		10 885	11 598	12 691	12 915	13 073	12 915	9 600	14 348	15 266	16 243
Debt impairment	3	0	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	2	8 220	8 312	7 910	9 711	11 289	9 711	6 883	9 585	10 114	11 042
Finance charges		5 295	4 557	4 491	1 989	2 025	1 989	1 598	1 583	1 587	1 605
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		75 005	73 381	77 977	39 222	55 711	39 222	21 727	44 114	46 171	47 018
Transfers and grants		203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
Other expenditure	4, 5	5 842	26 137	34 108	45 221	55 834	45 240	22 337	45 836	49 153	44 892
Loss on disposal of PPE		-	6 928	(570)	-	-	-	-	-	-	-
Total Expenditure		367 602	417 909	333 947	452 250	428 102	452 185	191 686	441 906	378 492	353 595
Surplus/(Deficit)											
Transfers recognised - capital		-	-	1 950	2 010	2 010	2 010	-	2 076	2 180	2 321
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	527	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method

DC31 Nkangala - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure - to be appropriated	2										
Vote 1 - Council General and Executive		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 4 - Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Local Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Corporate services		-	-	-	-	-	-	-	-	-	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure - to be appropriated	2										
Vote 1 - Council General and Executive		291	48	2 002	3 910	3 910	3 910	583	150	200	100
Vote 2 - Municipal Manager Town Secretary and Chief Executive		126	-	-	340	340	340	-	-	157	-
Vote 3 - Finance		25	-	168	701	80	701	36	400	400	560
Vote 4 - Social Services		6 504	21 929	21 362	30 037	31 900	30 037	7 107	750	3 480	70
Vote 5 - Local Economic Development		419	-	-	22	230	22	60	20	20	-
Vote 6 - Development and Planning		-	-	21	100	100	100	24	50	50	-
Vote 7 - Technical Services		1 581	-	-	-	442	-	98	1 500	-	-
Vote 8 - Corporate services		1 078	246	1 571	23 077	19 485	23 077	4 783	5 180	4 218	4 200
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Total Capital Expenditure - Vote		10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Capital Expenditure - Standard											
Governance and administration		1 520	294	3 742	28 028	24 257	28 028	5 402	7 230	4 975	4 860
Executive and council		417	48	2 002	4 120	4 120	4 120	583	150	357	100
Budget and treasury office		25	-	168	831	210	831	36	400	400	560
Corporate services		1 078	246	1 571	23 077	19 927	23 077	4 783	6 680	4 218	4 200
Community and public safety		6 504	21 929	21 362	30 037	31 900	30 037	7 107	750	3 480	70
Community and social services		54	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		6 450	21 929	21 332	29 737	30 059	29 737	6 461	-	3 430	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	30	300	1 841	300	646	750	50	70
Economic and environmental services		2 000	-	21	122	330	122	182	70	70	-
Planning and development		419	-	21	122	330	122	182	70	70	-
Road transport		1 581	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Funded by:											
National Government		-	-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	5	6	-	527	-	-	-	-	-	-	-
Borrowing	6	-	-	788	-	-	-	-	-	-	-
Internally generated funds		10 017	22 223	23 810	58 187	56 488	58 187	12 691	8 050	8 525	4 930
Total Capital Funding	7	10 023	22 223	25 124	58 187	56 488	58 187	12 691	8 050	8 525	4 930

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
- Capital expenditure by standard classification must reconcile to the appropriations by vote
- Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
- Must reconcile to Budgeted Financial Performance (revenue and expenditure)
- Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17
- Total Capital Funding must balance with Total Capital Expenditure
- Include any capitalised interest (MFMA section 46) as part of relevant capital budget

DC31 Nkangala - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		8 542	6 213	24 971	10 213	10 213	10 213	5 956	5 956	7 456	3 706
Call investment deposits	1	457 511	395 570	444 065	288 065	288 065	309 264	543 049	419 820	401 210	421 552
Consumer debtors	1	-	-	-	-	-	-	23	23	23	23
Other debtors		22 377	23 571	15 815	17 872	16 806	16 806	11 802	7 806	7 606	6 356
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	186 682	165 757	122 129	154 507	154 507	154 507	122 129	85 000	91 800	82 170
Total current assets		675 111	591 111	606 980	470 657	469 590	490 790	682 958	518 604	508 094	513 807
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		31 085	33 756	-	-	38 000	38 000	-	39 800	41 388	42 423
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	91 227	98 606	115 736	161 726	158 397	158 397	121 785	156 862	155 273	212 982
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		1 252	851	757	662	662	662	608	662	662	662
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		123 564	133 213	116 492	162 388	197 059	197 059	122 393	197 324	197 323	256 066
TOTAL ASSETS		798 675	724 325	723 473	633 045	666 649	687 849	805 351	715 928	705 417	769 873
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	6 753	6 659	3 738	3 426	3 426	3 426	1 626	1 703	1 503	1 503
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	49 950	59 911	44 425	73 280	73 280	73 280	32 239	26 899	32 020	73 358
Provisions		9 092	1 442	174	-	-	-	163	-	-	-
Total current liabilities		65 795	68 011	48 337	76 706	76 706	76 706	34 029	28 602	33 523	74 861
Non current liabilities											
Borrowing		34 063	27 904	11 283	11 240	11 240	11 240	11 692	9 537	8 034	6 089
Provisions		9 596	12 545	14 752	15 295	15 895	15 895	13 711	15 895	18 395	20 795
Total non current liabilities		43 659	40 448	26 036	26 535	27 135	27 135	25 403	25 432	26 429	26 883
TOTAL LIABILITIES		109 454	108 459	74 373	103 241	103 841	103 841	59 432	54 034	59 952	101 744
NET ASSETS	5	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

DC31 Nkangala - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		-	-	-	-	-	-	4 512	-	-	-
Service charges		-	-	-	-	-	-	-	-	-	
Other revenue		30 227	10 475	72 376	997	1 692	997	1 111	691	724	756
Government - operating	1	303 175	314 592	328 960	334 683	337 683	334 683	255 171	337 235	342 759	356 764
Government - capital	1	-	-	-	2 010	2 010	2 010	-	2 076	2 180	2 321
Interest		27 197	28 431	32 363	15 757	20 918	15 757	12 975	17 880	16 399	16 417
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(103 725)	(143 284)	(189 753)	(204 344)	(214 400)	(142 023)	(119 108)	(145 433)	(238 005)	(254 241)
Finance charges		(5 295)	(4 557)	(4 491)	(1 989)	(2 025)	(1 989)	(863)	(1 583)	(1 587)	(1 605)
Transfers and Grants	1	(227 544)	(238 779)	(161 930)	(236 206)	(182 067)	(236 206)	(60 187)	(205 917)	(127 964)	(96 351)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 034	(33 122)	77 526	(89 091)	(36 188)	(26 770)	93 611	4 949	(5 494)	24 060
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	109	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		10 229	(2 671)	(2 901)	-	(38 000)	36 657	36 657	(1 800)	(1 588)	(1 035)
Payments											
Capital assets		(10 017)	(22 223)	(24 597)	(58 187)	(56 488)	(58 187)	(4 165)	(8 050)	(8 525)	(4 930)
NET CASH FROM/(USED) INVESTING ACTIVITIES		212	(24 894)	(27 389)	(58 187)	(94 488)	(21 530)	32 492	(9 850)	(10 113)	(5 965)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	(3 426)	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(5 843)	(6 253)	(19 541)	(3 426)	(3 426)	(18 448)	(1 703)	(1 703)	(1 503)	(1 503)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5 843)	(6 253)	(19 541)	(6 852)	(3 426)	(18 448)	(1 703)	(1 703)	(1 503)	(1 503)
NET INCREASE/ (DECREASE) IN CASH HELD		18 403	(64 269)	30 597	(154 130)	(134 102)	(66 748)	124 400	(6 604)	(17 110)	16 593
Cash/cash equivalents at the year begin:	2	448 048	466 052	401 783	401 783	432 380	432 380	432 380	432 380	425 775	408 666
Cash/cash equivalents at the year end:	2	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258

References

- Local/District municipalities to include transfers from/to District/Local Municipalities
- Cash equivalents includes investments with maturities of 3 months or less

DC31 Nkangala - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258
Other current investments > 90 days		(399)	(0)	36 657	50 625	0	(46 155)	(7 775)	-	-	-
Non current assets - Investments	1	31 085	33 756	-	-	38 000	38 000	-	39 800	41 388	42 423
Cash and investments available:		497 138	435 539	469 037	298 278	336 278	357 477	549 005	465 575	450 054	467 681
Application of cash and investments											
Unspent conditional transfers		-	1 000	3 994	-	-	-	2 986	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(152 657)	(48 739)	(289 464)	55 408	56 585	56 474	(16 563)	19 070	24 391	66 979
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(152 657)	(47 739)	(285 470)	55 408	56 585	56 474	(13 578)	19 070	24 391	66 979
Surplus(shortfall)		649 795	483 279	754 506	242 870	279 693	301 003	562 582	446 506	425 663	400 702

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

DC31 Nkangala - Table A9 Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	10 023	22 223	25 124	58 187	56 488	58 187	8 050	8 525	4 930
Infrastructure - Road transport		-	-	-	-	1 000	-	350	750	1 500
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	1 000	-	350	750	1 500
Community		-	1 561	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	9 816	20 661	25 124	58 187	55 488	58 187	7 700	7 775	3 430
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		207	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	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		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	1 000	-	350	750	1 500
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	1 000	-	350	750	1 500
Community		-	1 561	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	9 816	20 661	25 124	58 187	55 488	58 187	7 700	7 775	3 430
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		207	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	10 023	22 223	25 124	58 187	56 488	58 187	8 050	8 525	4 930
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	1 962	1 711	1 842	-	-	-	-	-	-
Infrastructure - Electricity		443	412	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		2 405	2 123	1 842	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		88 821	96 482	113 894	161 726	158 397	158 397	156 862	155 273	212 982
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		1 252	851	757	662	662	662	662	662	662
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	92 478	99 457	116 492	162 388	159 059	159 059	157 524	155 935	213 643
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		8 220	8 312	7 910	9 711	11 289	9 711	9 585	10 114	11 042
Repairs and Maintenance by Asset Class	3	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 584	7 652
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 584	7 652
TOTAL EXPENDITURE OTHER ITEMS		43 740	63 199	25 456	17 978	23 908	17 978	16 758	17 699	18 694
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn**</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		38.9%	55.7%	15.2%	5.1%	8.0%	5.2%	4.6%	4.9%	3.6%
<i>Renewal and R&M as a % of PPE</i>		38.0%	55.0%	15.0%	5.0%	8.0%	5.0%	5.0%	5.0%	4.0%

References

1. Detail of new assets provided in Table SA34;
2. Detail of renewal of existing assets provided in Table SA34;
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34;
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure;
5. Must reconcile to 'Budgeted Financial Position' (written down value);
6. Donated/contributed and assets funded by finance leases to be allocated to the respective category.

DC31 Nkangala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
<u>Other Revenue by source</u>											
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Other Revenue		617	519	461	877	772	877	359	350	360	370
Total 'Other' Revenue	1	617	519	461	877	772	877	359	350	360	370
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	44 602	39 984	53 804	62 295	70 563	62 295	42 243	75 898	80 755	85 923
Pension and UIF Contributions		4 866	5 941	7 190	11 750	11 076	11 750	6 405	1 038	1 104	1 175
Medical Aid Contributions		5 188	6 088	4 696	10 360	6 690	10 360	3 333	9 025	9 603	10 217
Overtime		-	-	-	4 360	2 562	4 360	849	2 248	2 392	2 545
Performance Bonus		-	-	-	5 187	4 587	5 187	1 798	7 673	8 164	8 687
Motor Vehicle Allowance		3 469	3 567	5 007	7 669	7 997	7 669	4 615	7 407	7 881	8 385
Cellphone Allowance		-	-	-	582	1 010	582	897	1 317	1 402	1 491
Housing Allowances		81	87	130	2 037	817	1 954	247	333	354	376
Other benefits and allowances		244	313	429	704	1 098	704	618	2 138	2 275	2 421
Payments in lieu of leave		-	-	-	2 041	2 005	2 041	415	13 447	14 307	15 223
Long service awards		-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	4	-	-	-	-	-	-	-	-	-	-
sub-total	5	58 451	55 981	71 257	106 986	108 404	106 903	61 421	120 523	128 236	136 444
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	58 451	55 981	71 257	106 986	108 404	106 903	61 421	120 523	128 236	136 444
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		8 220	8 312	7 910	9 711	11 289	9 711	6 883	9 585	10 114	11 042
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	10	-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	8 220	8 312	7 910	9 711	11 289	9 711	6 883	9 585	10 114	11 042
<u>Transfers and grants</u>											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
Total transfers and grants	1	203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
<u>Contracted services</u>											
Outsourced services		1 090	2 144	2 724	1 705	-	1 705	-	-	-	-
Professional services		35 373	15 831	57 170	24 975	39 676	24 975	13 492	27 900	29 955	30 494
Contractors		38 543	55 406	18 084	12 542	16 035	12 542	8 235	16 215	16 217	16 524
sub-total	1	75 005	73 381	77 977	39 222	55 711	39 222	21 727	44 114	46 171	47 018
<u>Allocations to organs of state:</u>											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		75 005	73 381	77 977	39 222	55 711	39 222	21 727	44 114	46 171	47 018
<u>Other Expenditure By Type</u>											
Collection costs		-	-	-	-	-	-	-	-	-	-
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-	-
Consultant fees		-	-	-	-	-	-	-	-	-	-
Audit fees		-	-	-	-	-	-	-	-	-	-
General expenses	3	5 842	26 137	34 108	45 221	55 834	45 240	22 337	45 836	49 153	44 892
List Other Expenditure by Type		-	-	-	-	-	-	-	-	-	-
Total 'Other' Expenditure	1	5 842	26 137	34 108	45 221	55 834	45 240	22 337	45 836	49 153	44 892
Repairs and Maintenance by Expenditure Item											
Employee related costs	8										
Other materials											
Contracted Services		35 520	54 886	17 545	8 266	12 619	8 266		7 173	7 584	7 652
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	35 520	54 886	17 545	8 266	12 619	8 266	-	7 173	7 584	7 652

DC31 Nkangala - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Council General and Executive	Vote 2 - Municipal Manager Town Secretary and Chief Executive	Vote 3 - Finance	Vote 4 - Social Services	Vote 5 - Local Economic Development	Vote 6 - Development and Planning	Vote 7 - Technical Services	Vote 8 - Corporate services	Total
R thousand	1									
Revenue By Source										
Rental of facilities and equipment		21	-	110	-	-	-	-	-	131
Interest earned - external investments		-	-	17 880	-	-	-	-	-	17 880
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	-	210	-	-	-	-	-	210
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Other revenue		-	-	350	-	-	-	-	-	350
Transfers recognised - operational		-	-	334 917	-	2 318	-	-	-	337 235
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribution)		21	-	353 467	-	2 318	-	-	-	355 806
Expenditure By Type										
Employee related costs		4 831	12 124	15 116	47 013	4 921	5 905	9 744	20 869	120 523
Remuneration of councillors		14 348	-	-	-	-	-	-	-	14 348
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		700	53	179	4 383	37	28	1 727	2 478	9 585
Finance charges		1 503	6	31	-	-	-	22	21	1 583
Bulk purchases		-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		321	13 283	6 009	6 349	1 182	997	7 460	8 515	44 114
Transfers and grants		2 420	1 000	5 140	7 880	25 280	19 824	144 193	180	205 917
Other expenditure		10 387	3 819	4 555	7 583	1 707	764	5 009	12 010	45 836
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		34 510	30 285	31 030	73 207	33 127	27 519	168 155	44 073	441 906
Surplus/(Deficit)		(34 489)	(30 285)	322 437	(73 207)	(30 809)	(27 519)	(168 155)	(44 073)	(86 100)
Transfers recognised - capital		-	-	2 076	-	-	-	-	-	2 076
Contributions recognised - capita		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(34 489)	(30 285)	324 513	(73 207)	(30 809)	(27 519)	(168 155)	(44 073)	(84 024)

References

1. Departmental columns to be based on municipal organisation structure

DC31 Nkangala - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		457 511	395 570	407 408	-	-	-	543 049	419 820	401 210	421 552
Other current investments > 90 days		-	-	36 657	288 065	288 065	309 264	-	-	-	-
Total Call investment deposits	2	457 511	395 570	444 065	288 065	288 065	309 264	543 049	419 820	401 210	421 552
Consumer debtors											
Consumer debtors		-	-	-	-	-	-	-	-	-	-
Less: Provision for debt impairment		-	-	-	-	-	-	23	23	23	23
Total Consumer debtors	2	-	-	-	-	-	-	23	23	23	23
Debt impairment provision											
Balance at the beginning of the year		-	-	-	-	-	-	-	-	-	-
Contributions to the provision		-	-	-	-	-	-	23	-	-	-
Bad debts written off		-	-	-	-	-	-	-	-	-	-
Balance at end of year		-	-	-	-	-	-	23	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		132 357	123 676	164 387	204 217	202 519	202 519	185 906	210 569	219 093	224 023
Leases recognised as PPE	3	-	-	788	-	-	-	788	-	-	-
Less: Accumulated depreciation		41 131	25 070	49 439	42 491	44 122	44 122	64 909	53 706	63 820	11 042
Total Property, plant and equipment (PPE)	2	91 227	98 606	115 736	161 726	158 397	158 397	121 785	156 862	155 273	212 982
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	1 703	1 703	1 503	1 503
Current portion of long-term liabilities		6 753	6 659	3 738	3 426	3 426	3 426	(77)	-	-	-
Total Current liabilities - Borrowing		6 753	6 659	3 738	3 426	3 426	3 426	1 626	1 703	1 503	1 503
Trade and other payables											
Trade and other creditors		49 950	58 911	40 431	73 280	73 280	73 280	29 254	26 899	32 020	73 358
Unspent conditional transfers		-	1 000	3 994	-	-	-	2 986	-	-	-
VAT		-	-	-	-	-	-	-	-	-	-
Total Trade and other payables	2	49 950	59 911	44 425	73 280	73 280	73 280	32 239	26 899	32 020	73 358
Non current liabilities - Borrowing											
Borrowing	4	34 034	27 904	10 798	10 798	10 798	10 798	11 207	9 095	7 592	6 089
Finance leases (including PPP asset element)		29	-	486	443	443	443	486	443	443	-
Total Non current liabilities - Borrowing		34 063	27 904	11 283	11 240	11 240	11 240	11 692	9 537	8 034	6 089
Provisions - non-current											
Retirement benefits		9 596	12 545	14 752	15 295	15 895	15 895	13 711	15 895	18 395	20 795
List other major provision items		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current		9 596	12 545	14 752	15 295	15 895	15 895	13 711	15 895	18 395	20 795
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		719 267	689 237	616 307	628 607	628 607	682 746	584 825	745 919	661 895	645 465
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		719 267	689 237	616 307	628 607	628 607	682 746	584 825	745 919	661 895	645 465
Surplus/(Deficit)		(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128
Reserves											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	689 221	615 866	649 100	529 804	562 808	584 007	745 919	661 895	645 465	668 128

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services											
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DC31 Nkangala - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Institutional Development and Municipal Transformation		KPI1		-	-	-	20	20	20	21	22	23	
Good Governance and Public Participation		KPI2		-	-	-	-	-	-	-	-	-	
Local Economic Development		KPI3		-	-	-	-	-	-	2 318	-	-	
Financial Viability		KPI4		336 556	343 648	365 805	353 427	362 283	353 427	355 543	362 040	376 235	
Basic service delivery		KPI5		-	-	-	-	-	-	-	-	-	
Spatial Development Analysis		KPI6		1 000	890	934	-	-	-	-	-	-	
Allocations to other priorities													
Total Revenue (excluding capital transfers and contributions)				1	337 556	344 538	366 739	353 447	362 303	353 447	357 882	362 062	376 258

References

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure).

DC31 Nkangala - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Institutional Development and Municipal Transformation		KPI1		59 590	71 405	74 700	98 368	120 730	98 386	108 868	117 523	119 319	
Good Governance and Public Participation		KPI2		–	–	5	12 696	16 044	12 698	18 335	12 662	13 995	
Local Economic Development		KPI3		10 256	7 508	35 142	35 089	29 983	35 089	33 127	33 238	11 910	
Financial Viability		KPI4		17 093	25 369	29 523	34 665	44 213	34 580	31 030	29 041	30 230	
Basic service delivery		KPI5		173 272	219 042	115 480	240 096	185 382	240 096	223 328	161 953	167 976	
Spatial Development Analysis		KPI6		107 391	94 586	79 097	31 336	31 750	31 336	27 219	24 074	10 165	
Allocations to other priorities													
Total Expenditure				1	367 602	417 909	333 947	452 250	428 102	452 185	441 906	378 492	353 595

References

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure).

DC31 Nkangala - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Institutional Development and Municipal Transformation		A		3 076	294	3 574	27 327	23 735	27 327	5 330	4 575	4 300
Good Governance and Public Participation		B		-	-	-	-	-	-	-	-	-
Local Economic Development		C		419	-	-	22	230	22	20	20	-
Financial Viability		D		25	-	168	701	80	701	400	400	560
Basic service delivery		E		6 504	21 929	21 362	30 037	32 342	30 037	2 250	3 480	70
Spatial Development Analysis		F		-	-	21	100	100	100	50	50	-
Allocations to other priorities			3									
Total Capital Expenditure			1	10 023	22 223	25 124	58 187	56 488	58 187	8 050	8 525	4 930

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure
2. Goal code must be used on Table SA3c

DC31 Nkangala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Vote 1 - vote name										
Function 1 - (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>										
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>										
Vote 2 - vote name										
Function 1 - (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>										
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>										
Vote 3 - vote name										
Function 1 - (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>										
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										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))
2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities
3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

DC31 Nkangala - Entities measureable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Entity 1 - (name of entity)										
<i>Insert measure/s description</i>										
Entity 2 - (name of entity)										
<i>Insert measure/s description</i>										
Entity 3 - (name of entity)										
<i>Insert measure/s description</i>										
And so on for the rest of the Entities										

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s87(5)(d))
2. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

DC31 Nkangala - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Borrowing Management											
Credit Rating		BBB-3.0%	BBB-2.6%	BBB-7.2%	1.2%	1.3%	4.5%	1.7%	0.7%	0.8%	0.9%
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure										
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	33.8%	35.2%	69.5%	32.3%	24.1%	122.0%	20.8%	17.7%	18.0%	18.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	-5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	10.3	8.7	12.6	6.1	6.1	6.4	20.1	18.1	15.2	6.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	10.3	8.7	12.6	6.1	6.1	6.4	20.1	18.1	15.2	6.9
Liquidity Ratio	Monetary Assets/Current Liabilities	7.1	5.9	9.7	3.9	3.9	4.2	16.1	14.9	12.2	5.7
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	6.6%	6.8%	4.3%	5.1%	4.7%	4.8%	3.4%	2.2%	2.1%	1.7%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		10.7%	14.7%	9.4%	29.6%	24.6%	20.0%	5.3%	6.3%	7.8%	17.3%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	17.3%	16.2%	19.6%	30.4%	30.1%	30.4%	17.4%	33.9%	35.6%	36.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	20.5%	19.6%	23.0%	34.1%	33.7%	34.1%		37.9%	39.9%	40.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.5%	15.9%	4.8%	2.4%	3.5%	2.4%		2.0%	2.1%	2.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	4.0%	3.7%	3.4%	3.3%	3.7%	3.3%	2.4%	3.1%	3.3%	3.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	1.0	0.6	1.8	0.7	0.7	0.7	0.8	1.0	1.0	1.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17235.6%	27264.7%	17677.1%	14874.0%	13986.4%	13986.4%	11310.6%	5968.0%	5327.5%	4081.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	38.3	32.2	32.3	16.9	18.1	27.3	65.8	25.9	23.4	23.4

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

DC31 Nkangala - Supporting Table SA9 Social, economic and demographic statistics and assumption:

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			1 018	1 184	1 308							
Females aged 5 - 14			110	105	98							
Males aged 5 - 14			109	104	116							
Females aged 15 - 34			194	200	231							
Males aged 15 - 34			196	217	257							
Unemployment			155	123	152							
Monthly household income (no. of households)	1, 12											
No income					49 525							
R1 - R1 600			6 173	1 817	14 590							
R1 601 - R3 200			20 035	10 266	24 128							
R3 201 - R6 400			56 566	62 015	61 460							
R6 401 - R12 800			64 360	64 037	70 074							
R12 801 - R25 600			64 823	46 772	54 317							
R25 601 - R51 200			19 251	27 613	36 485							
R52 201 - R102 400			10 683	14 033	18 748							
R102 401 - R204 800			1 650	5 069	15 762							
R204 801 - R409 600			508	1 960	4 233							
R409 601 - R819 200			102	388	1 073							
> R819 200			13	64	768							
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area			1 018 423	1 183 634	1 308 129							
Number of poor people in municipal area			466 913	433 454	428 004							
Number of households in municipal area			245 428	428 004	356 910							
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics												
Formal	3		183 465	256 276	295 232							
Informal			61 963	53 386	61 678							
Total number of households			245 428	309 662	356 910							
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-							
Economic	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

DC31 Nkangala Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	466 451	401 783	432 380	247 653	298 278	365 632	556 779	425 775	408 666	425 258
Cash + investments at the yr end less applications - R'000	18(1)b	2	649 795	483 279	754 506	242 870	279 693	301 003	562 582	446 506	425 663	400 702
Cash year end/monthly employee/supplier payment	18(1)b	3	38.3	32.2	32.3	16.9	18.1	27.3	65.8	25.9	23.4	23.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(30 046)	(73 372)	32 792	(98 803)	(65 799)	(98 738)	161 094	(84 024)	(16 430)	22 664
Service charge rev % change - macro CPIIX target exclusiv	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	905.4%	456.7%	2086.0%	100.0%	99.3%	100.0%	387.5%	100.0%	100.0%	100.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c:19	8	99.9%	100.0%	97.9%	100.0%	100.0%	100.0%	32.8%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	(5.9%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	5.3%	(32.9%)	13.0%	(6.0%)	0.0%	(29.6%)	(53.4%)	(2.6%)	(16.4%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	38.9%	55.7%	15.2%	5.1%	8.0%	5.2%	5.9%	4.6%	4.9%	3.6%
Asset renewal % of capital budge	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

References

1. Positive cash balances indicative of minimum compliance - subject to.
2. Deduct cash and investment applications (defined) from cash balance
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirement
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classificati
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provisic
8. Indicative of planned capital expenditure level & cash payment timin
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinanci.
10. Substantiation of National/Province allocations included in budge
11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classificati
12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classificati
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protecti
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protec

DC31 Nkangala - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		488 596	429 327	444 065	288 065	326 065	347 264	459 620	442 598	463 975
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	488 596	429 327	444 065	288 065	326 065	347 264	459 620	442 598	463 975
Consolidated total:		488 596	429 327	444 065	288 065	326 065	347 264	459 620	442 598	463 975

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investment).

DC31 Nkangala - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Opening balance	Closing Balance
Name of institution & investment ID	1	Yrs/Months					
Parent municipality							
ABSA		Months	Money Market	Yes	Variable	40 766	40 766
NEDBANK		Months	Money Market	Yes	Variable	37 117	37 117
FNB		Months	Money Market	Yes	Variable	35 172	35 172
STD		Months	Money Market	Yes	Variable	102 921	102 921
INVESTEC		Months	Money Market	Yes	Variable	35 978	35 978
SYRS INVESTEC		Yrs	Money Market	Yes	Variable	38 100	38 100
SANLAM		Months	Money Market	Yes	Variable	39 640	39 640
FNB RETENTION		Months	Money Market	Yes	Variable	17 570	17 570
						-	-
Municipality sub-total						347 264	347 264
TOTAL INVESTMENTS AND INTEREST	1					347 264	347 264

DC31 Nkangala - Supporting Table SA17 Borrowing

Borrowing - Categorized by type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality										
Long-Term Loans (annuity/reducing balance)		40 816	34 562	15 022	(3 426)	-	(3 426)	(3 864)	(4 057)	-
Long-Term Loans (non-annuity)										
Municipality sub-total	1	40 816	34 562	15 022	(3 426)	-	(3 426)	(3 864)	(4 057)	-
Total Borrowing	1	40 816	34 562	15 022	(3 426)	-	(3 426)	(3 864)	(4 057)	-

DC31 Nkangala - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		304 556	313 753	322 452	330 683	330 683	330 683	337 235	342 759	356 764
Local Government Equitable Share		299 711	308 850	318 017	326 223	326 223	326 223	333 667	341 509	352 641
RSC Levy Replacement		-	-	-	-	-	-	-	-	-
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 000
Municipal Systems Improvement		1 000	890	934	930	930	930	-	-	3 123
EPWP Incentive		1 214	1 000	2 121	2 280	2 280	2 280	2 318	-	-
		-	-	-	-	-	-	-	-	-
SETA		1 381	1 763	130	-	-	-	-	-	-
Provincial Government:		1 381	1 763	1 694	4 000	7 000	7 000	-	-	-
Provincial Treasury Data cleansing		1 381	1 763	1 694	4 000	7 000	7 000	-	-	-
Other grant providers:		6	60	5 563	-	-	-	-	-	-
Public donation mining house		6	60	5 563	-	-	-	-	-	-
Total Operating Transfers and Grants	5	305 943	315 577	329 709	334 683	337 683	337 683	337 235	342 759	356 764
Capital Transfers and Grants										
National Government:		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Rural asset management roads grant		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Total Capital Transfers and Grants	5	-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
TOTAL RECEIPTS OF TRANSFERS & GRANTS		305 943	317 179	331 659	336 693	339 693	339 693	339 311	344 939	359 085

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)
3. Replacement of RSC levies
4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
5. Total transfers and grants must reconcile to Budgeted Cash Flows
6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

DC31 Nkangala - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		303 175	311 990	322 452	330 683	330 683	330 683	337 235	342 759	356 764
Local Government Equitable Share		299 711	308 850	318 017	326 223	326 223	326 223	333 667	341 509	352 641
RSC Levy Replacement		-	-	-	-	-	-	-	-	-
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 000
Municipal Systems Improvement		1 000	890	934	930	930	930	-	-	3 123
EPWP Incentive		1 214	1 000	2 121	2 280	2 280	2 280	2 318	-	-
SETA		-	-	-	-	-	-	-	-	-
Provincial Government:		1 381	1 763	1 694	4 000	7 000	7 000	-	-	-
Provincial Treasury Data cleansing		1 381	1 763	1 694	4 000	7 000	7 000	-	-	-
Other grant providers:		6	60	5 563	-	-	-	-	-	-
<i>Public donation mining house</i>		6	60	5 563	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		304 562	313 813	329 709	334 683	337 683	337 683	337 235	342 759	356 764
Capital expenditure of Transfers and Grants										
National Government:		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Rural asset management roads grant		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Total capital expenditure of Transfers and Grants		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		304 562	315 415	331 659	336 693	339 693	339 693	339 311	344 939	359 085

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

DC31 Nkangala - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Operating transfers and grants:										
National Government:										
Balance unspent at beginning of the year										
Current year receipts		303 175	311 990	322 452	330 683	330 683	330 683	337 235	342 759	356 764
Conditions met - transferred to revenue		303 175	311 990	322 452	330 683	330 683	330 683	337 235	342 759	356 764
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		1 381	1 000	4 688	4 000	7 000	7 000	-	-	-
Conditions met - transferred to revenue		1 381	1 000	4 688	4 000	7 000	7 000	-	-	-
Conditions still to be met - transferred to liabilities										
Current year receipts		6	60							
Conditions met - transferred to revenue		6	60	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		304 562	313 050	327 140	334 683	337 683	337 683	337 235	342 759	356 764
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:										
National Government:										
Balance unspent at beginning of the year										
Current year receipts		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Conditions met - transferred to revenue		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	1 602	1 950	2 010	2 010	2 010	2 076	2 180	2 321
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		304 562	314 652	329 090	336 693	339 693	339 693	339 311	344 939	359 085
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance
2. CTBM = conditions to be met
3. National Treasury database will require this reconciliation for each transfer/grant

DC31 Nkangala - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Non-Cash Transfers to other municipalities											
<i>MP311 Victor Khanye</i>	1	13 433	12 958	10 767	18 427	13 047	13 047	4 313	23 580	11 765	10 519
<i>MP312 Emalahleni</i>		45 770	72 141	42 340	24 023	15 512	15 512	5 128	26 285	20 816	13 573
<i>MP313 Steve Tshwete</i>		24 897	39 843	5 345	47 842	40 387	40 387	13 351	20 033	12 629	11 561
<i>MP314 Emakhazeni</i>		36 840	25 347	9 300	39 356	29 227	29 227	9 662	33 479	14 472	12 533
<i>MP315 Thembisile Hani</i>		59 698	59 665	30 998	33 029	26 214	26 214	8 666	42 710	11 467	18 424
<i>MP316 Dr JS Moroka</i>		16 417	27 592	25 887	44 388	32 111	32 111	10 615	23 543	19 621	17 060
<i>DC31 Nkangala (Cross boundary projects)</i>		6 850	(6 533)	1 446	29 140	25 269	79 707	16 387	36 286	37 194	12 681
Total Non-Cash Transfers To Municipalities:		203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
TOTAL NON-CASH TRANSFERS AND GRANTS		203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351
TOTAL TRANSFERS AND GRANTS	6	203 904	231 013	126 083	236 206	181 767	236 206	68 121	205 917	127 964	96 351

References

1. Insert description listed by municipal name and demarcation code of recipient
2. Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service)
3. Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided)
4. Insert description of each other organisation (e.g. charity)
5. Insert description of each other organisation (e.g. the aged, child-headed households)
6. All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

DC31 Nkangala - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	458 371	102 641	209 333			770 345
Chief Whip		1	476 355	78 520	207 287			762 162
Executive Mayor		1	635 142	104 693	268 940			1 008 775
Deputy Executive Mayor		-	-	-	-			-
Executive Committee		6	2 763 417	565 833	1 243 723			4 572 973
Total for all other councillors			4 606 658	598 410	2 028 586			7 233 654
Total Councillors	8	9	8 939 943	1 450 097	3 957 869			14 347 909
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 480 495	294 047	260 400	265 224		2 300 165
Chief Finance Officer		1	1 064 358	217 461	193 069	193 668		1 668 556
Manager Corporate Services		1	1 128 450	216 994	74 924	185 496		1 605 865
Manager Technical Services		1	1 118 971	214 738	85 471	185 410		1 604 590
Manager Social Services		1	1 135 089	215 705	70 407	185 557		1 606 759
Total Senior Managers of the Municipality	8,10	5	5 927 362	1 158 946	684 272	1 015 355		8 785 935
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	14	14 867 305	2 609 044	4 642 141	1 015 355		23 133 844

DC31 Nkangala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		59	-	59	59	-	59	59	-	59
Board Members of municipal entities	4	5	-	4						
Municipal employees	5									
Municipal Manager and Senior Managers	3	5	-	2	5	-	5	5	-	5
Other Managers	7	8	2	6	41	-	41			
Professionals		22	2	20	46	46	-	46	46	-
<i>Finance</i>		3	1	2	25	25	-	25	25	-
<i>Spatial/town planning</i>		1	1	-	7	7	-	7	7	-
<i>Information Technology</i>		1	-	1	4	4	-	4	4	-
<i>Roads</i>										
<i>Electricity</i>					6	6	-	6	6	-
<i>Water</i>		1	-	1						
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		16	-	16	4	4	-	4	4	-
Technicians		10	10	-	138	138	-	138	138	-
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>		4	4	-						
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		6	6	-	138	138	-	138	138	-
Clerks (Clerical and administrative)		180	178	2	25	25	-	25	25	-
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	289	192	93	314	209	105	273	209	64
% increase					8.7%	8.9%	12.9%	(13.1%)	-	(39.0%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

References

1. Positions must be funded and aligned to the municipality's current organisational structure
2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
3. s57 of the Systems Act
4. Include only in Consolidated Statements
5. Include municipal entity employees in Consolidated Statements
6. Include headcount (number fo persons, Not FTE) of managers and staff only (exclude councillors)
7. Managers who provide the direction of a critical technical function
8. Total number of employees working on these functions

DC31 Nkangala - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue By Source																
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		11	11	11	11	11	11	11	11	11	12	12	131	143	156	
Interest earned - external investments		1 282	1 282	1 282	1 282	1 282	1 282	2 532	1 282	1 282	2 532	1 282	17 880	16 399	16 417	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines		-	-	-	-	-	-	-	-	-	-	210	210	221	230	
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - operational		134 717	773	-	-	110 883	-	-	773	90 090	-	-	337 235	342 759	356 764	
Other revenue		29	29	29	29	29	29	29	29	29	29	29	350	360	370	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contribution)		136 038	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	1 533	355 806	359 882	373 937
Expenditure By Type																
Employee related costs		10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	120 523	128 236	136 444	
Remuneration of councillors		1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	14 348	15 266	16 243	
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation & asset impairment		799	799	799	799	799	799	799	799	799	799	799	9 585	10 114	11 042	
Finance charges		130	130	130	130	130	130	130	130	130	130	152	1 583	1 587	1 605	
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted services		2 877	3 280	4 752	3 594	3 300	3 382	3 609	3 305	3 519	4 273	2 455	44 114	46 171	47 018	
Transfers and grants		13 543	5 807	8 373	8 967	15 001	16 536	14 925	17 519	18 020	13 752	12 116	61 360	127 964	96 351	
Other expenditure		4 655	3 402	3 891	3 419	3 613	3 787	3 911	3 053	3 994	5 432	2 936	45 836	49 153	44 892	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		33 243	24 656	29 185	28 147	34 082	35 872	34 613	36 045	37 701	35 626	29 696	83 039	441 906	378 492	353 595
Surplus/(Deficit)		102 795	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(86 100)	(18 610)	20 343
Transfers recognised - capital		2 076	-	-	-	-	-	-	-	-	-	-	-	2 076	2 180	2 321
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

DC31 Nkangala - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote																
Vote 1 - Council General and Executive		2	2	2	2	2	2	2	2	2	2	2	2	21	22	23
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		138 113	1 320	1 320	1 320	111 430	1 320	2 570	1 320	91 410	2 570	1 321	1 531	355 543	362 040	376 235
Vote 4 - Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Local Economic Development		-	773	-	-	773	-	-	773	-	-	-	-	2 318	-	-
Vote 6 - Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		138 114	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	1 533	357 882	362 062	376 258
Expenditure by Vote to be appropriated																
Vote 1 - Council General and Executive		6 001	2 539	2 539	2 540	2 564	2 528	2 941	2 539	2 539	2 539	2 539	2 703	34 510	36 769	37 705
Vote 2 - Municipal Manager Town Secretary and Chief Executive		2 045	2 203	2 059	2 168	2 202	2 045	2 041	2 512	2 679	4 033	2 069	4 230	30 285	32 998	34 920
Vote 3 - Finance		2 821	2 637	2 629	3 070	2 633	2 411	2 025	1 952	2 293	2 385	2 345	3 828	31 030	29 041	30 230
Vote 4 - Social Services		6 037	5 217	5 524	5 671	5 800	6 996	5 034	5 084	6 155	5 785	5 071	10 832	73 207	72 649	76 427
Vote 5 - Local Economic Development		3 735	2 122	3 189	1 509	1 691	2 946	5 450	1 847	2 026	2 893	1 769	3 949	33 127	33 238	11 910
Vote 6 - Development and Planning		4 275	1 581	1 853	2 172	2 488	1 995	1 864	2 511	1 798	1 378	1 378	4 229	27 519	24 374	10 165
Vote 7 - Technical Services		5 040	4 883	6 697	7 754	13 206	13 816	10 417	16 494	16 894	11 813	11 420	49 720	168 155	101 666	105 543
Vote 8 - Corporate services		3 288	3 476	4 695	3 263	3 499	3 135	4 841	3 105	3 318	4 799	3 105	3 548	44 073	47 756	46 694
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		33 243	24 656	29 185	28 147	34 082	35 872	34 613	36 045	37 701	35 626	29 696	83 039	441 906	378 492	353 595
Surplus/(Deficit) before assoc.		104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

DC31 Nkangala - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard																
<i>Governance and administration</i>		138 114	1 322	1 322	1 322	111 432	1 322	2 572	1 322	91 412	2 572	1 323	1 533	355 564	362 062	376 258
Executive and council		2	2	2	2	2	2	2	2	2	2	2	2	21	22	23
Budget and treasury office		138 113	1 320	1 320	1 320	111 430	1 320	2 570	1 320	91 410	2 570	1 321	1 531	355 543	362 040	376 235
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	773	-	-	773	-	-	773	-	-	-	-	2 318	-	-
Planning and development		-	773	-	-	773	-	-	773	-	-	-	-	2 318	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		138 114	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	1 533	357 882	362 062	376 258
Expenditure - Standard																
<i>Governance and administration</i>		14 714	11 409	12 527	11 596	11 653	10 673	12 403	10 813	11 383	14 512	10 613	15 064	147 360	154 331	154 759
Executive and council		6 995	3 661	3 483	3 623	3 706	3 470	3 911	3 977	4 096	5 485	3 556	5 832	51 794	55 480	57 286
Budget and treasury office		2 954	2 794	2 811	3 237	2 776	2 590	2 171	2 109	2 482	2 555	2 474	4 017	32 970	31 160	32 525
Corporate services		4 765	4 953	6 233	4 736	5 171	4 613	6 321	4 728	4 806	6 472	4 583	5 216	62 596	67 691	64 948
<i>Community and public safety</i>		5 858	5 036	5 339	5 466	5 614	6 817	4 853	4 899	5 976	5 603	4 885	10 652	70 996	70 233	73 527
Community and social services		1 646	923	961	1 018	1 457	1 604	765	761	1 193	925	788	6 593	18 635	12 962	13 995
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		2 443	2 322	2 587	2 700	2 427	3 493	2 330	2 357	2 806	2 880	2 357	2 329	31 030	34 970	35 633
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		1 769	1 790	1 790	1 748	1 730	1 720	1 758	1 780	1 977	1 798	1 740	1 730	21 331	22 302	23 899
<i>Economic and environmental services</i>		12 410	8 200	10 558	10 822	16 750	18 036	16 788	20 263	20 233	15 055	14 188	57 064	220 366	152 264	124 615
Planning and development		12 205	7 994	10 348	10 592	16 539	17 831	16 582	20 052	20 029	14 848	13 977	56 859	217 855	149 548	121 715
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		205	206	210	230	211	205	206	210	205	208	211	205	2 511	2 716	2 901
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		262	12	761	264	66	346	570	70	109	457	10	259	3 184	1 663	693
Total Expenditure - Standard		33 243	24 656	29 185	28 147	34 082	35 872	34 613	36 045	37 701	35 626	29 696	83 039	441 906	378 492	353 595
Surplus/(Deficit) before assoc.		104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	104 871	(22 562)	(27 863)	(26 826)	78 122	(34 550)	(32 042)	(33 950)	53 710	(33 054)	(28 374)	(81 506)	(84 024)	(16 430)	22 664

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

DC31 Nkangala - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Multi-year expenditure to be appropriated	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 1 - Council General and Executive		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager Town Secretary and Chief Execu		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Local Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																	
Vote 1 - Council General and Executive		20	-	20	-	50	20	-	-	20	-	-	20	150	200	100	-
Vote 2 - Municipal Manager Town Secretary and Chief Execu		-	-	-	-	-	-	-	-	-	-	-	-	-	157	-	-
Vote 3 - Finance		-	3	-	-	48	-	-	-	-	-	-	350	400	400	560	-
Vote 4 - Social Services		-	-	-	-	-	-	750	-	-	-	-	-	750	3 480	70	-
Vote 5 - Local Economic Development		-	-	-	10	-	-	10	-	-	-	-	-	20	20	-	-
Vote 6 - Development and Planning		-	-	-	-	-	-	-	50	-	-	-	-	50	50	-	-
Vote 7 - Technical Services		-	20	-	150	-	-	100	-	-	-	-	1 230	1 500	-	-	-
Vote 8 - Corporate services		25	375	25	55	25	25	25	25	25	25	25	4 525	5 180	4 218	4 200	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930	-
Total Capital Expenditure	2	45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930	-

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimate:
2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

DC31 Nkangala - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		45	398	45	205	123	45	25	125	45	25	25	6 125	7 230	4 975	4 860
Executive and council		20	-	20	-	50	20	-	-	20	-	-	20	150	357	100
Budget and treasury office		-	3	-	-	48	-	-	-	-	-	-	350	400	400	560
Corporate services		25	395	25	205	25	25	25	125	25	25	25	5 755	6 680	4 218	4 200
<i>Community and public safety</i>		-	-	-	-	-	-	-	750	-	-	-	-	750	3 480	70
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	3 430	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	750	-	-	-	-	750	50	70
<i>Economic and environmental services</i>		-	-	-	10	-	-	10	-	50	-	-	-	70	70	-
Planning and development		-	-	-	10	-	-	10	-	50	-	-	-	70	70	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930
Funded by:																
National Government													-	-	-	-
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations													-	-	-	-
Borrowing																
Internally generated funds		45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930
Total Capital Funding		45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimate.
2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure check

DC31 Nkangala - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Cash Receipts By Source													1		
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	11	11	11	11	11	11	11	11	11	11	12	12	131	143	156
Interest earned - external investments	1 282	1 282	1 282	1 282	1 282	1 282	2 532	1 282	1 282	2 532	1 282	1 282	17 880	16 399	16 417
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	210	210	221	230
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operationa	134 717	773	-	-	110 883	-	-	773	90 090	-	-	-	337 235	342 759	356 764
Other revenue	29	29	29	29	29	29	29	29	29	29	29	29	350	360	370
Cash Receipts by Source	136 038	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	1 533	355 806	359 882	373 937
Other Cash Flows by Source															
Transfer receipts - capital	2 076	-	-	-	-	-	-	-	-	-	-	-	2 076	2 180	2 321
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	(1 800)	(1 800)	(1 800)	(1 588)	(1 035)
Total Cash Receipts by Source	138 114	2 094	1 322	1 322	112 204	1 322	2 572	2 094	91 412	2 572	1 323	(267)	356 082	360 474	375 224
Cash Payments by Type															
Employee related costs	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	10 044	120 523	128 236	136 444
Remuneration of councillors	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	14 348	15 266	16 243
Finance charges	130	130	130	130	130	130	130	130	130	130	152	130	1 583	1 587	1 605
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	2 877	3 280	4 752	3 594	3 300	3 382	3 609	3 305	3 519	4 273	2 455	5 769	44 114	46 171	47 018
Transfers and grants - other municipalities	13 543	5 807	8 373	8 967	15 001	16 536	14 925	17 519	18 020	13 752	12 116	61 360	205 917	127 964	96 351
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	29	29	29	29	29	29	29	29	29	29	29	29	350	360	370
Cash Payments by Type	27 819	20 485	24 524	23 959	29 699	31 316	29 933	32 222	32 937	29 424	25 991	78 528	386 836	319 585	298 031
Other Cash Flows/Payments by Type															
Capital assets	45	398	45	215	123	45	35	875	95	25	25	6 125	8 050	8 525	4 930
Repayment of borrowing	322	322	322	322	322	322	322	322	322	322	322	(1 839)	1 703	1 503	1 503
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	(33 903)	(33 903)	47 971	54 167
Total Cash Payments by Type	28 186	21 204	24 891	24 496	30 144	31 683	30 290	33 419	33 354	29 771	26 338	48 911	362 686	377 584	358 631
NET INCREASE/(DECREASE) IN CASH HELD	109 929	(19 110)	(23 569)	(23 174)	82 061	(30 361)	(27 718)	(31 324)	58 057	(27 199)	(25 016)	(49 179)	(6 604)	(17 110)	16 593
Cash/cash equivalents at the month/year begin	432 380	542 308	523 198	499 629	476 455	558 515	528 154	500 436	469 112	527 169	499 970	474 954	432 380	425 775	408 666
Cash/cash equivalents at the month/year end	542 308	523 198	499 629	476 455	558 515	528 154	500 436	469 112	527 169	499 970	474 954	425 775	425 775	408 666	425 258

References

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTRFE it is now directly linked to A7.

DC31 Nkangala - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	1 000	-	350	750	1 500
Infrastructure - Road transport		-	-	-	-	1 000	-	350	750	1 500
<i>Roads, Pavements & Bridges</i>		-	-	-	-	1 000	-	350	750	1 500
Other assets		9 816	20 661	25 124	58 187	55 488	58 187	7 700	7 775	3 430
General vehicles		-	693	1 232	-	6 759	-	-	-	-
Specialised vehicles		3 658	4 763	7 140	-	-	-	-	-	-
Plant & equipment		1 643	-	1 420	48 725	10 328	48 725	130	3 602	-
Computers - hardware/equipment		-	206	1 026	9 462	9 320	9 462	3 350	3 400	3 000
Furniture and other office equipment		1 617	88	973	-	11 786	-	2 720	773	430
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		2 899	14 911	13 334	-	17 295	-	1 500	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Intangibles		207	-	-	-	-	-	-	-	-
Computers - software & programming		207	-	-	-	-	-	-	-	-
Other (<i>list sub-class</i>)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	10 023	22 223	25 124	58 187	56 488	58 187	8 050	8 525	4 930
Specialised vehicles		3 658	4 763	7 140	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		3 658	4 763	7 140	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expenditure in Budgeted Capital Expenditure
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes
4. Work-in-progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class
7. Busses used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

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DC31 Nkangala - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Other assets	1	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 584	7 652
General vehicles	10	-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		24 681	41 808	13 468	4 270	3 609	4 270	933	997	564
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		10 839	13 078	4 077	3 996	9 010	3 996	6 240	6 587	7 088
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (<i>list sub-class</i>)		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	35 520	54 886	17 545	8 266	12 619	8 266	7 173	7 584	7 652
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
<i>R&M as a % of PPE</i>		38.9%	55.7%	15.2%	5.1%	8.0%	5.2%	4.6%	4.9%	3.6%
<i>R&M as % Operating Expenditure</i>		9.7%	13.1%	5.3%	1.8%	2.9%	1.8%	1.6%	2.0%	2.2%

DC31 Nkangala - Supporting Table SA34d Depreciation by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Depreciation by Asset Class/Sub-class	1									
Infrastructure		-	286	558	315	654	315	832	832	907
Infrastructure - Electricity		-	282	282	311	311	311	247	247	270
<i>Generation</i>		-	282	282	311	311	311	247	247	270
Infrastructure - Other		-	4	276	5	344	5	585	585	637
<i>Waste Management</i>		-	-	-	-	-	-	-	-	-
<i>Transportation</i>	2	-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>	3	-	4	276	5	344	5	585	585	637
Other assets		8 220	7 629	7 258	8 962	10 049	8 962	7 991	8 450	9 227
General vehicles		944	1 685	2 238	2 785	3 159	2 785	2 779	2 761	3 010
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		-	1 127	720	1 049	895	1 049	972	1 053	1 147
Computers - hardware/equipment		-	1 578	1 613	1 676	1 991	1 676	2 176	2 514	2 741
Furniture and other office equipment		7 276	1 033	754	703	1 543	703	482	541	590
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	2 205	1 934	2 750	2 461	2 750	1 581	1 581	1 739
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Intangibles		-	401	95	434	586	434	762	832	907
Computers - software & programming		-	401	95	434	586	434	762	832	907
Other (<i>list sub-class</i>)		-	-	-	-	-	-	-	-	-
Total Depreciation	1	8 220	8 315	7 910	9 711	11 289	9 711	9 585	10 114	11 042
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

References

1. Depreciation based on write down values. Not including Depreciation resulting from revaluation.
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes
4. Work-in-progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class
7. Busses used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

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DC31 Nkangala - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Council General and Executive		150	200	100				
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	157	-				
Vote 3 - Finance		400	400	560				
Vote 4 - Social Services		750	3 480	70				
Vote 5 - Local Economic Development		20	20	-				
Vote 6 - Development and Planning		50	50	-				
Vote 7 - Technical Services		1 500	-	-				
Vote 8 - Corporate services		5 180	4 218	4 200				
Total Capital Expenditure		8 050	8 525	4 930	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Council General and Executive		173	230	115				
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	181	-				
Vote 3 - Finance		460	460	644				
Vote 4 - Social Services		863	4 002	81				
Vote 5 - Local Economic Development		23	23	-				
Vote 6 - Development and Planning		58	58	-				
Vote 7 - Technical Services		1 125	-	-				
Vote 8 - Corporate services		5 439	4 428	4 410				
Total future operational costs		8 140	9 381	5 250	-	-	-	-
Net Financial Implications		16 190	17 906	10 180	-	-	-	-

References

1. Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))
2. Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))
3. Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)

DC31 Nkangala - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand	4				6	3	3	5								
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Corporate Support																
		104009-Library books			No	Other Assets	Furniture and other office equipment					150	188	200		
		LDV Corporate Support			No	Other Assets	General vehicles					350	-	-		
		Sedan			No	Other Assets	General vehicles					-	750	1 500		
Executive Mayor & Council																
		104002-Office Furniture and Equip: Exec Mayor and Council			No	Other Assets	Furniture and other office equipment					50	100	100		
		104004-Procurement of Machinery and Equip: Mayor and Council			No	Other Assets	Plant & equipment					100	100	-		
Finance																
		104002-Office Furniture and Equip: Finance			No	Other Assets	Furniture and other office equipment					50	-	60		
		Scoa Upgrading			No	Other Assets	Computers - software & programming					350	400	500		
Fire Fighting District																
		Furniture and Office Equipment			No	Other Assets	Furniture and other office equipment					-	30	-		
		104004-Thirty Skid Units			No	Other Assets	Plant & equipment					-	900	-		
		104004-Three sets of rescue tools			No	Other Assets	Plant & equipment					-	2 500	-		
Health Services																
		104002-Office Furniture and Equip: Health			No	Other Assets	Furniture and other office equipment					750	50	70		
Human Resource Admin																
		104002-Office Furniture and Equip: Human Resources Admin			No	Other Assets	Furniture and other office equipment					-	60	-		
		104004-Machinery and Equip			No	Other Assets	Plant & equipment					30	40	-		
IDP																
		104002-Office Furniture and Equip: IDP			No	Other Assets	Furniture and other office equipment					-	20	-		
Information Technology																
		104002-Office Furniture and Equip: Information Technology			No	Other Assets	Furniture and other office equipment					-	20	-		
		104003-Computer Equip			No	Other Assets	Computers - hardware/equipment					3 000	3 000	2 500		
		104004-Establishment and Implementation of DRRS			No	Other Assets	Furniture and other office equipment					1 500	-	-		
		104004-Upgrading of the IT Data Centre			No	Other Assets	Furniture and other office equipment					150	160	-		
Internal Audit																
		104002-Office Furniture and Equip: Internal Audit			No	Other Assets	Furniture and other office equipment					-	20	-		
Local Economic Development																
		104002-Office Furniture and Equip: LED			No	Other Assets	Furniture and other office equipment					20	20	-		
Municipal Manager																
		104002-Office Furniture and Equip: MM's Office			No	Other Assets	Furniture and other office equipment					-	75	-		
		104004-Procurement of machinery and Equip			No	Other Assets	Plant & equipment					-	62	-		
Property Services																
		104008 Building of garage at Ndm Civic Centre			No	Other Assets	Buildings					1 500	-	-		
Town Planning																
		104002-Office Furniture and Equip: Town Planning			No	Other Assets	Furniture and other office equipment					50	30	-		
Parent Capital expenditure																
	1											8 050	8 525	4 930		
Entities:																
<i>List all capital projects grouped by Entity</i>																
Entity A																
		Water project A														
Entity B																
		Electricity project B														
Entity Capital expenditure																
												-	-	-		
Total Capital expenditure																
												-	-	-		
References																
1. Must reconcile with Budgeted Capital Expenditure																
2. As per Table SA6																
3. As per Table SA34																
4. Projects that fall above the threshold values applicable to the municipality as identified in regulation 13 of the Municipal Budget and Reporting Regulations must be listed individually. Other projects by programme by Vote																
5. Correct to seconds. Provide a logical starting point on networked infrastructure.																

DC31 Nkangala - Contact Information

A. GENERAL INFORMATION

Municipality	DC31 Nkangala
Grade	9
Province	MP MPUMALANGA
Web Address	www.nkangaladm.gov.za
e-mail Address	standeral@nkangaladm.gov.za

9 1 Grade in terms of the Remuneration of Public Office Bearers Act.

B. CONTACT INFORMATION

Postal address:	
P.O. Box	PO Box 2032
City / Town	Middelburg
Postal Code	1050
Street address	
Building	Nkangala District Municipality Building
Street No. & Name	2A Walter Sisulu street
City / Town	Middelburg
Postal Code	1050
General Contacts	
Telephone number	132492000
Fax number	132492114

C. POLITICAL LEADERSHIP

Speaker:		Secretary/PA to the Speaker:	
Name	Clr RC Mahlobogoane	Name	Lobese RC
Telephone number	0132492011	Telephone number	0132492010
Cell number	0823708397	Cell number	0785863364
Fax number	0132492087	Fax number	0132492087
E-mail address	mahlobogoanerc@nkangaladm.gov.za	E-mail address	lobeserc@nkangaladm.gov.za
Mayor/Executive Mayor:		Secretary/PA to the Mayor/Executive Mayor:	
Name	Clr T D Ngwenya	Name	Susan Van Buuren
Telephone number	0132492006	Telephone number	0132492008
Cell number	0832438317	Cell number	0825742861
Fax number	0132492088	Fax number	0865827359
E-mail address	ngwenyaid@nkangaladm.gov.za	E-mail address	vanbuurensmp@nkangaladm.gov.za
Deputy Mayor/Executive Mayor:		Secretary/PA to the Deputy Mayor/Executive Mayor:	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	

D. MANAGEMENT LEADERSHIP

Municipal Manager:		Secretary/PA to the Municipal Manager:	
Name	Margaret Skosana	Name	Naume Nkosi
Telephone number	0132492007	Telephone number	0132492158
Cell number	0829498620	Cell number	
Fax number	0132492088	Fax number	0132492088
E-mail address	skosanamm@nkangaladm.gov.za	E-mail address	nkosinm@nkangaladm.gov.za
Chief Financial Officer		Secretary/PA to the Chief Financial Officer	
Name	Ms Alice Slander	Name	Nqobile Nkosi
Telephone number	0132492015	Telephone number	0132492014
Cell number		Cell number	0780019882
Fax number	0132492114	Fax number	0132492114
E-mail address	slanderal@nkangaladm.gov.za	E-mail address	nkosinv@nkangaladm.gov.za
Official responsible for submitting financial information			
Name	Lizette Prinsloo		
Telephone number	0132492112		
Cell number	0839556666		
Fax number	0132492114		
E-mail address	prinslooem@nkangaladm.gov.za		
Official responsible for submitting financial information			
Name	Neela Vala		
Telephone number	0132492119		
Cell number			
Fax number	0132492114		
E-mail address	valanm@nkangaladm.gov.za		
Official responsible for submitting financial information			
Name			
Telephone number			
Cell number			
Fax number			
E-mail address			

REVIEWED ORGANOGRAM FOR 2016/2017



NKANGALA DISTRICT MUNICIPALITY

ADOPTED BY COUNCIL ON 26/04/2016 AS PER RESOLUTION DM405/04/2016

SIGNED BY THE MUNICIPAL MANAGER: _____


A handwritten signature in black ink is written over a horizontal line. The signature appears to be 'MMS' with a large, stylized flourish.

REVIEWED ORGANOGRAM FOR 2016/2017



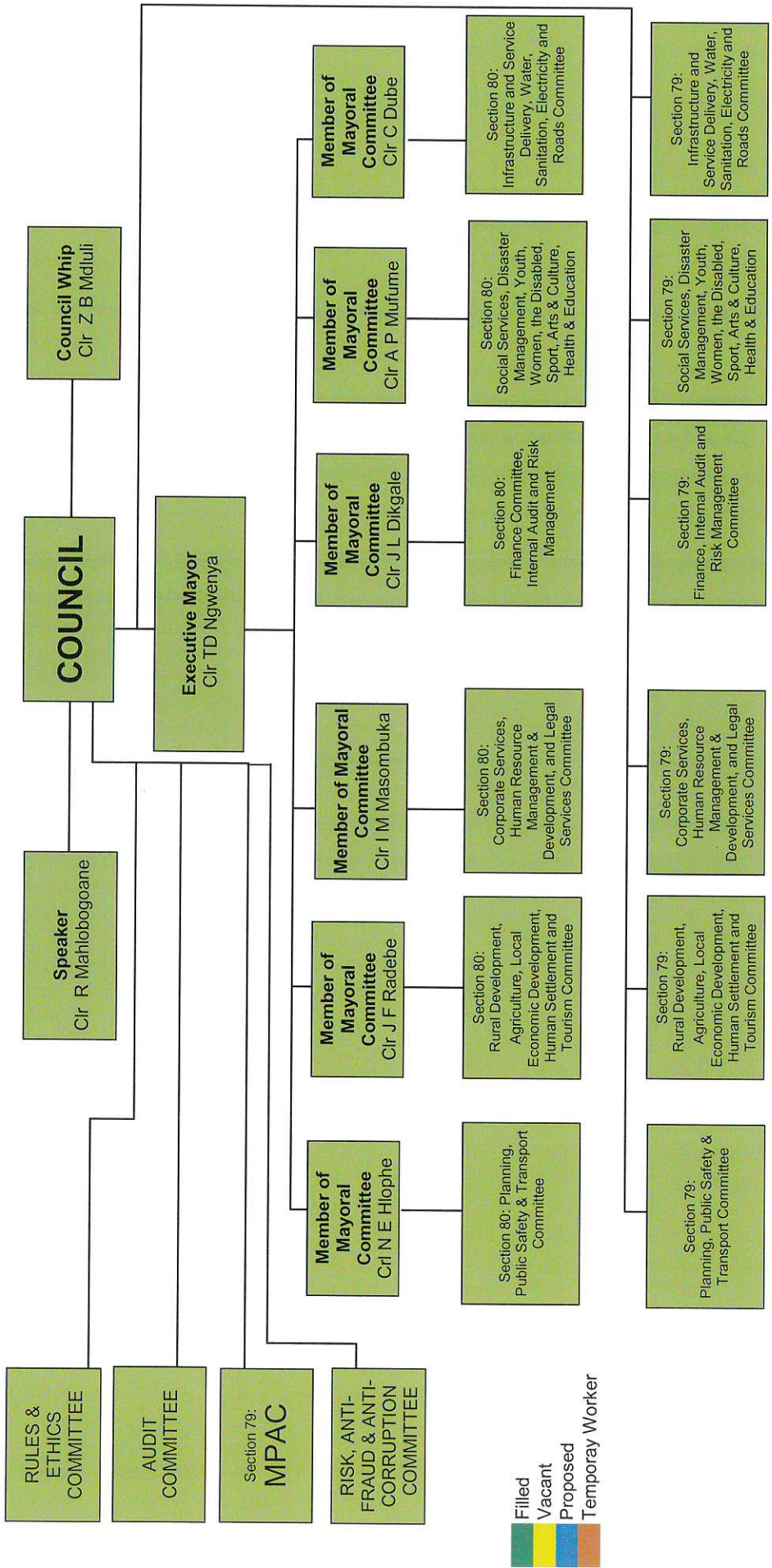
NKANGALA DISTRICT MUNICIPALITY

FINAL REVIEWED DRAFT SIGNED BY THE MUNICIPAL MANAGER:



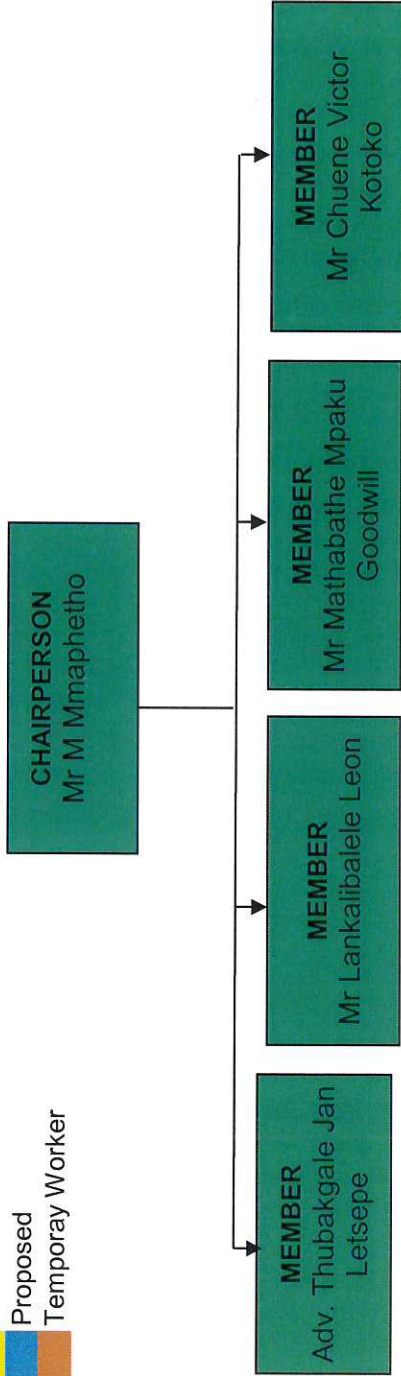
19/04/2016 update

2016/2017 ORGANOGRAM

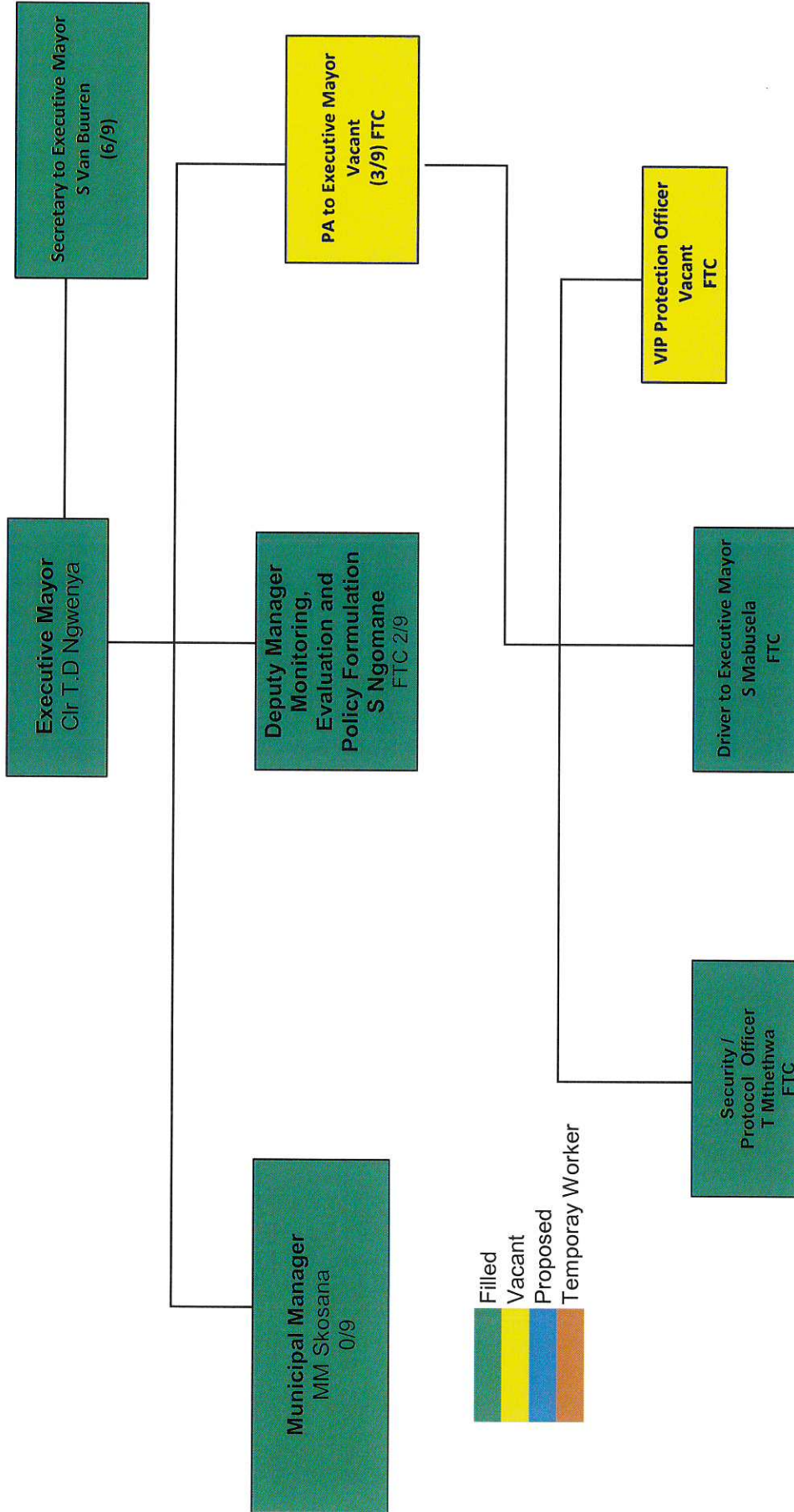


Filled
 Vacant
 Proposed
 Temporary Worker

ORGANOGRAM: AUDIT COMMITTEE



OFFICE OF THE EXECUTIVE MAYOR

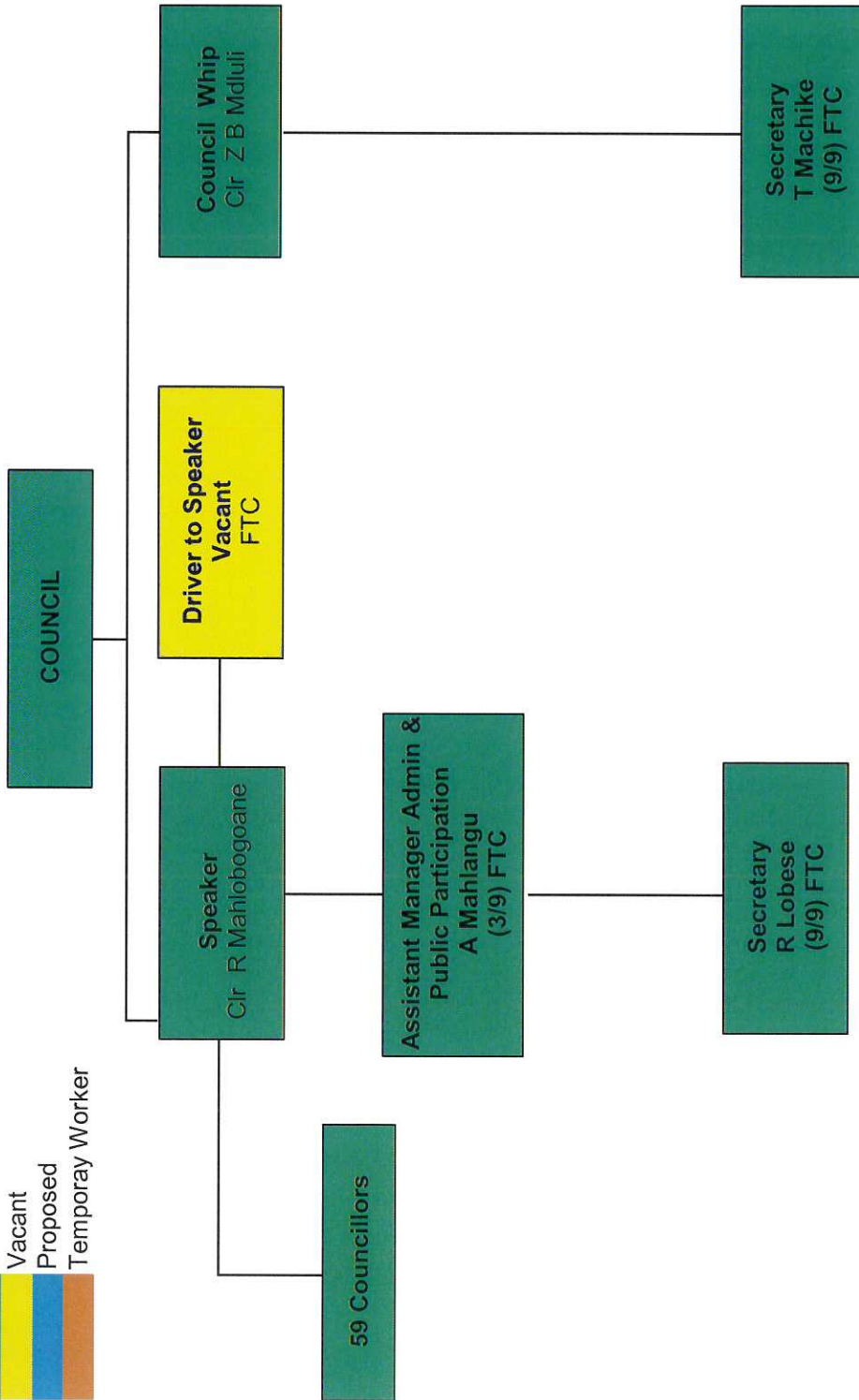


Filled
 Vacant
 Proposed
 Temporary Worker

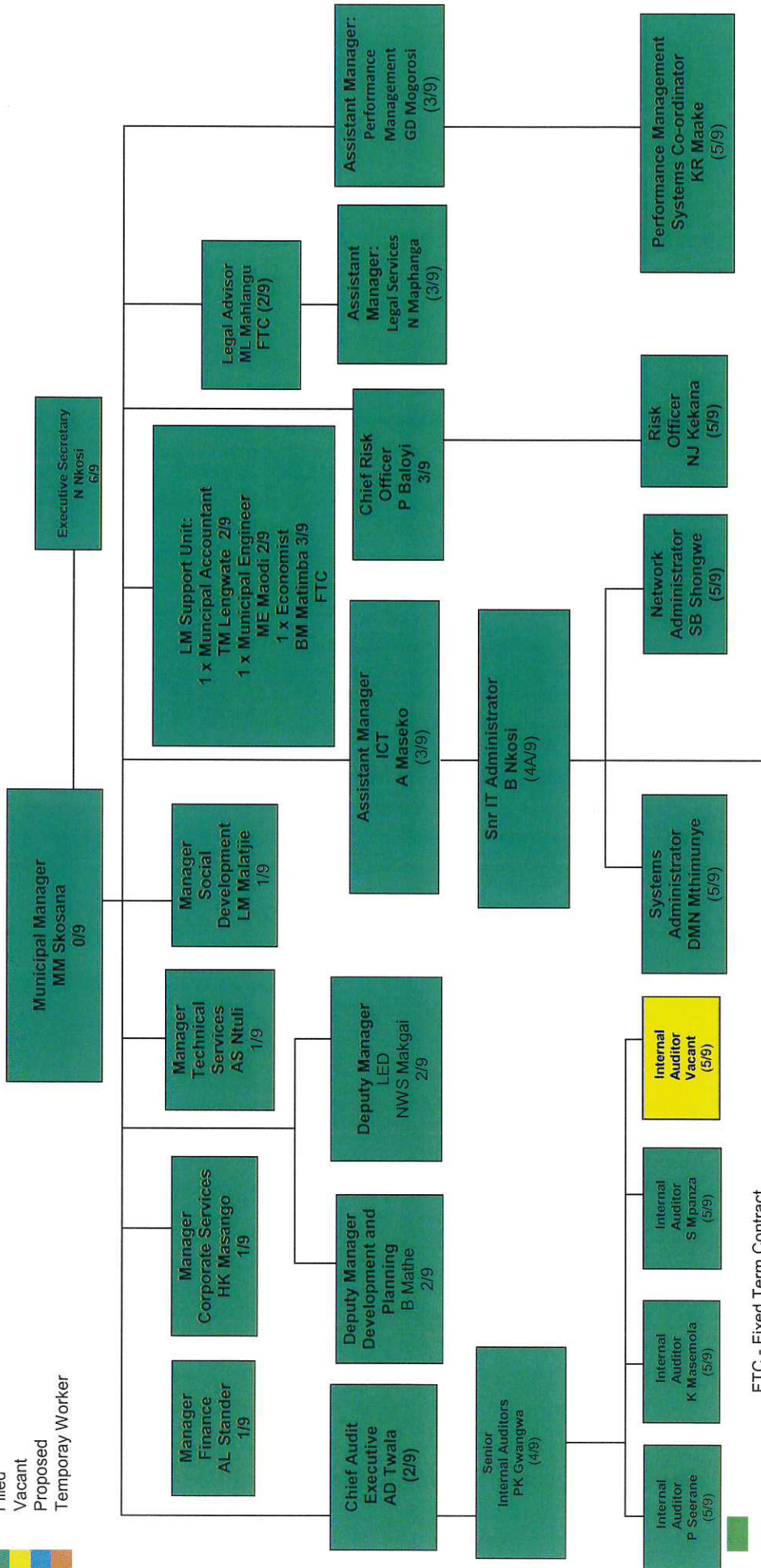
FTC = Fixed Term Contract Linked to the Term of Office of the Executive Mayor

DRAFT 2016/2017 ORGANOGRAM

OFFICE OF THE SPEAKER AND COUNCIL WHIP

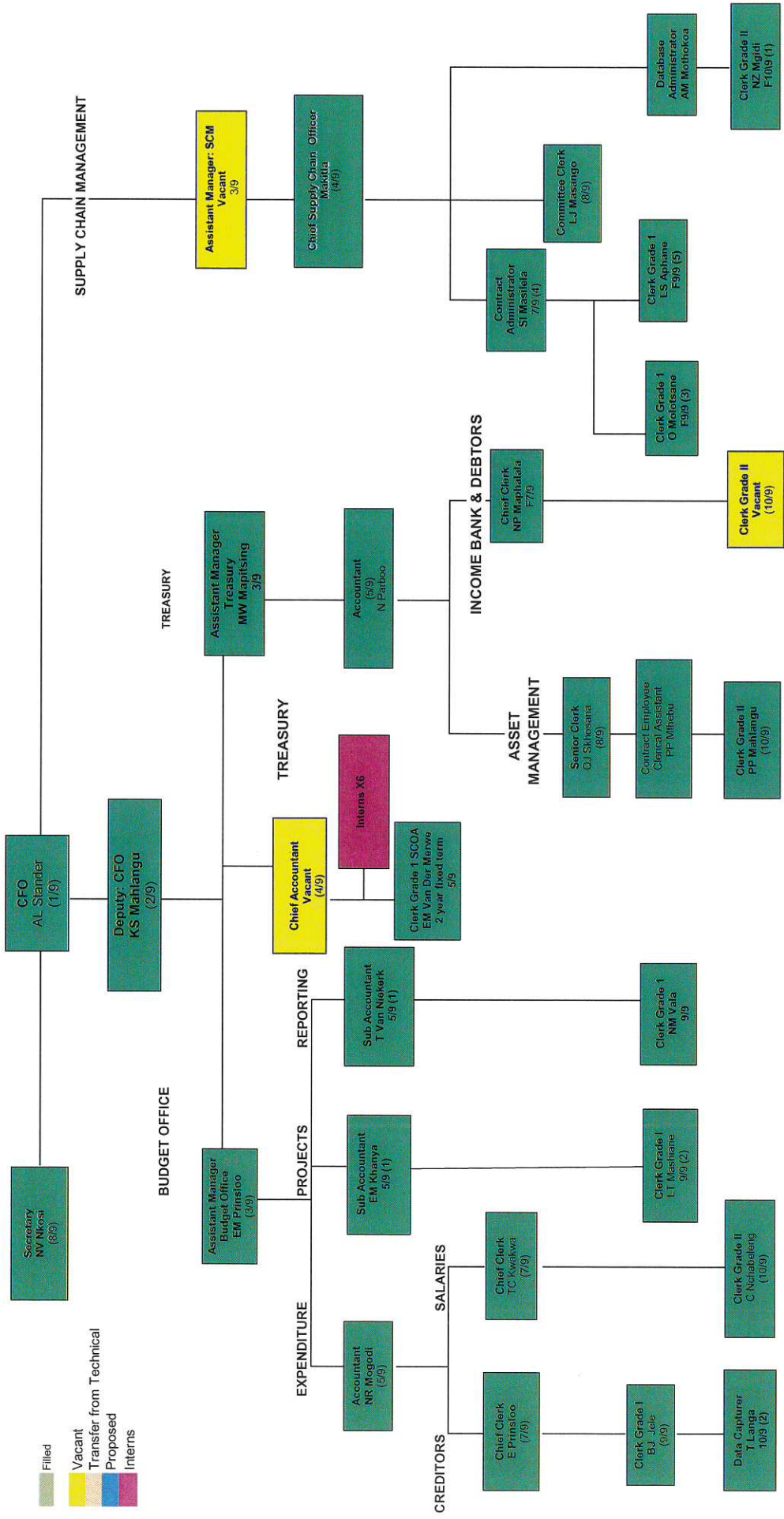


MUNICIPAL MANAGER UNIT



FTC - Fixed Term Contract

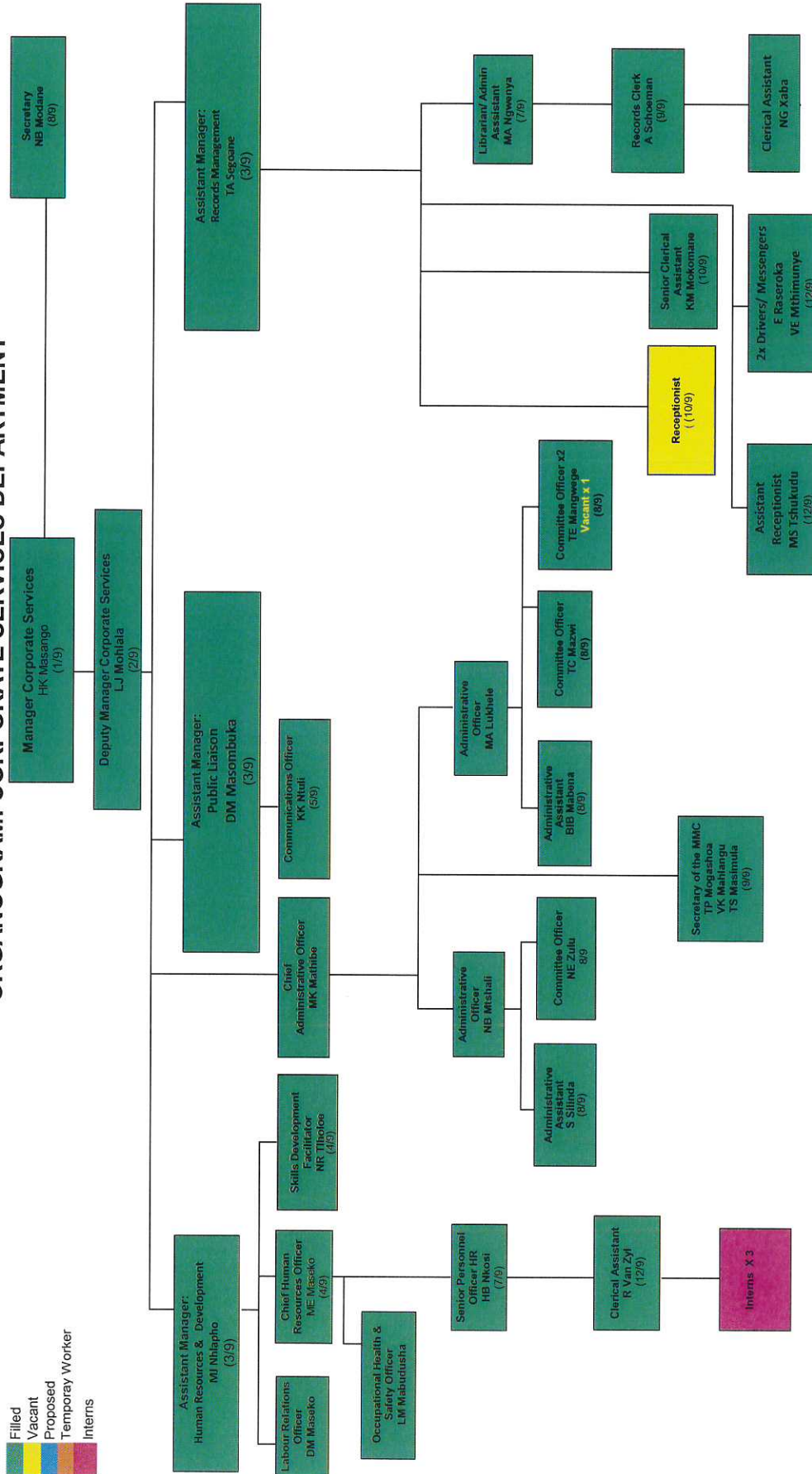
ORGANOGRAM: FINANCE DEPARTMENT



- Filled
- Vacant
- Transfer from Technical
- Proposed
- Interns

MS

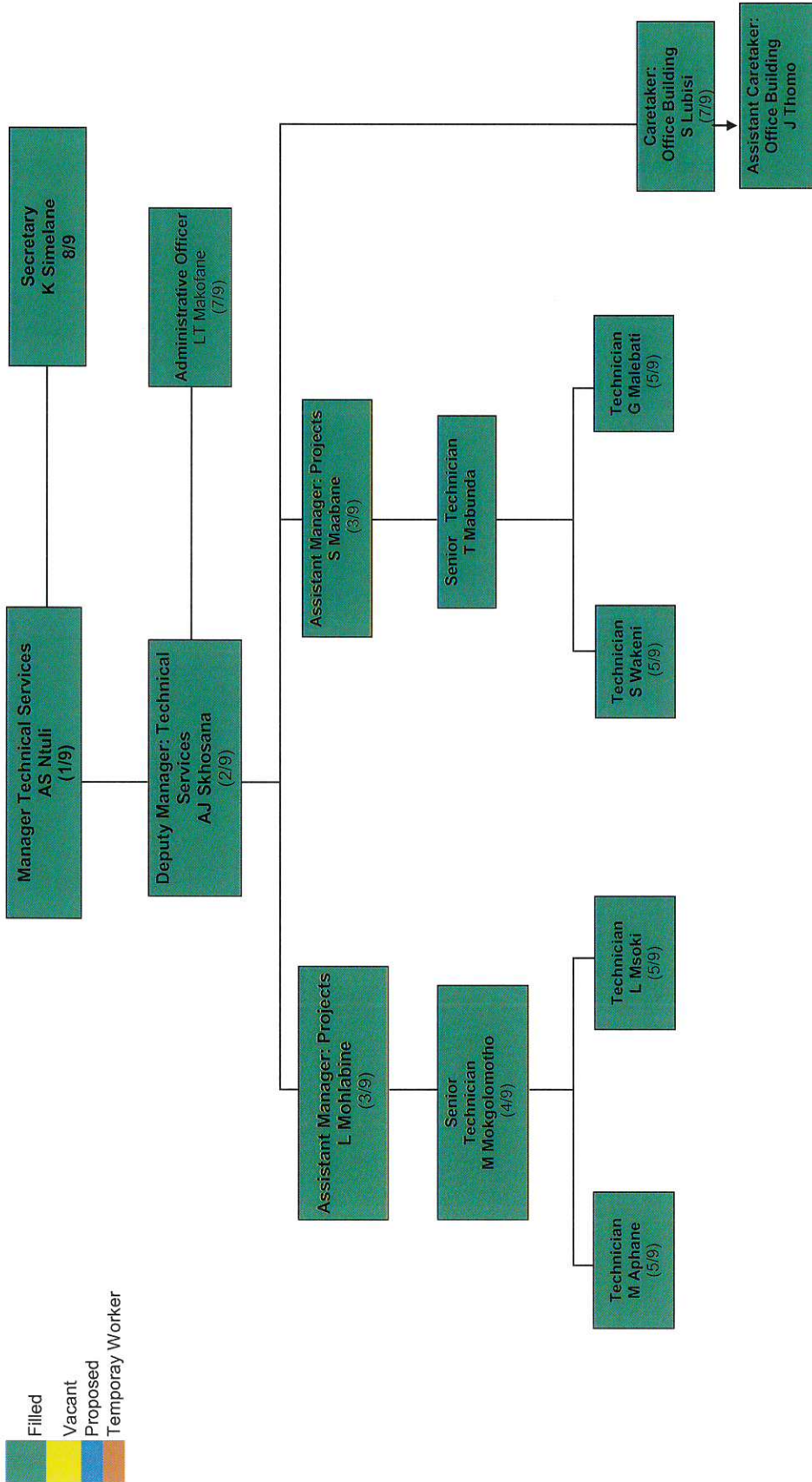
ORGANOGRAM: CORPORATE SERVICES DEPARTMENT



- Filled
- Vacant
- Proposed
- Temporary Worker
- Interns

MS

ORGANOGRAM: TECHNICAL SERVICES DEPARTMENT

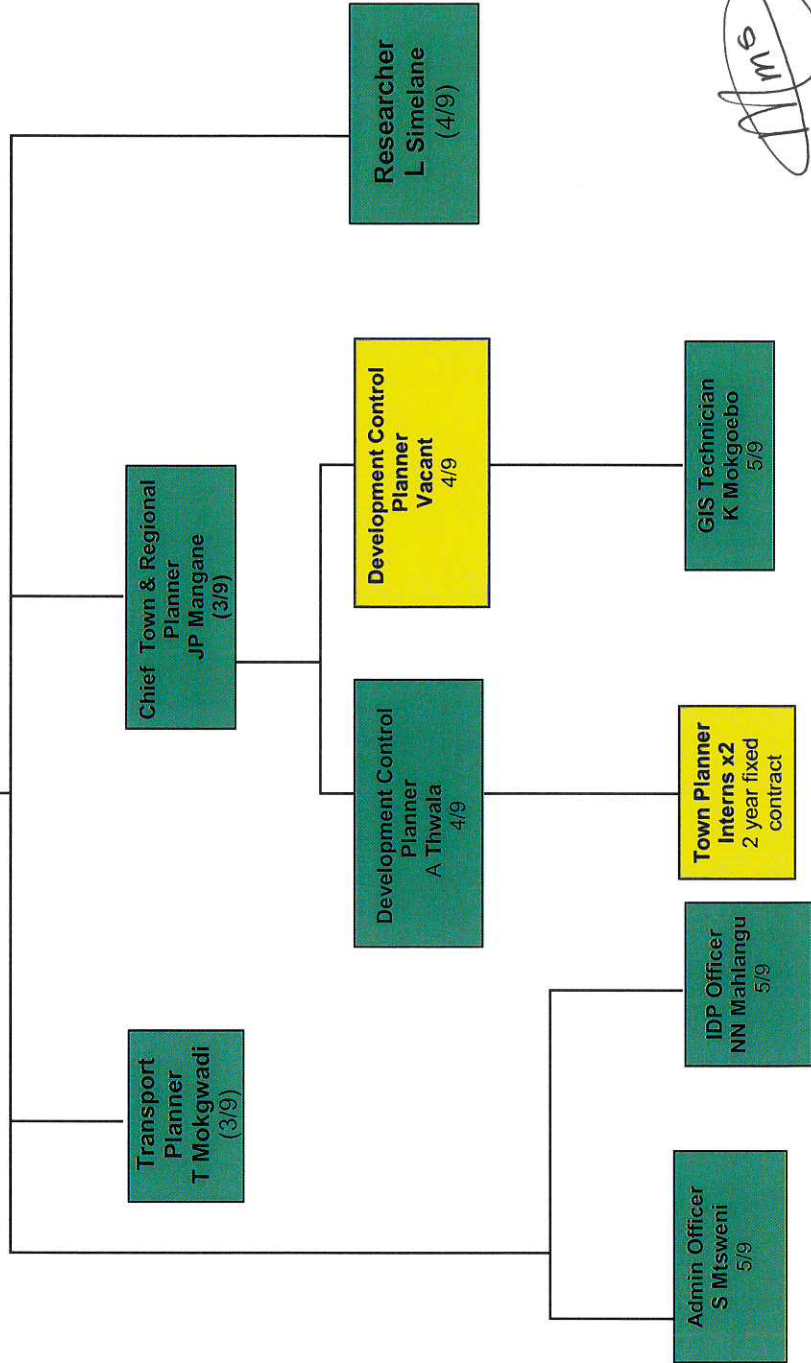


MS

ORGANOGRAM: DPU



Deputy Manager DPU
B Mathe
(2/9)



AMS

ORGANOGRAM: LED UNIT

