



ANNUAL BUDGET OF

NKANGALA DISTRICT MUNICIPALITY

(DC31)

2018/19 TO 2020/21
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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 - At www.nkangaladm.gov.za

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor’s Report

FOREWORD BY THE EXECUTIVE MAYOR CLLR THEMBI SARAH MASILELA FOR THE BUDGET REPORT

The Executive and the Officials of Nkangala District Municipality met at Olifants River Lodge on the 24th November 2017 to review the strategy, projects and the performance of the Municipality and I have no doubt in my mind that the exercise greatly enhance the general performance of the Municipality and introduced a much needed sense of urgency in order to strengthen our efforts to create a better life for all our people in the district.

Furthermore, we had fruitful meetings with communities through our outreach programme. People from our towns and villages have acknowledge the work we are doing and many also made it clear to us that impact-making and decisive change is needed to address the service delivery challenges that they are facing.

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 limited resources. We need to remain focused on the effective service delivery mechanisms.

Once more, we are proud to receive yet another clean audit for the 2016/2017 financial year. It is now three years in a row obtaining clean Audit outcomes from the Auditor General (AG). Undoubtedly this is a great achievement which needs to be emulated by the six constituent Local Municipalities of Nkangala District. We are determined, to use our shared services committees such as the Audit Committee to assist the local Municipalities to improve their audit outcomes. The Adjustment Budget carries the hopes and aspirations of the masses of our communities and we believe it will guide our operations over the next financial years in the midterm.

Our vision as a Municipality says “**IMPROVED QUALITY OF LIFE FOR ALL**”. This is our focus as our mission is encapsulated in the inclusive growth path of NDM. We are ready to confront the triple challenges of inequality, unemployment and poverty to attain Radical-Socio-Economic Freedom in our life time. We are determined to ensure that this budget will see to it that our people will experience significant improvement in the delivery of municipal services. In our IDP, we have set clear targets for the predetermined outcomes. Our cordial objective of this budget inter alia, is to create conditions for an inclusive economy that will reduce unemployment, poverty and inequality and produce decent job opportunities as well as sustainable livelihoods.

As a District we are encouraged by the prospect of the New Dawn, and the Renewal of our society under the President of the Republic, President Cyril Matamela Ramaphosa who inspires all of us to choose to serve our people with vigour and verve.

CLLR THEMBI SARAH MASILELA

EXECUTIVE MAYOR



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My Verw./My Ref.: Ngwenya NN (bib)
U Verw./Your Ref.:

01 June 2018

MUNICIPAL MANAGER
GENERAL MANAGER: CORPORATE SERVICES
CHIEF FINANCIAL OFFICER
GENERAL MANAGER: SOCIAL SERVICES
GENERAL MANAGER: PLANNING AND ECONOMIC DEVELOPMENT
ACTING GENERAL MANAGER: TECHNICAL SERVICES
SENIOR LEGAL ADVISOR
MUNICIPAL ACCOUNTANT
CHIEF AUDIT EXECUTIVE
CHIEF RISK OFFICER
DIVISIONAL MANAGER: PMS
DIVISIONAL MANAGER: ICT

Sir/Madam

DM-ND344/05/2018

**FINAL ANNUAL BUDGET 2018/19: FINAL MEDIUM TERM EXPENDITURE AND REVENUE FRAMEWORK (MTREF)
2018/19 to 2020/21
5/1/1-2018/19(499)**


In this regard, Council at its 9th (2017/2018) Council meeting held on 30 May 2018 resolved as follows:

- 1 **THAT** the final annual budget for the financial year 2018/19 and the multi-year and single-year capital appropriations attached hereto as **ANNEXURE "Z" page 410 to 920** is noted and approved in terms of section 16(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) as set out in the following tables:
 - (i) Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in **ANNEXURE "Z" page 431 and 432.**
 - (ii) Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained **ANNEXURE "Z" page 433 and 434.**
 - (iii) Budgeted Financial Performance (revenue by source and expenditure by type) as contained **ANNEXURE "Z" page 435 to 437 and**
 - (iv) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained **ANNEXURE "Z" page 438 to 440.**

- 2 **THAT** the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and service delivery targets is noted and approved as set out in the following tables:
- (i) Budgeted Financial Position as contained in **ANNEXURE "Z" page 441 and 442.**
 - (ii) Budgeted Cash Flows as contained in **ANNEXURE "Z" page 443.**
 - (iii) Cash backed reserves and accumulated surplus reconciliation as contained in **ANNEXURE "Z" page 444.**
 - (iv) Asset management as contained in **ANNEXURE "Z" page 445.**
- 3 **THAT** the quality certification of the final budget signed by the Municipal Manager as required by section 5 of the Municipal Budget and Reporting regulations attached hereto as **ANNEXURE "Z" page 505** is noted.
- 4 **THAT** the Budget timetable for 2019/20 attached as **ANNEXURE "Z" page 512** is noted.
- 5 **THAT** the Budget Related policies attached as **ANNEXURE "Z" page 522 to 825** is approved.
- 6 **THAT** the policy on Cost Containment only be considered for approval once the Regulations are finalised.
- 7 **THAT** the Sundry tariffs for the final Annual Budget 2018/19 – 2020/21 is approved as contained in **ANNEXURE "Z" page 513.**
- 8 **THAT** the service Standards attached as **ANNEXURE "Z" page 510 and 511** is approved.
- 9 **THAT** the professional fees for the following projects be budgeted for:
- Ward 12 Thembisile Hani Local Municipality: Road and Storm water
 - Ward 04 Thembisile Hani Local Municipality: Storm water
 - Moloto Thembisile Hani Local Municipality: Community Hall
 - Ward 12 Dr JS Moroka Local Municipality: Storm water next to Matshiding taxi rank
- 10 **THAT** under Emakhazeni Local Municipality the project Distribution: Water Conservation and Demand Management at Empumelelweni - Emthonjeni be replaced with the project Reticulation: Water Installation at Empumelelweni - Emthonjeni.
- 11 **THAT** under Steve Tshwete Local Municipality the project Roads: Somaphepha R4 500 000 be replaced with project Water Tankers R4 500 000.

Your attention in this regard will be appreciated.

Yours faithfully



AL STANDER
ACTING MUNICIPAL MANAGER

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, 78, 85, 86, 88, 89 & 91 were used to guide the compilation of the 2018/19 MTREF.

The main challenges experienced during the compilation of the 2018/19 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 2018/19 MTREF:

- The 2017/18 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 2018/19 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 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2018/19 MTREF

Description	Adjustment Budget year 2017/2018 R '000	Budget year 2018/2019 R '000	Budget year 2019/2020 R '000	Budget year 2020/2021 R '000
Total Operating Revenue	372 350	373 393	379 731	390 954
Total Operating Expenditure	418 816	445 223	440 553	443 423
<i>Surplus/ (Deficit) for the year</i>	<i>(46 466)</i>	<i>(71 830)</i>	<i>(60 822)</i>	<i>(52 469)</i>
Transfers recognised – capital or Contributed Assets	2 175	2 180	2 308	2 442
<i>Surplus/ (Deficit) for the year after transfers recognised and contributed assets</i>	<i>(44 291)</i>	<i>(69 650)</i>	<i>(58 514)</i>	<i>(50 027)</i>
Total Capital Expenditure	25 498	33 248	18 126	14 010
Total Loan Redemption	3 303	3 085	1 543	

Total operating revenue has increased with 0.28 per cent or R1,044 million to R373,393 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. For the two outer years, operational revenue will increase by 1.7 and 2.96 per cent respectively, equating to a total revenue growth of R18,604 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year has been appropriated at R445,223 million and translates into a budgeted deficit of R69,650 million, which will be funded from the accumulated operating surpluses. When compared to the 2017/18 Adjustments Budget, operational expenditure has increased by 6.3 per cent in the 2018/19 budget and decreased by 71.05 per cent for the 2019/20 budget and increase with 0.65 per cent for the 2020/21 budget year of the MTREF.

The capital budget of R33,248 million for 2018/19 increased with 30.39 per cent compared to the 2017/18 Adjustment Budget. The capital programme decreases to R18,126 million in the 2019/20 financial year and to R14,010 million 2020/21. 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 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

DC31 Nkangala - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	31 116	38 235	43 921	25 450	25 550	25 550	10 494	22 459	20 468	20 480
Transfers recognised - operational	330 236	338 036	337 235	344 488	344 488	344 488	258 469	348 588	356 755	367 881
Other own revenue	3 470	3 483	4 596	1 170	2 312	2 312	1 331	2 346	2 507	2 593
Total Revenue (excluding capital transfers and contributions)	364 822	379 755	385 752	371 108	372 350	372 350	270 294	373 393	379 731	390 954

Table 3 Percentage growth in revenue by main revenue source

Description	2018/19 Medium Term Revenue & Expenditure Framework						
	Adjusted Budget 2017/18	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
R thousands							
Financial Performance							
Investment revenue	25 550	22 459	-12.10	20 468	-8.86	20 480	0.06
Transfers recognised - operational	344 488	348 588	1.19	356 755	2.34	367 881	3.12
Other own revenue	2 312	2 346	1.49	2 507	6.87	2 593	3.42
Total Revenue (excluding capital transfers and contributions)	372 350	373 393	0.28	379 731	1.70	390 954	2.96

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 2018/19 financial year, the operating grants total R348,588 million and constitute 92.83 per cent. This increases to R356,755 million and R367,881 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RSC Levy Replacement Grant	318 017	326 223	333 667	319 654	319 654	319 654	322 989	332 483	341 474
Equitable Share	-	-	-	19 402	19 402	19 402	20 973	23 272	25 407
Finance Management Grant	1 250	1 250	1 250	1 250	1 250	1 250	1 000	1 000	1 000
Municipal Systems Improvement	934	930	-	-	-	-	-	-	-
Expanded Public Works Program	2 121	2 280	2 318	4 182	4 182	4 182	3 626	-	-
Provincial Treasury Data cleansing	1 694	3 000	-	-	-	-	-	-	-
Public donation mining house	5563	-	-	-	-	-	-	-	-
Total Grant Revenue (excluding capital transfers and contributions)	328 015	331 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881

Investment revenue is the second largest revenue source totalling 6.86 per cent or R22,459 million and decreases to R20,480 million by 2020/21. 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 2018/19 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 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full-year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Employee costs	71 275	90 060	108 540	136 885	134 429	134 429	76 554	144 287	152 223	161 349
Remuneration of councillors	12 691	12 882	12 587	12 795	13 916	13 916	9 288	13 498	14 241	15 148
Depreciation & asset impairment	7 910	9 566	9 609	10 912	10 957	10 957	6 795	9 380	8 406	7 934
Finance charges	3 211	1 519	1 127	1 296	1 338	1 338	465	968	516	542
Contracted services	-	30 847	33 926	45 410	46 142	46 142	24 042	54 294	51 282	55 522
Transfers and grants	163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
Other expenditure	80 225	34 624	35 835	52 214	48 162	48 162	18 901	55 287	58 310	62 286
Loss on sale of Property	189	-	71							
Total Expenditure	338 940	356 846	363 996	371 606	418 816	418 816	232 078	445 223	440 553	443 423

The budgeted allocation for employee related costs for the 2018/19 financial year totals R144,287 million, which equals 32.41 per cent of the total operating expenditure. Based on circulars 74, 75, 78, 85 & 86, 88 & 89 salary increases have been factored into this budget at a percentage increase based on CPI per cent over the full MTREF, awaiting the final agreement on salary increases to be adjusted in the final budget.

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. An organogram was approved for a period of five years, but this include both funded and unfunded positions. Only funded positions have been budgeted for over the MTREF.

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. Increases are allowed for in accordance with the projected CPI rate over the MTREF.

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 2018/19 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 R9,380 million for the 2018/19 financial and equates to 2.11 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 0.22 per cent (R0,968 million) of operating expenditure excluding annual redemption for 2018/19 and decreases to R0,542 million by 2020/21.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Other expenditure increased with 14.79 per cent for 2018/19 and increase at 5.47 and 6.82 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 2018/19 financial year.

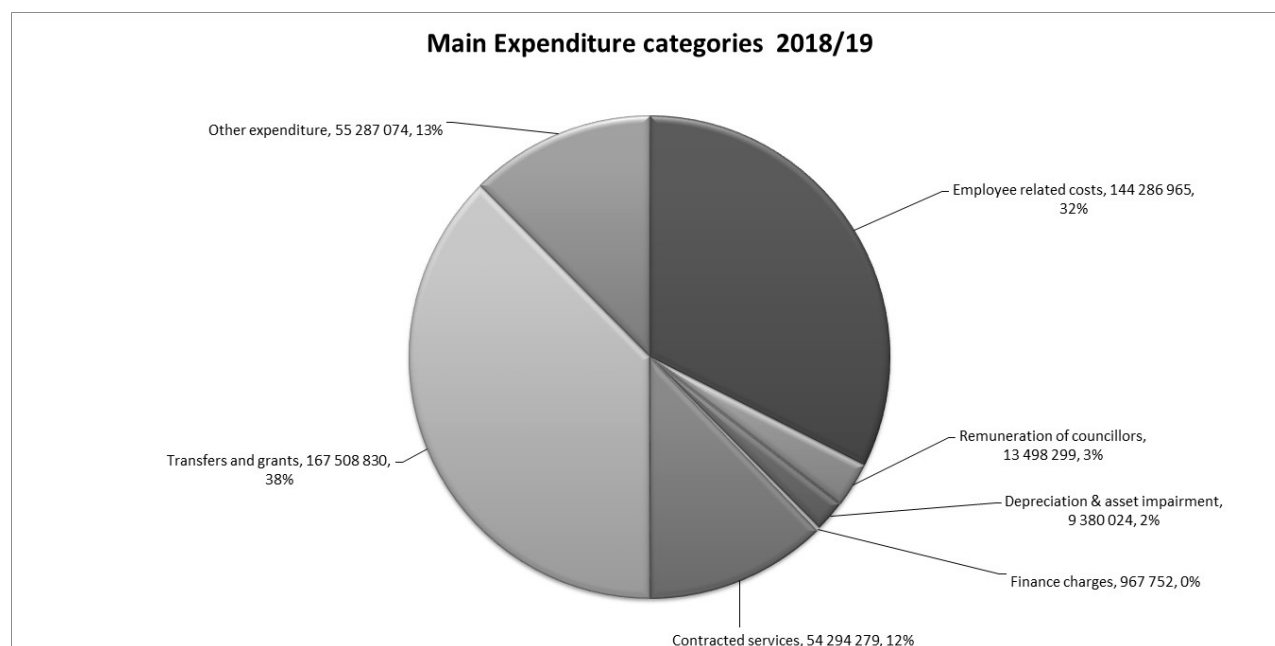


Figure 1 Main operational expenditure categories for the 2018/19 financial year

1.5.1 Priority given to Contribution to Local Municipalities

The prioritised projects submitted by Local Municipalities as contained in the approved 2018/19 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 2018/19 financial year.

Table 6 Breakdown of the main expenditure categories per Local Municipality

Local Municipality	2018/2019	2019/2020	2020/2021
Dr JS Moroka Local Municipality	15 492 910	27 009 851	33 076 327
Nkangala:Community and Social Services	751 300	337 977	380 000
Nkangala:Finance and Admin	1 045 200	1 091 912	1 135 508
Nkangala:Planning and Development	4 950 000	4 846 250	7 560 819
Nkangala:Road Transport	3 500 000	9 733 712	17 000 000
Nkangala:Water	5 246 410	11 000 000	7 000 000
Emakhazeni Local Municipality	24 883 656	27 254 128	13 185 024
Nkangala:Community and Social Services	262 967	697 977	340 000
Nkangala:Finance and Admin	845 200	871 912	895 508
Nkangala:Planning and Development	15 500 000	13 662 750	11 949 516
Nkangala:Road Transport	-	4 000 000	-
Nkangala:Waste Water Management	-	2 000 000	-
Nkangala:Water	8 275 489	6 021 489	-
Emalahleni Local Municipality	25 063 789	15 338 694	23 246 295
Nkangala:Community and Social Services	671 300	297 977	340 000
Nkangala:Finance and Admin	1 288 800	1 339 328	1 406 295
Nkangala:Road Transport	4 000 000	-	5 000 000
Nkangala:Waste Water Management	13 603 689	10 701 389	16 500 000
Nkangala:Water	5 500 000	3 000 000	-
Nkangala District Municipality	27 202 750	26 187 750	21 487 840
Nkangala:Community and Social Services	3 030 000	3 260 000	3 506 000
Nkangala:Finance and Admin	1 464 750	-	-
Nkangala:Planning and Development	20 328 000	20 369 750	15 539 840
Nkangala:Road Transport	2 180 000	2 308 000	2 442 000
Nkangala:Water	200 000	250 000	-
Steve Tshwete Local Municipality	21 971 767	22 246 426	12 835 415
Nkangala:Community and Social Services	262 967	297 977	840 000
Nkangala:Finance and Admin	908 800	959 328	1 006 295
Nkangala:Planning and Development	11 300 000	-	-
Nkangala:Road Transport	9 500 000	10 989 121	10 989 120
Nkangala:Water	-	10 000 000	-
Thembisile Hani Local Municipality	37 558 830	24 787 229	25 169 375
Nkangala:Community and Social Services	634 300	337 977	880 000
Nkangala:Finance and Admin	845 200	871 912	895 508
Nkangala:Planning and Development	6 000 000	3 165 000	2 893 867
Nkangala:Road Transport	28 412 330	18 412 340	11 000 000
Nkangala:Waste Water Management	667 000	-	-
Nkangala:Water	1 000 000	2 000 000	9 500 000
Victor Khanye Local Municipality	15 335 128	12 751 849	11 642 678
Nkangala:Community and Social Services	262 967	1 247 977	675 000
Nkangala:Finance and Admin	845 200	921 912	995 508
Nkangala:Planning and Development	5 200 000	1 055 000	445 210
Nkangala:Road Transport	-	4 526 960	4 526 960
Nkangala:Waste Water Management	5 000 000	5 000 000	5 000 000
Nkangala:Water	4 026 961	-	-
Grand Total	167 508 830	155 575 927	140 642 954

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 2018/19 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 4.84% of the total operating expenditure and 10.79% of the total carrying value of property, Plant & equipment.

Table 7 Operational repairs and maintenance

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

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19
Depreciation & asset impairment	7 910	9 566	9 609	10 912	10 957	10 957	9 380	8 406	7 934
Repairs and Maintenance	17 545	6 721	4 844	16 341	14 860	14 860	21 560	20 951	21 393

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 8 2018/19 Medium-term capital budget per asset class

ASSET TYPE	ADJUSTMENT BUDGET 2017/2018	2018/2019 R	2019/2020 R	2020/2021 R
Community Assets	2 750 000	9 000 000	4 400 000	5 400 000
Computer Equipment	8 500 000	2 800 000	2 700 000	3 700 000
Furniture and Office Equipment	1 000 000	1 398 000	1 438 800	1 518 180
Machinery and Equipment	1 594 500	4 100 000	3 337 500	2 641 880
Other	4 410 000	1 850 000	-	-
Other Assets	3 894 952	12 400 000	4 350 000	750 000
Transport Assets	3 349 000	1 700 000	1 900 000	-
Grand Total	25 498 452	33 248 000	18 126 300	14 010 060

The detail of the asset acquisitions per function is as follows:

FUNCTION	2018/2019 R	2019/2020 R	2020/2021 R
Community and Social Services	2 070 000	950 000	-
Disaster Management	2 070 000	950 000	-
Disaster Management Centre	1 200 000	-	-
New furniture and Office Equipment Disaster Mng	20 000	50 000	-
Two Way Radio Communication	850 000	900 000	-
Executive and Council	100 000	-	-
Mayor and Council	100 000	-	-
New furniture and Office Equipment Exec Mayor & Council	100 000	-	-
Finance and Administration	15 520 000	7 212 500	4 656 880
Administrative and Corporate Support	60 000	60 000	60 000
Acquisition of library books	60 000	60 000	60 000
Finance	60 000	65 000	70 000
New furniture and Office Equipment Finance	60 000	65 000	70 000
Information Technology	4 650 000	2 700 000	3 700 000
Data centre Information Technology	300 000	200 000	200 000
ERP System	850 000	-	-
ERP System modules	1 000 000	-	-
New computer equipment IT	2 500 000	2 500 000	3 500 000
Property Services	10 750 000	4 387 500	826 880
Garage and Office extension Civic Centre	10 000 000	3 600 000	-
Installation of new air conditioners	750 000	787 500	826 880
Health	1 500 000	1 070 000	1 100 000
Health Services	1 500 000	1 070 000	1 100 000
Municipal Health Services Parkhome Emalahleni	850 000	400 000	350 000
Municipal Health Services Parkhome STLM	350 000	350 000	400 000
New furniture and Office Equipment Health Services	300 000	320 000	350 000
Planning and Development	1 700 000	1 900 000	-
Development Facilitation	1 700 000	1 900 000	-
Regional water tanker	1 700 000	1 900 000	-
Public Safety	12 358 000	6 993 800	8 253 180
Fire Fighting and Protection	12 358 000	6 993 800	8 253 180
Additions Nokaneng Fire Station Phase 1	4 000 000	2 500 000	3 500 000
Bulk water supply Dr JS Moroka fire station Phase 1	5 000 000	1 900 000	1 900 000
Generator Kwamhlanga	1 000 000	-	-
Machinery and Equipment Thembisile	1 500 000	1 650 000	1 815 000
New furniture and Office Equipment Fire fighting Dr JSM	858 000	943 800	1 038 180
Grand Total	33 248 000	18 126 300	14 010 060

Total assets represent R33,248 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 R1,770 million in 2018/19 and decreases to R1,566 million by 2020/21. The associated operational expenditure is expected to further decrease to R1,300 million by 2020/21, and follow the same declining trend of the capital expenditure. It needs to be noted that as part of the 2018/19 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	31 116	38 235	43 921	25 450	25 550	25 550	10 494	22 459	20 468	20 480
Transfers recognised - operational	330 236	338 036	337 235	344 488	344 488	344 488	258 469	348 588	356 755	367 881
Other own revenue	3 470	3 483	4 596	1 170	2 312	2 312	1 331	2 346	2 507	2 593
Total Revenue (excluding capital transfers and contributions)	364 822	379 755	385 752	371 108	372 350	372 350	270 294	373 393	379 731	390 954
Employee costs	71 275	90 060	108 540	136 885	134 429	134 429	76 554	144 287	152 223	161 349
Remuneration of councillors	12 691	12 882	12 587	12 795	13 916	13 916	9 288	13 498	14 241	15 148
Depreciation & asset impairment	7 910	9 566	9 609	10 912	10 957	10 957	6 795	9 380	8 406	7 934
Finance charges	3 211	1 519	1 127	1 296	1 338	1 338	465	968	516	542
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
Other expenditure	80 414	65 471	69 831	97 623	94 304	94 304	42 943	109 581	109 591	117 808
Total Expenditure	338 940	356 846	363 996	371 606	418 816	418 816	232 078	445 223	440 553	443 423
Surplus/(Deficit)	25 882	22 909	21 756	(498)	(46 466)	(46 466)	38 216	(71 830)	(60 822)	(52 469)
Transfers and subsidies - capital (monetary allocations)	1 950	2 010	2 076	2 175	2 175	2 175	-	2 180	2 308	2 442
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Capital expenditure & funds sources										
Capital expenditure	25 124	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	527	-	-	-	-	-	-	-	-	-
Borrowing	788	-	-	-	-	-	-	-	-	-
Internally generated funds	23 810	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Total sources of capital funds	25 124	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Financial position										
Total current assets	599 556	556 574	570 859	586 559	578 999	578 999	575 358	515 507	447 813	391 509
Total non current assets	116 416	176 863	205 911	228 117	229 502	229 502	209 506	248 865	263 191	276 610
Total current liabilities	48 349	40 872	58 213	30 673	30 673	30 673	28 092	53 202	55 140	56 782
Total non current liabilities	26 137	26 161	24 813	22 860	22 860	22 860	24 813	25 853	29 060	34 560
Community wealth/Equity	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777
Cash flows										
Net cash from (used) operating	77 526	66 361	32 158	13 126	(91 583)	(91 583)	26 675	35 106	(4 083)	(37 161)
Net cash from (used) investing	(27 389)	(33 329)	(38 505)	(33 369)	(29 483)	(29 483)	(10 038)	(37 368)	(22 476)	(21 201)
Net cash from (used) financing	(19 541)	(3 085)	(3 353)	(3 303)	(3 303)	(3 303)	(3 086)	(3 085)	(1 543)	-
Cash/cash equivalents at the year end	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896
Cash backing/surplus reconciliation										
Cash and investments available	469 058	503 211	500 289	430 112	422 552	422 552	513 839	421 325	397 573	346 403
Application of cash and investments	(285 573)	11 312	(13 783)	21 309	24 070	24 070	22 601	41 772	44 216	48 564
Balance - surplus (shortfall)	754 631	491 898	514 072	408 804	398 483	398 483	491 239	379 553	353 357	297 839
Asset management										
Asset register summary (WDV)	116 416	136 001	161 065	183 270	183 963	183 963	-	199 899	209 874	216 102
Depreciation	7 910	9 566	9 609	10 912	10 957	10 957	-	9 380	8 406	7 934
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	17 545	6 721	4 844	16 341	14 860	14 860	-	21 560	20 951	21 393
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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 decreased to R379,553 million in 2018/19, 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 10Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

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

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		365 838	381 673	385 288	368 701	369 203	369 203	370 427	380 404	391 746
Executive and council		4	2	6	10	11	11	11	11	12
Finance and administration		365 834	381 670	385 282	368 691	369 192	369 192	370 417	380 392	391 735
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	1	(18)	-	1 100	1 100	1 100	1 200	1 200
Community and social services		-	-	(26)	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	1	(1)	-	350	350	350	400	400
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	10	-	750	750	750	800	800
<i>Economic and environmental services</i>		934	91	2 558	4 582	4 222	4 222	4 046	435	450
Planning and development		934	21	2 305	4 182	4 182	4 182	3 626	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	70	254	400	40	40	420	435	450
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	366 772	381 765	387 828	373 283	374 525	374 525	375 573	382 039	393 396
Expenditure - Functional										
<i>Governance and administration</i>		113 766	111 141	124 138	149 740	146 386	146 386	160 626	162 477	174 786
Executive and council		54 236	50 805	33 784	35 762	33 938	33 938	36 677	38 660	40 832
Finance and administration		59 530	60 336	83 795	104 399	103 308	103 308	111 838	111 186	120 735
Internal audit		-	-	6 559	9 579	9 140	9 140	12 111	12 631	13 219
<i>Community and public safety</i>		43 612	56 784	71 511	88 691	89 286	89 286	96 016	100 962	107 202
Community and social services		29 160	26 709	29 603	26 823	27 683	27 683	31 498	32 557	35 750
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		14 452	20 045	20 496	34 541	32 864	32 864	35 772	37 438	38 817
Housing		-	-	-	-	-	-	-	-	-
Health		-	10 030	21 412	27 327	28 740	28 740	28 746	30 968	32 635
<i>Economic and environmental services</i>		105 026	176 531	166 823	131 032	180 287	180 287	187 284	175 745	160 006
Planning and development		103 005	43 300	165 281	127 522	177 314	177 314	185 073	173 381	157 458
Road transport		-	131 830	-	-	-	-	-	-	-
Environmental protection		2 020	1 400	1 541	3 510	2 973	2 973	2 211	2 364	2 548
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	76 536	12 391	1 524	2 143	2 857	2 857	1 297	1 368	1 429
Total Expenditure - Functional	3	338 940	356 846	363 996	371 606	418 816	418 816	445 223	440 553	443 423
Surplus/(Deficit) for the year		27 832	24 919	23 832	1 677	(44 291)	(44 291)	(69 650)	(58 514)	(50 027)

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote										
Vote 1 - Council General and Executive	1	4	2	11	10	11	11	11	11	12
Vote 2 - Municipal Manager Town Secretary and Chief Exec		-	5	(13)	-	-	-	-	-	-
Vote 3 - Finance		365 834	381 665	385 290	368 691	369 192	369 192	370 417	380 392	391 735
Vote 4 - Social Services		-	72	235	400	1 140	1 140	1 520	1 635	1 650
Vote 5 - Local Economic Development		-	18	2 308	4 182	4 182	4 182	3 626	-	-
Vote 6 - Development and Planning		934	2	(3)	-	-	-	-	-	-
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	2	366 772	381 765	387 828	373 283	374 525	374 525	375 573	382 039	393 396
Expenditure by Vote to be appropriated										
Vote 1 - Council General and Executive	1	45 228	34 399	30 347	32 001	30 621	30 621	33 226	35 042	36 936
Vote 2 - Municipal Manager Town Secretary and Chief Exec		21 133	25 827	32 579	45 727	43 343	43 343	51 897	48 806	51 282
Vote 3 - Finance		33 934	42 713	37 454	31 012	31 027	31 027	31 652	32 453	33 864
Vote 4 - Social Services		41 147	57 055	73 052	92 201	92 259	92 259	98 227	103 326	109 751
Vote 5 - Local Economic Development		41 303	29 572	24 036	23 209	25 806	25 806	26 681	25 627	21 128
Vote 6 - Development and Planning		72 936	23 778	23 836	19 397	16 553	16 553	25 460	17 066	19 193
Vote 7 - Technical Services		66 399	117 935	116 191	80 749	132 608	132 608	126 686	126 818	113 967
Vote 8 - Corporate services		16 861	25 568	26 500	47 310	46 598	46 598	51 394	51 415	57 302
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	2	338 940	356 846	363 996	371 606	418 816	418 816	445 223	440 553	443 423
Surplus/(Deficit) for the year	2	27 832	24 919	23 832	1 677	(44 291)	(44 291)	(69 650)	(58 514)	(50 027)

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.

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

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Rental of facilities and equipment	1	89	102	100	10	10	10	-	11	11	12
Interest earned - external investments		31 116	38 235	43 921	25 450	25 550	25 550	10 494	22 459	20 468	20 480
Fines, penalties and forfeits		-	2 440	1 628	500	900	900	293	900	990	1 050
Licences and permits		-	70	263	400	790	790	536	1 170	1 235	1 250
Transfers and subsidies		330 236	338 036	337 235	344 488	344 488	344 488	258 469	348 588	356 755	367 881
Other revenue	2	2 101	843	2 537	260	612	612	503	266	271	282
Gains on disposal of PPE		-	28	44							
Total Revenue (excluding capital transfers and contributions)		364 822	379 755	385 752	371 108	372 350	372 350	270 294	373 393	379 731	390 954
Expenditure By Type											
Employee related costs	2	71 275	90 060	108 540	136 885	134 429	134 429	76 554	144 287	152 223	161 349
Remuneration of councillors		12 691	12 882	12 587	12 795	13 916	13 916	9 288	13 498	14 241	15 148
Depreciation & asset impairment	2	7 910	9 566	9 609	10 912	10 957	10 957	6 795	9 380	8 406	7 934
Finance charges		3 211	1 519	1 127	1 296	1 338	1 338	465	968	516	542
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Contracted services		-	30 847	33 926	45 410	46 142	46 142	24 042	54 294	51 282	55 522
Transfers and subsidies		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
Other expenditure	4, 5	80 225	34 624	35 835	52 214	48 162	48 162	18 901	55 287	58 310	62 286
Loss on disposal of PPE		189	-	71							
Total Expenditure		338 940	356 846	363 996	371 606	418 816	418 816	232 078	445 223	440 553	443 423
Surplus/(Deficit)		25 882	22 909	21 756	(498)	(46 466)	(46 466)	38 216	(71 830)	(60 822)	(52 469)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 950	2 010	2 076	2 175	2 175	2 175	-	2 180	2 308	2 442
Surplus/(Deficit) after capital transfers & contributions		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Taxation											
Surplus/(Deficit) after taxation		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)

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

1. Total revenue is R373,393 million in 2018/19 and escalates to R390,954 million by 2020/21. This represents a year-on-year increase of 0.28 per cent for the 2018/19 financial year, increase 1.7 per cent for the 2019/20 and 2.96 per cent for the 2020/21 financial year.
2. Operating Grants form a significant percentage of the revenue basket for the District. In the 2018/19 financial year, the operating grants total R348,588 million or 92.83 per cent. This increases to R356,755 million and R367,881 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 6.86 per cent or R25,450 million and decreases to R20,468 million by 2020/21. 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.

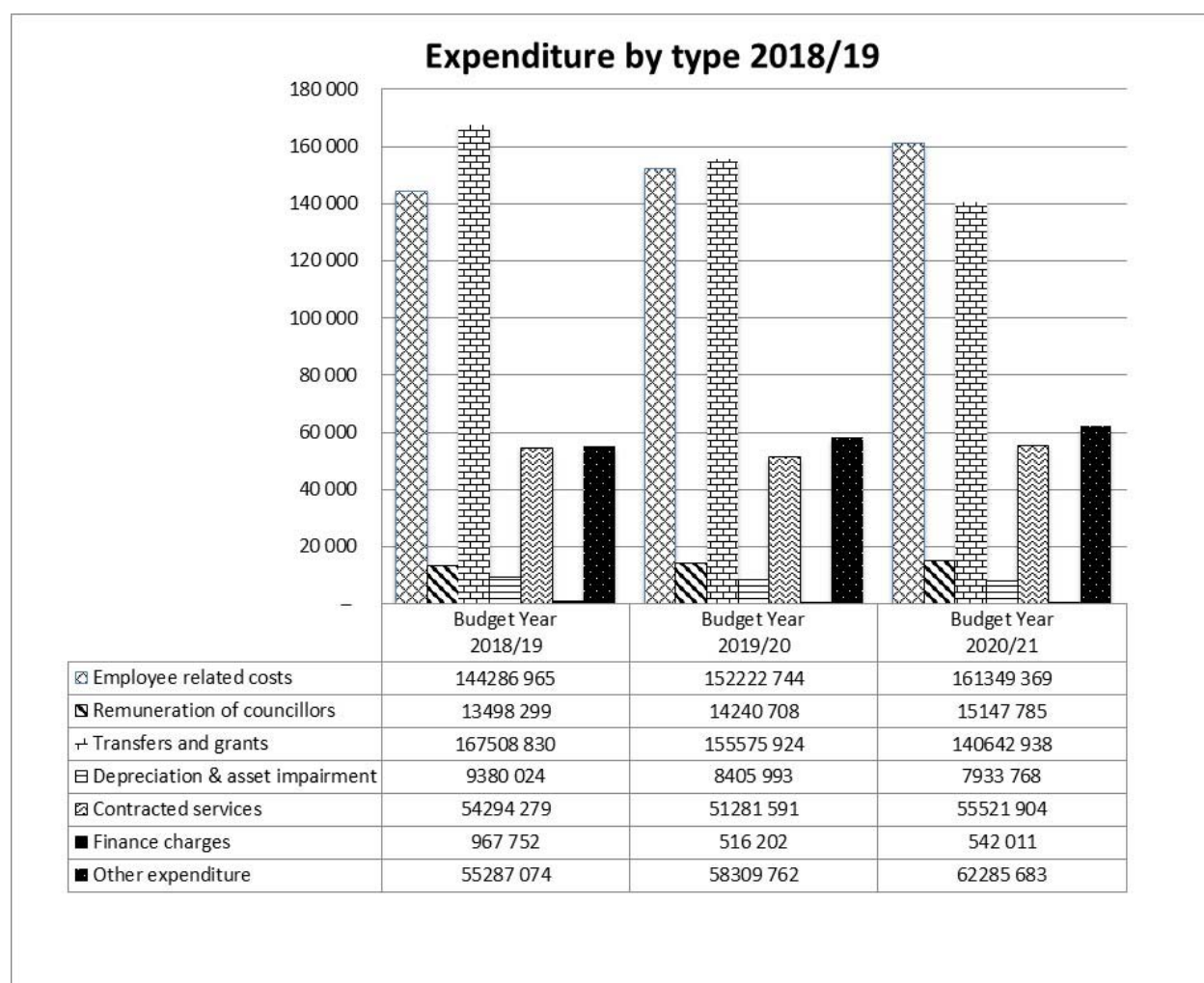


Figure 2 Expenditure by major type

5. Transfers and grants is the main expenditure type, which is the contribution in kind to Local Municipalities an amounts to R167,509 million for the 2018/19 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 2018/19, 2019/20 and 2020/21 financial years:

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Non-Cash Transfers to other municipalities											
MP311 Victor Khanye	1	10 767	16 665	13 642	12 990	12 911	12 911	7 533	15 335	12 752	11 643
MP312 Emalahleni		42 340	23 933	3 551	21 481	48 602	48 602	26 282	25 064	15 339	23 246
MP313 Steve Tshwele		5 345	38 223	43 604	883	3 285	3 285	1 116	21 972	22 246	12 835
MP314 Emakhazeni		9 300	21 564	36 839	22 033	36 712	36 712	20 369	24 884	27 254	13 185
MP315 Thembisile Hani		30 998	21 523	22 892	20 172	28 562	28 562	22 530	37 559	24 787	25 169
MP316 Dr. JS Moroka		25 887	36 619	20 830	10 291	11 126	11 126	7 918	15 493	27 010	33 076
DC31 Nkangala (Cross boundary projects)		38 801	18 822	20 943	24 245	22 676	22 676	10 283	27 203	26 188	21 488
Total Non-Cash Transfers To Municipalities:		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
TOTAL NON-CASH TRANSFERS AND GRANTS		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
TOTAL TRANSFERS AND GRANTS	6	163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643

Employee related costs and transfers and subsidies (contribution to local municipalities) are the main cost drivers within the district.

Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

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

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote											
Single-year expenditure to be appropriated	2										
Vote 1 - Council General and Executive		2 002	1 679	509	1 800	2 100	2 100	36	100	-	-
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	11 014	-	10 305	9 555	9 555	6 398	4 650	2 700	3 700
Vote 3 - Finance		168	330	27 303	50	50	50	8	60	65	70
Vote 4 - Social Services		21 362	15 281	3 770	9 350	8 544	8 544	2 537	15 928	9 014	9 353
Vote 5 - Local Economic Development		-	178	5	-	-	-	-	-	-	-
Vote 6 - Development and Planning		124	-	-	42	42	42	-	-	-	-
Vote 7 - Technical Services		-	14	737	1 500	1 369	1 369	1 368	1 700	1 900	-
Vote 8 - Corporate services		1 468	684	2 480	6 337	3 839	3 839	44	10 810	4 448	887
Capital single-year expenditure sub-total		25 124	29 181	34 803	29 384	25 498	25 498	10 391	33 248	18 126	14 010
Total Capital Expenditure - Vote		25 124	29 181	34 803	29 384	25 498	25 498	10 391	33 248	18 126	14 010
Capital Expenditure - Functional											
Governance and administration		3 639	13 525	31 028	18 493	15 544	15 544	6 486	15 620	7 213	4 657
Executive and council		2 002	1 679	509	1 800	2 100	2 100	36	100	-	-
Finance and administration		1 636	11 846	27 303	16 673	13 424	13 424	6 435	15 520	7 213	4 657
Internal audit		-	-	3 217	20	20	20	16	-	-	-
Community and public safety		21 362	15 281	3 770	9 320	8 514	8 514	2 537	15 928	9 014	9 353
Community and social services		1	-	-	840	840	840	-	2 070	950	-
Public safety		21 331	13 417	2 943	5 880	5 530	5 530	2 537	12 358	6 994	8 253
Health		30	1 864	828	2 600	2 144	2 144	-	1 500	1 070	1 100
Economic and environmental services		124	374	5	1 572	1 441	1 441	1 368	1 700	1 900	-
Planning and development		124	178	5	1 542	1 411	1 411	1 368	1 700	1 900	-
Road transport		-	196	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	30	30	30	-	-	-	-
Total Capital Expenditure - Functional	3	25 124	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Funded by:											
National Government		-	-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	5	527	-	-	-	-	-	-	-	-	-
Borrowing	6	788	-	-	-	-	-	-	-	-	-
Internally generated funds		23 810	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Total Capital Funding	7	25 124	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010

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

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Municipal Vote											
Single-year expenditure appropriation	2										
Vote 1 - Council General and Executive		2 002	1 679	509	1 800	2 100	2 100	36	100	-	-
Executive Mayor and Council		2 002	1 679	509	1 800	2 100	2 100	36	100	-	-
Vote 2 - Municipal Manager Town Secretary and Chief		-	11 014	-	10 305	9 555	9 555	6 398	4 650	2 700	3 700
Risk Management		-	-	-	-	-	-	-	-	-	-
Internal Audit		-	-	-	20	20	20	16	-	-	-
Public Participation		-	-	-	-	-	-	-	-	-	-
Support Unit		-	-	-	-	-	-	-	-	-	-
Municipal Manager		-	-	-	-	-	-	-	-	-	-
Performance Management		-	-	-	-	-	-	-	-	-	-
Legal Services		-	-	-	15	15	15	11	-	-	-
Information Technology		-	11 014	-	10 270	9 520	9 520	6 371	4 650	2 700	3 700
Vote 3 - Finance		168	330	27 303	50	50	50	8	60	65	70
Finance		-	14	-	-	-	-	8	60	65	70
Supply Chain Management		-	-	-	-	-	-	-	-	-	-
Budget Office		168	316	27 303	50	50	50	-	-	-	-
Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 4 - Social Services		21 362	15 281	3 770	9 350	8 544	8 544	2 537	15 928	9 014	9 353
Transversal Issues		-	-	-	-	-	-	-	-	-	-
Youth Services		-	-	-	-	-	-	-	-	-	-
Social Services		-	-	-	-	-	-	-	-	-	-
Disaster Management		-	-	-	840	840	840	-	2 070	950	-
Fire Fighting and Protection		21 332	13 417	2 943	5 880	5 530	5 530	2 537	12 358	6 994	8 253
Pollution Control		-	-	-	30	30	30	-	-	-	-
Health Services		30	1 864	828	2 600	2 144	2 144	-	1 500	1 070	1 100
Vote 5 - Local Economic Development		-	178	5	-	-	-	-	-	-	-
Tourism		-	-	-	-	-	-	-	-	-	-
LED		-	178	-	-	-	-	-	-	-	-
EPWP		-	-	5	-	-	-	-	-	-	-
Vote 6 - Development and Planning		124	-	-	42	42	42	-	-	-	-
Town Planning		124	-	-	30	30	30	-	-	-	-
IDP		-	-	-	12	12	12	-	-	-	-
Vote 7 - Technical Services		-	14	737	1 500	1 369	1 369	1 368	1 700	1 900	-
Development Facilitation: Regional Planning		-	14	737	1 500	1 369	1 369	1 368	1 700	1 900	-
Vote 8 - Corporate services		1 468	684	2 480	6 337	3 839	3 839	44	10 810	4 448	887
Public Liaison		-	-	-	-	-	-	-	-	-	-
Human Resources Administration		-	-	-	100	100	100	31	-	-	-
Property Services		-	182	737	6 050	3 551	3 551	-	10 750	4 388	827
Corporate Support		1 468	502	1 743	188	188	188	14	60	60	60
Capital single-year expenditure sub-total		25 124	29 181	34 803	29 384	25 498	25 498	10 391	33 248	18 126	14 010
Total Capital Expenditure		25 124	29 181	34 803	29 384	25 498	25 498	10 391	33 248	18 126	14 010

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 single-year appropriations, for 2018/19 R33,248 million has been allocated of the total budget for capital expenditure and R18,126 million and R14,010 million for the 2019/20 and 2020/21 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 15 MBRR Table A6 - Budgeted Financial Position

DC31 Nkangala - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		24 982	4 252	6 292	2 512	2 512	2 512	6 696	5 128	7 115	7 570
Call investment deposits	1	444 075	458 096	449 150	382 754	375 194	375 194	462 297	367 231	337 142	278 326
Consumer debtors	1	-	144	119	-	-	-	142	164	180	180
Other debtors		15 820	25 429	12 204	5 590	5 590	5 590	3 129	7 485	8 483	7 308
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	114 679	68 653	103 094	195 703	195 703	195 703	103 094	135 500	94 894	98 125
Total current assets		599 556	556 574	570 859	586 559	578 999	578 999	575 358	515 507	447 813	391 509
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	40 862	44 846	44 847	44 847	44 847	44 846	48 967	53 317	60 507
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	115 659	135 418	160 573	180 029	181 415	181 415	164 230	197 890	207 610	213 686
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		757	583	491	3 241	3 241	3 241	430	2 009	2 264	2 416
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		116 416	176 863	205 911	228 117	229 502	229 502	209 506	248 865	263 191	276 610
TOTAL ASSETS		715 972	733 438	776 770	814 676	808 501	808 501	784 864	764 373	711 004	668 118
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	3 738	3 403	3 530	3 303	3 303	3 303	1 791	3 085	1 543	-
Consumer deposits		-	14	10	-	-	-	12	-	-	-
Trade and other payables	4	44 419	36 715	54 002	26 899	26 899	26 899	25 872	49 420	52 879	56 052
Provisions		192	739	672	471	471	471	417	697	718	730
Total current liabilities		48 349	40 872	58 213	30 673	30 673	30 673	28 092	53 202	55 140	56 782
Non current liabilities											
Borrowing		11 283	7 713	4 628	2 043	2 043	2 043	4 628	1 543	-	-
Provisions		14 854	18 448	20 185	20 817	20 817	20 817	20 185	24 310	29 060	34 560
Total non current liabilities		26 137	26 161	24 813	22 860	22 860	22 860	24 813	25 853	29 060	34 560
TOTAL LIABILITIES		74 486	67 033	83 026	53 533	53 533	53 533	52 905	79 054	84 200	91 342
NET ASSETS	5	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability 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 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 16MBRR Table A7 - Budgeted Cash Flow Statement

DC31 Nkangala - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	-	-	-	-	-	-	-	-	-
Other revenue		72 376	3 432	25 039	1 170	1 170	1 170	1 331	2 346	2 507	2 593
Government - operating	1	328 960	334 043	337 391	344 488	344 488	344 488	258 469	348 588	356 755	367 881
Government - capital	1	-	2 010	2 076	2 175	2 175	2 175	-	2 180	2 308	2 442
Interest		32 363	38 133	43 945	25 450	25 450	25 450	10 494	22 459	20 468	20 480
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(189 753)	(132 298)	(212 864)	(246 766)	(300 107)	(300 107)	(147 122)	(192 345)	(220 016)	(249 301)
Finance charges		(4 491)	(1 610)	(1 127)	(1 296)	(1 296)	(1 296)	(465)	(968)	(516)	(542)
Transfers and Grants	1	(161 930)	(177 349)	(162 301)	(112 095)	(163 463)	(163 463)	(96 032)	(147 154)	(165 589)	(180 714)
NET CASH FROM/(USED) OPERATING ACTIVITIES		77 526	66 361	32 158	13 126	(91 583)	(91 583)	26 675	35 106	(4 083)	(37 161)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		109	58	282	-	-	-	353	-	-	-
Decrease (Increase) in non-current debtors		-	-	(3 984)	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments		(2 901)	(4 205)	-	(3 984)	(3 984)	(3 984)	-	(4 120)	(4 350)	(7 191)
Payments											
Capital assets		(24 597)	(29 181)	(34 803)	(29 385)	(25 498)	(25 498)	(10 391)	(33 248)	(18 126)	(14 010)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(27 389)	(33 329)	(38 505)	(33 369)	(29 483)	(29 483)	(10 038)	(37 368)	(22 476)	(21 201)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	61	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	157	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	(1)	-	-	-
Payments											
Repayment of borrowing		(19 541)	(3 085)	(3 353)	(3 303)	(3 303)	(3 303)	(3 303)	(3 085)	(1 543)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(19 541)	(3 085)	(3 353)	(3 303)	(3 303)	(3 303)	(3 086)	(3 085)	(1 543)	-
NET INCREASE/ (DECREASE) IN CASH HELD		30 597	29 947	(9 700)	(23 546)	(124 368)	(124 368)	13 551	(5 347)	(28 102)	(58 361)
Cash/cash equivalents at the year begin:	2	401 783	432 401	465 142	408 811	502 073	502 073	455 442	377 706	372 359	344 257
Cash/cash equivalents at the year end:	2	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896

- 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 decreases from R377,706 million over the MTREF 2018/19 to R372,359 million and to R344,257 million in 2019/20 period and to R285,896 million in 2020/21 financial years.
- The approved 2018/19 MTREF provide for a further net decrease in cash of R91,809 million for the 2020/21 financial year resulting in an overall projected positive cash position of R285,896 million at year end.
- Cash and cash equivalents totals R372,359 million as at the end of the 2018/19 financial year and decreases to R285,896 million by 2020/21.

Table 17 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896
Other current investments > 90 days		36 678	(0)	0	0	(0)	(0)	0	(0)	(1)	(0)
Non current assets - Investments	1	-	40 862	44 846	44 847	44 847	44 847	44 846	48 967	53 317	60 507
Cash and investments available:		469 058	503 211	500 289	430 112	422 552	422 552	513 839	421 325	397 573	346 403
Application of cash and investments											
Unspent conditional transfers		3 994	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(289 567)	11 312	(13 783)	21 309	24 070	24 070	22 601	41 772	44 216	48 564
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(285 573)	11 312	(13 783)	21 309	24 070	24 070	22 601	41 772	44 216	48 564
Surplus(shortfall)		754 631	491 898	514 072	408 804	398 483	398 483	491 239	379 553	353 357	297 839

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 2018/19 to 2020/21 the surplus stabilises to R297,839 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/19 MTREF was sufficiently funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 18 MBRR Table A9 - Asset Management

DC31 Nkangala - Table A9 Asset Management										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE										
Total New Assets	1	25 124	29 181	34 803	29 384	25 498	25 498	33 248	18 126	14 010
Roads Infrastructure		-	186	-	-	-	-	-	-	-
Electrical Infrastructure		-	996	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	250	250	-	-	-
Infrastructure		-	1 182	-	-	250	250	-	-	-
Community Facilities		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Heritage Assets		-	-	509	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Other Assets		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Licences and Rights		-	265	-	2 750	1 000	1 000	1 850	-	-
Intangible Assets		-	265	-	2 750	1 000	1 000	1 850	-	-
Computer Equipment		1 026	491	762	2 800	8 500	8 500	2 800	2 700	3 700
Furniture and Office Equipment		973	7 030	1 022	5 995	1 595	1 595	1 398	1 439	1 518
Machinery and Equipment		1 376	3 419	877	8 390	4 410	4 410	4 100	3 338	2 642
Transport Assets		8 372	8 471	4 338	3 100	3 349	3 349	1 700	1 900	-
Total Capital Expenditure	4									
Roads Infrastructure		-	186	-	-	-	-	-	-	-
Electrical Infrastructure		-	996	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	250	250	-	-	-
Infrastructure		-	1 182	-	-	250	250	-	-	-
Community Facilities		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Heritage Assets		-	-	509	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Housing		-	-	-	-	-	-	-	-	-
Other Assets		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Licences and Rights		-	265	-	2 750	1 000	1 000	1 850	-	-
Intangible Assets		-	265	-	2 750	1 000	1 000	1 850	-	-
Computer Equipment		1 026	491	762	2 800	8 500	8 500	2 800	2 700	3 700
Furniture and Office Equipment		973	7 030	1 022	5 995	1 595	1 595	1 398	1 439	1 518
Machinery and Equipment		1 376	3 419	877	8 390	4 410	4 410	4 100	3 338	2 642
Transport Assets		8 372	8 471	4 338	3 100	3 349	3 349	1 700	1 900	-
TOTAL CAPITAL EXPENDITURE - Asset class		25 124	29 181	34 803	29 384	25 498	25 498	33 248	18 126	14 010
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		2 012	1 917	1 635	1 635	1 635	1 635	1 269	1 185	1 120
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		381	1 296	1 215	1 215	1 215	1 215	1 054	973	892
Water Supply Infrastructure		-	-	-	-	250	250	250	250	250
Infrastructure		2 393	3 213	2 850	2 850	2 850	2 850	2 573	2 408	2 263
Community Facilities					38 358	38 358	38 358	10 929	14 758	19 588
Sport and Recreation Facilities										
Community Assets		-	-	-	38 358	38 358	38 358	10 929	14 758	19 588
Heritage Assets										
Non-revenue Generating				509				509	509	509
Investment properties				509	-	-	-	509	509	509
Operational Buildings		112 456	131 395	113 702	83 244	83 245	83 245	125 572	127 983	126 794
Housing										
Other Assets		112 456	131 395	113 702	83 244	83 245	83 245	125 572	127 983	126 794
Licences and Rights		757	583	491	3 241	3 241	3 241	3 249	3 157	3 070
Intangible Assets		757	583	491	3 241	3 241	3 241	3 249	3 157	3 070
Computer Equipment				3 162	4 640	5 332	5 332	12 106	14 085	17 239
Furniture and Office Equipment				4 828	9 796	9 796	9 796	6 607	7 596	8 665
Machinery and Equipment				6 797	13 926	13 926	13 926	12 384	14 684	16 353
Transport Assets				27 916	26 405	26 405	26 405	25 161	23 884	20 813
Land		810	810	810	810	810	810	810	810	810
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	116 416	136 001	161 065	183 270	183 963	183 963	199 899	209 874	216 102
EXPENDITURE OTHER ITEMS										
Depreciation	7	7 910	9 566	9 609	10 912	10 957	10 957	9 380	8 406	7 934
Repairs and Maintenance by Asset Class	3	17 545	6 721	4 844	16 341	14 860	14 860	21 560	20 951	21 393
Investment properties										
Operational Buildings		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
Housing										
Other Assets		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
Licences and Rights		-	-	-	6 870	5 687	5 687	6 515	6 553	6 746
Intangible Assets					6 870	5 687	5 687	6 515	6 553	6 746
Computer Equipment				237	500	800	800	-	-	179
Furniture and Office Equipment		13 468		144						
Machinery and Equipment				1 007	6 538	5 940	5 940	8 081	8 769	8 721
Transport Assets				676						
TOTAL EXPENDITURE OTHER ITEMS		25 456	16 287	14 453	27 253	25 817	25 817	30 940	29 357	29 326
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprec		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		15.2%	5.0%	3.0%	9.1%	8.2%	8.2%	10.9%	10.1%	10.0%
Renewal and upgrading and R&M as a % of PPE		15.0%	5.0%	3.0%	9.0%	8.0%	8.0%	11.0%	10.0%	10.0%

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 4 - 8 per cent of PPE. The District does not meet the renewal benchmark, as the District moved into new office buildings in 2006. However for the 2018/2019 budget year, the repairs and maintenance amounts to 4.84 per cent of total operating expenditure which is within the required range.

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, MMC for Technical Services, Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive 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 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 31 May 2017. Key dates applicable to the process were:

- **23 August 2017** – Council adopted a roll-over budget for 2017/18.
- **November 2017**–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 2018/19 MTREF;
- **January and February 2018**–Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **February 2018** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **24 January 2018**- Council considered the 2017/18 Mid-year Review;
- **28 February 2018** - Council considers the 2017/18 Adjustments Budget;

- **13 March 2018** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2017/18 MTREF is revised accordingly;
- **28 March 2018** - Tabling in Council of the draft 2018/19 IDP and 2018/19 MTREF to Mayoral committee;
- **4-5 Apr 2018** – IDP and Budget Indaba;
- **18 April 2018** - Closing date for written comments;
- **14 to 22 April 2017**–finalisation of the 2018/19 IDP and 2018/19 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
- **19 April 2018** – Budget stakeholder report back meeting
- **23 May 2018** – Submission of final 2017/18 MTREF to Mayoral Committee for adoption
- **30 May 2018** - Submission of the final 2017/18 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The review of the IDP for the MTREF 2018/19 – 2020/21 was submitted to Council.

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 2018/19 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget as well as the annual report for 2016/17. 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 2018/19 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 2017/18 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 2018/19 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 2018/19 MTREF:

- District growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, household debt, migration patterns)
- Performance trends
- Any challenges identified in the 2016/17 annual report
- The approved 2017/18 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, 78, 85, 86, 88, 89 & 91 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2018/19 MTREF as tabled before Council on 28 March 2018 for community consultation will be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

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

Local Municipalities were utilised to facilitate the community consultation process from January to March 2018, and included six public briefing sessions and the IDP and Budget Indaba on the 4-5 April 2018. The applicable dates and venues were 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.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2018/19 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The District is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially the state of road infrastructure and slow implementation of projects in local municipalities;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Environmental problems of the mines and climate change;
- High levels of poverty and unemployment, which indicate there is a need for skills training.
- The district needs to promote the cargo project in Victor Khanye.
- High percentage of rollovers

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 2018/19 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 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.

- Multi-year budgeting remains a priority

The 2018/19 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.

The District received a clean audit opinion with no matters on the Annual Financial Statements and annual performance report for the year ending 30 June 2017. This was also the second set of financial statements which was compiled in compliance with the mSCOA regulations. It is this a major achievement to have retained the clean audit opinion of 2014/2015 with the accompanying difficulties of implementation of a new chart of accounts (and different versions thereof)!

However in order to maintain the clean audit status for the coming financial years, management needs to attend to all the matters raised by Auditor General in the final management letter following the audit outcome, an action plan had been compiled to address the issues raised by the Auditor-General during the 2016/17 audit.

An Audit Action Plan was developed from the final management letter received from Auditor General. The action plan addresses not only the findings raised but also possible future findings which might come out of the same population going forward looking into and fixing the root causes of the findings.

The management letter has 11 matters of which some are referring to the same incidents, however management has decided to keep to action plan properly aligned to the management letter in order not to lose track of the issues raised. Matters raised relates to the following:

- Predetermined objectives
 - Incomplete information reported on performance information
 - Actual reported target does not agree to the recalculated target
 - Supporting documents not provided
 - Inconsistency between planned target in SDBIP and the APR
- Procurement and Contract Management
 - Deviation not disclosed
 - Awards made to persons in the service of the state
- Annual Financial Statements
 - Contingent asset disclosed inappropriately
 - Payables not recorded in correct period.

The Audit Action plan was approved by Council as per item DM-N 97/12/2017 and progress is reported on a monthly basis to Council.

During the compilation of the Mid-year Budget and Performance Assessment report the issues arising from the previous year's annual report was taken into consideration and was hence taken up as part of the Audit Action Plan, referred to previously, in an attempt to put more controls in place and to resolve the problems identified. Subsequently such issues had been considered during the compilation of the 2018/2019 MTREF.

Table 19 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Institutional Development and Transformation	Competent Innovative and Accountable Team	KPA 1		-	5	-	-	-	-	-	-	-	
Good Governance and Public Participation	Sound Electronic Governance	KPA 2		-	2	-	-	-	-	-	-	-	
Local Economic Development	Inclusive Economic Growth with Sustainable Development	KPA 3		-	18	2 308	4 182	4 182	4 182	3 626			
Financial Viability and Financial Management	Sound Financial Management	KPA 4		365 837	381 665	385 273	368 691	369 192	369 192	370 417	380 392	391 735	
Basic Service Delivery and Infrastructure	Healthy Social Environment	KPA 5		-	72	235	400	1 140	1 140	1 520	1 635	1 650	
	Sustainable Infrastructure and Service Provisioning	KPA 5		934	2	11	10	11	11	11	11	12	
Spatial Rationale	Integrated regionalised planning	KPA 6											
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)				1	366 771	381 765	387 828	373 283	374 525	374 525	375 573	382 039	393 396

Table 20 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Institutional Development and Transformation	Competent Innovative and Accountable Team	KPA 1		74 700			259 547	104 244	104 244	117 516	115 477	124 993	
Good Governance and Public Participation	Sound Electronic Governance	KPA 2		5			15 090	16 318	16 318	19 002	19 788	20 527	
Local Economic Development	Inclusive Economic Growth with Sustainable Development	KPA 3		35 142			17 702	25 806	25 806	26 681	25 627	21 128	
Financial Viability and Financial Management	Sound Financial Management	KPA 4		29 523			6 094	31 027	31 027	31 652	32 453	33 864	
Basic Service Delivery and Infrastructure	Healthy Social Environment	KPA 5		115 480			18 081						
	Sustainable Infrastructure and Service Provisioning	KPA 5		79 097			43 158	224 867	224 867	224 913	230 144	223 718	
Spatial Rationale	Integrated regionalised planning	KPA 6					11 934	16 553	16 553	25 460	17 066	19 193	
Allocations to other priorities													
Total Expenditure				1	333 947	-	-	371 606	418 816	418 816	445 224	440 553	443 423

Table 21 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Institutional Development and Transformation	Competent, Innovative and Accountable Team	KPA 1					11 884	15 474	15 474	15 560	7 148	4 587
Good Governance and Public Participation	Sound Electronic Governance	KPA 2				7 450	20	20				
Local Economic Development	Inclusive Economic Growth with Sustainable Development	KPA 3										
Financial Viability and Financial Management	Sound Financial Management	KPA 4					50	50	60	65	70	
Basic Service Delivery and Infrastructure	Healthy Social Environment	KPA 5				8 550	9 913	9 913	17 628	10 914	9 353	
	Sustainable Infrastructure and Service Provisioning	KPA 5				1 500						
Spatial Rationale	Integrated regionalised planning	KPA 6					42	42				
Allocations to other priorities			3									
Total Capital Expenditure			1	-	-	-	29 385	25 498	25 498	33 248	18 126	14 010

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:

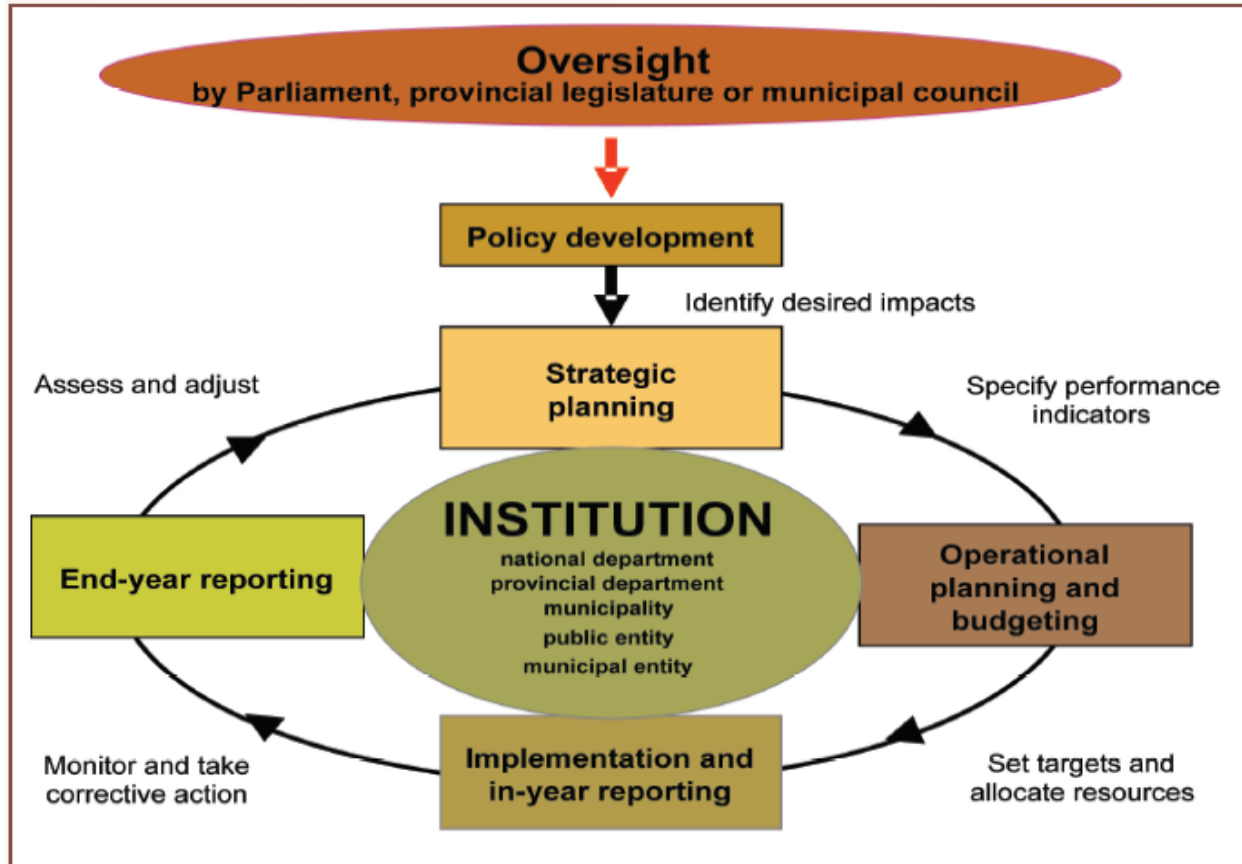


Figure 3 Planning, budgeting and reporting cycle

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:

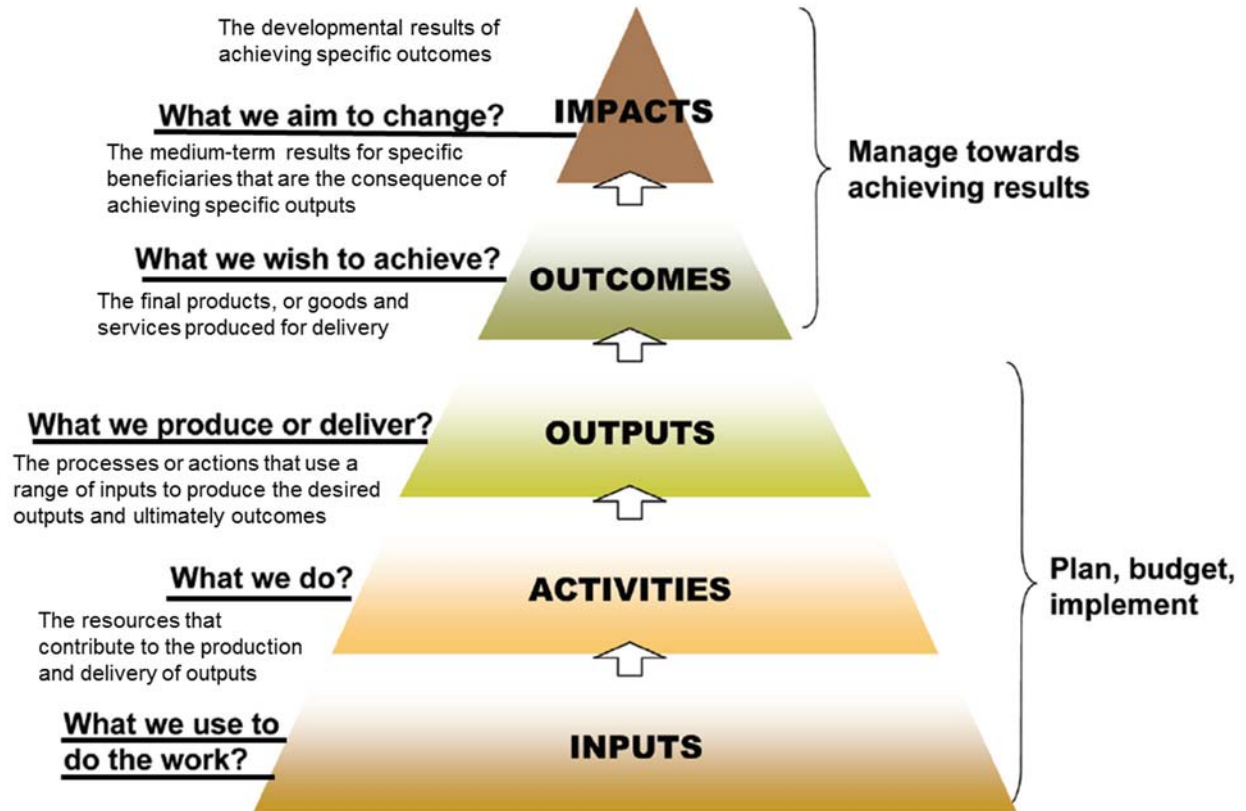


Figure 4 Definition of performance information concepts

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

Table 22 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - Office of the Municipal Manager										
Function 1 - Organisational Restructuring and Transformation										
Sub-function 1 - Performance Management										
# of quarterly performance report submitted to Council by 30 June	Number	4	4	4	4	4	4	4	4	4
Function 2 - Governance										
Sub-function 1 - Audit										
% of MPAC recommendation resolved per quarter	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% achievement to resolve issues raised on the Audit Action Plan per quarter	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintain Auditor General Opinion - Clean Audit in respect of the Annual Report	Number	1	1	1	1	1	1	1	1	1
% of AG Management Letter findings resolved by quarter (Total organization)	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - Risk Management										
% of future action plans resolved to address fraud and corruption risk identified per quarter	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 3 - Service Delivery										
Sub-function 1 - Community Satisfaction										
# of Community Satisfaction Surveys conducted on the work of the District by 30 June 2017	Number		1	1	1	1	1	0	1	1
Function 4 - IDP and BUDGET										
Sub-function 1 - IDP										
Final IDP and Budget tabled and approved by Council by the 31st May	Number	1	1	1	1	1	1	1	1	1
Function 4 - Financial Viability										
Sub-function 1 - Expenditure										
% spend of the Total Capital Budget by 30 June	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	90.0%	100.0%	100.0%
Vote 2 - Corporate Services										
Function 1 - Organisational Restructuring and Transformation										
Sub-function 1 - Human Resources										
% approved vacant positions (previously filled) processed within (3) months of post vacancy	Percentage		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - Training and Development										
% of budget spent implementing the Workplace Skills Plan (GKPI) by 30 June 2017	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote 3 - Finance										
Function 1 - Financial Viability										
Sub-function 1 - Financial Management										
Cost coverage ratio (GKPI) by 30 June 2017	Ratio	NA	NA	NA	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Sub-function 2 - Budgeting										
Submission for approval of MTREF Budget by the 31st May	Number	1	1	1	1	1	1	1	1	1
Sub-function 3 - Financial Reporting										
Annual Financial Statements (AFS) submitted on or before the 31st August	Number	1	1	1	1	1	1	1	1	1
# of quarterly section 52(d) MFMA reports submitted to Executive Mayor within legislative timeframes	Number	4	4	4	4	4	4	4	4	4
Section 72 (midyear) MFMA reports submitted to Executive Mayor within legislative timeframes	Number	1	1	1	1	1	1	1	1	1
# of section 71 MFMA reports submitted to Executive Mayor within legislative timeframes per month	Number	12	12	12	12	12	12	12	12	12

DC31 Nkangala - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Function 2 - SCM										
Sub-function 1 - SCM										
# of SCM deviation reports submitted to the MM per month (Total Administration)	Number	12	12	12	12	12	12	12	12	12
Vote 4 - Development Planning										
Function 1 - Human Settlements										
Sub-function 1 - Human Settlements										
# of informal settlements formalised by 30th June	Number			5	5	5	5	0	1	5
# of formal townships established by 30th June	Number		6	5	5	5	5	0	4	5
Function 2 - Land Administration										
Sub-function 1 - GIS										
# of projects implemented from the GIS Strategy by 30th June	Number		2	1	1	1	1	1	1	1
Sub-function 2 - Land Management										
# of projects implemented based on SPLUMA by 30th June	Number		3	2	2	2	2	1	2	3
Vote 5 - Technical Services										
Function 1 - Service Delivery										
Sub-function 1 - Water and Sanitation										
Number of Sanitation projects (as submitted by the LM's) completed by 30 June	Number		10	6	6	6	6	1	1	1
Number of Water projects (as submitted by the LM's) completed by 30 June	Number		8	14	14	14	14	20	20	11
Sub-function 2 - Electricity										
Number of Electricity projects (as submitted by the LM's) completed by 30 June	Number		1	2	2	2	2	1	1	1
Sub-function 3 - Project Management										
% spend of Capital projects in terms of budget (NDM funded projects) by 30 June	Percentage		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 4 - Road and Stormwater										
Number of Road and Stormwater projects (as submitted by the LM's) completed by 30 June	number							10	18	4
Vote 6 - Local Economic Delivery										
Function 1 - Economic Development and Job Creation										
Sub-function 1 - Economic Development										
Hosting of Investment Summit to market Anchor Projects / Catalytic by 30 June 2017	Number		1	1	1	1	1	1	1	1
Sub-function 2 - Job Creation										
# of EPWP Full Time Equivalent (FTE's) job opportunities provided through the implementation of LED and Capital projects (GKP) per quarter	Number		308	72	72	72	72	100%	100%	100%
Vote 7 - Social Services										
Function 1 - Health										
Sub-function 1 - HIV/AIDS										
# of HIV/AIDS's educational awareness campaigns implemented to capacitate and build communities per quarter	Number		8	8	8	8	8	6	6	6
% of water samples taken per month that do not comply to SANS 241 and that are formally reported to the LM's to implement corrective action per quarter	Percentage		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - Environmental Management										
Sub-function 1 - Air Pollution										
% of atmospheric emission license applications finalised as compared to application received as per NEM Air Quality Act, 2004 by 30 June 2017	Percentage		60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Function 3 - Youth										
Sub-function 1 - Youth Development										
Annual Youth Summit convened by 30th June	Number		1	1	1	1	1	1	1	1
Function 4 - Disaster Management										
Sub-function 1 - Disaster Education										
# of Disaster Emergency Open Day Hosted with local Municipallities by June 2017	Number		1	2	2	2	2	2	2	2

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF.

Table 23 MBRR Table SA8 - Performance indicators and benchmarks

DC31 Nkangala - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating	Short term			A1	A1	A1	A1	A1			
Credit Rating	Long term			A	A	A	A	A			
Credit Rating	International			BB-	BB-	BB-	BB-	BB-			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.7%	1.3%	1.2%	1.2%	1.1%	1.1%	1.6%	0.9%	0.5%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	65.8%	11.0%	9.2%	17.3%	16.7%	16.7%	31.9%	16.3%	9.0%	2.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	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	12.4	13.6	9.8	19.1	18.9	18.9	20.5	9.7	8.1	6.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	12.4	13.6	9.8	19.1	18.9	18.9	20.5	9.7	8.1	6.9
Liquidity Ratio	Monetary Assets/Current Liabilities	9.7	11.3	7.8	12.6	12.3	12.3	16.7	7.0	6.2	5.0
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	4.3%	6.7%	3.2%	1.5%	1.5%	1.5%	1.2%	2.0%	2.3%	1.9%
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		9.3%	7.9%	11.9%	7.0%	7.1%	7.1%	5.5%	13.3%	15.4%	19.6%
Employee costs	Employee costs/(Total Revenue - capital revenue)	19.5%	23.7%	28.1%	36.9%	36.1%	36.1%	28.3%	38.6%	40.1%	41.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.0%	27.1%	31.4%	40.3%	39.8%	39.8%		42.3%	43.8%	45.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.8%	1.8%	1.3%	4.4%	4.0%	4.0%		5.8%	5.5%	5.5%
Finance charges & Depreciation	F&D/(Total Revenue - capital revenue)	3.0%	2.9%	2.8%	3.3%	3.3%	3.3%	2.7%	2.8%	2.3%	2.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	0.8	0.9	1.7	0.9	0.9	0.9	0.5	1.1	1.1	1.1
ii. OS Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17682.4%	24955.8%	12338.7%	55898.2%	55898.2%	55898.2%	0.0%	72154.3%	77100.0%	65110.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	52.0	38.0	32.7	21.6	21.4	21.4	49.1	19.3	17.2	13.3

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 2018/19 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 0.9 for 2018/19 to 0.1 for 2020/21 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 2018/19 financial year the ratio is at a level 0 per cent and remains relatively stable at 0 per cent in the 2020/21 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 2016/17 current ratio of the District is 9.8 per cent. The current ratio for 2017/18 is 18.9 per cent, whilst the projected current ratio is 9.7 per cent for 2018/19. The 2019/20 financial year is 8.1 and 6.9 per cent for the outer year 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 2016/17 liquidity ratio of the District is 7.8 per cent, whilst the projected current ratio is 12.3 per cent for 2017/18. The 2018/19 financial year is 7.0 and 6.2 and 5.0 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 2018/19 is 2.0 per cent and remains stable at 2.3 and 1.9 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. 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

- The total employee costs and Councillor remuneration as a percentage of operating revenue are continues increasing to 38.60 for the 2018/19 budget year, 40.1 and 41.3 for the 2020/21 budget year, which will be above the norm or 25-40 per cent.
- 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 District's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Inputs on the budget related policies below, had been obtained through extensive processes from the following stakeholders:

Policy Development Committee
Municipal Public Accounts Committee
Local Labour Forum
and had been incorporated.

2.4.1 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in October 2006. An amended policy was adopted by Council in May 2013.

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.

The policy was reviewed during the 2018/19 budget process

2.4.2 Asset Management Policy

The reviewed asset management policy was adopted by Council in 2017/18. 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.

The Asset Management policy was reviewed during the 2018/19 budget preparation process.

2.4.3 Donation Policy

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

This policy was reviewed by Council during the 2018/19 budget process.

2.4.4 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy as approved by Council in October 2003 and was reviewed during the 2016/17 budget process. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt.

The 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 99 per cent on debtors. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the District's cash levels.

This policy was reviewed by Council during the 2018/19 budget process.

2.4.5 Budget Virement Policy

The Budget Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the District's system of delegations.

The Budget Virement Policy was reviewed during the budget process for 2018/19.

2.4.6 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 Councillors 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.

The policy was reviewed during the 2018/19 budget process.

2.4.7 Rental of municipal facilities Policy

The objectives 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.

This policy was reviewed by Council during the 2018/19 budget process.

2.4.8 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 2017/18 IDP review and budget processes.

The policy was reviewed during the 2018/19 budget process.

2.4.9 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

The policy was reviewed during the 2018/19 budget process.

2.4.10 Black listing 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

The policy was reviewed during the 2018/19 budget process.

2.4.11 Funds and reserves 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.

This policy was reviewed by Council during the 2018/19 budget process

2.4.12 Investment and 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;

This policy was reviewed by Council during the 2018/19 budget process

2.4.13 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.

This policy was reviewed by Council during the 2018/19 budget process

2.4.14 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.

This policy was reviewed by Council during the 2018/19 budget process

2.4.15 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

This policy was reviewed by Council during the 2018/19 budget process

2.4.16 Cash Management and creditor payment Policy

The policy provides for the management of cash and creditor payment. The aim of the policy is to ensure that surplus cash and investments are adequately managed especially the funds set aside for the cash banking of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

The policy was reviewed during the 2018/19 budget process.

2.4.17 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;

The policy was reviewed during the 2018/19 budget process.

2.4.18 SIPDM Model SCM policy

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

This policy mainly deals with the supply chain processes for infrastructure items

Proposed changes are as follows:

- Cosmetic changes

The policy was reviewed during the 2018/19 budget process.

2.4.19 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.

This policy was reviewed by Council during the 2018/19 budget process

2.4.20**Additional policies developed:****NEW Provision of doubtful debt and debt write off policy**

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

This policy mainly deals with the processes for the provision for doubtful debt and debt write off

New NDM_policy_unauthorised_irregular and fruitless and wasteful expenditure

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

This policy mainly deals with the processes to deal with unauthorized, irregular and fruitless and wasteful expenditure

New Unsolicited bid policy 2018 2019

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

This policy mainly deals with the supply chain processes for unsolicited bids

New Draft Cost Containment Policy

The purpose of this policy is to implement the Draft Municipal Cost Containment Regulations published in Government Gazette 41445 dated 16 February 2018

The regulations is still in a draft format and this policy will be considered as soon as the regulations are finalized and gazetted.

2.5 Overview of budget assumptions

2.5.1 External factors

Further guidance for the preparation of the 2018/19 Budget is provided by the National Treasury MFMA Circulars 88, 89 and 91.

Highlights from circular 88, 89 and 91 as follows:

MFMA Circular No.88 Municipal Circular on Rationalisation Planning and Reporting Requirements for the 2018/2019 MTREF:

“The circular aims to support the alignment of planning and reporting instruments for a prescribed set of municipal performance indicators. The Municipal Systems Act (MSA) and the MFMA require alignment between planning and reporting instruments such as the Integrated Development Plan (IDP), the Service Delivery and Budget Implementation Plan (SDBIP) and the Annual Report. However, there has been some confusion as to the results level that indicators in the SDBIP occupy, particularly in component 3. Quarterly projections of service delivery targets and performance indicators for each vote. This is particularly in relation to the goals and objectives set out over the medium term in the IDP, and how they are measured. This circular aims to clarify this matter by prescribing municipal performance indicators for metropolitan municipalities. In providing guidance and conceptual clarity and alignment between the IDP, SDBIP and the performance part of the Annual Report, this MFMA Circular has conceptual benefit for all municipalities. However, the prescribed performance indicators will be applicable to only metropolitan municipalities from the 2018/19 financial year onwards.”

MFMA Circular No.89 Municipal Budget Circular for 2018/2019 MTREF:

This circular gives guidance to municipalities on preparation of the 2018/2019 Medium Term Revenue and Expenditure Framework (MTREF).

GDP growth forecasted of 1.3 per cent in 2017/2018 was revised down to 0.7 per cent. Recovery rate is expected to be slow and is estimated that growth may reach 1.9 per cent by 2020.

Due to tax collection target which have not been met, there is less funds available to allocate across the different spheres of government.

Economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures. To this effect, the MFMA Circular 82 which introduced cost containment measures for implementation by municipalities and municipal entities was published on 30 March 2016 (updated November 2016).

The urgency expressed in the SONA and announcements by the Minister of Finance, after consulting SALGA and Minister of Cooperative Government and Traditional Affairs, is articulated in this regulations on cost containment measures. In this regard, the Draft Municipal

Cost Containment Regulations, as published in Part 2 of *Government Gazette* No. 41445, was published and is currently open for comments and consideration.

The following macro-economic forecasts must be considered when preparing the 2017/18 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2016 - 2020

Fiscal year	2016/17 Actual	2017/18 Estimate	2018/19	2019/20 Forecast	2020/21
CPI Inflation	6.3%	5.4%	5.2%	5.5%	5.5%

Source: Medium Term Budget Policy Statement 2017.

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.

Local government conditional grants and additional allocations

The 2017 Medium Term Budget Policy Statement (MTBPS) indicates transfers to local government for the 2018 MTREF are R397 billion, of which 62.2 per cent comprise unconditional allocations while the remainder is conditional grant funding. The allocations for local government over the medium term represent 9.2 per cent of non-interest expenditure and an increase of 8.3 per cent.

The equitable share and the allocation of the general fuel levy to local government constitute unconditional funding. Municipalities are reminded that this funding allocation is formula driven and designed to fund the provision of free basic services to disadvantaged communities. Conditional grant funding must be utilised for the intended purpose within the timeframes, as specified in the annual Division of Revenue Bill. Monies not spent must be returned to the fiscus and requests for roll-overs will only be considered in extenuating circumstances.

Municipal Standard Chart of Accounts (mSCOA)

The *mSCOA* Regulations apply to all municipalities and municipal entities with effect from 1 July 2017.”

Some challenges with version 6.1 of the chart had to be addressed and therefore version 6.2 was issued with this circular and will be effective 2018/2019 which means that the MTREF must be draw up using the latest version.

The NDM is one of the identified pilot municipalities for the *mSCOA* and has implemented the *mSCOA* on the 1st of July 2015. The 2018/19 budget year will be the third budget on *mSCOA*.

Revenue budgets

As municipalities also face a difficult fiscal environment, they must ensure that expenditure is limits to the maximum revenue collected. It is also advised that municipalities maintain tariff increase on levels that reflect an appropriate balance between poorer and other households.

Municipalities are required to justify all increases in excess of the projected inflation target for 2018/2019 (forecast to be between 3 and 6 per cent) for 2018/2019 in the budget narratives.

Funding choices and management issues

In light of the current economic conditions, municipalities must consider the following with the compilation of the 2018/2019 MTREF :

- improving the effectiveness of revenue management processes and procedures;
- paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities as was highlighted in MFMA Circular No. 82;
- ensuring value for money through the procurement process;
- the affordability of providing free basic services to all households; and
- curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

Accounting officers are reminded of their responsibility in terms of section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically. Failure to do this will result in the accounting officer committing an act of financial misconduct which will trigger the application of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Employee related costs

The multi-year Salary and Wage Collective Agreement for the period 1 July 2015 to 30 June 2018 has come to an end and is currently under consultation .

Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually by the Department of Cooperative Governance.

Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

MFMA Circular No.91 Municipal Budget Circular for 2018/2019 MTREF:

This circular follows up on Circular number 89 issued in December 2017 and discussed above:

The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and

unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

Local government grants and additional allocations

Since the 2017 Medium Term Budget Policy Statement (MTBPS) reprioritisation and reductions undertaken have affected planned spending for 2018/19. Local government direct and indirect transfers absorb 18.8 per cent of the reductions. A total of R13.9 billion has been cut from direct local government conditional grant allocations for the Medium Term Expenditure Framework (MTEF) period ahead since the 2017 MTBPS was tabled. Indirect grants to local government have been reduced by an additional R2.2 billion.

Participation in RT15-2016 Vodacom transversal contract- for the supply and delivery of mobile communication services to the state

When municipalities make an application to the Office of the Chief Procurement Officer (OCPO) to participate in the RT15-2016 transversal contract's account management service offering in respect of smart meters, they must comply with the process that will be communicated in an MFMA Circular that will soon be issued. In terms of the application process municipalities are expected to provide evidence of adequate operating budget provision over the MTREF. The Circular will include pre-conditions for eligibility to participate, such as adequate resourcing and technology platform to fulfil their obligation as envisaged by the Smart Utility Management Solution; and capability to sustain the implementation effort in the longer term.

Rollover of conditional grant funds

Section 22 of the 2017 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

There is specific information which must accompany a request for roll over of grant funding and is listed in detail in the attached circular.

Credit rating outlook

Global Credit Rating Co. performed a credit rating analysis during October 2017 and is summarized as follows:

Table 24 Credit rating outlook

Nkangala District Municipality				
South Africa Local Authority Analysis				October 2017
Rating class	Rating scale	Rating	Rating outlook	Review date
Long term	National	A _(ZA)	Stable	October 2018
Short term	National	A1 _(ZA)		
Long term	International LC	BB-	Negative	October 2018

CONCLUSION

NDM has made great strides in ensuring that sound financial management practices are maintained which has seen sustainable service delivery achievements in the past. However due to high dependency on Grant funding which is closely dependent on the South Africa growth rate, there is a high risk of curtailment and non-delivering of services at the same rate as in the past financial years.

Development and exploring of other sources of revenue remains a key critical programme to ensure sustainability of service delivery to the constituency of NDM in the long term.

2.5.2 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 2018/19 MTREF is based on the assumption that no additional borrowings are undertaken.

2.5.3 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.

2.5.4 Salary increases**Employee related costs**

The multi-year Salary and Wage Collective Agreement was entered into for the period 1 July 2015 to 30 June 2018 and has come to an end. A new agreement is currently being negotiated and the outcome thereof will be taken into consideration during the open window consultation period of the MTREF.

Currently provision for salary increases had been aligned to the proposed CPI forecast contained in the relevant budget circulars.

Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually by the Department of Cooperative Governance.

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.

2.5.5 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 2018/19 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 25 Breakdown of the operating revenue over the medium-term

DC31 Nkangala - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	31 116	38 235	43 921	25 450	25 550	25 550	10 494	22 459	20 468	20 480
Transfers recognised - operational	330 236	338 036	337 235	344 488	344 488	344 488	258 469	348 588	356 755	367 881
Other own revenue	3 470	3 483	4 596	1 170	2 312	2 312	1 331	2 346	2 507	2 593
Total Revenue (excluding capital transfers and contributions)	364 822	379 755	385 752	371 108	372 350	372 350	270 294	373 393	379 731	390 954

The following graph is a breakdown of the operational revenue per main category for the 2018/19 financial year.

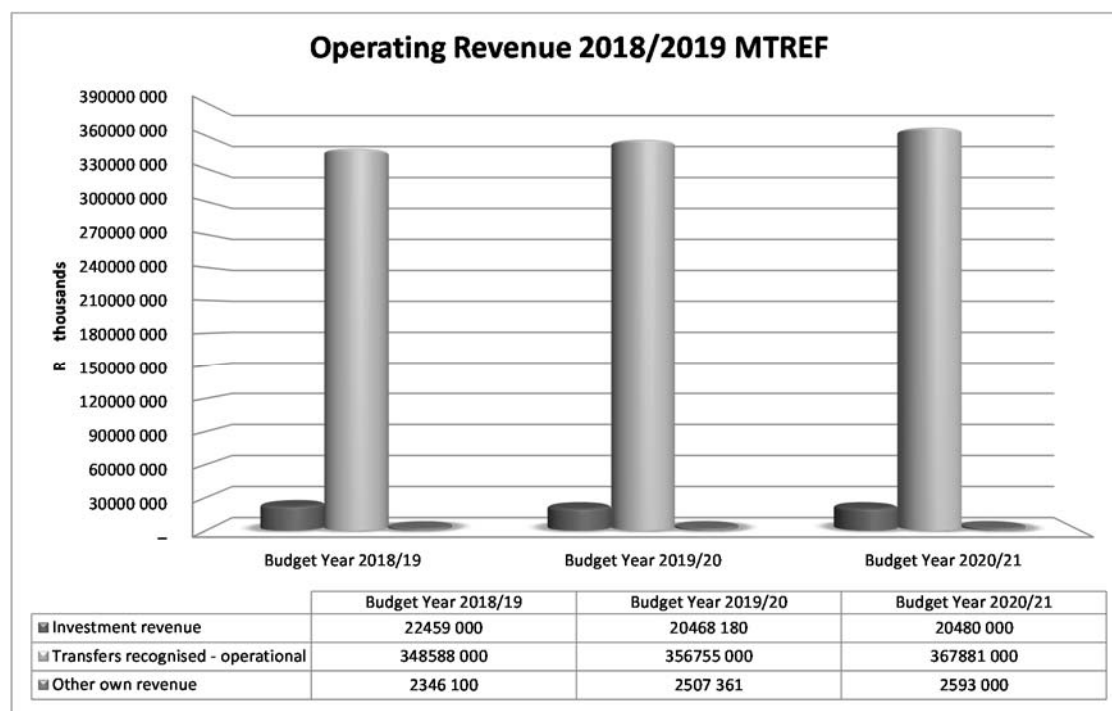


Figure 5 Breakdown operating revenue over the 2018/19 MTREF

Operating Grants form a significant percentage of the revenue basket for the District. In the 2018/19 financial year, the operating grants totals R348,588 million or 92.83 per cent. This increases to R356,755 million and R367,881 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 6.86 per cent or R25,450 million and decreases to R20,480 million by 2020/21. 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 26 MBRR SA15 – Detail Investment Information

DC31 Nkangala - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		444 075	498 958	493 996	427 600	420 040	420 040	416 197	390 458	338 833
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	444 075	498 958	493 996	427 600	420 040	420 040	416 197	390 458	338 833
Consolidated total:		444 075	498 958	493 996	427 600	420 040	420 040	416 197	390 458	338 833

Table 27 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	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (€)	Investment Top Up	Closing Balance
		Yrs/Months												
Name of institution & investment ID	1													
Parent municipality														
														-
														-
														-
														-
														-
														-
Municipality sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									-		-	-	-

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.

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

Table 28 MBRR Table SA 17 - Detail of borrowings

DC31 Nkangala - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		11 283	7 713	4 628	2 043	2 043	2 043	1 543	-	-
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securifies										
Municipality sub-total	1	11 283	7 713	4 628	2 043	2 043	2 043	1 543	-	-
Total Borrowing	1	11 283	7 713	4 628	2 043	2 043	2 043	1 543	-	-

The following graph illustrates the decrease in outstanding borrowing for the 2018/19 to 2020/21 period. The DBSA external loan will be fully redeemed in September 2019.

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

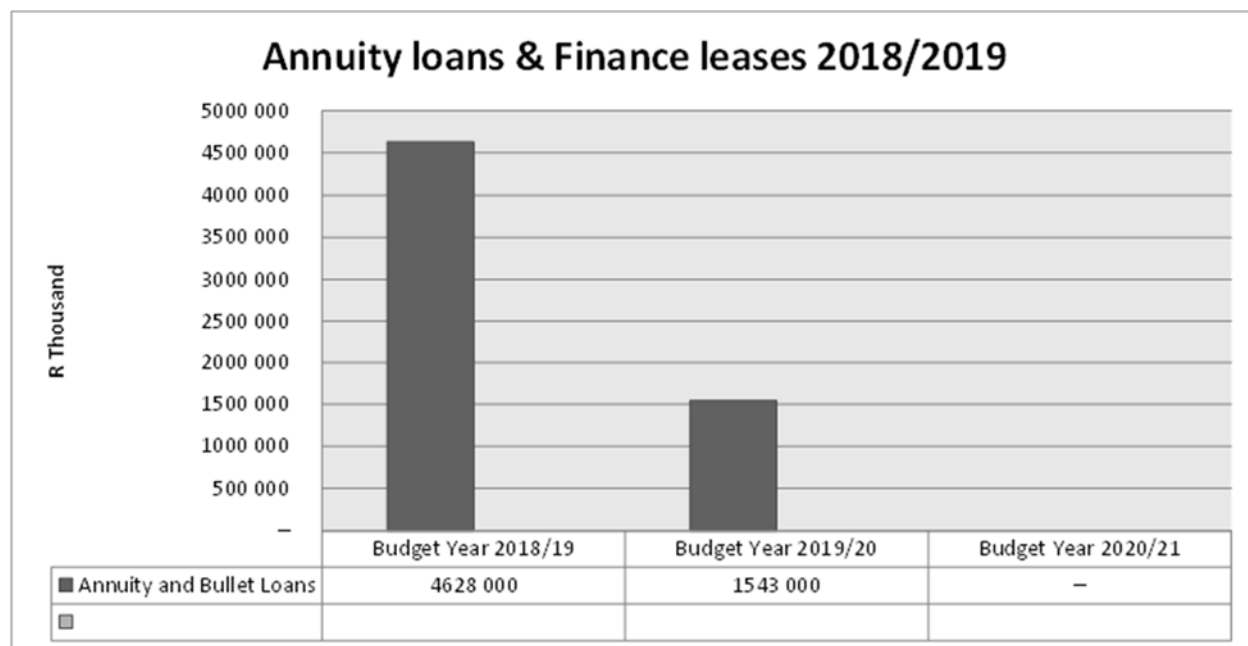


Table 29 MBRR Table SA 18 - Capital transfers and grant receipts

DC31 Nkangala - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:										
Operating Transfers and Grants	1, 2									
National Government:		322 322	330 683	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Local Government Equitable Share		–	–	–	–	–	–	–	–	–
Local Government Equitable Share		–	–	–	19 402	19 402	19 402	20 973	23 272	25 407
RSC Levy Replacement		318 017	326 223	333 667	319 654	319 654	319 654	322 989	332 483	341 474
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 000	1 000	1 000
Municipal Systems Improvement		934	930	–	–	–	–	–	–	–
EPWP Incentive		2 121	2 280	2 318	4 182	4 182	4 182	3 626	–	–
SETA		–	–	–	–	–	–	–	–	–
Provincial Government:		130	332	–	–	–	–	–	–	–
Provincial Treasury Data cleansing		1 694	3 000	–	–	–	–	–	–	–
Other grant providers:		5 563	–	–	–	–	–	–	–	–
Public Donations Mining House		5 563	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	328 015	331 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Capital Transfers and Grants										
National Government:		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Rural Transport Services and Infrastructure		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
TOTAL RECEIPTS OF TRANSFERS & GRANTS		329 965	333 025	339 311	346 663	346 663	346 663	350 768	359 063	370 323

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 30 MBRR Table A7 - Budget cash flow statement

DC31 Nkangala - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	-	-	-	-	-	-	-	-	-
Other revenue		72 376	3 432	25 039	1 170	1 170	1 170	1 331	2 346	2 507	2 593
Government - operating	1	328 960	334 043	337 391	344 488	344 488	344 488	258 469	348 588	356 755	367 881
Government - capital	1	-	2 010	2 076	2 175	2 175	2 175	-	2 180	2 308	2 442
Interest		32 363	38 133	43 945	25 450	25 450	25 450	10 494	22 459	20 468	20 480
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(189 753)	(132 298)	(212 864)	(246 766)	(300 107)	(300 107)	(147 122)	(192 345)	(220 016)	(249 301)
Finance charges		(4 491)	(1 610)	(1 127)	(1 296)	(1 296)	(1 296)	(465)	(968)	(516)	(542)
Transfers and Grants	1	(161 930)	(177 349)	(162 301)	(112 095)	(163 463)	(163 463)	(96 032)	(147 154)	(165 589)	(180 714)
NET CASH FROM/(USED) OPERATING ACTIVITIES		77 526	66 361	32 158	13 126	(91 583)	(91 583)	26 675	35 106	(4 083)	(37 161)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		109	58	282	-	-	-	353	-	-	-
Decrease (Increase) in non-current debtors		-	-	(3 984)	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments		(2 901)	(4 205)	-	(3 984)	(3 984)	(3 984)	-	(4 120)	(4 350)	(7 191)
Payments											
Capital assets		(24 597)	(29 181)	(34 803)	(29 385)	(25 498)	(25 498)	(10 391)	(33 248)	(18 126)	(14 010)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(27 389)	(33 329)	(38 505)	(33 369)	(29 483)	(29 483)	(10 038)	(37 368)	(22 476)	(21 201)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	61	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	157	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	(1)	-	-	-
Payments											
Repayment of borrowing		(19 541)	(3 085)	(3 353)	(3 303)	(3 303)	(3 303)	(3 303)	(3 085)	(1 543)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(19 541)	(3 085)	(3 353)	(3 303)	(3 303)	(3 303)	(3 086)	(3 085)	(1 543)	-
NET INCREASE/ (DECREASE) IN CASH HELD		30 597	29 947	(9 700)	(23 546)	(124 368)	(124 368)	13 551	(5 347)	(28 102)	(58 361)
Cash/cash equivalents at the year begin:	2	401 783	432 401	465 142	408 811	502 073	502 073	455 442	377 706	372 359	344 257
Cash/cash equivalents at the year end:	2	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896

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

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

It can be seen that the cash levels of the District decreased from R432,380 million over the 2014/15 to R377,706 million in 2017/18 period.

The current approved 2018/19 MTREF provide for a further net decrease in cash of R372,359 million for the 2018/19 financial year resulting in an overall projected positive cash position of R285,896 million at year end.

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 31 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

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

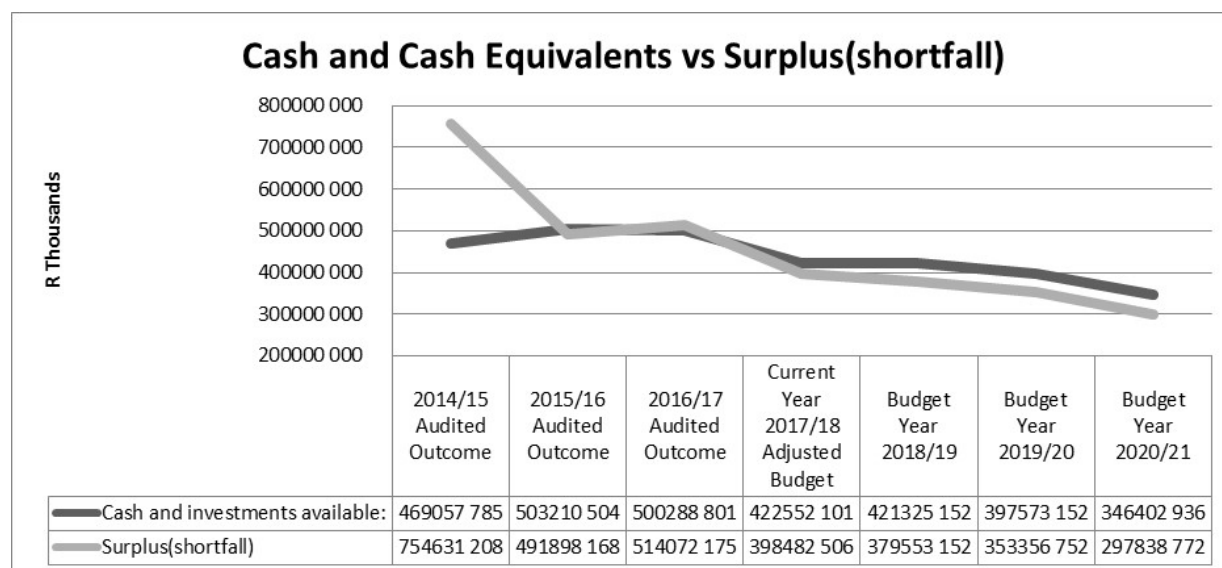
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896
Other current investments > 90 days		36 678	(0)	0	0	(0)	(0)	0	(0)	(1)	(0)
Non current assets - Investments	1	-	40 862	44 846	44 847	44 847	44 847	44 846	48 967	53 317	60 507
Cash and investments available:		469 058	503 211	500 289	430 112	422 552	422 552	513 839	421 325	397 573	346 403
Application of cash and investments											
Unspent conditional transfers		3 994	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(289 567)	11 312	(13 783)	21 309	24 070	24 070	22 601	41 772	44 216	48 564
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(285 573)	11 312	(13 783)	21 309	24 070	24 070	22 601	41 772	44 216	48 564
Surplus(shortfall)		754 631	491 898	514 072	408 804	398 483	398 483	491 239	379 553	353 357	297 839

From the above table it can be seen that the cash and investments available total R421,325 million in the 2018/19 financial year and progressively decrease to R346,403 million by 2020/21, 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:

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- 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.
- 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”.
- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- From the table it can be seen that for the period 2014/15 to 2016/17 the surplus decreased from R754,631 million to R514,072 million.
- From the table it can be seen that over the MTREF the surplus is estimated to further decrease from R398,483 million in 2017/18, to R379,553 in 2018/19 and decrease to R297,839 in 2020/21
- Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/18 MTREF was sufficiently funded.
- As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 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 32 MBRR SA10 – Funding compliance measurement

DC31 Nkangala Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896
Cash + investments at the yr end less applications - R'000	18(1)b	2	754 631	491 898	514 072	408 804	398 483	398 483	491 239	379 553	353 357	297 839
Cash year end/monthly employee/supplier payments	18(1)b	3	52.0	38.0	32.7	21.6	21.4	21.4	49.1	19.3	17.2	13.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Service charge rev % change - macro CPI-X 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	2086.0%	99.3%	550.1%	100.0%	50.6%	50.6%	100.0%	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	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	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.	61.7%	(51.8%)	(54.6%)	0.0%	0.0%	(41.5%)	36.8%	13.3%	(13.6%)
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	15.2%	5.0%	3.0%	9.1%	8.2%	8.2%	13.1%	10.9%	10.1%	10.0%
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 2018/19 MTREF shows R372,359 million, R344,257 million and R285,896 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. 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 decreasing for the period 2014/15 to 2016/17, moving from 52.2 to 32.7. With the adopted 2017/18 MTREF the ratio stabilised at 21.4. As part of the 2018/19 MTREF the municipalities improving Project expenditure, thus the cash position causes the ratio to down to 19.3 for 2018/19 and then decreases to 17.2 for the 2019/20 and to 13.3 in the 2020/21 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 R27,832 million in 2014/15 to a surplus of R23,832 million in 2016/17. It should be noted that the deficit of (R44,291) million is estimated in 2017/18. The deficit of (R69,650) million is budgeted for 2018/19, (R58,514) million for 2019/20 and (R50,027) million for 2020/21 is mainly due to the current commitments and future demands 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 limited 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 47 MBRR SA34C.

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 33 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		322 452	331 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Local Government Equitable Share		-	-	-						
Local Government Equitable Share		318 017	326 223	333 667	19 402	19 402	19 402	20 973	23 272	25 407
RSC Levy Replacement		-	-	-	319 654	319 654	319 654	322 989	332 483	341 474
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 000	1 000	1 000
Municipal Systems Improvement		934	930	-	-	-	-			
EPWP Incentive		2 121	2 280	2 318	4 182	4 182	4 182	3 626		
SETA		130	332	-						
Total operating expenditure of Transfers and Grants:		329 709	334 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Capital expenditure of Transfers and Grants										
National Government:		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Rural Transport Services and Infrastructure		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Total capital expenditure of Transfers and Grants		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		331 659	336 025	339 311	346 663	346 663	346 663	350 768	359 063	370 323

Table 34 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		322 452	331 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Conditions met - transferred to revenue		322 452	331 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		329 709	334 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
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		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Conditions met - transferred to revenue		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		331 659	336 025	339 311	346 663	346 663	346 663	350 768	359 063	370 323
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 35 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		7 695	7 874	8 118	7 961	8 286	8 286	8 398	8 860	9 337
Pension and UIF Contributions		1 202	1 201	935	1 022	1 391	1 391	1 078	1 137	1 194
Medical Aid Contributions		174	166	183	543	235	235	573	604	634
Motor Vehicle Allowance		3 012	3 034	2 760	2 756	3 065	3 065	2 907	3 067	3 221
Cellphone Allowance		608	607	592	514	938	938	542	572	762
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		12 691	12 882	12 587	12 795	13 916	13 916	13 498	14 241	15 148
% increase	4		1.5%	(2.3%)	1.7%	8.8%	-	(3.0%)	5.5%	6.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		15 010	4 516	4 556	6 027	5 041	5 041	6 359	6 709	6 977
Pension and UIF Contributions		234	544	580	280	401	401	479	505	525
Medical Aid Contributions		42	137	125	-	(41)	(41)	92	97	101
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	259	297	573	450	450	605	638	664
Motor Vehicle Allowance	3	583	564	594	576	623	623	481	507	666
Cellphone Allowance	3	-	144	132	150	132	132	158	167	174
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	32	25	376	569	569	121	127	133
Payments in lieu of leave	3	-	300	808	196	167	167	289	305	317
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		15 891	6 498	7 117	8 179	7 342	7 342	8 583	9 055	9 557
% increase	4		(59.1%)	9.5%	14.9%	(10.2%)	-	16.9%	5.5%	5.5%
Other Municipal Staff										
Basic Salaries and Wages		38 794	50 835	63 278	76 665	76 899	76 899	81 039	85 496	90 992
Pension and UIF Contributions		6 956	8 148	10 419	13 482	13 609	13 609	14 224	15 006	15 778
Medical Aid Contributions		4 653	6 964	7 788	10 613	9 110	9 110	11 197	11 813	12 431
Overtime		-	2 680	2 982	5 251	5 171	5 171	5 540	5 845	6 079
Performance Bonus		-	2 715	4 284	6 272	5 859	5 859	6 617	6 980	7 260
Motor Vehicle Allowance	3	4 424	5 886	9 020	8 780	8 493	8 493	10 184	10 745	11 588
Cellphone Allowance	3	-	1 090	1 192	1 266	1 183	1 183	1 336	1 409	1 546
Housing Allowances	3	108	331	436	445	593	593	470	496	515
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	2 727	952	5 067	4 700	4 700	4 343	4 581	4 765
Long service awards		-	1 389	487	-	533	533	-	-	-
Post-retirement benefit obligations	6	429	795	586	865	938	938	756	797	838
Sub Total - Other Municipal Staff		55 365	83 562	101 423	128 706	127 087	127 087	135 704	143 167	151 792
% increase	4		50.9%	21.4%	26.9%	(1.3%)	-	6.8%	5.5%	6.0%
Total Parent Municipality		83 948	102 942	121 127	149 680	148 345	148 345	157 785	166 463	176 497
			22.6%	17.7%	23.6%	(0.9%)	-	6.4%	5.5%	6.0%
TOTAL SALARY, ALLOWANCES & BENEFITS		83 948	102 942	121 127	149 680	148 345	148 345	157 785	166 463	176 497
% increase	4		22.6%	17.7%	23.6%	(0.9%)	-	6.4%	5.5%	6.0%
TOTAL MANAGERS AND STAFF	5,7	71 257	90 060	108 540	136 885	134 429	134 429	144 287	152 223	161 349

Table 36 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		498 183	82 621	193 601			774 405
Chief Whip			493 423	51 081	181 501			726 005
Executive Mayor			718 271	129 737	120 000			968 008
Deputy Executive Mayor								-
Executive Committee			2 795 093	489 210	1 089 007			4 373 310
Total for all other councillors			3 681 533	487 586	1 363 305			5 532 424
Total Councillors	8	-	8 186 503	1 240 234	2 947 415			12 374 152
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 181 518	295 104	120 000			1 596 621
Chief Finance Officer			989 049	193 208	126 000			1 308 257
<i>List of each official with packages >= senior manager</i>								
General Manager Corporate service			1 047 714	1 884	96 000			1 145 598
General Manager Social services			778 425	183 308	183 901			1 145 634
General Manager Dpu			869 679	131 919	144 000			1 145 598
General Manager Technical			953 752	47 846	144 000			1 145 598
Total Senior Managers of the Municipality	8,10	-	5 820 137	853 268	813 901	-		7 487 306
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	14 006 640	2 093 502	3 761 316	-		19 861 458

Table 37 MBRR SA24 – Summary of personnel numbers

DC31 Nkangala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
		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)	4	57		57	56		56	56	-	56
Board Members of municipal entities	5	-	-	-	-	-	-	-	-	-
Municipal employees										
Municipal Manager and Senior Managers	3	5		5	6		6	6	-	6
Other Managers	7	32	23	9	37	27	10	37	27	10
Professionals		54	54	-	63	53	10	63	53	10
<i>Finance</i>		31	31	-	33	27	6	33	27	6
<i>Spatial/town planning</i>		9	9	-	16	12	4	16	12	4
<i>Information Technology</i>		4	4	-	6	6	-	6	6	-
<i>Other</i>		10	10	-	8	8	-	8	8	-
Technicians		7	1	6	17	12	5	17	12	5
<i>Other</i>		7	1	6	17	12	5	17	12	5
Clerks (Clerical and administrative)		32	28	4	39	32	7	39	32	7
Service and sales workers		106	104	2	123	120	3	123	120	3
TOTAL PERSONNEL NUMBERS	9	293	210	83	341	244	97	341	244	97
% increase					16.4%	16.2%	16.9%	-	-	-
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 38 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 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source																
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	3	-	-	3	-	-	-	-	5	11	11	12
Interest earned - external investments		1 790	1 938	2 138	2 039	1 841	1 892	1 740	1 688	1 538	1 985	1 835	2 036	22 459	20 468	20 480
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	100	-	-	-	450	-	-	-	75	275	900	990	1 050
Licences and permits		-	100	200	-	300	-	-	300	-	150	-	120	1 170	1 235	1 250
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		144 318	907	-	-	1 631	114 653	-	1 088	85 991	-	-	-	348 588	356 755	367 881
Other revenue		1	1	1	1	256	1	1	1	1	1	1	1	266	271	282
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		146 109	2 946	2 438	2 043	4 028	116 546	2 194	3 077	87 529	2 136	1 911	2 436	373 393	379 731	390 954
Expenditure By Type																
Employee related costs		12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	144 287	152 223	161 349
Remuneration of councillors		1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	13 498	14 241	15 148
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		817	817	817	817	790	790	789	789	746	745	734	732	9 380	8 406	7 934
Finance charges		42	42	272	42	42	42	42	42	272	42	43	40	968	516	542
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		3 546	3 032	2 845	2 775	3 701	3 163	2 588	2 761	3 655	2 753	3 891	19 585	54 294	51 282	55 522
Transfers and subsidies		4 669	11 518	14 809	9 022	9 298	14 665	9 872	9 109	14 266	8 029	10 168	52 083	167 509	155 576	140 643
Other expenditure		1 711	1 842	2 362	2 303	1 792	2 481	2 392	1 689	2 484	1 910	1 452	32 869	55 287	58 310	62 286
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		23 934	30 399	34 253	28 108	28 772	34 290	28 833	27 539	34 571	26 629	29 437	118 458	445 223	440 553	443 423
Surplus/(Deficit)		122 175	(27 453)	(31 814)	(26 065)	(24 744)	82 256	(26 640)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(71 830)	(60 822)	(52 469)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	1 527	-	-	-	-	653	-	-	-	-	-	2 180	2 308	2 442
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)

Table 39 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 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue by Vote																
Vote 1 - Council General and Executive		-	-	-	3	-	-	3	-	-	-	-	5	11	11	12
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		146 109	3 465	2 238	2 040	2 097	116 546	2 494	1 689	87 529	1 986	1 911	2 312	370 417	380 392	391 735
Vote 4 - Social Services		-	100	200	-	300	-	350	300	-	150	-	120	1 520	1 635	1 650
Vote 5 - Local Economic Development		-	907	-	-	1 631	-	-	1 088	-	-	-	-	3 626	-	-
Vote 6 - Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		146 109	4 472	2 438	2 043	4 028	116 546	2 847	3 077	87 529	2 136	1 911	2 436	375 573	382 039	393 396
Expenditure by Vote to be appropriated																
Vote 1 - Council General and Executive		1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 635	1 635	1 635	15 185	33 226	35 042	36 936
Vote 2 - Municipal Manager Town Secretary and Chief Executive		2 315	2 263	2 394	2 594	2 694	3 198	3 014	3 028	3 112	2 827	5 487	18 969	51 897	48 806	51 282
Vote 3 - Finance		1 438	1 437	1 694	1 437	1 437	1 439	1 593	1 437	1 667	1 437	1 436	15 201	31 652	32 453	33 864
Vote 4 - Social Services		7 222	9 001	7 458	7 480	7 890	7 977	7 528	6 871	8 724	7 730	7 200	13 147	98 227	103 326	109 751
Vote 5 - Local Economic Development		1 423	4 793	3 324	1 264	2 427	2 100	911	2 232	2 163	1 115	3 013	1 916	26 681	25 627	21 128
Vote 6 - Development and Planning		997	619	4 854	812	1 130	6 175	628	893	5 381	615	651	2 705	25 460	17 066	19 193
Vote 7 - Technical Services		4 479	6 676	8 541	8 874	7 676	7 409	9 873	7 408	7 676	7 408	6 211	44 455	126 686	126 818	113 967
Vote 8 - Corporate services		4 418	3 967	4 347	4 006	3 876	4 350	3 645	4 028	4 211	3 862	3 804	6 882	51 394	51 415	57 302
Total Expenditure by Vote		23 934	30 399	34 253	28 108	28 772	34 290	28 833	27 539	34 571	26 629	29 437	118 458	445 223	440 553	443 423
Surplus/(Deficit) before assoc.		122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)

Table 40 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

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

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional																
<i>Governance and administration</i>		146 109	3 465	2 238	2 043	2 097	116 546	2 497	1 689	87 529	1 986	1 911	2 316	370 427	380 404	391 746
Executive and council		-	-	-	3	-	-	3	-	-	-	-	5	11	11	12
Finance and administration		146 109	3 465	2 238	2 040	2 097	116 546	2 494	1 689	87 529	1 986	1 911	2 312	370 417	380 392	391 735
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	200	-	200	-	350	200	-	150	-	-	1 100	1 200	1 200
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	350	-	-	-	-	-	350	400	400
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	200	-	200	-	-	200	-	150	-	-	750	800	800
<i>Economic and environmental services</i>		-	1 007	-	-	1 731	-	-	1 188	-	-	-	120	4 046	435	450
Planning and development		-	907	-	-	1 631	-	-	1 088	-	-	-	-	3 626	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	100	-	-	100	-	-	100	-	-	-	120	420	435	450
Total Revenue - Functional		146 109	4 472	2 438	2 043	4 028	116 546	2 847	3 077	87 529	2 136	1 911	2 436	375 573	382 039	393 396
Expenditure - Functional																
<i>Governance and administration</i>		9 557	8 851	9 572	8 920	9 042	9 768	9 088	9 273	10 020	9 102	12 104	55 328	160 626	162 477	174 786
Executive and council		1 880	1 880	1 880	1 880	1 880	1 880	1 880	1 879	1 873	1 872	1 872	16 019	36 677	38 660	40 832
Finance and administration		6 989	6 454	7 210	6 513	6 459	7 232	6 430	6 737	7 052	6 534	6 441	37 788	111 838	111 186	120 735
Internal audit		688	517	481	527	703	657	778	657	1 096	696	3 791	1 521	12 111	12 631	13 219
<i>Community and public safety</i>		7 047	8 826	7 276	7 247	7 708	7 793	7 353	6 680	8 550	7 555	7 009	12 972	96 016	100 962	107 202
Community and social services		2 048	2 935	2 124	1 600	2 238	2 711	2 216	1 652	3 597	2 011	1 975	6 392	31 498	32 557	35 750
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		2 702	3 327	2 844	3 410	3 056	2 832	2 865	2 562	2 640	3 137	2 626	3 771	35 772	37 438	38 817
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		2 297	2 564	2 308	2 237	2 414	2 250	2 272	2 466	2 312	2 407	2 408	2 809	28 746	30 968	32 635
<i>Economic and environmental services</i>		7 258	12 699	17 377	11 555	11 999	16 623	12 359	11 562	15 975	9 948	9 801	50 127	187 284	175 745	160 006
Planning and development		7 083	12 524	17 196	11 322	11 817	16 438	12 184	11 371	15 801	9 773	9 610	49 953	185 073	173 381	157 458
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		175	175	182	233	182	185	175	191	175	175	191	175	2 211	2 364	2 548
<i>Other</i>		71	23	28	386	23	106	33	23	26	23	523	31	1 297	1 368	1 429
Total Expenditure - Functional		23 934	30 399	34 253	28 108	28 772	34 290	28 833	27 539	34 571	26 629	29 437	118 458	445 223	440 553	443 423
Surplus/(Deficit) before assoc.		122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)

Table 41 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

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

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<i>Single-year expenditure to be appropriated</i>																
Vote 1 - Council General and Executive												100	100	-	-	
Vote 2 - Municipal Manager Town Secretary and Chief Exec		-	-	-	-	-	-	300	-	300	-	400	3 650	4 650	2 700	
Vote 3 - Finance												60	60	65	70	
Vote 4 - Social Services												15 928	15 928	9 014	9 353	
Vote 5 - Local Economic Development												-	-	-	-	
Vote 6 - Development and Planning												-	-	-	-	
Vote 7 - Technical Services												1 700	1 700	1 900	-	
Vote 8 - Corporate services												10 810	10 810	4 448	887	
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	300	-	300	-	400	32 248	33 248	18 126	
Total Capital Expenditure	2	-	-	-	-	-	-	300	-	300	-	400	32 248	33 248	18 126	

Table 42 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

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

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
Capital Expenditure - Functional	1																
<i>Governance and administration</i>		-	-	-	-	-	-	600	-	600	-	800	13 620	15 620	7 213	4 657	
Executive and council													100	100	-	-	
Finance and administration								600		600		800	13 520	15 520	7 213	4 657	
Internal audit													-	-	-	-	
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	15 928	15 928	9 014	9 353	
Community and social services													2 070	2 070	950	-	
Sport and recreation													-	-	-	-	
Public safety													12 358	12 358	6 994	8 253	
Housing													-	-	-	-	
Health													1 500	1 500	1 070	1 100	
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	1 700	1 700	1 900	-	
Planning and development													1 700	1 700	1 900	-	
Total Capital Expenditure - Functional	2	-	-	-	-	-	-	600	-	600	-	800	31 248	33 248	18 126	14 010	
Funded by:																	
National Government													-	-	-	-	
Provincial Government													-	-	-	-	
District Municipality													-	-	-	-	
Other transfers and grants													-	-	-	-	
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public contributions & donations													-	-	-	-	
Borrowing													-	-	-	-	
Internally generated funds		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	31 248	33 248	18 126	14 010	
Total Capital Funding		-	-	-	-	-	-	600	-	600	-	800	31 248	33 248	18 126	14 010	

Table 43 MBRR SA30 - Budgeted monthly cash flow

DC31 Nkangala - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand													1		
Cash Receipts By Source															
Rental of facilities and equipment	-	-	-	3	-	-	3	-	-	-	-	5	11	11	12
Interest earned - external investments	1 790	1 938	2 138	2 039	1 841	1 892	1 740	1 688	1 538	1 985	1 835	2 036	22 459	20 468	20 480
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	100	-	-	-	450	-	-	-	75	275	900	990	1 050
Licences and permits	-	100	200	-	300	-	-	300	-	150	-	120	1 170	1 235	1 250
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	144 318	907	-	-	1 631	114 653	-	1 088	85 991	-	-	-	348 588	356 755	367 881
Other revenue	1	1	1	1	256	1	1	1	1	1	1	1	266	271	282
Cash Receipts by Source	146 109	2 946	2 438	2 043	4 028	116 546	2 194	3 077	87 529	2 136	1 911	2 436	373 393	379 731	390 954
Other Cash Flows by Source															
Transfer receipts - capital	-	1 527	-	-	-	-	653	-	-	-	-	-	2 180	2 308	2 442
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	(4 120)	(4 120)	(4 350)	(7 191)
Total Cash Receipts by Source	146 109	4 472	2 438	2 043	4 028	116 546	2 847	3 077	87 529	2 136	1 911	(1 684)	371 453	377 689	386 206
Cash Payments by Type															
Employee related costs	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	(7 976)	124 287	154 223	161 349
Remuneration of councillors	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	13 498	14 241	15 148
Finance charges	42	42	272	42	42	42	42	42	272	42	43	40	968	516	542
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	3 546	3 032	2 845	2 775	3 701	3 163	2 588	2 761	3 655	2 753	3 891	19 585	54 294	51 282	72 522
Transfers and grants - other municipalities	4 669	11 518	14 809	9 022	9 298	14 665	9 872	9 109	14 266	8 029	10 168	31 728	147 154	165 589	180 714
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1	1	1	1	256	1	1	1	1	1	1	1	266	271	282
Cash Payments by Type	21 408	27 742	31 075	24 989	26 446	31 020	25 653	25 062	31 342	23 975	27 252	44 503	340 467	386 121	430 557
Other Cash Flows/Payments by Type															
Capital assets	-	-	-	-	-	-	300	-	300	-	400	32 248	33 248	18 126	14 010
Repayment of borrowing	-	-	1 543	-	-	-	-	-	1 543	-	-	-	3 085	1 543	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	21 408	27 742	32 618	24 989	26 446	31 020	25 953	25 062	33 185	23 975	27 652	76 751	376 800	405 790	444 567
NET INCREASE/(DECREASE) IN CASH HELD	124 702	(23 269)	(30 179)	(22 947)	(22 418)	85 526	(23 105)	(21 985)	54 344	(21 839)	(25 741)	(78 435)	(5 347)	(28 102)	(58 361)
Cash/cash equivalents at the month/year begin:	377 706	502 407	479 138	448 958	426 012	403 594	489 119	466 014	444 029	498 373	476 534	450 794	377 706	372 359	344 257
Cash/cash equivalents at the month/year end:	502 407	479 138	448 958	426 012	403 594	489 119	466 014	444 029	498 373	476 534	450 794	372 359	372 359	344 257	285 896

Table 44 MBRR SA34a – Capital expenditure on new assets by class

DC31 Nkangala - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	1 182	-	-	250	250	-	-	-
Roads Infrastructure		-	186	-	-	-	-	-	-	-
<i>Roads</i>		-	186	-	-	-	-	-	-	-
Electrical Infrastructure		-	996	-	-	-	-	-	-	-
<i>MV Networks</i>		-	996	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	250	250	-	-	-
<i>Bulk Mains</i>		-	-	-	-	250	250	-	-	-
Community Assets		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Community Facilities		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
<i>Halls</i>		-	-	-	-	-	-	-	-	-
<i>Fire/Ambulance Stations</i>		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Heritage assets		-	-	509	-	-	-	-	-	-
Other Heritage		-	-	509	-	-	-	-	-	-
Other assets		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Operational Buildings		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
<i>Municipal Offices</i>		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Intangible Assets		-	265	-	2 750	1 000	1 000	1 850	-	-
Licences and Rights		-	265	-	2 750	1 000	1 000	1 850	-	-
<i>Computer Software and Applications</i>		-	265	-	2 750	1 000	1 000	1 850	-	-
Computer Equipment		1 026	491	762	2 800	8 500	8 500	2 800	2 700	3 700
Computer Equipment		1 026	491	762	2 800	8 500	8 500	2 800	2 700	3 700
Furniture and Office Equipment		973	7 030	1 022	5 995	1 595	1 595	1 398	1 439	1 518
Furniture and Office Equipment		973	7 030	1 022	5 995	1 595	1 595	1 398	1 439	1 518
Machinery and Equipment		1 376	3 419	877	8 390	4 410	4 410	4 100	3 338	2 642
Machinery and Equipment		1 376	3 419	877	8 390	4 410	4 410	4 100	3 338	2 642
Transport Assets		8 372	8 471	4 338	3 100	3 349	3 349	1 700	1 900	-
Transport Assets		8 372	8 471	4 338	3 100	3 349	3 349	1 700	1 900	-
Total Capital Expenditure on new assets	1	25 124	29 181	34 803	29 384	25 498	25 498	33 248	18 126	14 010

Table 45 MBRR SA34c – Repairs & Maintenance by asset class

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
<u>Infrastructure</u>		-	-	-	-	-	-	-	-	-
<u>Other assets</u>		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
Operational Buildings		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
Municipal Offices		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
<u>Intangible Assets</u>		-	-	-	6 870	5 687	5 687	6 515	6 553	6 746
Licences and Rights		-	-	-	6 870	5 687	5 687	6 515	6 553	6 746
Computer Software and Applications					6 730	5 533	5 533	6 402	6 429	6 613
Unspecified					140	154	154	114	124	134
<u>Computer Equipment</u>		-	-	237	500	800	800	-	-	179
Computer Equipment				237	500	800	800			179
<u>Furniture and Office Equipment</u>		13 468	-	144	-	-	-	-	-	-
Furniture and Office Equipment		13 468		144	-	-				
<u>Machinery and Equipment</u>		-	-	1 007	6 538	5 940	5 940	8 081	8 769	8 721
Machinery and Equipment				1 007	6 538	5 940	5 940	8 081	8 769	8 721
<u>Transport Assets</u>		-	-	676	-	-	-	-	-	-
Transport Assets				676						
Total Repairs and Maintenance Expenditure	1	17 545	6 721	4 844	16 341	14 860	14 860	21 560	20 951	21 393
<i>R&M as a % of PPE</i>		15.2%	5.0%	3.0%	9.1%	8.2%	8.2%	13.1%	10.6%	10.3%
<i>R&M as % Operating Expenditure</i>		5.2%	1.9%	1.3%	4.4%	3.5%	3.5%	9.3%	4.7%	4.9%

Table 4746 MBRR SA34d – Repairs & Maintenance by asset class

DC31 Nkangala - Supporting Table SA34d Depreciation by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		558	358	363	363	363	363	496	420	298
Roads Infrastructure		-	277	282	282	282	282	84	84	65
<i>Roads</i>			277	282	282	282	282	84	84	65
Storm water Infrastructure		-	-	-	-	-	-	198	198	150
<i>Storm water Conveyance</i>								198	198	150
Electrical Infrastructure		282	81	81	81	81	81	81	81	81
<i>MV Networks</i>		282	81	81	81	81	81	81	81	81
Information and Communication Infrastructure		276	-	-	-	-	-	134	58	1
<i>Distribution Layers</i>		276	-	-	-	-	-	134	58	1
Community Assets		-	-	-	-	-	-	571	571	571
Community Facilities		-	-	-	-	-	-	571	571	571
<i>Fire/Ambulance Stations</i>								571	571	571
Other assets		1 934	2 773	2 463	2 463	2 486	2 486	1 939	1 939	1 939
Operational Buildings		1 934	2 773	2 463	2 463	2 486	2 486	1 939	1 939	1 939
<i>Municipal Offices</i>		1 934	2 773	2 463	2 463	2 486	2 486	1 939	1 939	1 939
Intangible Assets		95	173	92	92	93	93	92	92	88
Licences and Rights		95	173	92	92	93	93	92	92	88
<i>Computer Software and Applications</i>		95	173	92	92	93	93	92	92	88
Computer Equipment		1 613	1 010	909	1 514	1 417	1 417	939	721	546
Computer Equipment		1 613	1 010	909	1 514	1 417	1 417	939	721	546
Furniture and Office Equipment		754	1 028	628	686	764	764	449	449	449
Furniture and Office Equipment		754	1 028	628	686	764	764	449	449	449
Machinery and Equipment		720	955	1 327	1 769	1 661	1 661	1 263	1 037	973
Machinery and Equipment		720	955	1 327	1 769	1 661	1 661	1 263	1 037	973
Transport Assets		2 238	3 268	3 828	4 025	4 173	4 173	3 631	3 177	3 071
Transport Assets		2 238	3 268	3 828	4 025	4 173	4 173	3 631	3 177	3 071
Total Depreciation	1	7 910	9 566	9 609	10 912	10 957	10 957	9 380	8 406	7 934

Table 47 MBRR SA35 – Future financial implications of the capital budget

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

Vote Description	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Council General and Executive		100	-	-				
Vote 2 - Municipal Manager Town Secretary and Chief Exec		4 650	2 700	3 700				
Vote 3 - Finance		60	65	70				
Vote 4 - Social Services		15 928	9 014	9 353				
Vote 5 - Local Economic Development		-	-	-				
Vote 6 - Development and Planning		-	-	-				
Vote 7 - Technical Services		1 700	1 900	-				
Vote 8 - Corporate services		10 810	4 448	887				
Total Capital Expenditure		33 248	18 126	14 010	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Council General and Executive		10	-	-				
Vote 2 - Municipal Manager Town Secretary and Chief Exec		442	257	352				
Vote 3 - Finance		6	6	7				
Vote 4 - Social Services		557	856	889				
Vote 5 - Local Economic Development		-	-	-				
Vote 6 - Development and Planning		-	-	-				
Vote 7 - Technical Services		162	181	-				
Vote 8 - Corporate services		595	267	53				
Total future operational costs		1 770	1 566	1 300	-	-	-	-
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		35 018	19 693	15 310	-	-	-	-

Table 48 MBRR SA1 – Supporting detail to budgeted financial performance

DC31 Nkangala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
REVENUE ITEMS:											
Other Revenue by source											
Other Revenue		2 101	843	2 537							
Commission					10	10	10	–			
Sales of Goods and Rendering of Services					250	250	250	503	266	271	282
Insurance Refund						6	6	–			
Skills Development Levy Refund						345	345	–			
Administrative Handling Fees						1	1	–			
Total Other Revenue	1	2 101	843	2 537	260	612	612	503	266	271	282
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	53 823	55 352	67 834	82 693	82 089	82 089	49 133	87 398	92 205	97 969
Pension and UIF Contributions		7 190	8 693	10 999	13 762	14 184	14 184	8 370	14 702	15 511	16 304
Medical Aid Contributions		4 696	7 101	7 913	10 613	9 156	9 156	4 142	11 289	11 910	12 533
Overtime		–	2 680	2 982	5 251	5 171	5 171	2 815	5 540	5 845	6 079
Performance Bonus		–	2 975	4 580	6 845	6 309	6 309	2 878	7 221	7 619	7 924
Motor Vehicle Allowance		5 007	6 450	9 614	9 356	9 989	9 989	7 282	10 665	11 252	12 255
Cellphone Allowance		–	1 234	1 324	1 416	1 314	1 314	876	1 494	1 576	1 719
Housing Allowances		130	331	436	445	593	593	353	470	496	515
Other benefits and allowances		429	828	25	1 241	1 097	1 097	179	876	925	971
Payments in lieu of leave		–	3 028	1 760	5 263	3 993	3 993	(11)	4 631	4 886	5 082
Long service awards		–	1 389	487	–	533	533	68	–	–	–
Post-retirement benefit obligations		–	–	586	–	–	–	469	–	–	–
sub-total	4	71 275	90 060	108 540	136 885	134 429	134 429	76 554	144 287	152 223	161 349
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	71 275	90 060	108 540	136 885	134 429	134 429	76 554	144 287	152 223	161 349
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		7 910	9 566	9 609	10 912	10 957	10 957	6 795	9 380	8 406	7 934
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	7 910	9 566	9 609	10 912	10 957	10 957	6 795	9 380	8 406	7 934
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
Total transfers and grants	1	163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
Contracted services											
Outsourced Service		–	6 916	6 322	10 258	8 934	8 934	–	9 513	6 770	7 536
Professional services		–	14 261	13 354	16 192	16 689	16 689	–	15 512	17 074	17 865
Contractors		–	9 669	14 250	18 960	20 519	20 519	24 042	29 269	27 438	30 121
sub-total	1	–	30 847	33 926	45 410	46 142	46 142	24 042	54 294	51 282	55 522
Total contracted services	1	–	30 847	33 926	45 410	46 142	46 142	24 042	54 294	51 282	55 522
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees											
General expenses	3	80 225	34 624	35 835							
List Other Expenditure by Type											
Inventory consumed					5 676	5 160	5 160		7 333	8 021	8 669
Operating Leases					1 147	1 700	1 700		2 209	1 067	1 121
Operational cost					45 391	41 302	41 302	18 901	45 745	49 221	52 496
Total Other Expenditure	1	80 225	34 624	35 835	52 214	48 162	48 162	18 901	55 287	58 310	62 286
by Expenditure Item											
Employee related costs	8	–	–	–							
Other materials		–	–	–							
Contracted Services		17 545	6 721	4 844	16 341	14 860	14 860	5 591	21 560	20 951	21 393
Other Expenditure		–	–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	9	17 545	6 721	4 844	16 341	14 860	14 860	5 591	21 560	20 951	21 393

Table 48 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		11	-	-	-	-	-	-	-	11
Interest earned - external investments		-	-	22 459	-	-	-	-	-	22 459
Fines, penalties and forfeits		-	-	550	350	-	-	-	-	900
Licences and permits		-	-	-	1 170	-	-	-	-	1 170
Other revenue		-	-	266	-	-	-	-	-	266
Transfers and subsidies		-	-	344 962	-	3 626	-	-	-	348 588
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		11	-	368 237	1 520	3 626	-	-	-	373 393
Expenditure By Type										
Employee related costs		5 317	17 713	16 922	64 854	4 290	6 923	9 495	18 774	144 287
Remuneration of councillors		13 498	-	-	-	-	-	-	-	13 498
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		499	652	93	5 536	21	28	227	2 324	9 380
Finance charges		362	7	551	-	-	-	23	25	968
Bulk purchases		-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		1 947	13 868	5 858	10 106	1 276	1 264	1 255	18 720	54 294
Transfers and subsidies		-	7 730	2 798	5 543	20 085	16 558	114 795	-	167 509
Other expenditure		11 603	11 927	5 431	12 188	1 009	687	891	11 550	55 287
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		33 226	51 897	31 652	98 227	26 681	25 460	126 686	51 394	445 223
Surplus/(Deficit)		(33 216)	(51 897)	336 584	(96 707)	(23 055)	(25 460)	(126 686)	(51 394)	(71 830)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	2 180	-	-	-	-	-	2 180
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(33 216)	(51 897)	338 764	(96 707)	(23 055)	(25 460)	(126 686)	(51 394)	(69 650)

Supporting detail to Budgeted Financial Position

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits		407 418	458 096	449 150	382 754	375 194	375 194	462 297	367 231	337 142	278 326
Other current investments		36 657	-	-	-	-	-	-	-	-	-
Total Call investment deposits	2	444 075	458 096	449 150	382 754	375 194	375 194	462 297	367 231	337 142	278 326
Consumer debtors											
Consumer debtors		-	144	119	-	-	-	142	164	180	180
<i>Less: Provision for debt impairment</i>		-	-	-	-	-	-	-	-	-	-
Total Consumer debtors	2	-	144	119	-	-	-	142	164	180	180
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		164 310	193 301	227 744	259 572	260 957	260 957	239 584	286 491	304 617	318 627
Leases recognised as PPE	3	788	788	1 584	-	-	-	-	-	-	-
<i>Less: Accumulated depreciation</i>		49 439	58 672	68 264	79 542	79 542	79 542	75 354	88 601	97 007	104 941
Total Property, plant and equipment (PPE)	2	115 659	135 418	161 065	180 029	181 415	181 415	164 230	197 890	207 610	213 686
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		244	268	-	3 085	3 085	3 085	1 791	3 085	1 543	-
Current portion of long-term liabilities		3 494	3 135	3 530	218	218	218	-	-	-	-
Total Current liabilities - Borrowing		3 738	3 403	3 530	3 303	3 303	3 303	1 791	3 085	1 543	-
Trade and other payables											
Trade and other creditors		40 425	36 715	54 002	26 899	26 899	26 899	25 872	49 420	52 879	56 052
Unspent conditional transfers		3 994	-	-	-	-	-	-	-	-	-
VAT		-	-	-	-	-	-	-	-	-	-
Total Trade and other payables	2	44 419	36 715	54 002	26 899	26 899	26 899	25 872	49 420	52 879	56 052
Non current liabilities - Borrowing											
Borrowing	4	10 798	7 495	4 628	1 543	1 543	1 543	4 628	1 543	-	-
Finance leases (including PPP asset element)		486	218	-	501	501	501	-	-	-	-
Total Non current liabilities - Borrowing		11 283	7 713	4 628	2 043	2 043	2 043	4 628	1 543	-	-
Provisions - non-current											
Retirement benefits		14 854	15 985	20 185	20 817	20 817	20 817	20 185	24 310	29 060	34 560
<i>List other major provision items</i>		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current		14 854	15 985	20 185	20 817	20 817	20 817	20 185	24 310	29 060	34 560
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		613 654	641 486	669 912	637 452	677 247	677 247	693 744	754 969	685 318	626 804
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		613 654	641 486	669 912	637 452	677 247	677 247	693 744	754 969	685 318	626 804
Surplus/(Deficit)		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	122 013	122 013	122 013	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777
TOTAL COMMUNITY WEALTH/EQUITY	2	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777

Table 49 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Institutional Development and Transformation	Competent Innovative and Accountable Team	KPA 1					11 884	15 474	15 474	15 560	7 148	4 587
Good Governance and Public Participation	Sound Electronic Governance	KPA 2					7 450	20	20			
Local Economic Development	Inclusive Economic Growth with Sustainable Development	KPA 3										
Financial Viability and Financial Management	Sound Financial Management	KPA 4						50	50	60	65	70
Basic Service Delivery and Infrastructure	Healthy Social Environment	KPA 5					8 550	9 913	9 913	17 628	10 914	9 353
	Sustainable Infrastructure and Service Provisioning	KPA 5					1 500					
Spatial Rationale	Integrated regionalised planning	KPA 6						42	42			
Allocations to other priorities			3									
Total Capital Expenditure			1	-	-	-	29 385	25 498	25 498	33 248	18 126	14 010

Table 50 MBRR SA21 -Transfers & grants made by the municipality

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Non-Cash Transfers to other municipalities											
MP311 Victor Khanye	1	10 767	16 665	13 642	12 990	12 911	12 911	7 533	15 335	12 752	11 643
MP312 Emalahleni		42 340	23 933	3 551	21 481	48 602	48 602	26 282	25 064	15 339	23 246
MP313 Steve Tshwete		5 345	38 223	43 604	883	3 285	3 285	1 116	21 972	22 246	12 835
MP314 Emakhazeni		9 300	21 564	36 839	22 033	36 712	36 712	20 369	24 884	27 254	13 185
MP315 Thembisile Hani		30 998	21 523	22 892	20 172	28 562	28 562	22 530	37 559	24 787	25 169
MP316 Dr JS Moroka		25 887	36 619	20 830	10 291	11 126	11 126	7 918	15 493	27 010	33 076
DC31 Nkangala (Cross boundary projects)		38 801	18 822	20 943	24 245	22 676	22 676	10 283	27 203	26 188	21 488
Total Non-Cash Transfers To Municipalities:		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
TOTAL NON-CASH TRANSFERS AND GRANTS		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
TOTAL TRANSFERS AND GRANTS	6	163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, M-M SKOSANA, the Municipal Manager of Nkangala District Municipality, hereby certify that the 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

Date: 07/06/2018

PROJECT LISTS**DR JS MOROKA**

Main region	DR JS MOROKA LM		
	Sum of Total Budget	Sum of 2020 Budget	Sum of 2021 Budget
PROJECTS			
Aids Day: HCT and VMMC campaign	111 300	117 977	120 000
Assistance to Local Municipalities (Capacity Building): Co-sourced Internal Audit Support	600 000	620 000	640 000
Assistance to Local Municipalities (Software and Application Support): Drjism Scm/ Debtors Verifi	445 200	471 912	495 508
Disaster Management: Awareness Campaigns Disaster M	80 000	100 000	120 000
Disaster Management: Emergency Open day needs	450 000	-	-
Disaster Management: Moral Regeneration Movement	70 000	75 000	80 000
Distribution: Madubaduba and Moripe Gardens Water Supply	2 246 410	6 000 000	7 000 000
Drainage Collection: Mabuyeni Stormwater Drainage systems	-	3 000 000	4 500 000
Environmental Health: Education & Awareness Campaigns	40 000	45 000	60 000
Feasibility Studies: Feasibility Study for Integrated Human Settlement Dr JS Moroka	600 000	633 000	667 816
Reticulation: Replace Asbestos Pipes Siyabuswa	3 000 000	5 000 000	-
Road Structures: Ga-Morwe to Mthambothini Vehicle Bridge	-	6 000 000	6 000 000
Roads: Bus Route from Mogononong to Siyabuswa Magistrate Court	-	-	5 000 000
Roads: Kakarela Road Construction	-	3 733 712	6 000 000
Spatial Planning: Land surveying Dr JS Moroka	400 000	-	-
Spatial Planning: Opening of Township Register Dr JS Moroka	650 000	685 750	723 466
Spatial Planning: Review of Land Use Scheme Dr JS Moroka	1 300 000	-	-
Spatial Planning: State Land release for Integrated Human Settlement In Dr JS Moroka	500 000	527 500	-
Spatial Planning: Township Establishment for Inegrated human Settlement in Dr JS Moroka	1 500 000	-	1 669 537
Storm water Conveyance: Kabenziwa Stormwater Control	3 200 000	-	-
Storm water Conveyance: Ward 12 Matshiding	300 000	-	-
Grand Total	15 492 910	27 009 851	33 076 327

EMAKHAZENI

Main region	EMAKHAZENI LM		
	Sum of Total Budget	Sum of 2020 Budget	Sum of 2021 Budget
PROJECTS			
Aids Day: HCT and VMMC campaign	111 300	117 977	120 000
Assistance to Local Municipalities (Capacity Building): Co-sourced Internal Audit Support	400 000	400 000	400 000
Assistance to Local Municipalities (Software and Application Support): Emkh Scm/ Debtors Verification	445 200	471 912	495 508
Disaster Management: Awareness Campaigns Disaster M	41 667	60 000	80 000
Disaster Management: Emergency Open day needs	-	400 000	-
Disaster Management: Moral Regeneration Movement	70 000	75 000	80 000
Distribution: Installation of water reticulation in Gugulethu	6 425 489	-	-
Environmental Health: Education & Awareness Campaigns	40 000	45 000	60 000
Feasibility Studies: Feasibility Study Road Machadodorp & Waterval Boven	600 000	4 000 000	4 000 000
Project Implementation: Support Small Holder Farm Emkl	250 000	755 000	880 840
Reticulation: Installation of Sanitation Reticulation in Empumelweni Emthonyeni	-	2 000 000	-
Reticulation: Installation of sanitation reticulation in Gugulethu	6 200 000	-	-
Reticulation : Water installation at Empumelelweni - Emthonyeni	1 850 000	6 021 489	-
Roads: Bhukumuzi Masango Road ph5	-	4 000 000	-
Spatial Planning: Extention of existing cemeteries Belfast Siyathuthuka Emgwenya	800 000	1 000 000	1 200 000
Spatial Planning: Land Surveying Emakhazeni	400 000	422 000	445 210
Spatial Planning: Opening of Township Register Emakhazeni	650 000	685 750	723 466
Transport Assets: Light Delivery Vehicle	1 800 000	1 800 000	1 900 000
Transport Assets: Refuse removal Truck	2 600 000	2 700 000	2 800 000
Transport Assets: Tractor-Loader-Backhoe TLB	2 200 000	2 300 000	-
Grand Total	24 883 656	27 254 128	13 185 024

EMALAHLENI

Main region	EMALAHLENI LM		
	Sum of Total Budget	Sum of 2020 Budget	Sum of 2021 Budget
PROJECTS			
Aids Day: HCT and VMMC campaign	111 300	117 977	120 000
Assistance to Local Municipalities (Capacity Building): Co-sourced Internal Audit Support	780 000	800 000	840 000
Assistance to Local Municipalities (Software and Application Support): Emlh Scm/debtors Verification	508 800	539 328	566 295
Disaster Management: Awareness Campaigns Disaster M	-	60 000	80 000
Disaster Management: Emergency Open day needs	450 000	-	-
Disaster Management: Moral Regeneration Movement	70 000	75 000	80 000
Distribution: Bulk Water Supply Wilge	5 500 000	3 000 000	-
Environmental Health: Education & Awareness Campaigns	40 000	45 000	60 000
Machinery and Equipment: Grader	4 000 000	-	5 000 000
Outfall Sewers: Upgrading Klarinet x2 x3 and Pine Ridge Sewer	6 303 689	4 701 389	8 000 000
Reticulation: Sewer Line Hlalanikhale Ext 3	6 000 000	6 000 000	8 500 000
Waste Water Treatment Works: Upgrading WWTW Thubelihle	1 300 000	-	-
Grand Total	25 063 789	15 338 694	23 246 295

STEVE TSHWETE

Main region	STEVE TSHWETE LM		
	Sum of Total Budget	Sum of 2020 Budget	Sum of 2021 Budget
PROJECTS			
Aids Day: HCT and VMMC campaign	111 300	117 977	120 000
Assistance to Local Municipalities (Capacity Building): Co-sourced Internal Audit Support	400 000	420 000	440 000
Assistance to Local Municipalities (Software and Application Support): Stlm Scm/debtors Verifica	508 800	539 328	566 295
Disaster Management: Awareness Campaigns Disaster M	41 667	60 000	80 000
Disaster Management: Emergency Open day needs	-	-	500 000
Disaster Management: Moral Regeneration Movement	70 000	75 000	80 000
Distribution: Infrastructure for supply of reclaimed Mine Water	-	10 000 000	-
Environmental Health: Education & Awareness Campaigns	40 000	45 000	60 000
Machinery and Equipment: Grader	4 000 000	-	-
Roads: Roads and Stormwater Newtown	-	10 989 121	10 989 120
Roads: Tokologo (Ezinyokeni) Road	1 000 000	-	-
Spatial Planning: Newtown Land Survey	800 000	-	-
Transport Assets: High Pressure Sewer Drainage Truck	6 000 000	-	-
Transport Assets: Smooth Roller	1 500 000	-	-
Transport Assets: Tipper Truck	1 500 000	-	-
Transport Assets: Tractor-Loader-Backhoe TLB	1 500 000	-	-
Transport Assets: Water tankers	4 500 000	-	-
Grand Total	21 971 767	22 246 426	12 835 415

THEMBISILE HANI

Main region	THEMBISILE HANI LM		
	Sum of Total Budget	Sum of 2020 Budget	Sum of 2021 Budget
PROJECTS			
Aids Day: HCT and VMMC campaign	111 300	117 977	120 000
Assistance to Local Municipalities (Capacity Building): Co-sourced Internal Audit Support	400 000	400 000	400 000
Assistance to Local Municipalities (Software and Application Support): Thlm Scm/ Debtors Verific	445 200	471 912	495 508
Bulk Mains: Moloto Bulk Water Supply	1 000 000	2 000 000	9 500 000
Community Hall Moloto	333 000		
Disaster Management: Awareness Campaigns Disaster M	80 000	100 000	120 000
Disaster Management: Emergency Open day needs	-	-	500 000
Disaster Management: Moral Regeneration Movement	70 000	75 000	80 000
Environmental Health: Education & Awareness Campaigns	40 000	45 000	60 000
Feasibility Studies: Feasibility Study for Integrated Human Settlement Thembisile Hani	600 000	633 000	667 816
Project: EPWP INCENTIVE GRANT PROJECTS	1 500 000	-	-
Road Structures: Mandela Luthuli Bridge Road	3 000 000	3 000 000	-
Roads: Completion of Bus Route Tweefontein G	4 912 330	3 000 000	-
Roads: Kwaggafontein D Bus Route Phase 3	2 500 000	-	-
Roads: Madamini Bus Route	6 000 000	1 500 000	-
Roads: Paving of Greenside Road Khayalanyoni	3 500 000	4 000 000	7 000 000
Roads: Thembalethu Bus Route	5 500 000	2 912 340	-
Roads and Stormwater Ward 12	334 000	-	-
Spatial Planning: Land Surveying Thembisile Hani	400 000	422 000	-
Spatial Planning: Review of Land Use Scheme Thembisile Hani	1 500 000	-	-
Spatial Planning: State Land release Integrated Human Settlement Thembisile Hani	500 000	527 500	556 514
Spatial Planning: Township Establishment for Integrated Human settlement Thembisile Hani	1 500 000	1 582 500	1 669 537
Storm water Conveyance: Stormwater Phumula	3 000 000	4 000 000	4 000 000
Storm water Conveyance: Ward 4	333 000		
Grand Total	37 558 830	24 787 229	25 169 375

VICTOR KHANYE

	Sum of Total Budget	Sum of 2020 Budget	Sum of 2021 Budget
PROJECTS			
Aids Day: HCT and VMMC campaign	111 300	117 977	120 000
Assistance to Local Municipalities (Capacity Building): Co-sourced Internal Audit Support	400 000	450 000	500 000
Assistance to Local Municipalities (Capacity Building): Valuation Roll	1 000 000	-	-
Assistance to Local Municipalities (Software and Application Support): Vklm Scm/debtors Verification	445 200	471 912	495 508
Boreholes: Refurbishment of Boreholes & elevated Steel tank VKLM	4 026 961	-	-
Disaster Management: Awareness Campaigns Disaster M	41 667	60 000	80 000
Disaster Management: Emergency Open day needs	-	400 000	-
Disaster Management: Moral Regeneration Movement	70 000	75 000	80 000
Environmental Health: Education & Awareness Campaigns	40 000	45 000	60 000
Feasibility Studies: Feasibility Study for Integrated Human Settlement Victor Khanye	-	633 000	-
Reticulation: Sewer Pipeline Kgomostreet ph3	5 000 000	5 000 000	5 000 000
Roads: Construction of Roads VKLM	-	4 526 960	4 526 960
Spatial Planning: Land Surveying Victor Khanye	400 000	422 000	445 210
Spatial Planning: Review of Land Use Scheme Victor Khanye	1 300 000	-	-
Transport Assets: Refuse removal Truck	2 500 000	-	-
Youth Development: Integrated Youth Development Strategy	-	550 000	335 000
Grand Total	15 335 128	12 751 849	11 642 678

GENERAL**NKANGALA CROSS BOUNDARY PROJECTS**

PROJECTS	Sum of Total Budget	Sum of 2020 Budget	Sum of 2021 Budget
Assistance to Local Municipalities (Capacity Building): Blue & Green drop assistance	800 000	2 000 000	1 200 000
By-Laws: Local Municipalities	450 000	454 500	600 000
Government Information System (GIS) Project and Support: Procurement Gis Cadastral Data	1 464 750	-	-
Master plan: Develop District Integrated Tr	593 000	-	-
Master plan: Rural Road Asset Management	2 180 000	2 308 000	2 442 000
Master plan: Transport By Laws	300 000	316 500	333 909
Project Implementation: Integrated Green Economy Manag	3 500 000	3 692 500	3 895 588
Project Implementation: Neda Development & Establishment	500 000	527 500	556 512
Project Implementation: Non-financial support tp SMMEs Cooperatives & Informal Traders	2 000 000	2 110 000	2 226 051
Project Implementation: Support to SMMEs Cooperatives & Informal Traders	2 000 000	2 110 000	2 226 050
Project: Job Creation EPWP Creative Arts and Culture	1 905 000	2 075 250	-
Project: Job Creation EPWP Rural Development & Agriculture	2 540 000	2 767 000	-
Project: Job Creation EPWP Security	4 840 000	4 000 000	3 500 000
Research and Development: Community satisfaction survey	600 000	-	667 817
Special Events and Functions: Water Summit	200 000	250 000	-
Tourism Projects: Support to LTO and RTO	300 000	316 500	333 913
Youth Development: Mayoral Bursary Fund	2 600 000	2 800 000	3 000 000
Youth Development: Youth Development Summit	200 000	220 000	242 000
Youth Development: Youth Entrepreneur Workshop	230 000	240 000	264 000
Grand Total	27 202 750	26 187 750	21 487 840

Organogram

The Organogram was amended after a re-engineering project was undertaken. The organogram was approved with the budget in May 2017 for a period of five years.

Service Standards

Province: Municipality(Code) - Schedule of Service Delivery Standards Table XX	
Standard	Description
Standard	Service Level
Solid Waste Removal	
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	
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)	
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	
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	
Are your purification system effective enough to put water back in to the system after purification?	N/A
To what extent do you subsidize your indigent consumers?	N/A
How long does it take to restore sewerage breakages on average	
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 processes 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 programmes 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 Investm
Other Service delivery and communication	
Is an 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 2019/2020
	Mayor and Council	Administration - Municipality
February – March 2018	Mayor begins planning for next three-year budget in accordance with coordination role of budget process MFMA s 53 Planning includes review of the previous years budget process and completion of the Budget Evaluation Checklist	Accounting officers and senior officials of municipality begin planning for next three-year budget MFMA s 68, 77 Accounting officers and senior officials of municipality review options and contracts for service delivery MSA s 76-81
March 2018	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. MFMA s 21,22, 23; MSA s 34, Ch 4 as amended Mayor establishes committees and consultation forums for the budget process	Accounting Officer to assist Mayor to prepare the schedule of key deadlines and align the IDP and Budget process
September – October 2018		Accounting officer does initial review of national policies and budget plans with department officials MFMA s 35, 36, 42; MTBPS
November – December 2018	Council finalises tariff policies for next financial year MSA s 74, 75 Mayor tables municipal budget, resolutions, plans, and proposed revisions to IDP	Accounting officer submits draft budget and plans for next financial year to the Mayor for tabling Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others Accounting officer to notify relevant municipalities of projected allocations for next three budget years
January 2019		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 Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the final budget.
February 2019	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 2019	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 2019	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 2019	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. MFMA s 23, 24; MSA Ch 4 as amended	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 2019	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 MFMA s 16, 24, 26, 53	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. MFMA s 69; MSA s 57
June 2019	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. MFMA s 53; MSA s 38-45, 57(2) Council must review the system of delegations. MFMA s 59, 79, 82; MSA s 59-65	Accounting officer of municipality publishes adopted budget and plans MFMA s 75, 87

Abbreviations:**IDP** - Integrated Development Plan**MFMA** - Local Government: Municipal Finance Management Act, No. 56 of 2003**MSA** - Local Government: Municipal Systems Act, No. 32 of 2000, as amended**MTBPS** - National Treasury annual publication, Medium Term Budget and Policy Statement;**NT** - National Treasury**PT** - Provincial Treasuries**SDBIP** - Service Delivery and Budget Implementation Plan

SCHEDULE 1 PROPOSED SUNDRY TARIFFS FOR THE 2018/19 – 2020/21**FINANCIAL YEARS**

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 2018 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 2018.
 - 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 2017/2018	rate of measure	Recommended 2018/2019	Recommended 2020/2021
Rental of Council Chamber				
Refundable deposit	R2 681.00		R2 842.00	R2 984.00
Utilisation	175.00	hour	R185.00	R194.00
Rental of Council Parlour				
Refundable deposit	R2 681.00		R2 842.00	R2 984.00
Utilisation	175.00	hour	R185.00	R194.00
Rental of Training Room Non-commercial use				
Refundable deposit	R2 681.00		R2 842.00	R2 984.00
Utilisation	175.00	hour	R185.00	R194.00
Commercial Use				
Refundable deposit	R5000.00		R5 000.00	R5 000.00
Utilisation	408.00	hour	R432.00	R454.00

Description	Approved 2017/2018	rate of measure	Recommended 2018/2019	Recommended 2020/2021
Rental of Committee Room Refundable deposit Utilisation	R2681.00 151.00	hour	R2 842.00 R160.00	R2 984.00 R168.00
Rental of offices Refundable deposit Rental	Equal to one monthly instalment R127.00	per m ²	R135.00	R142.00
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.	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 <p>❖ The booking of Council facilities for political parties is subject to approval by the Executive Mayor.</p>				
Access to information				
Photocopy (A4)	3.20	/copy	3.40	4.00
Requesting fee as per Regulation 7(2)	46.65	/hour	49.45	52.00
Searching and preparing of records as per Reg 7(3)	29.70	/hour	31.50	33.00
Searching and preparing records as per Reg 11(3)	41.30	/hour	43.80	46.00

Description	Approved 2017/2018	rate of measure	Recommended 2018/2019	Recommended 2020/2021
Fees prescribed by Regulation 84v of the Deeds Registration Act 47 of 1937 as amended	32.00	/hour	34.00	36.00
Deed	8.50	/document	9.00	9.50
A document 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) 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)	8.50	/copy	9.00	9.50

Library Services (Public Facilities & Cultural Services)

Description	Approved 2017/2018	rate of measure	Recommended 2018/2019	Recommended 2020/2021
Membership fees				
Membership card	free R23.50			
Lost membership		each	R25.00	R26.25
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	replace the material or pay the current value of the material
Photostats				
A4 library material(black & white)	1.60	/page	R1.70	R1.80
A3 library material(black & white)	3.20	/page	R3.40	R3.60
A4 library material(colour)	3.70	/page	R4.00	R4.20
A3 library material(colour)	7.40	/page	R7.85	R8.25

DIRECTORATE PLANNING AND ECONOMIC DEVELOPMENT**Development and Economic Planning**

Description	Approved 2017/2018	rate of measur e	Recommended 2018/2019	Recommended 2020/2021
1. Spatial development framework:				
(a) Hard copy	202.00	/region	215.00	226.00
(b) In electronic format	95.00	/region	101.00	106.00
2. Integrated Development Plan				
(a) Hard copy	116.60		123.60	130.00
(b) In electronic format	58.30		61.80	65.00
3. Copy of Land Use Scheme or Town Planning Scheme (Scheme	467.50		495.50	520.00
4. Scheme Regulations	777.00	/set	823.60	865.00
5. Search fees	31.80	/erf	33.70	35.40
6. Diagrammes	31.80	/diagramme	33.70	35.40
7. Deed search and copy of the title deed	190.00	document/ search	201.00	211.00
8. Map Copies				
(a) A4	58.30	Copy/print	61.80	65.000
(b) A3	87.00	Copy/print	92.00	97.00
(c) A2	116.60	Copy/print	123.60	130.00
(d) A1	145.25	Copy/print	154.00	162.00
(e) A0	164.30	Copy/print	174.00	183.00

DIRECTORATE SOCIAL SERVICES**Municipal Health Services and Environmental**

Description	Approved 2017/2018	rate of measure	Recommended 2018/2019	Recommended 2020/2021
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 650.00	Annual	R1 650.00	R1 650.00

Description	Approved 2017/2018	rate of measure	Recommended 2018/2019	Recommended 2020/2021
2. INFORMAL FOOD PREMISES <i>General hygiene requirements of food premises and the transport of food, Regulation R962 23 Nov 2012)</i> e.g. tuck shop, informal café or caterers or informal restaurant	R550.00	Annual	R550.00	R550.00
3. HEALTH CERTIFICATE <i>NDM Municipal Health Services By-laws</i> e.g Pre-school, after care centres, certificate of competency	R550.00	Annual or when the number of children increases or change of ownership	R550.00	R550.00
4. CERTIFICATE OF COMPLIANCE OR COMPETENCE (COC) Mortuaries, Old Age Home, Private Schools, Institutions, Salons, Accommodations, Spray Painters, Private Clinics Or Surgeries and all health related facilities.	R550.00	Annual or change of ownership	R550.00	R550.00
5. GOVERNMENT FACILITIES, <i>NDM Municipal Health Services By-laws</i> e.g SAPS kitchen, mortuaries, hospital kitchens	No fees or charges	Annual	No fees or charges	No fees or charges
6. GOVERNMENT SCHOOLS <i>NDM Municipal Health Services By-laws</i>	No fees or charges	Annual	No fees or charges	No fees or charges
7. MUNICIPAL HEALTH SERVICES OFFENCES & PENALTIES	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	Penalties effective when the NDM MHS By-Laws is gazetted and promulgated

Description	Approved 2017/2018	rate of measure	Recommend ed	Recommended 2020/2021
8. ATMOSPHERIC EMISSION LICENSING <i>National Environmental Management Air Quality Act (Act 39 Of 2004)</i>				
8.1 General Offences	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>	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>	As per the offence	As per the offence
8.2 Atmospheric Emission Licensing Fee	Tariffs as per the AEL Processing Fee Regulations terms of sections 53(o), 37(2)(a),44(3)(a),45 (1) and 47(3Xa) of the National Environmental Management: Air Quality Act, (Act No. 39 of 2004)	Once off per five (5) years or change of ownership	Once off per year if it is a new application, if it is a renewal and once off if it is a transfer, review and amendment	Once off per year if it is a new application, if its renewal and once off if it is a transfer, review and amendment
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.	Tariffs as per <i>NEM:AQA Administrative fine in terms of section 22A Regulations when promulgated</i>	Administrative fine in terms of section 22A under sections 53(1A) of the National Environmental Management: Air Quality Act, 2004 (Act No.39 of 2004)	Once off as per the offence	Once off as per the offence

Fire and Rescue Services

Description	Approved 2017/2018	rate of measure	Recommende d	Recommended 2020/2021
1. Fixed charges for services rendered regarding hazardous substances as promulgated in SANS 10228 inside and outside the municipal area	R4 430.00	+km	R4 697.00	R4 932.00
2. Turn-outs -The following accumulating fees:	291.00		R308.00	R323.00
2.1 Fixed charges per call-out				
2.2 First hour or part thereof per incident	583.00		R618.00	R649.00
2.3 For each subsequent hour or part thereof per incident	291.00		R308.00	R323.00
3. Cost for replacement of material, damaged equipment or consumable items		cost + 20 % handling charge + VAT		
4. Cost of water used	Current municipal tariff	/kl	Current municipal tariff	Current municipal tariff
5. Equipment used	291.00		R308.00	R323.00
6. Jaws of life	583.00		R618.00	R649.00
- Light motor vehicles < 3500kg	583.00		R618.00	R649.00
- Heavy motor vehicles > 3500kg	1 749.00		R1 854.00	R1 947.00
7. Kilometers of fire engines	35.00 *	km	R37.00 *	R39.00 *
8. Kilometers of utility vehicles	17.50 *	km	R18.50 *	R19.50 *
9. Personnel per member per hour or part	186.50		R197.75	R207.657.75
10. Fire equipment serviceman	525.00		R556.00	R583.80

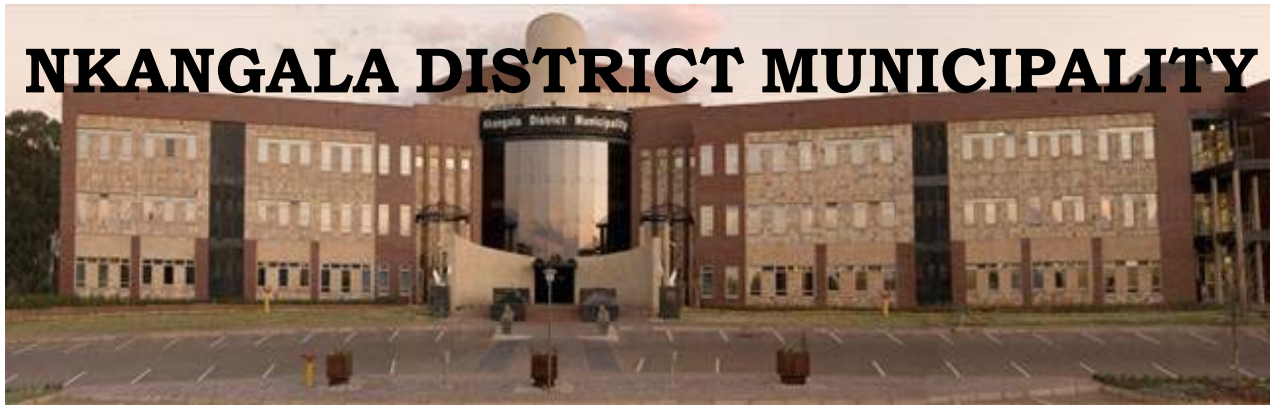
DIRECTORATE FINANCIAL SERVICES

Description	Approved 2017/2018	rate of measure	Recommend ed	Recommended 2020/2021
Tender document fee				
30, 001 -200, 000	117.00	/document	R124.00	R130.00
200, 001- 500, 000	175.00		R185.00	R195.00
500, 001 – 1, 000, 000	233.00		R247.00	R260.00
1, 000, 001 -1, 500, 000	408.00		R433.00	R455.00
1, 500, 001 – 5, 000, 000	583.00		R618.00	R650.00
5, 000, 001 – 10, 000, 000	758.00		R803.00	R843.00
10, 000, 0001 - above	933.00		R989.00	R1038.00
Banking				
Tracing electronic payments made on Council's bank account without any references	65.00	/each	R67.50	R71.00
Levy on repudiated cheques	233.00	/each	R247.00	R260.00

Budget related Policies

2018 – 2019

NKANGALA DISTRICT MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

2018/2019

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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 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 are registered on Central Suppliers Database, 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.

- 10.4 The Accounting Officer shall disallow any prospective supplier to do business with the Municipality if they do 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 Central Supplier Database (CSD) 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 Central Suppliers 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 updated Preferential Procurement Regulations, 2017.
- 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 R50 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 R50 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.

13.3.4 **That the bid specifications and the advert must be approved by the Accounting Officer or his/her delegate before it can be advertised**

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 specialized 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 R50 000 000, and a 90/10 preference point system of procurement with a Rand value of greater than R50 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 **B-BBEE contributor**

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 R50 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 R50 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 R50 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 R50 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 R50 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 R50 000 000 (all applicable taxes included):

$$Ps = 80 [1 - (Pt - Pmin)]$$

Pmin

Where :

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

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

Pmin = 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	14
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	14
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 R50 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 R50 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	6
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	6
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 gazette, 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 affected.

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 13.9.11 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.

Increasing Employment Opportunities

13.13 One of the Municipality's key socio-economic objectives is to facilitate the creation of employment for the people of Nkangala District.

13.13.1 Increasing employment opportunities through procurement may be achieved by specifying labour intensive technologies and/or methods of construction in the bid documents.

13.13.2 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.

13.13.3 All labour earning less than a threshold wage, determined in accordance with department of labour ministerial determination, which 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) x P* s 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

Main contractors must ensure insurance

13.17.1 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.

13.17.1.1 **Main contractors must ensure that when performance guarantee is required, such guarantee should covers the subcontractor(s)**

13.17.2 The performance guarantees required for construction works are as follows:

13.17.2.1 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);

13.17.2.2 In respect of a Rand value exceeding R 500 000, but less than or equal to R1 000 000: 5% of the bid sum;

13.17.2.3 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.

13.17.4 In respect of Goods/ Services and professional services exceeding the R10 000 000, a 12% professional indemnity will be required

13.17.5 The value of the performance guarantee for projects above R 10 000 000 may be increased with approval of the

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.
- 13.18.6 No interest shall be paid or claimed on retentions monies kept by the municipality on behalf of service providers

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 Investment 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 e-TENDER PUBLICATION PORTAL, the website of the municipality and the municipal notice board and must at least contain the following information:

- bid description
- bid number

- name of municipality
- the physical local where the goods, services or works specified in the bid are required

- the closing date and time of the bid
- municipal conduct details

- physical location where hard copies can be collected
- physical location where bids should be delivered

- the bid documents (MBD's, terms of reference, GCC and any other relevant documents)

20.1.1 **Publication of notices of bid awards, cancellations, deviations, variations and extensions on the e tender publication portal**

The municipality must publish the following information on the successful bids within 7 working days of a Awarding the bids:

- names of the successful bidders and preference points

- contract prices, contract period, contract details, name of directors and date of award
- the names of unsuccessful bidders and contact details

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 on the e-tender publication portal
- 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 No faxed or emailed bid will be accepted.

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 90 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 finalization 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 committee;

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 and 38 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 committee

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 Organization, or an authority accredited or recognized 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 2017 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 Municipal Manager, or his/her delegated authority, shall, taking into account section 117 of the MFMA, appoint the members of the Bid Evaluation Committee.

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.

34.2 Any evaluation committee of a bid shall consider the bids received and shall note for inclusion in the evaluation report, a bidder:

- 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 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 is not registered on the Central Supplier Database (CSD)
- who has failed to submit a 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.

35

Bids shall be evaluated according to the following as applicable:

- Firstly functionality i.e. the bidder's ability to execute the contract where it is a requirement; 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 Preferential 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 Supply Chain unit'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 criteria to be used to evaluate bids for the rendering of consultancy services to the council be finalized by the user department and be approved by the Accounting Officer as part of the tender document before the tender document is released:

55 Procurement of catering services

55.1 Catering cost be determined by the Accounting Officer annually and panel of caterers be appointed on a contractual 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.

55.3 Paragraph 55.2 does not apply to the procurement of goods and services contemplated for water and electricity from DWA and ESKOM respectively.

56 Emergency Dispensation

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

56.1.1 - the possibility of human injury or death;

56.1.2 - the prevalence of human suffering or deprivation of rights;

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

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

56.1.4 - the possibility of serious damage occurring to the natural environment;

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

56.1.6 - the possibility that the security of the state could be compromised.

56.1.7 - 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.

56.1.8 - 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 formalized in a report to the Municipality Manager as soon as possible thereafter.

57 Unsolicited bids

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

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

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

- 57.2.2 the product or service will be exceptionally beneficial to, or have exceptional cost advantages for the municipality and the community;
- 57.2.3 the person who made the bid is the sole provider of the product or service; and
- 57.2.4 the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- 57.3 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
 - 57.3.1 reasons as to why the bid should not be open to other competitors;
 - 57.3.2 an explanation of the potential benefits if the unsolicited bid were accepted; and
 - 57.3.3 an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- 57.4 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.
- 57.5 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.
- 57.6 A meeting of the bid adjudication committee to consider an unsolicited bid must be open to the public.
- 57.7 When considering the matter, the bid adjudication committee must take into account –
 - 57.7.1 any comments submitted by the public; and
 - 57.7.2 any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- 57.8 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.
- 57.9 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.

58 Combating of abuse of supply chain management system

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

- 58.1.2 investigate any allegations against an official or other role player of fraud, corruption, favoritism, 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;
- 58.1.3 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;
- 58.1.4 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;
- 58.1.5 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;
- 58.1.6 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
- 58.1.7 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.
- 58.1.8 reject the bid of any bidder tendering as part of a joint-venture, whose bid otherwise be rejected individually or otherwise.
- 58.2 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.

59. **Rotation of Service providers appointed in Panel Contracts**

- Service providers appointed as panels in all the contracts of the municipality will be rotated for opportunities through the Supply Chain department's database that will be created for each contract.
- The rotation will be made based on an expenditure spent basis. Thresholds will be set, and after those thresholds have been reached then a new threshold will be set.
- Allocations for expenditure will be made as per preferential points obtained by the panel contractors.
- The rotation of the panels will be centralized at Supply Chain Management Department for all the Municipality's Departmental contracts awarded to avoid unfair allocation of work to service providers in line with the SCM Policy.

Part 3: Logistics, Disposal, and Performance Management

60 **Logistics management**

- 60.1 The accounting officer must implement an effective system of logistics management which must include the following:
- 60.1.1 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;
 - 60.1.2 setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - 60.1.3 placing of manual or electronic orders for all acquisitions other than petty cash;
 - 60.1.4 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;
 - 60.1.5 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;
 - 60.1.6 regular checking to ensure that all assets, including official vehicles, are properly managed, appropriately maintained and only used for official purposes; and
 - 60.1.7 monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for a particular good or service.

61 **Transport Management**

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

62 **Vendor Performance**

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

63 Contract Administration

- 63.1 Contract administration includes all administrative duties associated with a contract that has arisen through one of the acquisition/procurement processes described in this policy.
- 63.2 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 center owner or other responsible official.
- 63.3 A contract manager must be assigned to each contract and, where possible, should be involved from the earliest stages of the acquisition process.
- 63.4 The contract manager's duties and powers shall be governed by the conditions of contract and the general law.
- 63.5 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.
- 63.6 Departmental Heads (Directors) shall be responsible for ensuring that contract managers:
- 63.6.1 - are assigned to all contracts within the Department Head's area of responsibility;
 - 63.6.2 - are adequately trained so that they can exercise the necessary level of responsibility in the performance of their duties.
- 63.6.3 The contract manager shall:
- 63.6.4 ensure that all the necessary formalities in signing up the contract and/or issuing the purchase order(s) are adhered to;
 - 63.6.5 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;
 - 63.6.6 ensure that all original contract documentation is lodged with the Supply Chain Management Department for record purposes;
 - 63.6.7 monitor the performance of the contractor in order to ensure that all of the terms and conditions of the contract are met;
 - 63.6.8 where necessary, take appropriate action where a contractor is underperforming or is in default or breach of the contract;
 - 63.6.9 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;

manage contract variation or change procedures;

administer disputes where necessary, in terms of this policy and the applicable Conditions of Contract;

conduct, as appropriate, post contract reviews;

maintain adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;

act with care and diligence and observe all accounting and legal requirements.

64 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:

It will be implemented and effected through the Disposal Committee which will be appointed by the Accounting Officer and made up at least one senior Finance officer and other departmental representatives.

The items to be disposed of include but not limited to :

64.1.1 Movable assets:

64.1.1.1 the asset is uneconomical to repair;

64.1.1.2 the asset is irreparable;

64.1.1.3 the relevant department has no further use for the asset; and

64.1.1.4 no other department requires the asset.

64.1.2 Immovable assets:

64.1.2.1 the relevant department has no further use for the asset;

64.1.2.2 no other department requires the asset;

64.1.2.3 a member of the public wishing to acquire the asset can utilize the asset to the advantage of the community; or

64.1.2.4 where the assets were specifically created for the sale or rental thereof to the public.

64.2 The disposal of assets must– be by one of the following methods:

64.2.1 transferring the asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;

64.2.2 transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

64.2.3 selling the asset; or

64.2.4 destroying the asset;

64.2.5 trading in the asset.

provided that –

- 64.2.6 immovable property may be sold only at market-related prices except when the public interest or the plight of the poor demands otherwise;
- 64.2.7 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;
- 64.2.8 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
- 64.2.9 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

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

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

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

- 65.1 Non-exempted capital assets shall be transferred or permanently disposed of strictly in accordance with Chapter 2 of the Municipal Asset Transfer Regulations.
- 65.2 Exempted capital assets shall be transferred strictly in accordance with Chapter 3 of the Municipal Asset Transfer Regulations.
- 65.3 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.

66 Performance management

- 66.1 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.
- 66.2 Performance management shall accordingly be characterized 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.
- 66.3 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

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

67.1 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.

67.2 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.

67.3 According to National Treasury's Circular 90 the CSD and tax compliance status PIN are the approved methods to be used to prove tax compliance as the SARS no longer issues Tax Clearance Certificates but has made provision online, via e-filing, for bidders to print their own Tax Clearance Certificates which they can submit with their bids or price quotations.

67.4 Accounting Officers may therefore, accept printed or copies of Tax Clearance Certificates submitted by bidders and verify them on e-filing. The verification result should be printed and filed for audit purposes.

67.5 The municipality must utilise the Master Registration Number or tax compliance status PIN to verify bidders.

67.6 The municipality must print the tax compliance status screen view or letter with the result of the bidder's status at the date and time of verification to file with the bidder's bid documents for audit purposes.

67.7 Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality or municipal entity, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations. The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the timeframe stated above.

67.8 Where goods or services have been delivered satisfactorily without any dispute, accounting officers should not delay processing payment of invoices due to outstanding tax matters. Municipalities and municipal entities are advised to update their current SCM policies to ensure alignment with the new TCS.

68 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 –

- 68.1 who is in the service of the state; or
- 68.2 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
- 68.3 who is an advisor or consultant contracted with the municipality in respect of a contract that would cause a conflict of interest.

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

- 69.1 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 –
 - 69.1.1 the name of that person;
 - 69.1.2 the capacity in which that person is in the service of the state; and
 - 69.1.3 the amount of the award.

70 Ethical standards

- 70.1 A code of ethical standards is in place, for officials and other role players in the supply chain management system in order to promote –
- 70.1.1 mutual trust and respect; and
- 70.1.2 an environment where business can be conducted with integrity and in a fair and reasonable manner.
- 70.2 An official or other role player involved in the implementation of the supply chain management policy –
- 70.2.1 must treat all providers and potential providers equitably;
- 70.2.2 may not use his/her position for private gain or to improperly benefit another person;
- 70.2.3 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;
- 70.2.4 notwithstanding sub-paragraph 69.2.3, 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;
- 70.2.5 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;
- 70.2.6 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;
- 70.2.7 must be scrupulous in his/her use of property belonging to the municipality;
- 70.2.8 must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- 70.2.9 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 70.1 of this policy; or
 - any alleged breach of this code of ethical standards.
- 70.3 Declarations in terms of paragraphs 71 must be declared to the accounting officer
- 70.3.1 must be recorded in a register which the accounting officer must keep for this purpose;

- 70.3.2 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".
- 70.5 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.

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

- 71.1 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 –
- 71.1.1 any inducement or reward to the municipality for or in connection with the award of a contract; or
- 71.1.2 any reward, gift, favour or hospitality to –
- any official; or
 - any other role player involved in the implementation of the supply chain management policy.
- 71.2 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.
- 71.3 Sub-paragraph 70.1 does not apply to gifts less than R350 in value.

72 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 –

- 72.1 a provider or prospective provider of goods or services; or
- 72.2 a recipient or prospective recipient of goods disposed or to be disposed.

73 Objections and complaints

- 73.1 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.

74 Resolution of disputes, objections, complaints and queries

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

74.1.1 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.

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

74.2 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.

74.3 The person appointed must –

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

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

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

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

74.4.2 no response is forthcoming within 60 days.

74.5 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.

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

75 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 –

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

75.2 that such compensation must be performance-based.

76 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:

- 76.1 an approved cession; or
- 76.2 an agreement for direct payment.

77 Extending or varying a contract

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

- 77.1.1 the circumstances as contemplated in paragraph 55.1.1 prevail; or
- 77.1.2 with due regard to administrative efficiency and effectiveness, the accounting officer deems it appropriate.

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

- 77.2.1 more than once;
- 77.2.2 for a period exceeding the duration of the original agreement; or
- 77.2.3 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

7.3 Should there be any need to deviate from clause 76.2 section 116 of the MFMA should be applied

77.1 All catering service be standardized at a fixed rate of R80.00 per plate and that the menu be limited to two (2) starches, two(2) meats, one(1) vegetable and one (1) salad; and one(1) soft drink

77.2 Deviations from the menu if required must be approved by the Accounting Officer

ASSET MANAGEMENT POLICY



NKANGALA DISTRICT MUNICIPALITY 2018/19

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PART 1 DEFINITION OF A FIXED ASSET

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 production 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).

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.

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

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 2 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 directorate. 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 acquisition. 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.

PART 3 ROLE OF MUNICIPAL MANAGER

As accounting officer of the municipality, the municipal manager 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

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.

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

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 mSCOA and any other accounting requirements which may be prescribed.

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 functions(s) or segments(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.

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.

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.

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

In compliance with the requirements of the National Treasury, the chief financial officer shall ensure that all fixed assets are classified 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:

HERITAGE ASSETS

Heritage assets (culturally significant resources)

INTANGIBLE ASSETS

Other cost Computer Software

PROPERTY, PLANT AND EQUIPMENT

a) land (not held as investment assets)

- b) Building and other structures
- c) Transport assets
- d) infrastructure electricity
- e) infrastructure Road Pavements Bridges and Storm water
- f) Machinery and equipment
- g) Furniture and office equipment
- h) Computer Equipment
- i) Lease assets : furniture and office equipment

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 RECOGNITION OF HERITAGE ASSETS IN THE FIXED ASSETS REGISTER

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.

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 8 RECOGNITION OF DONATED ASSETS

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 9 SAFEKEEPING OF ASSETS

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

In exercising this responsibility, every head of department shall adhere to any written directives issued by the municipal manager/chief financial officer 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 10 IDENTIFICATION OF FIXED ASSETS

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.

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.

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 11 PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF FIXED ASSETS IDENTIFICATION OF FIXED ASSETS

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 Municipal Manager and chief financial officer, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service. The head of department will also submit an report to the next “Loss Control committee” for evaluation of the loss.

PART 12 CAPITALISATION CRITERIA: INTANGIBLE ITEMS

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 GRAP102 (dealing with research and development expenses) may approve that specific development costs be recognised as fixed assets.

PART 13 CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES

An item of property plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

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.

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.

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.

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.

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.

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 14 MAINTENANCE PLANS

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.

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.

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 15 DEFERRED MAINTENANCE

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.

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 16 GENERAL MAINTENANCE OF FIXED ASSETS

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 17 DEPRECIATION OF FIXED ASSETS

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

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.

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.

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.

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.

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 18 RATE OF DEPRECIATION

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).

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 19 METHOD OF DEPRECIATION

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 20 AMENDMENTS OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS

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.

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.

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.

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.

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.

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.

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 21 ALTERNATIVE METHODS OF DEPRECIATION IN SPECIFIC INSTANCES

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.

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.

The head of department concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the chief financial officer.

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 22 CARRYING VALUES OF FIXED ASSETS

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.

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 23 REVALUATION OF FIXED ASSETS

All land and buildings recorded in the municipality's fixed asset register shall be revalued by an independent professional property valuer

The chief financial officer shall adjust the carrying value of the land and buildings concerned to reflect in each instance the value of the fixed asset as indicated by an independent professional property value provided the chief financial officer is satisfied that such value reflects the fair value of the fixed asset concerned.

The chief financial officer shall also, where applicable, create a revaluation reserve for each such fixed asset equal to the difference between the value as indicated by an independent professional property value and the carrying value of the fixed asset before the adjustment in question.

The fixed asset concerned shall, in the case of buildings, thereafter be depreciated on the basis of its revalued amount, over its remaining useful operating life, and such increased depreciation expenses shall be budgeted for and debited against the appropriate line item in the department or vote controlling or using the fixed asset in question.

The chief financial officer shall ensure that an amount equal to the difference between the new (enhanced) monthly depreciation expense and the depreciation expenses determined in respect of such fixed asset before the revaluation in question is transferred each month from the revaluation reserve to the municipality's appropriation account. An adjustment of the aggregate transfer shall be made at the end of each financial year, if necessary.

If the amount determined by the independent professional property valuer is less than the carrying value of the fixed asset recorded in the fixed asset register, the chief financial officer shall adjust the carrying value of such asset by increasing the accumulated depreciation of the fixed asset in question by an amount sufficient to adjust the carrying

value to the value as indicated by such independent professional property valuer. Such additional depreciation expenses shall form a charge, in the first instance, against the balance in any revaluation reserve previously created for such asset, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the asset in question.

Revalued land and buildings shall be carried in the fixed asset register, and recorded in the annual financial statements, at their revalued amount, less accumulated depreciation (in the case of buildings).

Revaluation will only be considered on advise from the chief financial officer

PART 24 VERIFICATION OF FIXED ASSETS

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 October and 30 April of each financial year.

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

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.

Every head of department shall report in writing to the chief financial officer on 31 October and 30 April 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.

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.

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.

Once the fixed assets are alienated, the chief financial officer shall delete the relevant records from the fixed asset register.

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.

All gains realised on the alienation of fixed assets shall be appropriated annually to the municipality's statement of financial performance (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.

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

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.

Every head of department shall report to the chief financial officer on 31 October and 30 April 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.

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).

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

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/vehicle.

PART 28 INSURANCE OF FIXED ASSETS

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.

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 RESIDUAL VALUES

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.

The residual values of assets are indicated in section 34 in the form of a percentage.

PART 30 IMPAIRMENT

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.

Indications of impairment

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:

30.1 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.

30.2 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.

30.3 Other indications, such as loss of market value.

Impairment of projects under construction

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 nurture 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.

Significant

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 there coverable service amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.

Impairment loss

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.

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.

Non-cash generating unit

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.

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.

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.

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).

Where the present value of an asset's remaining service potential (determined as indicated above) exceeds the carrying value, the asset is not impaired.

Cash-generating unit

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.

Costs to sell

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.

Judgement

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.

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.

Recognition of impairment

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.

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".

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.

Reversing an impairment loss

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).

Disposal Management System

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.

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 31 ANNEXURE: FIXED ASSET LIVES

The annual depreciation rates are based on the following estimated asset lives:-

DETAILS	RESIDUAL	YEARS	DETAILS	RESIDUAL	YEARS
Property Plant & Equipment			<i>Intangible Assets</i>		

DETAILS	RESIDUAL	YEARS	DETAILS	RESIDUAL	YEARS
Infrastructure			Computer Software	1	3
Electricity			Other Software	1	15
Supply & Reticulation	1	20	Computer Equipment		
Roads			Computer Hardware	1	10
Roads	1	10			
Bridges	1	30	Office Machines	1	10
Sewerage			Air Conditioners	1	10
Sewers	1	20	Furniture & Office Equipment		
Water			Chairs	1	15
Supply & reticulation	1	20	Tables/Desks	1	15
Reservoirs & tanks	1	20	Cabinets/Cupboards	1	15
Pumps	1	15	Miscellaneous	1	10
			Emergency Equipment		
Heritage	1	30	Fire	1	15
			Ambulances	1	5
Buildings			Fire hoses	1	5
Buildings	1	30	Emergency Lights	1	5
Clinics	1	30			
Parks	1	30	General	1	7
Community Centres	1	30	Telecommunication equipment	1	5
Fire Stations	1	30	Radio	1	7
			Transport		
Recreational Facilities			Fire Engines	20%	20
Fire Breaks	1	20	Motor Vehicles	20%	7
			Bakkies	20%	7
Land	1	30			
Leased Assets	1	3			

PART 32 ANNEXURE: PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2003

A municipality may not alienate any capital asset required to provide a minimum level of basic municipal services.

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: 2018/19	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. EXCLUSIONS

This policy specifically excludes transfers and subsidies made to local municipalities as that is dealt with in terms of the Budget policy.

6. 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.

7. FINANCIAL SERVICES

The representative from the Finance Department shall be responsible for the arrangement of the payment to the beneficiaries.

8. COUNCILOR

A councillor shall be present to assist in the allocation of donations as well as observing the fairness of the procedures.

9 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.

10 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.

11 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.

12 DONATIONS AND SPONSORSHIPS FROM THE NKANGALA DISTRICT MUNICIPALITY

12.1 OBJECTIVE OF DONATIONS POLICY

12.1.1 One of the objectives of donations policy is to provide a framework within which the municipality can grant donations.

12.1.2 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.

12.1.3 To instil a sense of accountability regarding the number or keeping database of donations received and made for reporting purpose.

12.1.4 To ensure that granting of donations is spread evenly to NDM and not just one Municipal jurisdiction area.

13 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.

14 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.

15 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.

16 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.

17 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.

18 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 (provided that Sect 67 of the MFMA be adhered to);

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 consisting of at least the following members;

- MMC of the relevant department
- MMC of Finance
- Senior official from relevant department
- Senior official from Finance department
- Senior official of another department

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.

19 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.

20 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.

21 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.

22 SHORT TITLE AND EFFECTIVE DATE

The above policy shall be known as Nkangala District Municipality Donations Policy and will be effective from date of approval by Council. The policy will be reviewed annually.

NKANGALA DISTRICT MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

2018/19

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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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.

“Debtor Voluntary Arrangement –DVA” -A voluntary agreement for a Debtor 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

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 debtor is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 3.4. The debtor 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 debtor care, credit control and debt collection.

4.1.7. To revise the budget should targets for debtor care, credit control and debt collection not be met.

4.1.8. To approve the list of attorneys who act in all legal matters relating to debt collection.

4.1.9. To delegate the required authorities to monitor and execute the debtor care, credit control and debt collection policy to the Municipal Manager.

4.1.10. To provide sufficient capacity in the Financial Department to give effect to debtor 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 debtor 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 debtors

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, debtor care and administrative performance, evaluate and take corrective actions on a regular basis to enhance credit control and debt collection.

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.
- 7.2.5.3. Interest will not be charged on government debt

7.3. Cost of collection

NDM Credit Control and Debt Collection Policy

- 7.3.1 All costs of legal process, including interest, penalties, service 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 debtor or group of debtors 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.

8.4.6. All debtor write off will be done in terms of the provision and write off of debt policy

NDM Credit Control and Debt Collection Policy

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



2018 - 2019

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.

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 distinguishes between the following categories:

Operational Budget

- 4.6.1. Employee related cost
- 4.6.2. Remuneration of Councillors
- 4.6.3. Contracted Services
- 4.6.4. Depreciation and Amortisation
- 4.6.5. Interest Dividends and Rent on Land
- 4.6.6. Inventory consumed
- 4.6.7. Operating leases
- 4.6.8. Operational cost
- 4.6.9. Transfers and Subsidies

Capital Budget

- 4.71.1. Acquisition of assets

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...”

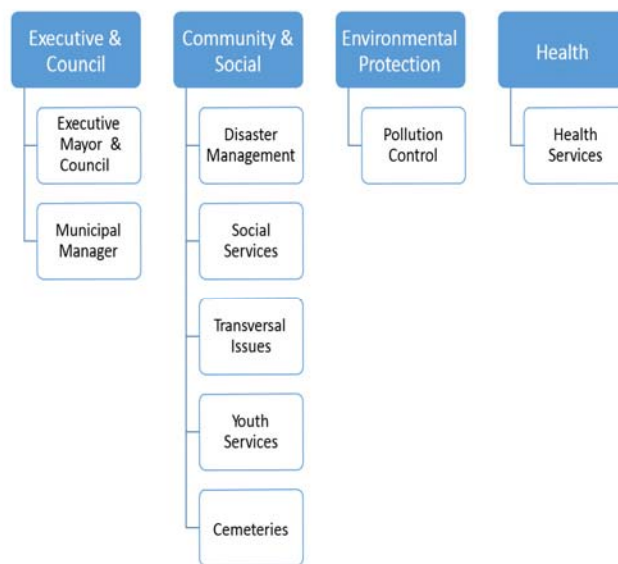
4.8. Financial year

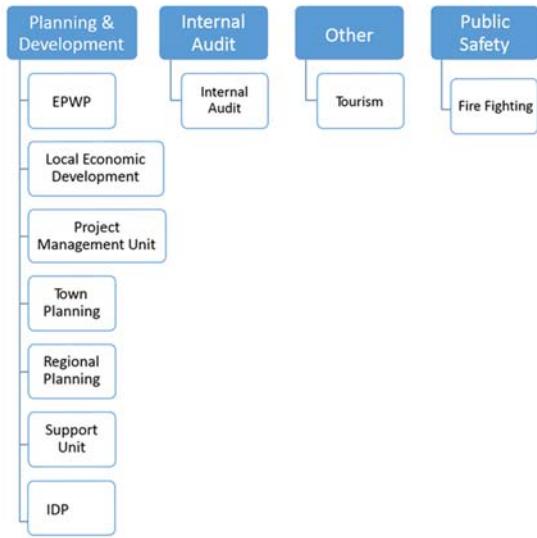
The 12 month period between 1 July and 30 June.

4.9. Vote (MFMA)

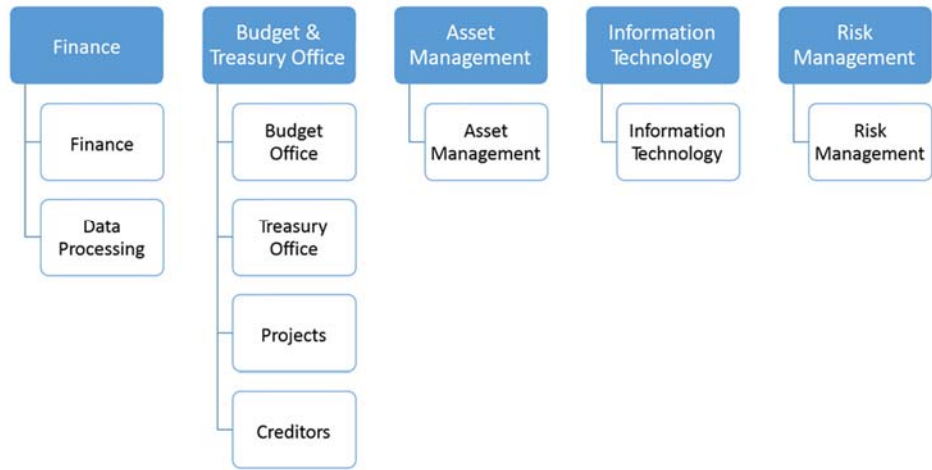
“(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”

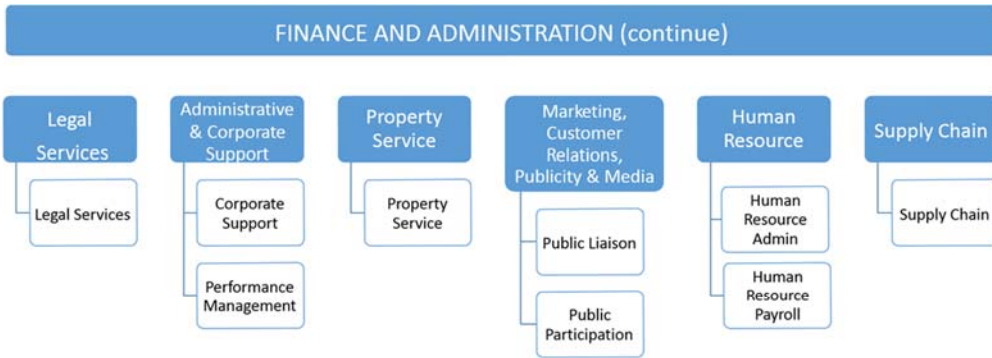
In terms of the mSCOA the votes of the NDM per GFS is as follows and allows for virements (vertically) within the main functions:



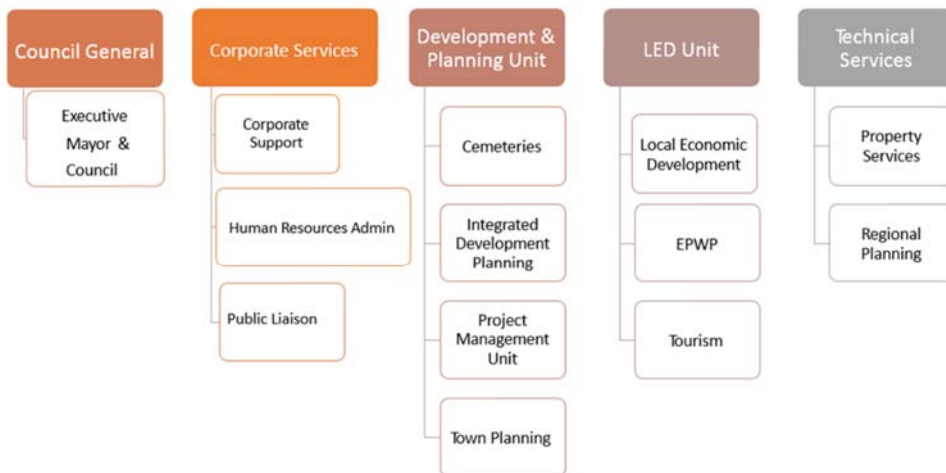


FINANCE AND ADMINISTRATION





In terms of the NDM organisational structure, the votes of the NDM is as follows (not supported for virement purposes):





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 (refer to 4.9 above).

6.7. Virements are not allowed between sources of funding especially if such sources refer to conditional grant funding or funding received for a specific purpose. Approval of virements between funding sources will be subject to the authorisation of the Chief Financial Officer, accompanied with an explanation.

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,

7.2. Sound motivations should be provided for all virements, as provided for on budget virement documentation.

7.2.1. Employee related cost

7.2.1.1. 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.

7.2.1.2. Virements to and from this subjective expenditure category are subject to the approval of the Chief Financial Officer and/or Accounting Officer.

7.2.2. Remuneration of Councillors

7.2.2.1. Virements within this category are allowed between cost elements, subjective to the approval of Chief Financial Officer and/or Accounting Officer

7.2.2.2. Virements to and from this subjective expenditure category are allowed subject to the approval of the Chief Financial Officer and/or Accounting Officer

7.2.3 Contracted services

7.2.3.1 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.

7.2.3.2 Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

7.2.4 Depreciation

7.2.4.1 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.

7.2.4.2 Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

Interest dividend and Rent on Land

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.

Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

Inventory consumed

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. Virements to and from this subjective expenditure category are subject to the approval of the Head of department and/or the Chief Financial Officer.

7.2.7 Operating leases

7.2.7.1 Virements within this category are allowed between cost elements, subjective to the approval of the relevant Manager and the Chief Financial Officer

7.2.7.2 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.

7.2.8 Operational cost

7.2.8.1 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/or the Chief Financial Officer.

7.2.8.2 Virements to and from this subjective expenditure category are subject to the approval of the relevant Manager and/or the Chief Financial Officer.

7.2.9 Transfers and subsidies to Local Municipalities

7.2.9.1 Virements within this category are allowed between cost elements, subjective to the recommendation of the relevant Manager, commentary by the Chief Financial Officer, as well as the approval of the Accounting 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 and the Chief Financial Officer.

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 IDP/ department's strategic objectives and performance management milestones of the relevant departmental employees.

9.2. Virements must offset each other (equal zero) so that virements remain within in Total Operating or Capital Expenditure as approved in the Annual/Adjustments Budget.

9.3. Completed virement documentation is to be completed by the relevant delegated departmental official and approved as per points 7 and 8 above and effected by the Budget Office.

9.4. Virements approved and processed will be reported for information to the Executive Mayor on a quarterly basis.

10. ANNEXURES

A copy of the virement form is attached hereto and distributed electronically.

**ACCOMMODATION TRAVEL AND
SUBSISTENCE
POLICY**

2018 – 2019



NKANGALA DISTRICT MUNICIPALITY

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PART 13. LEGAL REQUIREMENTS

1 OBJECTIVE

It is essential that Councillors/Officials 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 Councillors/Officials 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

Councilor as defined in terms of the Municipal Structures Act (Act 117 of 1998)

For the purposes of this policy a Councilor shall mean:

Executive Mayor,

Speaker

Council Whip

Members of the Mayoral Committee,

other Councilors specifically authorised to represent the municipality on a particular occasion

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, soft drinks, tea and coffee, tips, newspapers, snacks, refreshments 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

For the purposes of this policy an Official shall mean:

Municipal Manager

Heads of Departments

any other official specifically authorised to represent the municipality on a particular occasion or who is on official council business

any official who is a member of a recognised professional institution and is granted permission to attend meetings and conferences of such institution.

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

Subsistence allowance

A subsistence allowance is an amount of money paid by the municipality to an official to cover the following expenses:

- meals (including reasonable gratuities);
- incidental **costs**

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 Councilor/Official who travels on the business of the municipality must comply with this policy in letter and in spirit.

- 3.2 Councilor/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 ALLOWANCE

- 4.1 A subsistence allowance does not cover any personal recreation, such as visits to a cinema, theatre or nightclubs, or sightseeing.

- 4.2 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.

- 4.3 An 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 5 below), may be claimed.

- 4.4 The subsistence allowance may be claimed without the 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).
- 4.5 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 an 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.
- 4.6 An 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.
- 4.7 No subsistence allowance will be paid, and no official will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality.
- 4.8 All travel on business of the municipality must be approved as such before an official is entitled to a subsistence allowance.
- 4.9 In the case of both domestic and international travel, the day of departure and the day of return each qualify for a subsistence allowance.

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

4.10 The officials can only qualify to claim one subsistence allowance per day e.g. daily/overnight

4.11 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.

5 ENTITLEMENT TO A TRAVEL ALLOWANCE

5.1 All travel on business of the municipality must be approved as such before a Councillor/Official is entitled to a travel allowance.

5.2 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.

5.3

5.4 Travel and subsistence: domestic: one or more nights spent away from home

- 5.4.1 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.
- 5.4.2 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.
- 5.4.3 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.
- 5.4.4 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.

- 5.4.5 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 R 160 per dinner is payable.
- 5.4.6 If an official stays with a relative or friend, no accommodation allowance may be claimed, however the official may, in addition to the applicable subsistence allowance, claim a Taxable amount of R200.00 (Two Hundred Rand) per day.
- 5.4.7 Councillors/Officials would only be allowed to claim for accommodation if the destination is beyond 100 kilometers from the municipal building unless accompanied with a motivation, duly authorized in terms of this policy
- 5.4.8 If an official must travel a distance of more than 100km per day on consecutive days for official business, it should be motivated and priorly approved as to the reason why accommodation can/should not be booked. Such motivation should be accompanied by a financial implication in order to take an informed decision.

- 5.4.8 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, unless a motivation and proof can be provided of accommodation paid for by the councilor/official in which case the councilor/official may be reimbursed accordingly. 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.
- 5.4.9 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.

5.5 Travel: domestic: for a day with no overnight stay

- 5.5.1 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 Official is away from the workplace for eight (8) hours or more and the distance is in excess of 30 km (single trip), subject to the proof of an invitation
- 5.5.2 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 Official needs to stay overnight for the purpose traveled for, without furnishing proof of expenses.
- 5.5.3 If an Official travels on the business of the municipality for a day, and furnish proof of meal expenses, a reimbursement subsistence allowance of R100 per day is payable. No more than R100 shall be payable per day, irrespective of the number of trips undertaken.
- 5.5.4 Any amount over and above the prescribed amount, if for whatever reason approved by Council, will be taxable.

5.6 Travel and subsistence: international: one or more nights spent away from home

- 5.6.1 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.
- 5.6.2 Council will reimburse the costs of visas for countries to be visited in accordance with the official visit.
- 5.6.3 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.
- 5.6.4 The recoverable cost of accommodation for international travel may not exceed US\$350 per day.
- 5.6.5 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 outside 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.

5.6.6 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 unless a motivation and proof can be provided of accommodation paid for by the councilor/official in which case the councilor/official may be reimbursed accordingly. 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.

5.6.7 On return from overseas visits the Councilor/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.

5.6.8 On return from overseas visits the councilor must provide proof of expenditure against the SARS allowance given as set out in the determination of upper limits.

6 CAR RENTAL AND OTHER TRAVEL COSTS

6.1 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).

6.2 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.

- 6.3 All flights by Councillor/Official of the municipality shall be in economy class, except for the Executive Mayor and his/her delegation, unless another class of travel is specifically recommended and authorised by the Municipal Manager.
- 6.4 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 7.6 below or the cost of a return airplane ticket and the kilometers travelled from his/her normal workplace to the nearest airport.
- 6.5 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.

In all cases where a vehicle is rented, insurance cover must be taken out as part of the rental agreement and be paid for by the council.

- 6.6 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:

- 6.6.1 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;
 - 6.6.2 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 Transport
 - 6.6.3 Councilors will be reimbursed in terms of the Determination of Upper Limits of Councilors 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 Transport
 - 6.6.4 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 Transport and 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.
- 6.7 Officials who do not own a car and make use of public/occasional transport can be re-imbursed at the lowest running cost in terms of the AA tariffs provided that the

trip authorization indicate the proposed transport to be used. Prior approval must be acquired for all of the above arrangements.

7 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

- 7.1.1 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 550 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.
- 7.1.2 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.
- 7.1.3 For the determination of distances with regard to the payment of a transport allowance, the following principles shall apply:
- 7.1.4 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.
- 7.1.5 If the Municipal Manager decides in terms of clause 7.1.1 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.
- 7.1.6 For a period of the twelve months after the determination of the provisional monthly official kilometer distance in terms of clause 7.1.5, 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.
- 7.2 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 7.1.6 to re-determine the official distance on which compensation is to be paid to such employee.

7.3 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.

7.4 The kilometer distance per month that Council determines for a post, excluding those referred to in clause 71.1, must be pertinently made known to the employee.

7.5 Travel allowance in acting positions

7.5.1 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.

7.5.2 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 8.9.1; 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.

7.6 CALCULATION OF TRANSPORT ALLOWANCES

7.7 Basis of compensation

$$A = bx \frac{c}{12}$$

7.8 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.

7.9 Transport allowance

7.9.1 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)

7.9.2 The transport allowance for a particular calendar month is, where possible, payable to an employee at the end of the same month.

7.9.3 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.

7.9.4 An employee whom travel more kilometers per month than the kilometers allocated to him/her in terms of the approved travel allowance may claim for the additional kilometers travelled by submitting a logbook for ALL kilometers travelled in the specific month and will be reimbursed 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

8 SUBSISTENCE AND TRAVEL ALLOWANCES FOR PERSONS INVITED FOR INTERVIEWS

8.1 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 100km (return) to attend the interview, and makes use of his/her own vehicle In case of the candidate making use of public

transport, the lowest running cost in terms of the AA tariffs shall be used for reimbursement.

8.2 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.

8.3 Interview candidates will only be re-imbursed as mentioned in 8.1 and 8.2 from their place of residence as indicated in their application form

9 TOLL GATE FEES, PARKING FEES AND OTHER UNAVOIDABLE EXPENSES

The reimbursement of tollgate fees, parking fees and any unavoidable expenses (provided it is motivated and approved in accordance with this policy) related to the approved official business travel, will be paid on the furnishing of proof of the expenses

10 AUTHORISATION

For purposes of implementing this policy:

- 10.1 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, but provided the expenses to be incurred are on the approved budget of the relevant department.

- 10.2 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.

- 10.3 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.

- 10.4 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.

10.5 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.

The request for reimbursement of travel costs for candidates who were invited for interviews, shall be authorized by the Corporate Manager

10.6 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.

11 PAYMENTS OF CLAIMS

11.1 Payment of claims will only be effected on receipt of a completed claim on the prescribed claim form duly authorized in terms of this policy.

11.2 Claims will only be considered if a copy of the relevant tax invoice for accommodation (if applicable) , as well as a copy of the invitations attached to the claim form.

11.3 All claims be paid in accordance with the approved travel payment schedule

11.4 A request for subsistence allowance will require a trip authorization which must indicate any/all passengers per event

11.5 Due to the monthly variance in terms of AA tariffs, claims should be grouped by month and a claim form completed for each month.

11.6 All councilors/officials receiving a travel allowance must annually in July, confirm the detail of such vehicle to the salary office (date of purchase, purchase price, registration in the name of the incumbent, make and model) to affect any claims. Only the confirmed vehicle per councilor/official will be allowed for reimbursement purposes, unless pre-approval have been obtained under any other circumstances.

11.7 Reimbursement of travel claims will only be considered through completion and authorization of the prescribed forms attached hereto.

11.8 All councilors/officials must act in good faith when requesting reimbursement of any travel and/or subsistence cost as false claims are considered financial misconduct and are subject to disciplinary procedures.

12 LEGAL REQUIREMENTS

12.1 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.

12.2 The Remuneration of Public Bearers Act and the annual Determination of upper limits of salaries, allowances and benefits of different members of municipal councils will supersede the provision in this policy, should it not be aligned.

13 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 e.g. drivers, municipal health workers etc.

RENTAL OF FACILITIES (USE OF COUNCIL CHAMBER, PARLOUR, TRAINING ROOM AND COMMITTEE ROOMS) POLICY



NKANGALA DISTRICT MUNICIPALITY

2018/19

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, on receipt of a written application. The Municipal Manager must issue a written approval to the applicant and the office building caretaker.

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 Manger 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

2018 -2019

Nkangala District Municipality

Budget Policy

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DEFINITIONS

"Accounting Officer"

(a) means the Municipal Manager; a person appointed in terms of section 82(1)(a) or (b) of the Municipal Structures Act

"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 within the demarcated area of the District Municipality shall be based on the following formula, subject to the resolution of the annual Strategic Lekgotla
- (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 Budget Steering Committee

- a) The mayor of a 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.
- b) The steering committee must consist of at least the following persons:
 - i. the councilor responsible for financial matters;
 - ii. the municipal manager;
 - iii. the chief financial officer;
 - iv. the senior managers responsible for at least the three largest votes in the municipality;

- v. the manager responsible for budgeting;
- vi. the manager responsible for planning; and
- vii. any technical experts on infrastructure.

4.2 Formulation of the budget

- (a) The Accounting Officer with the assistance of the Chief Financial Officer, Manager responsible for the IDP, and Manager responsible for the Performance Management shall draft the IDP process plan as well as the budget timetable for the municipality for the ensuing financial year (IDP/Budget Framework Plan).

Budget Policy

- (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 accordance with the approved IDP/Budget Framework Plan 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.
- (l) The IDP/Budget and SDBIP should be clearly linked for both operational and capital items

4.3Public participation process

Immediately after the draft annual budget has been tabled, the municipality must convene a Budget Indaba on the draft budget in accordance with the approved IDP/Budget Framework Plan and invite the public, stakeholder organisations, to make representation at the Indaba and to submit comments in response to the draft budget.

Budget Policy

4.4 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.
- (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

4.5 Publication of the budget

- (a) Within 14 days after the draft annual budget has been tabled, the Accounting Officer must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public.
- (b) The Accounting 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.

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- (ii) ensure that a newspaper advertisement is placed that the draft budget is available at the Municipal offices and available for comments.

4.6 Service Delivery and Budget Implementation Plan (SDBIP)

- (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) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- (c) 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.
- (d) 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).
- (e) 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 and reflected as such on the prescribed schedules by National Treasury
- (h) The capital expenditure shall be funded from the following sources:

Budget Policy

- (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.
 - (ii) **External loans**
 - External loans can be raised only if it is linked to the financing of an asset;
- l) Each Executive Manager shall submit his / her business plan for the ensuing year to the finance department in accordance with the approved IDP/Budget Framework Plan 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 in accordance with the approved IDP/Budget Framework Plan 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

Budget Policy

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.

- 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 accordance with the approved IDP/Budget Framework Plan in order to consider to roll- over a portion of the budget provision to the next financial year during the budget process.
- n) After the approval of such projects to be included on the current Annual Budget, the funds for such projects are only available for the completion of that project. No virements are allowed to be done on roll over project funding (cash-backed reserves).
- o) All projects must be budgeted in phases i.e. feasibility studies budgeted first then the construction/implementation after (multi-year budgeting).
- p) 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).

- q) 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;

- r) 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;

Budget Policy

- s) Interest payable on external loans shall be included as a cost in the operating budget;
- t)
- u) Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

Budget Policy

Grant Funding

- Non capital expenditure funded from grants must be budgeted for as part of the revenue and expenditure budget;
- Capital expenditure must be budgeted for in the capital budget;

- Budgeting for grant funding can only be based on realistically anticipated revenue expectations e.g. Division of Revenue Act (DORA)
- 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) Post retirement benefits based on actuals of the previous financial year

 - (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 40% 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. The percentage should be calculated on the operating expenditure ex the roll-over funds.

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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) 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.

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 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 in accordance with the approved IDP/Budget Framework Plan each year to be included in next year's budget for adoption by Council
- (f) No unspent budget for administrative operations shall be rolled over except when commitments can be motivated to the Budget Steering Committee.

(g)

(h) BUDGET TRANSFERS AND VIREMENTS

Budget Policy

Budget transfers and Virement are dealt with in terms of the councils Budget Virement Policy.

9. 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) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- (h) Unauthorised expenses may be authorised in an adjustments budget.

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- (i) With 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.

10. BUDGET IMPLEMENTATION

10.1. 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.

10.2. Reporting

10.2.1 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 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

Budget Policy

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.

10.2.2 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.

10.2.3 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 performance indicators which were set in the service delivery and budget implementation plan.

Budget Policy

- (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.

11. 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 2018 - 2019

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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 AND REVIEW

This policy has been considered and approved by the Council of **Nkangala District Municipality** and will be reviewed annually

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



NKANGALA DISTRICT MUNICIPALITY DC31

2018/19

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 will fully 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) One Senior Manager;
- (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

The chairperson should be a senior manager 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 20....

**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



**NKANGALA DISTRICT
MUNICIPALITY
DC31**

2018 - 2019

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.

7.2 The operating budget is funded from the following main sources of revenue:

(a) Exchange revenue

Exchange transactions are transactions in which one entity receive assets or service, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

(b) Non-exchange revenue

In a non-exchange transaction, the municipality either receive value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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 subject to approval by the Budget Steering Committee.
- (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 40% 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 a minimum of 4% 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 subject to approval by the Budget Steering Committee.

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



NKANGALA DISTRICT MUNICIPALITY DC31

2018 - 2019

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:

“Act”	The Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003)
“Investee”	An institution with which an investment is placed
“Investment Manager”	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.
“Trust money”	Money held in trust on behalf of third parties in a trust contemplated in terms of section 12 of the Act.
“Public-private partnership”	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 Auditor General.
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. Although the objective of the Chief Financial Officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions. The Chief Financial Officer shall not invest Councils funds with any financial institutions with an acceptable credit rating both in short and long term.
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. The CFO shall not invest Councils funds with any financial Institution with an acceptable credit rating both on short and long term. securities issued by the national government;

8. **CALL DEPOSITS AND FIXED DEPOSITS**

Before making any call or fixed deposits, the Chief Financial Officer, shall whenever necessary, request telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth)

Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained by e-mail.

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

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.

Where large sum of money are available for investment the Chief Financial officer shall ensure that they are invested with more than one institution, where ever practicable, in order to limit the risk exposure of the municipality. Any investment made with an institution shall not exceed 30% of the Council's investment portfolio. The Chief Financial Officer shall further insure that, as far as it is practically and legally possible, the municipality's investments are so distributed more than one investment category is covered (that is call, money market and fixed deposits).

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. **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.

15. **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.

16. **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.

17. **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.

18. **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 acceptable 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.

18.2 **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.

19. **REVIEW**

The policy must be reviewed annually to ensure that it complies with changes in legislation and regulations that applies.

20. **SHORT TITLE**

This policy shall be called the Investment of Surplus Funds Policy of the Nkangala District Municipality.

BORROWING POLICY



NKANGALA DISTRICT MUNICIPALITY DC31

2018/19

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:

Details MFMA

- (a) A copy of the information statement required by 46(3)(a)(i) section 46(3), containing particulars of the proposed borrowing (debt) instrument:
 - 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; and
 - 6. particulars of any security to be provided.
- (b) If not already incorporated in the information 46(3)(b)(i) and (ii) statement, the following information is provided separately:
 - 1. amount of debt to be raised through borrowing or other means;
 - 2. issue date;

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;
 - 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.

Details MFMA

- (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.

NKANGALA DISTRICT MUNICIPALITY



INSURANCE POLICY

2018 - 2019

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 and must be reviewed annually

10. POLICY ADOPTION

This policy has been considered and approved by the Council of Nkangala District

PETTY CASH POLICY



**NKANGALA DISTRICT
MUNICIPALITY
DC31**

2018 - 2019

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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 Chief Financial Officer 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.

5. **4.4 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) Materials for urgent repair work not kept or not available at the municipal offices where stock is kept;
- (f) Materials of special nature only available at specific suppliers; and
- (g) Ad hoc items accompanied by necessary authorisation;

5.2 Petty cash specified in 5.1 above must be approved by the Chief Financial Officer or delegated senior finance official prior to the transaction.

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

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 or Assistant manager 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 or Assistant Manager 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 Chief Financial Officer.

8. **OTHER**

- 8.1 The maximum amount allocated per petty cash bin will be determined from time to time by the Chief Financial Officer, 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.
- 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
 - (g) description of goods
- 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 Accountant Expenditure or Assistant manager 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 the correct allocation is used and that budget is available in the vote(s) 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 Chief Financial Officer 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 a further

deduction of the same amount will be made as a punishment 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 Chief Financial Officer 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 Internal Audit Unit 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.

NKANGALA DISTRICT MUNICIPALITY



INSURANCE POLICY

2018 - 2019

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 and must be reviewed annually

10. POLICY ADOPTION

This policy has been considered and approved by the Council of Nkangala District

CASH MANAGEMENT AND CREDITORS PAYMENT POLICY



NKANGALA DISTRICT MUNICIPALITY

2018- 2019

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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 the 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 between 14 and 30 days from the receipt of the correct invoice date, unless –

a) The Municipality effects 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 (2.5% discount) 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 or where the supplier are found to be non-compliant with the requirements of the Central database.

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. POLICY ADOPTION AND REVIEW

This policy has been considered and approved by the Council of **Nkangala District Municipality** and will be reviewed annually.

MANAGEMENT OF FOREIGN EXCHANGE POLICY



**NKANGALA DISTRICT MUNICIPALITY
DC31**

2018 - 2019

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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 a transaction by which future exchange gains or losses are controlled within agreed margins or entirely eliminated

Forward rate

A forward rate is a rate applicable to a financial transaction that will take place in future. Forward rates are based on the spot rate, adjusted for the cost of carry and refer to the rate that will be used to deliver a currency, bond or commodity at some future time.

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

SpotRate

The exchange rate for immediate delivery of currencies to be exchanged

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 Chief Financial Officer 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 Chief Financial Officer 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, measurement and disclosure of foreign exchange transactions in accordance with the applicable accounting standards.

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 Chief Financial Officer, 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 Chief Financial Officer 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 international 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.

NKANGALA DISTRICT MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

INFRASTRUCTURE PROCUREMENT DELIVERY MANAGEMENT POLICY

(SIPDM)
2018/2019

Nkangala District Municipality's SCM Policy for Infrastructure procurement and delivery management

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1 Scope

This policy establishes the **Nkangala District Municipality's** policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to **Nkangala District Municipality** which are stored and issued to contractors or to employees;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets; and
- e) public private partnerships.

2 Terms, definitions and abbreviations

2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

“Agent”: person or organization that is not an employee of **Nkangala District Municipality** that acts on the **Nkangala District Municipality** behalf in the application of this document

“authorised person”: the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

“conflict of interest”: any situation in which:

- a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,
- b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or
- c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

“contract manager”: person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

“family member”: a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

“framework agreement”: an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

“gate”: a control point at the end of a process where a decision is required before proceeding to the next process or activity

“gateway review”: an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based

“Gratification”: an inducement to perform an improper act

“**infrastructure delivery**”: the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

“**infrastructure procurement**”: the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

“**maintenance**”: the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

“**operation**”: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

“**order**”: an instruction to provide goods, services or any combination thereof under a framework agreement

“**organ of state**”: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

“**procurement document**”: documentation used to initiate or conclude (or both) a contract or the issuing of an order

“**principal**”: a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

“**standard**”: the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

“**working day**”: any day of a week on which is not a Sunday, Saturday or public holiday

2.2 Abbreviations

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

3 General requirements¹

3.1 Delegations

3.1.1 The **Council of Nkangala District Municipality** hereby delegates all powers and duties to the **Municipal Manager** which are necessary to enable the **Municipal Manager** to:

- a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;
- c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and

¹ This clause is required to ensure that the standard is linked to the policy and aligned with the MFMA SCM Regulations.

- d) comply with her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2 No departure shall be made from the provisions of this policy without the approval of the **Municipal Manager of Nkangala District Municipality**.

3.1.3 The **Municipal Manager** shall for oversight purposes:

- a) within (30) days of the end of each financial year, submit a report on the implementation of this the policy, to the council of the **Nkangala District Municipality**² / within (20) days of the end of each financial year, submit a report on the implementation of this policy to the board of directors, who must then submit the report to the municipal manager of **Nkangala District Municipality** for submission to the council;
- b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to **Top Management**, who must then submit the report to the municipal manager of **Nkangala District Municipality** for submission to the council;
- a) within (10) days of the end of each quarter, submit a report on the implementation of the policy to **Mayoral Commitee**; and
- b) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

3.1.4 The requirements of this policy will be applicable to be bids above R200 000,00

3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.³

3.2.2 Pre-feasibility and feasibility reports are required on where the project is a major capital project which is not standardised, and the risk of failing to achieve time, cost and quality objectives is the relatively high.⁴

3.2.3 Stage 3 to 9 may be omitted where the required work does not involve the provisions of infrastructure, or the rehabilitation, refurbishment or alteration of existing infrastructure.⁵

3.2.4 Stage 5-6 may be omitted if insufficient information to proceed to stage 7 is contained in the Stage 4 deliverable.

3.2.5 A stage can be shall only be complete when the deliverable has been approved or accepted or approved or accepted by the person designated in the institutional arrangement to do so.

3.3 Supervision of the infrastructure delivery management unit⁶

² Delete text after / in the case of a municipality and the text before the / in the case of a municipal entity.

³ Any deviation to the provisions of this standard must be reported to National Treasury and the relevant treasury.

⁴ Sub-clause 4.1.1.4 c) of the standard permits an organ of states' policy to require that pre-feasibility and feasibility reports are required, notwithstanding the test provided for in this sub-clause to determine if such reports are required. The compiler of the policy needs to delete this sub-clause if it is not required.

⁵ Sub-clause 4.1.1.1 of the standard permits stages 3 to 9 where the work does not involve the provision of new infrastructure or the rehabilitation, refurbishment, alteration of existing infrastructure. Stages 5 and 6 to be omitted where there is sufficient information to proceed to stage 7 is contained in the stage 4 deliverable. The policy may require that certain types of work (e.g. specific types of maintenance) need to pass through all the stages. If this is the case, the policy may require the application of all the stages for specific types of projects. The compiler of the policy needs to delete this sub-clause if it is not required.

⁶ SCM Regulation 7 which is issued in terms of the MFMA requires each municipality to establish a supply chain management unit to implement its supply chain management policy, which where possible, should operate 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. There are benefits in establishing SCM units for general goods and services and infrastructure and to delegate the supervision to a person other than the chief financial officer.

The Infrastructure Delivery Management Unit shall be directly supervised by the **Manager :Technical Services**

3.4 Objections and complaints⁷

Persons aggrieved by decisions or actions taken in the implementation of this policy, may lodge within 4 days of the decision or action, a written objection or complaint against the decision or action.

3.5 Resolution of disputes, objections, complaints and queries⁸

3.5.1 The **Municipal Manager** shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the **Nkangala District Municipality** and other persons regarding:

- a) any decisions or actions taken in the implementation of the supply chain management system;
- b) any matter arising from a contract awarded within the **Nkangala District Municipality's** infrastructure delivery management system; or
- c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

3.5.2 The designated person shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3 The person appointed in terms of 3.5.1 shall:

- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- b) submit monthly reports to the **Municipal Manager** on all disputes, objections, complaints or queries received, attended to or resolved.

3.5.4 A dispute, objection, complaint or query may be referred to the **Mpumalanga Provincial Treasury** if:

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- b) no response is forthcoming within 60 days.

3.5.5 If the **Mpumalanga Provincial Treasury** does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

4 Control framework for infrastructure delivery management⁹

4.1 Assignment of responsibilities for approving or accepting end of stage deliverables¹⁰

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

⁷ This clause aligns with SCM Regulation 49 issued in terms of the MFMA.

⁸ This clause aligns with SCM Regulation 50 issued in terms of the MFMA.

⁹ This clause is required to ensure compliance with the requirements of the standard.

¹⁰ The terms "approve" and "accept" have the meanings "officially agree to" and "receive as adequate, valid, or suitable give an affirmative answer to a proposal", respectively. Approvals will typically take place at a senior management level whilst acceptances can be made at a lower level. Approvals and acceptances can be granted by individuals or committees.

Where a municipality or municipal entity implements a project on behalf of an organ of state, acceptance / approval of end of stage deliverables may have to be granted in consultation with such an organisation. Alternatively it may be assigned to a party to an agency agreement developed in accordance with the provisions of clauses 5.2 of the standard. As a result, Table 1 may have to differentiate between own infrastructure and client institution's infrastructure. It may also have to differentiate between the value and type of projects.

Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage		Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name	
0	Project initiation	Municipal Manager accepts the initiation report
1	Infrastructure planning	Council approves the infrastructure plan
2	Strategic resourcing	Head of Department approves the delivery and / or procurement strategy
3	Pre-feasibility	Project Manager accepts the pre-feasibility report
	Preparation and briefing	Project Manager accepts the strategic brief
4	Feasibility	Project Manager accepts the feasibility report
	Concept and viability	Project Manager accepts the concept report
5	Design development	Project Manager accepts the design development report
6	Design documentation	6A Production information Project Manager accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		6B Manufacture, fabrication and construction information The contract manager accepts the manufacture, fabrication and construction information
7	Works	The contract manager certifies completion of the works or the delivery of goods and associated services
8	Handover	The owner or end user accepts liability for the works
9	Package completion	The contract manager or supervising agent certifies the defects certificate in accordance with the provisions of the contract The contract manager certifies final completion in accordance with the provisions of the contract Project Manager accepts the close out report

The infrastructure plan (stage 1), which is informed by demand management requirements as set out in 6.2, initiation reports (stage 0), decisions made during stages 3 and 4 and work in progress in stages 5 to 9, and the procurement strategy (stage 2) shall be reviewed and updated at least once a year.

An organ of state may, if it deems it necessary, add additional gates to the control framework presented in Figure 1.

The approval of the infrastructure plan and the securing of the necessary budget shall be obtained prior to advancing to stage 3. All subsequent stages shall only be proceeded with if the necessary budget is in place.

The approvals or acceptances at each gate shall be retained for record purposes for a period of not less than five years of such acceptance or approval in a secured environment, unless otherwise determined in terms of the National Archives and Record Services of South Africa Act.

An initiation report which outlines the high-level business case together with the estimated project cost and proposed schedule for a single project or a group of projects having a similar high-level scope.

The initiation report for a project shall as a minimum:

- a) provide a project description and high-level scope of work;
- b) outline key issues and solution options that were interrogated;
- c) outline options that were evaluated;
- d) indicate the high-level business case; and
- e) provide the estimated project cost and indicative high-level schedule.

Stage 0 is complete when the initiation report is accepted.

Stage 1: Infrastructure planning

The infrastructure plan for a portfolio of projects or packages which require implementation shall cover a period of not less than five years. Such a plan shall be:

- a) described by the high-level scope of work for each project, the proposed time schedule, the estimated total project cost and annual budget requirement, the geographical location, any known encumbrances and estimated timeframes for removing these encumbrances; and
- b) aligned with all prescribed planning, budgeting, monitoring and reporting requirements.

Stage 1 is complete when the infrastructure plan is approved.

Stage 2: Strategic resourcing

A delivery management strategy shall be developed following the conducting of a spend, organizational and market analysis. Such a strategy shall indicate how needs are to be met for each category of spend through one or more of the following:

- a) a public private partnership;
- b) another organ of state on an agency basis;
- c) another organ of state's framework agreement;
- d) own resources; or
- e) own procurement system;

A procurement strategy shall, based on the spend, organizational and market analysis, document the selected packaging, contracting, pricing and targeting strategy and procurement procedure for all required goods or services or any combination thereof including professional services.

Stage 2 is complete when the delivery and procurement strategy is approved.

Stage 3: Preparation and briefing or prefeasibility

3.1 Prefeasibility and feasibility reports shall be required as end-of-stage deliverables for stages 3 and 4, respectively, where one or more of the following applies:

- I. The major Capital Project is required for :
 - i. A major public enterprise where the total project capital expenditure exceeds R1,5 billion; or
 - ii. An organ of state subject to the Public Finance Management Act other than a major public enterprise where the total project capital expenditure exceeds R1,0 billion including VAT, or where the expenditure per year for a minimum of three (3) years exceeds R250 –Million per annum including VAT;
- II. The project is not :
 - i. A building project with or without related site works; or
 - ii. A process-based, somewhat repetitive or relatively standardized project where the risk of failing to achieve time, cost and quality objectives is relatively low or;
- III. It is deemed necessary during stage 2

The strategic brief shall as necessary:

- a) confirm the scope of the package and identify any constraints, including those relating to occupational health and safety;
- b) establish the project criteria, including the performance and reliability requirements, design life, service life of components, function, maintenance and replacement requirements, mix of uses, scale, location, quality, value, time, safety, health, environment and sustainability;
- c) identify procedures, organisational structure, key constraints, statutory permissions (e.g. environmental, heritage, social, planning, building control), and utility approvals, policies (e.g. environmental, developmental, social, maintenance or facilities management) and strategies to take the package forward;
- d) identify risks that need to be mitigated;
- e) identify interfaces between packages as necessary; and
- f) establish the control budget for the package, ownership costs and schedule for the package or series of packages.

3.2 The prefeasibility study shall as necessary:

- a) document the owner or user requirements specification;
- b) shortlist the options that were considered;
- c) provide a preliminary design for study options;
- d) provide preliminary capital estimate and the proposed schedule; and
- e) present the study outcomes.

3.3 Stage 3 is complete when the prefeasibility report or the strategic brief, as required, is accepted.

Stage 4: Concept and viability or feasibility

The concept report shall as necessary:

- a) document the initial design criteria and design options or the methods and procedures required to maintain the condition of infrastructure for the package;
- b) establish the detailed brief, scope, scale, form and cost plan for the package;
- c) provide an indicative schedule for documentation and construction or maintenance services associated with the package;
- d) contain a site development plan or other suitable schematic layouts of the works;
- e) describe the statutory permissions, funding approvals or utility approvals required to proceed with the works associated with the package;
- f) include a baseline risk assessment for the package, and a health and safety plan which is required in terms of the requirements of the Construction Regulations issued in terms of the Occupational Health and Safety Act;
- g) contain a risk report linked to the need for further surveys, tests, other investigations and consents and approvals, if any, during subsequent stages and identified health, safety and environmental risk;
- h) contain an operations and maintenance support plan which establishes the organisational structure required for the operation and maintenance of the works resulting from the package or series of packages over its service life, and the office, stores, furniture, equipment, Information and Communications Technology (ICT), engineering infrastructure and staff training requirements;
- i) confirm the financial sustainability of the project; and
- j) establish the feasibility of satisfying the strategic brief for the package or series of packages within the control budget established during stage 3 and, if not, motivate a revised control budget.

A feasibility report shall as a minimum provide the following:

- a) details regarding the preparatory work covering:
 - 1) a needs and demand analysis with output specifications; and
 - 2) an options analysis;
- b) a viability evaluation covering:
 - 1) a financial analysis; and
 - 2) an economic analysis, if necessary;
- c) a risk assessment and sensitivity analysis;
- d) a professional analysis covering:
 - 1) a technology options assessment;
 - 2) an environmental impact assessment; and

- 3) a regulatory due diligence; and
- e) implementation readiness assessment covering:
 - 1) institutional capacity; and
 - 2) a procurement plan

Stage 5: Design development

5.1 The design development report shall as necessary:

- a) develop in detail the accepted concept to finalise the design and definition criteria;
- b) establish the detailed form, character, function and costings;
- c) define all components in terms of overall size, typical detail, performance and outline specification;
- d) describe how infrastructure, or elements or components thereof, are to function, how they are to be safely constructed, how they are to be maintained and how they are to be commissioned; and
- e) confirm that the package or series of packages can be completed within the control budget or propose a revision to the control budget

Outline specifications shall be in sufficient detail to enable a view to be taken on the operation and maintenance implications of the design and the compatibility with existing plant and equipment.

Stage 6: Design documentation

6.1 Stage 6A (Production information) is complete when all the production information that is required to be accepted prior to being issued for construction, manufacturing or fabrication purposes has been accepted.

6.2 Stage 6B (Manufacture, fabrication and construction information) is complete when the manufacture, fabrication and construction information is accepted as being in accordance with the production information.

Stage 7: Works

Stage 7 is complete when:

- a) completion of the works is certified in accordance with the provisions of the contract; or
- b) the goods and associated services are certified as being delivered in accordance with the provisions of the contract.

Stage 8: Handover

8.1 The handover stage shall include as necessary the training of the end user's or the owner's staff in the operation of the delivered infrastructure.

8.2 The record information shall as relevant:

- a) accurately document the condition of the completed works associated with a package;

- b) accurately document the works as constructed or completed;
- c) contain information on the care and servicing requirements for the works or a portion thereof;
- d) contain information or instructions on the use of plant and equipment;
- e) confirm the performance requirements of the design development report and production information;
- f) contain certificates confirming compliance with legislation, statutory permissions and the like; and
- g) contain guarantees that extend beyond the defects liability period provided for in the package.

8.3 Record information shall, as relevant, provide those tasked with the operation and maintenance of infrastructure with the information necessary to:

- a) understand how the designers intended the works, systems, subsystems, assemblies and components to function;
- b) effectively operate, care for and maintain the works, systems, subsystems, assemblies and components to function;
- c) check, test or replace systems, subsystems, assemblies or components to ensure the satisfactory performance of works, systems, subsystems, assemblies and components overtime;
- d) develop maintenance plans;
- e) determine stock levels for components and assemblies that need to be regularly replaced; and
- f) budget for the operation and maintenance of the works, systems, subsystems and components over time.

8.4 Arrangements shall be put in place to secure and safeguard the works from the time that the contractor's liabilities for damage to the works end until such time that the works are handed over to the end user or owner who shall accept such liabilities.

8.5 Stage 8 is complete when the end user or owner accepts liability for the works.

Stage 9: Close out

9.1 The close out report for the package shall outline what was achieved in terms of at least the following:

- a) the following performance parameters ;
 - expenditure incurred in infrastructure delivery for the financial year, against the budget made available to cover such expenditure at the start of the year;
 - the average variance between planned and achieved completion of stages of all packages and projects;
 - an overview of all packages where stage 7 was completed within the financial year and the total of the prices and the time for completion at the start of the contract or when the order was issued exceeds 15%, together with a brief explanation as to why such increases occurred;
 - the average time taken to award a contract, measured from the closing date for tender submission or the final submission made in terms of a proposal or competitive negotiations procedure to a decision being taken to award the contract;
 - the average time taken , in respect of all packages covered in the report, to complete stage 8 measured from the time that stage 7 is completed;

- The average difference between the total of the prices in the payment certificates that was issued following the completion of stage 7 and the total of the prices at the end of stage 9;
- The average time taken to award the contract above the threshold for quotations, measured from the closing date for tender submission or the final submission made in terms of a proposal or a competitive negotiations procedure, to the acceptance of the tender by the adjudication report;
- The average number of days that payment is later than that required under the terms of the contract

- b) unit costs of completed work or major components thereof; and
- c) key performance indicators relating to developmental objectives.

9.2 The close out report shall make suggestions for improvements on future packages of a similar nature. Such a report should also comment on the performance of the contractor and, if relevant, include building tuning or similar reports.

9.3.1 Stage 9 is complete when, as relevant, defects certificates or certificates of final completion are issued in terms of the contract, the final amount due to the contractor in terms of the contract is certified and the close out report is accepted.

4.1.2 Gateway reviews

4.1.2.1 Gateway reviews for major capital projects above a threshold

4.1.2.1.1 All major capital projects having an estimated capital expenditure equal to or above the threshold established in Table 2 shall have a gateway review of the end-of-stage 4 deliverable, prior to the acceptance of such deliverable. The review shall be initiated by the organ of state which intends implementing the project. The focus of such a review shall in the first instance be on the quality of the documentation, and thereafter on:

- a) deliverability (the extent to which a project is deemed likely to deliver the expected benefits within the declared cost, time and performance envelope);
- b) affordability (the extent to which the level of expenditure and financial risk involved in a project can be taken up on, given the organisation's overall financial position, both singly and in the light of its other current and projected commitments); and
- c) value for money.

Table 2: Thresholds for gateway reviews of major capital projects

Organ of state	Estimated cost inclusive of VAT
National department	R100 million
Provincial department or metropolitan municipality	R100 million
Municipality other than a metropolitan municipality	R50 million
Major public entity	R500 million
National government business enterprise Provincial government business enterprise	R250 million
Other	R100 million

4.1.2.1.2 A gateway review team shall comprise not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with various aspects of the subject matter of the deliverable at the end of the stage under review. Such a team shall be led by a person who has at least six years post-

graduate experience in the planning of infrastructure projects and is registered either as professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

4.1.2.1.3 The relevant treasury shall be notified of a proposed gateway review for a major capital project, three weeks prior to the conducting of such a review. Such notification shall be accompanied by a brief outline of the proposed project or package, the names and qualifications of the reviewers and the timeframes for the review. The relevant treasury may nominate additional persons to serve on the review team.

4.1.2.1.4 The gateway review team shall base its findings primarily on:

- a) the information contained in the end-of-stage deliverables;
- b) supplementary documentation, if any, provided by key staff obtained during an interview process; and
- c) interviews with key staff members and stakeholders.

4.1.2.1.5 The gateway review team shall issue a report at the conclusion of a gateway review which indicates the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work may be undertaken to improve such information.

4.1.2.1.6 Aspects in the report shall be flagged as being:

- a) code red: team considers the aspect to pose a significant risk to the project or package;
- b) code amber: team considers the aspects which indicate a minor risk to the project or package; or
- c) code green: team considers the aspect to have been given adequate consideration to the extent that it is unlikely to jeopardise the success of progressing to the next stage, or minor adjustments may be required before proceeding.

4.1.2.1.7 The contents of the gateway review report shall be taken into account when accepting the stage 4 deliverable. A stage 4 deliverable shall not be accepted until such time that all code red risks have been addressed in the stage 4 end-of-stage deliverable.

4.1.2.2 Gateway reviews initiated by the relevant treasury

4.1.2.2.1 A relevant treasury may at any time institute a gateway review of any of the end-of-stage deliverables associated with the control framework, irrespective of the estimated cost of a project. The focus of such a review shall be determined by the relevant treasury. The implementer of a project shall be notified of the review and its focus at least three weeks prior to the conducting of the review.

4.1.2.2.2 The implementer shall provide a person to lead the review and one other person to serve on the team, both of whom satisfy the requirements of 4.1.2.1.2.

Control framework for infrastructure procurement¹¹

- 5.1 The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.
- 5.2 The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows: ¹²
- a) *The **Municipal Manager*** shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
 - b) the authorised person may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.
- 5.3 The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

5 Infrastructure delivery management requirements

6.1 Institutional arrangements

6.1.1 Committee system for procurement¹³

6.1.1.1 General

6.1.1.1.1 A committee system comprising the documentation committee, evaluation committee and tender committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

6.1.1.1.2 The evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

6.1.1.1.3 The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting.

6.1.1.1.4 No person who is a political officer bearer, a public office bearer including any councilor of a municipality, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or tender committee.

6.1.1.1.5 Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterized by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period

¹¹ This clause is required to ensure compliance with the requirements of the standard.

¹² SCM Regulation 26 of the MFMA requires that a committee system be established for procurement above the threshold for quotations. It is not, however, a requirement for such a committee to deal with quotations.

¹³ SCM Regulation 26 of the MFMA requires that a committee system be established for procurement above the threshold for quotations. A municipality of a municipal entity may require that the tender committee (bid adjudication committee) also deal with quotations

The principle of segregation (an internal control designed to prevent error and fraud by ensuring that at least two individuals are responsible for the separate parts of any task) is dealt with the committee system in the standard as follows:

- procurement gate 3: a technical evaluation of procurement documents and an approval of such documentation;
- procurement gate 5: a technical evaluation of submissions and an authorization to proceed with the next phase of a procurement process; and
- procurement gate 6: a tender evaluation and a recommendation to award a contract.

of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.1.2 Procurement documentation committee

6.1.1.2.1 The **Municipal Manager** shall appoint in writing on a procurement by procurement basis:

- a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and
- b) the members of the procurement documentation committee.

6.1.1.2.2 The procurement documentation committee shall comprise one or more persons. The chairperson shall be an employee of **Nkangala District Municipality** with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.3 No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
1*	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	Head of Department
2*	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	Head of Department
3	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Procurement documentation committee
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	Accountant: Projects
4	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	Evaluation Tender Committee
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award	Bid Adjudication Committee
5	Award contract	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	Municipal Manager
		5.5 GF1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	Assistant Manager: Treasury

* Applies only to goods and services not addressed in a procurement strategy developed during stage 2 (strategic resourcing) of the control framework for infrastructure delivery management

Table 2 (concluded)

Activity		Sub-Activity		Key action	Person assigned responsibility to perform key action
8	Administer contracts and confirm compliance with requirements	6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	<i>Manager: Technical Services</i>
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	<i>Manager: Corporate Services</i>
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage ¹⁴	Approve amount of time and cost overruns up to the threshold	Project Manager
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	Approve amount of time and cost overruns above a the threshold	Municipal Manager or Bid Adjudication Committee
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	Municipal Manager
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	Municipal Manager

¹⁴ Stepped thresholds leading up to the 20% and 30% values given in PG8D may be necessary to manage cost and time overruns, respectively, the principle being that approval to exceed these percentages needs to be granted at a more senior level with each increase. For example, the increases for cost overruns could be as follows:

- ≤ 2,5 % - contract manager;
- 2,5 to 10% - project director
- > 10% - appropriately delegated authority

Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement

Activity		Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contactor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited	Project Manager
3 FG2	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Municipal Manager
4 FG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	Accountant : Projects
6 FG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order	Municipal Manager

6.1.1.3 Evaluation committee

6.1.1.3.1 The **Municipal Manager** shall appoint on a procurement by procurement basis in writing:

- a) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and
- b) the members of the evaluation committee.

6.1.1.3.2 The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of **Nkangala District Municipality** with requisite skills. Other members shall include a supply chain management practitioner¹⁵ and, where relevant, include an official from the department requiring infrastructure delivery.

6.1.1.3.3 The evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

- a) the capability and capacity of a tenderer to perform the contract;
- b) the tenderer's tax and municipal rates and taxes compliance status;
- c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
- d) the Compulsory Declaration has been completed; and
- e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

6.1.1.3.4 No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

6.1.1.3.5 The chairperson of the evaluation committee shall promptly notify the **Municipal Manager** of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.1.4 Tender committee¹⁶

6.1.1.4.1 The tender committee shall comprise the following persons or their mandated delegate:¹⁷

- a) **Chief Financial Officer** who shall be the chairperson, if not available any Senior Manager who can be delegated as an alternate member on behalf of the Chief Financial Officer
- b) **Manager Corporate Services**
- c) **Manager Social Services**
- d) **Manager Technical Services**
- e) **Manager Social Services**
- f) **Assistant Manager Supply Chain Management**

¹⁵ A supply chain management practitioner in the context of infrastructure delivery includes a built environment professional

¹⁶ Where no separate tender committee is established, this section should simply refer to the bid adjudication committee which is set up to deal with tenders with both the supply chain for general goods and services and for infrastructure

¹⁷ The chairperson needs to be an employee of the municipality or the municipal entity with requisite skills. Other members should be employees of the municipality or the municipal entity and include at least four senior managers including the chief financial officer, a supply chain management practitioner and a technical expert in the relevant field, if such municipality or municipal entity has such an expert.

g) Committee Secretariat Supply Chain Management

6.1.1.4.2 No member of the evaluation committee may serve on the tender committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.

6.1.1.4.3 The tender committee shall:

- a) consider the report and recommendations of the evaluation committee and:
 - 1) verify that the procurement process which was followed complies with the provisions of this document;
 - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

6.1.1.4.4 The tender committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

6.1.1.4.5 The tender committee shall consider the merits of an unsolicited offer and make a recommendation to the **Municipal Manager**.

6.1.1.4.6 The tender committee shall report to the **Municipal Manager** any recommendation made to award a contract to a tenderer other than the tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

6.1.1.4.7 The tender committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order; or
- b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

6.1.1.4.8 The tender committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the **Mpumalanga Provincial Treasury** shall be informed where such tenderers are disregarded.

6.1.2 Actions of an authorised person relating to the award of a contract or an order

6.1.2.1 Award of a contract

6.1.2.1 The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the tender committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the **Tender Committee**, and either:

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or
- b) decide not to proceed or to start afresh with the process.

6.1.2.2 The authorised person shall immediately notify the **Tender Committee** if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and **Mpumalanga Provincial Treasury**, of the reasons for deviating from such recommendation.

6.1.2.3 Issuing of an order

The authorised person shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the evaluation committee or the **Tender Committee**, as relevant, and either:

- a) authorise the issuing of an order in accordance with the provisions of clause 4.25 of the standard; or
- b) decide not to proceed or to start afresh with the process.

6.1.3 Conduct of those engaged in infrastructure delivery¹⁸

6.1.3.1 General requirements

6.1.3.1.1 All personnel and agents of **Nkangala District Municipality** shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;
- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

6.1.3.1.2 All personnel and agents engaged in **Nkangala District Municipality's** infrastructure delivery management system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;

¹⁸ Sub clause 5.1 d) of the standard requires that the municipality's or municipal entity's policy establish ethical standards for those involved in the procurement and delivery of infrastructure. This clause is aligned with the provisions of SCM Regulation 46 (Ethical standards) issued in terms of the MFMA and National Treasury's Code of Conduct for Supply Chain Management Practitioners

- f) be fair and impartial in the performance of their functions;
- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- j) assist **Nkangala District Municipality** in combating corruption and fraud within the infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and
- m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

6.1.3.1.2 An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

6.1.3.2 Conflicts of interest

6.1.3.2.1 The employees and agents of **Nkangala District Municipality** who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:

- a) disclose in writing to the employee of the **Nkangala District Municipality** to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
- b) not participate in any activities that might lead to the disclosure of *[name of municipality or municipal entity]* proprietary information.

6.1.3.2.2 The employees and agents of **Nkangala District Municipality** shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

6.1.3.2.3 Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in **Nkangala District Municipality's** interest to do so, submit a tender for work associated with such documents provided that:

- a) **Nkangala District Municipality** states in the tender data that such an agent is a potential tenderer;
- b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
- c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.1.3.3 Evaluation of submissions received from respondents and tenderers

6.1.3.3.1 The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

- a) not have any conflict between their duties as an employee or an agent and their private interest;
- b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
- c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to **Nkangala District Municipality**.

6.1.3.3.2 The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of **Nkangala District Municipality** and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

6.1.3.3.3 Nkangala District Municipality personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

6.1.3.4 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect **Nkangala District Municipality's** confidential information and interests.

6.1.3.5 Gratifications, hospitality and gifts

6.1.3.5.1 The employees and agents of **Nkangala District Municipality** shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2 The employees and agents of **Nkangala District Municipality** as well as their family members of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas trips; or
- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3 The employees and agents of **Nkangala District Municipality** shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4 All employees and agents of **Nkangala District Municipality** may for the purpose of fostering inter-personal business relations accept the following:

- a) meals and entertainment, but excluding the cost of transport and accommodation;
- b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;
- c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
- d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and

- e) gifts in kind other than those listed in a) to d) which have an intrinsic value greater than R350 unless they have declared them to the **Municipal Manager**¹⁹.

6.1.3.5.5 Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

6.1.3.5.6 Employees and agents of **Nkangala District Municipality** shall without delay report to the **Municipal Manager** any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

6.1.3.6 Reporting of breaches

Employees and agents of **Nkangala District Municipality** shall promptly report to the **Municipal Manager** any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

6.1.4 Measures to prevent abuse of the infrastructure delivery system²⁰

The **Municipal Manager** shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the National Treasury and **Mpumalanga Provincial Treasury** of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- d) cancel a contract if:
 - 1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
 - 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

6.1.5 Awards to persons in the service of the state²¹

6.1.5.1 Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

- a) a member of any municipal council, any provincial legislature, or the National Assembly or the National Council of Provinces;
- b) a member of the board of directors of any municipal entity;
- c) an official of any municipality or municipal entity;

¹⁹ SCM Regulation permits the receipt of gifts and hospitality provided that they are declared to the municipal manager or the chief executive

²⁰ The requirement to prevent abuse of the supply chain management system is aligned with the provisions of SCM Regulation 38 issued in terms of the MFMA.

²¹ The clause aligns with SCM Regulation 44 issued in terms of the MFMA.

- d) 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, 1999 (Act No. 1 of 1999);
- e) a member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature.

6.1.5.2 The notes to the annual financial statements of the **Nkangala District Municipality** shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.1.6 Collusive tendering²²

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

6.1.7 Placing of contractors under restrictions²³

6.1.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- b) had their contract terminated for reasons within their control without reasonable cause;
- c) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- d) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards **Nkangala District Municipality**.
- e) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of **Nkangala District Municipality** that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

The **Blacklisting Committee** shall prepare a report on the matter and make a recommendation to the **Municipal Manager** for placing the contractor or any of its principals under restrictions from doing business with the **Nkangala District Municipality**.

6.1.7.2 The **Municipal Manager** may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to **Nkangala District Municipality** for a period of time.

²² The standard requires the inclusion of the Compulsory Declaration in all procurement documents. This sub-clause aligns with SCM Regulation 44 issued in terms of the MFMA and SANS 10845-3 which is incorporated by reference in the standard.

²³ This sub-clause is aligned with the requirements of SCM Regulation 38 issued in terms of the MFMA.

6.1.7.3 The **Blacklisting Committee** shall:

- a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of **Nkangala District Municipality** who are engaged in procurement processes; and
- b) notify the National Treasury and **Mpumalanga Provincial Treasury** and , if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

6.1.8 Complaints

6.1.8.1 All complaints regarding the **Nkangala District Municipality's** infrastructure delivery management system shall be addressed to the **Municipal Manager** such complaints shall be in writing.

6.1.8.2 The **Internal Audit** shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the **Municipal Manager** who will decide on what action to take.

6.2 Acquisition management

6.2.1 Unsolicited proposal²⁴

6.2.1.1 The **Nkangala District Municipality** is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for **Nkangala District Municipality**
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the **Municipal Manager** finds the reasons for not going through a normal tender processes to be sound.

6.2.1.2 The **Municipal Manager** may only accept an unsolicited offer and enter into a contract after considering the recommendations of the tender committee if:

- a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for **Nkangala District Municipality** and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;
- b) the **Nkangala District Municipality** has obtained comments and recommendations on the offer from the **National Treasury** and **Mpumalanga Provincial Treasury**;
- c) the tender committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any

²⁴ The clause aligns with SCM Regulation 37 issued in terms of the MFMA.

comments and recommendations received from the **National Treasury** and **Mpumalanga Provincial Treasury**; and

d) the provisions of 6.2.1.3 are complied with.

6.2.1.3 The **Municipal Manager** shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the **National Treasury**, the **Mpumalanga Provincial Treasury** and **Auditor General**. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

6.2.2 Tax and rates compliance²⁵

6.2.2.1 SARS tax clearance

6.2.2.1.1 No contract may be awarded or an order issued where the value of such transaction exceeds R 15 000, unless a tenderer or contractor is in possession of a valid Tax Clearance Certificate issued by SARS or if not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

6.2.2.1.2 In the case of a partnership, each partner shall comply with the requirements of 6.2.2.2.1.

6.2.2.1.3 No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of **Nkangala District Municipality** shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

6.2.2.1.4 Notwithstanding the requirements of 6.2.2.1 and 6.2.2.3 the following shall apply, unless a person who is not tax compliant indicates to the **Supply Chain Department** that it intends challenging its tax compliance status with SARS,

- a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
- d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
- e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

6.2.2.1.5 The **Nkangala District Municipality** may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.2.2.1.4e).

²⁵ This sub-clause aligns with the provisions of SCM Regulation 43 issued in terms of the MFMA. .

6.2.2.2 Municipal rates and taxes²⁶

No contract may be awarded to a tenderer who, or the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

6.2.3 Declarations of interest

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

- a) are an employee of the **Nkangala District Municipality** or in the employ of the state; or
- b) have a family member or a business relation with a person who is in the employ of the state.

6.2.4 Invitations to submit expressions of interest or tender offers

6.2.4.1 All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the **Nkangala District Municipality's** website and on the National Treasury e-Tender Publication Portal.²⁷ Advertisements shall be placed by the **Supply Chain Department**.

6.2.4.2 Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by the **Supply Chain Department**.

6.2.4.3 Where deemed appropriate by **The Municipal Manager** an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by the **Supply Chain Department**

6.2.4.4 Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the **Municipal Manager**

6.2.4.5 Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

6.2.5 Publication of submissions received and the award of contracts²⁸

6.2.5.1 The **Supply Chain Department** shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R200 000 including VAT on the municipality's website, the names of all tenderers that made submissions to that advertisement, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.

6.2.5.2 The **Supply Chain Department** shall publish within 7 working days of the award of a contract the following on the **Nkangala District Municipality's** website

- a) the contract number;

²⁶ This subclause aligns with the provisions of SCM Regulation 38 issued in terms of the MFMA.

²⁷ This subclause aligns with National Treasury Instruction No 1 of 2015/2016 – Advertisement of bids and the publication of awards on the eTender Publication Portal.

²⁸ This subclause aligns with National Treasury Instruction No 1 of 2015/2016 – Advertisement of bids and the publication of awards on the eTender Publication Portal.

- b) contract title;
- c) brief description of the goods, services or works;
- d) the total of the prices, if practical;
- e) the names of successful tenderers and their B-BBEE status level of contribution;
- f) duration of the contract; and
- g) brand names, if applicable.

6.2.5.3 The **Supply Chain Department** shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury e-Tender Publication Portal regarding the successful and unsuccessful tenders. Submissions shall be made by the **Supply Chain Department**.

6.2.5.4 The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.5.3 be notified on the CIDB website. The notification shall be made by placed by **Technical Services Department**.

6.2.6 Disposal committee

6.2.6.1 The **Municipal Manager** shall appoint on a disposal by disposal basis in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

6.2.6.2 The disposal panel shall comprise not less than three people. The chairperson shall be an employee of **Nkangala District Municipality**.

6.2.6.3 The disposal committee shall make recommendations to **Municipal Manager** who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, decide not to proceed or to start afresh with the process.

6.3 Reporting of infrastructure delivery management information

Supply Chain Department shall submit any reports required in terms of the standard to the **National Treasury** or **Mpumalanga Provincial Treasury**.

6 Infrastructure procurement

7.1 Procurement documents

7.1.1 The forms of contract that may be used are as follows:

Form of contract²⁹	Code	Usage
GCC		
JBCC		

²⁹ Reproduce from Table 11 of the standard the forms of contract which the municipality or municipal entity wishes to make use of.

7.1.2 The **Nkangala District Municipality's** preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by **Municipal Manager** prior to being issued for tender purposes.

7.1.3 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.³⁰

7.1.4 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

- a) consultancy services,³¹ and
- b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.³²

7.2 Payment of contractors³³

The **Nkangala District Municipality** shall settle all accounts within 30 days of invoice or statement as provided for in the contract.

7.3 Approval to utilise specific procurement procedures³⁴

7.3.1 Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

- a) **The Documentation Committee** shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
- b) **The Documentation committee** shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and
- c) the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure³⁵.

7.3.2 The person authorised to pursue a negotiated procedure in an emergency is **the Municipal Manager**.

7.4 Receipt and safeguarding of submissions³⁶

7.4.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.³⁷

7.4.2 The tender box shall be fitted with two locks and the keys kept separately by two **Supply Chain Officials** Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

³⁰ This sub-clause aligns with SCM Regulation 21 issued in terms of the PFMA.

³¹ The clause aligns with SCM Regulation 35(3) issued in terms of the MFMA.

³² The clause aligns with SCM Regulation 35(3) issued in terms of the MFMA.

³³ The Section 65 of the MFMA requires municipal manager or chief executives to settle all contractual obligations and pay all money owing within 30 days of receiving the relevant statement or invoice.

³⁴ This clause is necessary to enable the standard to be implemented.

³⁵ 7.5.1 c) is an optional statement and needs to be deleted if this control is not required.

³⁶ This section may not be necessary if the policy for general goods and services already covers these requirements.

³⁷ Modify as necessary. Preferably describe the location and accessibility of the box.

7.5 Opening of submissions³⁸

7.5.1 Submissions shall be opened by an opening panel comprising two people nominated by the **Assistant Manager; Supply Chain** who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

7.5.2 The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
- b) return submissions unopened and suitably annotated where:
 - 1) submissions are received late, unless otherwise permitted in terms of the submission data;
 - 2) submissions were submitted by a method other than the stated method,
 - 3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and.
 - 4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;
- c) record in the register submissions that were returned unopened;
- d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
- e) record in the register the name of any submissions that is returned with the reasons for doing so;
- f) record the names of the tenderer's representatives that attend the public opening;
- g) sign the entries into the register; and
- h) stamp each returnable document in each tender submission.

7.5.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3h).

7.5.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.5.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

7.6 Use of another organ of state's framework agreement³⁹

The **Nkangala District Municipality** may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so. The **Municipal Manager** shall make the necessary application to that organ of state to do so.

7.7 Insurances⁴⁰

7.7.1 Contractors shall be required to take out all insurances required in terms of the contract.⁴¹

³⁸ This section may not be necessary if the policy for general goods and services already covers these requirements.

³⁹ This clause aligns with SCM Regulation 32 issued in terms of the MFMA and clause 7.3 of the Standard.

⁴⁰ Align with the manner in which the municipality or municipal entity wishes to manage risk.

⁴¹ Alternatively state that the insurances shall be principal or employer controlled.

7.7.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by designated person.

7.7.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover⁴²

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: R5,0 million electrical, mechanical and engineering: R3,0 million architectural: R5,0 million other R3,0 million

7.7.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by designated person.

7.7.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

7.7.6 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the designated person in relation to the nature of the service that they provide.

7.7.7 *Nkangala District Municipality* shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.7.8 Where payment is to be made in multiple currencies, either the contractor or *Nkangala District Municipality* should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

7.8 Written reasons for actions taken

⁴² Modify as necessary

7.8.1 Written reasons for actions taken shall be provided by a **Project Manager**.

7.8.2 The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:

- a) SANS 10845-3, *Construction procurement - Part 3: Standard conditions of tender*, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
- b) SANS 10845-4, *Construction procurement - Part 4: Standard conditions for the calling for expressions of interest*;

as to why a tenderer was not considered for the award of a contract or not awarded a contract.

7.10.3 Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

7.9 Request for access to information⁴³

7.9.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the “requestor” should be referred to the **Nkangala District Municipality’s** Information Manual which establishes the procedures to be followed and the criteria that have to be met for the “requester” to request access to records in the possession or under the control of **Nkangala District Municipality**.

7.9.2 Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

⁴³ Amend as necessary

CATERING POLICY



**NKANGALA DISTRICT MUNICIPALITY
DC31**

2018 - 2019

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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. Caters 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.
4. All caterers might be inspected by the district municipal health inspectors and be placed on hold.

13. IMPLEMENTATION and review

- 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.
- 13.4 The policy is approved by Council and will be reviewed annually

**NEW DRAFT
PROVISION FOR
DOUBTFUL DEBT
AND DEBT
WRITE-OFF POLICY**

2018/19

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PROVISION FOR DOUBTFUL DEBT AND DEBT WRITE-OFF POLICY

1. APPLICATION AND SCOPE

The Provision for Doubtful Debt and Debt Write-Off Policy is applicable to the Nkangala District Municipal

2. OBJECTIVES OF POLICY

- To ensure that debtors disclosed in the annual financial statements are stated at amounts that are deemed to be collectable.
- To ensure that uncollectable debt is written off within guidelines of existing policies and applicable legislation.

3. INTRODUCTION

The effective management of debtors include, amongst others, the following processes:

- Implementation/Maintenance of the appropriate ICT Systems and Business Processes;
- Accurate billing;
- Customer care and accounts enquiry management;
- Effective and timeous credit control;
- Impairment of debtors (Provision for Doubtful Debtors);
- Write-off of uncollectable debtors.

This policy provides guidelines on the treatment of the impairment and write-off of debtors.

4. IMPAIRMENT OF DEBTORS

Other sundry debtors are stated at cost less a provision for bad debts. The provision is made on an individual basis, or based on expected cash flows.

In accordance with IAS 39, an objective assessment of financial assets is made at financial year-end in order to determine possible impairment. Impairment loss is recognized as an expense in the Statement of Financial Performance.

Individual classes of loans and receivables are assessed for impairment using the following methodologies:

4.1 SUNDRY DEPOSITS

Sundry deposits are assessed for impairment to ensure that no objective evidence exists that these deposits are irrecoverable.

4.2 SUNDRY DEBTORS

Sundry debtors are those Suspense Control Accounts classified as financial instruments with debit balances as at year-end and those debtors relating to over payment of salaries and allowances. Sundry debtors are assessed individually for impairment to ensure that no objective evidence exists that these debtors are irrecoverable.

5. WRITE-OFF OF DOUBTFUL DEBTORS

Where debts are identified as being irrecoverable (in periods subsequent to debtors being impaired), the process of write-off will be treated as follows:

5.1 AMOUNTS EQUAL TO OR LOWER THAN AMOUNTS DELEGATED TO THE CHIEF FINANCIAL OFFICER BY COUNCIL FROM TIME TO TIME

Report of irrecoverable debtors detailing the nature of the underlying debt, conditions that led to the debt being identified as being irrecoverable, details on credit and debt collection processes followed to recover the debt and confirmation that all available avenues to recover the debt have been exhausted and that further actions would be fruitless and not cost effective must be submitted to Divisional Manager Treasury.

Report containing recommendations of Divisional Manager Treasury must be presented to the Chief Financial Officer (CFO) for consideration.

Requests approved by the CFO will be processed against the relevant debtors account and reflected as debit against Bad Debt Provision.

Reconciliation of Provision for Doubtful Debtors Account must be prepared annually by the Divisional Manager Treasury and retained for audit purposes.

The CFO are delegated to write off amounts less than R10 000

5.2 AMOUNTS EXCEEDING THE CFO'S DELEGATED AUTHORITY

Report of irrecoverable debtors detailing the nature of the underlying debt, conditions that led to the debt being identified as being irrecoverable, details on credit and debt collection processes followed to recover the debt and confirmation that all available avenues to recover the debt have been exhausted and that further actions would be fruitless and not cost effective must be submitted to Divisional Manager Treasury.

Report containing recommendations of Divisional Manager Treasury must be presented to the Chief Financial Officer for consideration.

If approved by the Chief Financial Officer, a formal report must be submitted to the Finance Section 80 Committee, Mayoral Committee and Council for consideration.

Approvals granted by council must be processed against the relevant debtors account and reflected as debit against bad debt provision in the financial ledger.

Reconciliation of the Provision for Doubtful Debtors Account must be prepared annually by the Divisional Manager Treasury and retained for audit purposes.

5.3 APPLICATION OF PRESCRIPTION ACT

The provisions of Prescription Act will apply to all debt. Applications and/or claims for prescription from debtors will only be assessed if no formal credit control or legal actions have been instituted during prescription debt period of three (3) years.

Divisional Manager Treasury will assess application in terms of prescribed requirements. If in compliance with Prescription Act, report of irrecoverable debts detailing the nature of the underlying debt, conditions that led to the debt being identified as being prescribed, details on credit and debt collection processes followed to recover the debt and confirmation that debt has prescribed must be submitted to CFO for consideration and approval.

Approvals granted must be processed against the relevant debtors account and reflected as debit against Bad Debt Provision in the financial ledger.

Reconciliation of the Provision for Doubtful Debtors Account must be prepared annually by the Divisional Manager Treasury and retained for audit purposes.

5.4 SPECIFIC DEBT-WRITE-OFF INCENTIVES.

Divisional Manager Treasury to identify and investigate specific uncollectable debt categories. Report with full details as to the reasons for categorized debt write-off to be submitted to council for approval.

Approvals granted must be processed against the relevant debtors account and reflected as debit against Bad Debt Provision in the financial ledger.

Reconciliation of the Provision for Doubtful Debtors Account must be prepared annually by the Divisional Manager Treasury and retained for audit purposes.

5.5 COUNCIL APPROVED WRITE-OFF SCHEMES.

Council approved incentives or debt write-off schemes must be processed against the relevant debtors account and reflected as debit against Bad Debt Provision in the financial ledger.

Incentives or debt write-offs to be processed to individual qualifying debtors accounts for the duration of scheme.

**NEW DRAFT UNAUTHORISED,
IRREGULAR, FRUITLESS AND
WASTEFUL EXPENDITURE
POLICY
2018/19**

NKANGALA DISTRICT MUNICIPALITY

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ABBREVIATIONS/ACRONYMS

Except if otherwise stated in this policy, the following abbreviations or acronyms will represent the following words:

CFO	-	Chief Financial Officer
DM	-	Divisional Manager
GM	-	General Manager
NDM	-	Nkangala District Municipality
MFMA	-	Municipal Finance Management Act, 2003, No. 56 of 2003
MPAC	-	Nkangala District Municipality Municipal Public Account Committee
MM or AO	-	Municipal Manager or Accounting Officer
SAPS	-	South African Police Services
MSA	-	Municipal Systems Act, 2000, No. Act 32 of 2000
Structures Act	-	Municipal Structures Act, 1998, Act No 117 of 1998
RPOBA	-	Remuneration of Public Office Bearers Act
Policy	-	Policy on unauthorised, irregular, fruitless and wasteful expenditure
MBRR	-	Municipality Budget Rules and Regulations

1 INTRODUCTION

- 1.1. In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as "MFMA"), the accounting officer is responsible for managing the financial affairs of Nkangala District Municipality (NDM) and must, for this purpose, inter alia:
- a) Take all reasonable steps to ensure that unauthorised, irregular; fruitless and wasteful expenditure and other losses are prevented; and
 - b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of NDM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.
- 1.2. This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

2 OBJECTIVE

- 2.1. This document sets out NDM's policy and procedures with regards to unauthorised, irregular, fruitless and wasteful expenditure.
- 2.2. This policy aims to ensure that, amongst other things:
- a) Unauthorised, irregular, or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;
 - b) Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular, fruitless and wasteful expenditure;
 - c) NDM's resources are managed in compliance with the MFMA, the municipal regulations and other relevant legislation; and
 - d) All officials and councillors are aware of their responsibilities in respect of unauthorised, irregular, fruitless and wasteful expenditure.

3 ENABLING LEGISLATION

The following enabling legislation sets the precedent for the development of NDM's unauthorised, irregular, fruitless and wasteful expenditure Policy:

- a) The Constitution of the Republic of South Africa, 1996, Act No 108 of 1996;

- b) The Municipal Finance Management Act, 2003, No 56 of 2003;
- c) The Remuneration of Public Office Bearers Act;
- d) Municipal Systems Act, 2000, Act No 32 of 2000;
- e) MFMA Circular 68;
- f) Any other legislation, regulation or circular that may impact this policy; and
- g) Municipal Structures Act No. 117 of 1998.

4 APPLICATION OF THIS POLICY

3.1. This policy applies to all officials and councillors of NDM.

3.2. This policy should be read in conjunction with the following of NDM:

- a) Delegations of Authority;
- b) Procedures for unauthorised, irregular, fruitless and wasteful expenditure;
- c) Circular on financial misconduct;
- d) Breach of the Code of Conduct for Municipal Staff Members; and
- e) Breach of the Code of Conduct for Councillors.

3.3. Officials and Councillors must ensure all instances of unauthorised, irregular expenditure as well as fruitless and wasteful expenditure is prevented where possible, and is detected and reported in a timely manner.

5 DEFINITIONS

Except if otherwise indicated:

“Councillor” means member of municipal council of NDM.

„Fruitless and wasteful expenditure“ means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

“Financial Misconduct” means any misappropriation, mismanagement, waste or theft of the finances of a municipality, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the Act.

“Irregular expenditure”, in relation to a municipality or municipal entity, means:

- a) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

- b) expenditure incurred by a municipality 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 this 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 20 of 1998);
- d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of NDM 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; or
- e) excludes expenditure by a municipality which falls within the definition of „unauthorised expenditure“.

„**Official**“, in relation to a NDM, means:

- a) an employee of NDM;
- b) a person seconded to a NDM or to work as a member of the staff of the NDM; or
- c) a person contracted by a NDM to work as a member of the staff of the NDM or otherwise than as an employee.

„**Overspending**“ means:

- 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.

“**Political Office Bearer**” means the speaker, executive mayor, mayor, deputy mayor, or a member of the executive committee as referred to in the Municipal Structures Act.

“**Prohibited expenditure**” in relation to this policy means unauthorised, irregular, fruitless and wasteful expenditure;

“**Senior Manager**” has the meaning assigned to it in section 1 of the MFMA and in relation to NDM refers to General Managers, CFO.

„ Unauthorised expenditure“, 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 NDM otherwise than in accordance with the MFMA.

„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 department 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.

6 UNAUTHORISED EXPENDITURE

- 6.1. Nkangala District municipality may incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.
- 6.2. Expenditure incurred within the ambit of NDM’s virement policy is not regarded as unauthorised expenditure.
- 6.3. Any expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, economic entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorised expenditure.
- 6.4. Unauthorised expenditure would include:
 - a) Any overspending in relation to both the operational budget and capital budget of the municipality;

- b) Overspending in relation to each of the votes on both the operational budget and capital budget;
- c) Use funds allocated to one department for purposes of another department or for purposes that are not provided for in the budget;
- d) Funds that have been designated for a specific purpose or project within a departments vote may not be used for any other purpose;
- e) Any use of conditional grant funds for a purpose other than that specified in the relevant conditional grant framework is classified as unauthorised expenditure;
- f) Any grant to an individual or household unless it is in terms of the municipality's bursary scheme, support to SMME's and Cooperatives policy;
- g) Unforeseen and unavoidable expenditure not authorised within an adjustments budget within 60 days after the expenditure was incurred; and

6.5 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner

6.6 Expenditures that are NOT classified as unauthorized expenditure

Given the definition of unauthorised expenditure, the following are examples of expenditure that are NOT unauthorised expenditure:

- i. Any over-collection on the revenue side of the budget as this is not an expenditure; and
- ii. Any expenditure incurred in respect of:
 - any of the transactions mentioned in section 11(1)(a) to (j) of the MFMA;
 - re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
 - overspending of an amount allocated by standard classification on the main budget Table A2 (Budgeted Financial Performance: revenue and expenditure by standard classification), as long as it does not result in overspending of a „vote“ on the main budget Table A3 (Budgeted Financial Performance: revenue and expenditure by municipal vote) and Table A4 (Budgeted Financial Performance: revenue and expenditure (read in conjunction with supporting Table SA1) of the MBRR; and
 - overspending of an amount allocated by standard classification on the main budget Table A5 (Budgeted Capital Expenditure by vote, standard classification and funding) of the MBRR so long as it does not result in overspending of a „vote“ on the main budget Table A5.

6.6.1 Money withdrawn from a bank account under the following circumstances, without appropriation, in terms of an approved budget, is not regarded as unauthorised expenditure:

- a) To defray expenditure authorised in terms of section 26 (4) of the MFMA, [*Section 26: Consequences of failure to approve a budget before the start of the budget year*];
- b) To defray unforeseen / unavoidable expenditure circumstances strictly in accordance with Section 29 (1) of the MFMA [*Section 29: Unforeseen and unavoidable expenditure*] failing which the unforeseen /unavoidable expenditure is unauthorised;
- c) re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
- d) Expenditure incurred from a special bank account for relief, charitable or trust purposes provided of course that it is done strictly in accordance with Section 12 of the MFMA [*Section 12: Relief, charitable, trust or other funds*];
- e) To pay over to a person or organ of state money received by the NDM on behalf of that person or organ of state, including—
 - (i) money collected by the NDM on behalf of that person or organ of state by agreement; or
 - (ii) any insurance or other payments received by the NDM 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 [*Section 13: Cash Management and Investments*], and
- i) To defray increased expenditure in terms of section 31 [*Section 31: Shifting of funds between multi-year appropriations*].

6.6.2 Any expenditure approved in terms the Municipal Budget and Reporting Regulations (MBRR).

7 IRREGULAR EXPENDITURE

7.1. Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy.

7.2. Irregular expenditure is actually expenditure that is in violation of some or other procedural/legislative requirement as specified in the MFMA.

7.3. Irregular expenditure excludes unauthorised expenditure.

7.4. Although a transaction or an event may trigger irregular expenditure, Council will only identify irregular expenditure when a payment is made. The recognition of irregular expenditure must be linked to a financial transaction.

7.5. If the possibility of irregular expenditure is determined prior to a payment being made, the transgression shall be regarded as a matter of non-compliance.

7.6. Remuneration of councillors

7.6.1. Payments to NDM councillors cannot exceed the upper limits of the salaries, allowances and benefits for those councillors as promulgated in the Public Officers Bearers Act.

7.6.2. Any remuneration paid or given in cash or in kind to a person as a councillor or as a member of a political structure of NDM otherwise than in accordance with 7.6.1 including any bonus, bursary, loan, advance or other benefit, must be classified as irregular expenditure.

7.7. Irregular staff appointments

7.7.1. No person may be employed in NDM unless the post to which he or she is appointed, is provided for in the NDM's staff establishment of the municipality as approved by the council, except if in a temporally capacity for a specific sated period.

7.7.2. Any person who takes a decision contemplated in subparagraph (7.7.1) knowing that such decision is unlawful, will be held personally liable for any irregular or fruitless and wasteful expenditure that the municipality may incur as a result of such invalid decision.

7.8 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner.

8 FRUITLESS AND WASTEFUL EXPENDITURE

8.1. All officials and councillors must always act cautiously when spending public money and ensure that they abide by the public and accountability principles

which are to promote “efficient, economic and effective use of resources and the attainment of value for money”.

8.2. Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

8.3. This type of expenditure is incurred where no value for money is received for expenditure or the use of resources. No particular expenditure is explicitly identified by the MFMA as fruitless and wasteful.

8.4. Expenditure incurred that has been budgeted for (authorised) and was not regarded as irregular expenditure could be classified as fruitless and wasteful expenditure.

8.5.1 An expense is only fruitless and wasteful in terms of this policy if:

- (i) It was made in vain (meaning that the municipality did not receive value for money) and;
- (ii) and would have been avoided had reasonable care been exercised (meaning that the official or councillor concerned did not carelessly or negligently cause the expenditure to be incurred by the municipality furthermore another official or councillor under the same circumstances would not have been able to avoid incurring the same expenditure).

8.5.2 In determining whether expenditure is fruitless and wasteful, officials and councillors must apply the requirement of reasonable care as an objective measurement to determine whether or not a particular expenditure was fruitless and wasteful, that is-

- a) Would the average man (in this case the average experienced official or councillor) have incurred the particular expenditure under exactly the same conditions or circumstances? and
- b) Is the expenditure being incurred at the right price, right quality, right time and right quantity?

8.6 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner.

9 REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

9.1. Reporting of unauthorised, irregular, fruitless and wasteful expenditure must be done at the appropriate level, as this could constitute financial misconduct as follows:

- a) a Councillor of a municipality, must be reported to the Speaker of the council;
- b) the municipal manager and speaker, must be reported to the mayor;
- c) general managers or the chief financial officer, must be reported to the municipal manager;
- d) All cases of prohibited expenditure reported as per a), b) and c) above must be referred to MPAC for investigation unless the allegations are frivolous, vexatious, speculative or obviously unfounded; and
- e) officials below general management level of the municipality must be reported to the MM unless in the professional opinion of the MM the nature or the amount of the prohibited expenditure warrants the case to be referred to MPAC.

9.2. All reports made by officials, councillors must be treated with utmost confidentiality.

9.3. The MM must promptly inform the Mayor, the MEC for local government in the Province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality:

- a) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- b) the steps that have been taken:
 - To recover or rectify such expenditure; and
 - To prevent a recurrence of such expenditure.

9.4. All expenditure classified as unauthorised, irregular, fruitless and wasteful expenditure must be reported to:

-
- a) The Finance (Section 80) on a monthly basis;

- b) Mayoral Committee on a monthly basis;
- c) Council on a quarterly basis;
- d) MPAC on a quarterly basis; and
- e) Audit Committee on a quarterly basis.

9.5. In accounting for unauthorised, irregular, fruitless and wasteful expenditure, municipal manager or delegated officials (as may be relevant) must ensure that:

- a) All confirmed unauthorised, irregular, fruitless and wasteful expenditure must be recorded in separate account, in the accounting system of NDM, created for each of the above types of expenditure;
- b) All such expenditure is disclosed in the annual financial statements as required by the MFMA and treasury requirements; and
- c) Details pertaining to unauthorised, irregular, fruitless and wasteful expenditure must be disclosed in the Municipality's Annual Report.

10 MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

10.1. Council must maintain a register of all incidents of unauthorised, irregular, fruitless and wasteful expenditure:

10.2. The registers must be updated on a monthly basis.

11 INVESTIGATION OF UNAUTHORISED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

11.1. MPAC must institute an investigation of all prohibited expenditure reported in terms of clause 9.1. (d), above

11.2. The CFO must seek the Municipal Managers approval to investigation all prohibited expenditure reported to him/her in terms of clause 9.1(e) unless the allegations are frivolous, vexatious, speculative or obviously unfounded.

11.3. Once the nature of the expenditure is confirmed as unauthorised, irregular, fruitless and wasteful expenditure, the person to whom the prohibited expenditure was reported in terms of clause 9.1 above must institute the necessary procedures which could include disciplinary as well criminal proceedings.

12 DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

12.1. After having followed a proper investigation, as per paragraph 11 above, the MPAC or the MM as the case may be must determine whether there is a prima facie case and that a Councillor or official made, permitted or authorized prohibited expenditure.

12.2. If a prima facie case has been established, as per paragraph 12.1 above, then MPAC, mayor or municipal manager (as may be relevant) must institute disciplinary action as follows:

- a) *Financial misconduct in terms of section 171 of the MFMA*: in the case of an official that deliberately or negligently:
 - (i) contravened a provision of the MFMA which resulted in prohibited expenditure; or
 - (ii) made, permitted or authorised an irregular expenditure (due to non-compliance with any of legislation mentioned in the definition of irregular expenditure);

 - b) *Breach of the Code of Conduct for Municipal Staff Members*: in the case of an official whose actions in making, permitting or authorizing an prohibited expenditure constitute a breach of the Code; and

 - c) *Breach of the Code of Conduct for Councillors*: in the case of a Councillor, whose actions in making, permitting or authorizing an irregular expenditure constitute a breach of the Code. This would also include instances where a councillor knowingly voted in favour or agreed with a resolution before council that contravened legislation resulting in prohibited expenditure when implemented, or where the Councillor improperly interfered in the management or administration of the municipality.
-

- 12.3. The MPAC, mayor or municipal manager or delegated officials (as may be relevant) must promptly report to the SAPS all cases of alleged:
- a) Irregular expenditure that constitute a criminal offence; and
 - b) Theft and fraud that occurred in the municipality.
- 12.4. The Mayor must take all reasonable steps to ensure that all cases referred to in the above paragraph are reported to the South African Police Service if:
- a) The charge is against the MM; or
 - b) The MM fails to comply with the above paragraph.

13 RECOVERY UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

- 13.1. The MM or delegated person must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:
- a) in the case of unauthorised expenditure, is
 - I. authorised in an adjustment budget; OR
 - II. certified by the municipal council, after investigation by MPAC, as irrecoverable and is written off by council; and
 - b) in the case of irregular or fruitless and wasteful expenditure, is after investigation by MPAC, certified by council as irrecoverable and written off by council.
- 13.2. Irregular expenditures resulting from breaches of the Public Office-Bearers Act must be recovered from the Councillor to whom it was paid.
- 13.3. Once it has been established who is liable for the unauthorised, irregular, fruitless and wasteful expenditure, the Municipal Manager must in writing request that the liable Councillor or official pay the amount within 30 days or in reasonable instalments.
- 13.4. Without limiting liability in terms of the common law or other legislation, the MM must recover any such expenditure, in full, from official or Councillor where:
- a) In the case of a Councillor, the Councillor knowingly or after having been advised by the MM that the expenditure is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, instructed an official of NDM to incur the expenditure; and

- b) In case of the official, the official deliberately or negligently incurred such expenditure.

13.5. The fact that the Council may have approved the expenditure for writing off or deemed it to be irrecoverable is no excuse in:

- a) Either disciplinary or criminal proceedings against a person charged with the commission of an offence or a breach of the MFMA relating to such unauthorised, irregular or fruitless and wasteful expenditure; or
- b) Recovery of such expenditure from such person.

13.6. If the official or councillor fails to make satisfactory payment arrangements or fails to honour payment arrangements made, the amount owed for prohibited expenditure must be recovered through the normal debt collection process of the municipality.

14 CONSEQUENCES OF NON-COMPLIANCE

14.1. Any official or councillor who does not comply with their reporting duties in terms of this policy could be found guilty of Financial Misconduct.

14.2. Any councillor or official of NDM will be committing an act of financial misconduct if that councillor or official deliberately or negligently makes or permits, or instructs another official of NDM to make, an unauthorised, irregular or fruitless and wasteful expenditure.

15 PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

15.1. If any official or councillor who has complied with this policy and as a result thereof has been subjected to intimidation, victimisation, threats such official or councillor should immediately report such threats, victimisation or intimidation immediately to the MM or the Mayor where applicable.

15.2. The MM or Mayor must immediately take appropriate action to ensure that protection of the official or councillor after receiving the above report.

15.3. Where the nature of the threats warrants such action, the threats should be reported to the SAPS by the official concerned, the MM or the Mayor, where applicable.

16 EFFECTIVE DATE

This policy will be effective upon adoption by Council.

17 REVIEW OF POLICY

This policy must be reviewed and updated:

- a) Annually in line with the budget cycle and submitted with the budget policies; or
- b) Sooner if new legislation, regulation or circulars are issued that will impact this policy.

NKANGALA DISTRICT MUNICIPALITY



UNSOLICITED BID POLICY

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8	EVALUATION OF UNSOLICITED BID/PROPOSALS
9	EMPOWERMENT AND SKILLS TRANSFER
10	IMPLEMENTATION AND REVIEW

POLICY FRAMEWORK FOR CONSIDERATION OF UNSOLICITED BIDS

1 PURPOSE

To obtain approval of a policy framework to guide Council in considering unsolicited bids.

2 BACKGROUND

It is common cause that a number of presentations are occasionally made by the external service provider during Mayoral Committee Meetings. These presentations are made with a view to securing contracts with the municipality outside the normal procurement process as approved by Council and in line with statutory requirements.

It is however permissible for Council to consider these unsolicited bids made through a presentation to the Mayoral Committee subject to a policy framework approved by Council.

3 INTRODUCTION

This policy promotes a high level framework which will be under-pinned by Corporate Governance Principles. The object of good corporate governance is attained when institutions demonstrate their public accountability and conduct their business within acceptable ethical standards.

The policy will further be subjected to continuing assessment and review.

It further provides for factors which will be taken into consideration when unsolicited bids proposals are processed for decision making, procedures which will be followed to ensure a competitive environment, ensure transparency and offer the community protection from potential monopolistic practices and opportunistic tendencies.

4 LEGISLATIVE FRAMEWORK

- (a) Local Government: Municipal Finance Management Act. In terms of the provisions of the above-mentioned Act, a municipality or municipal entity is not obliged to consider an unsolicited bid received outside its normal bidding process.

If a municipality or municipal entity devotes to consider an unsolicited bid received outside a normal bidding process, it may only do so in accordance with a prescribed framework.

The framework must strictly regulate and limit the power of municipalities and municipal entities:

- (a) To approve unsolicited bids received outside their normal bidding processes;
- (b) To exempt such unsolicited bids from their normal supply chain management processes; and
- (c) To grant preference to such unsolicited bids

Section 117 of the above-mentioned Act provides as follows:

“17. No Councillor of any municipality may be a member of a municipal bid committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer”

It is thus clear that unsolicited bids/proposals will have to be considered by the bid committee established by the Municipal Manager to give effects to the provisions of the above-mentioned Act.

- (b) CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996 (ACT 108 OF 1996)

- 1 The status, object, powers and functions of local governments such as the municipality is contained in chapter 7 of the Constitution.

- 2 The objects of local government are in particular set out in section 152 of the constitution which reads as follows:

“1 The objects of local government are

- (a) To provide democratic and accountable government for local communities;***
- (b) To ensure the provision of services to communities in a sustainable manner;***
- (c) To promote social and economic development;***
- (d) To promote a safe and healthy environment and;***
- (e) To encourage the involvement of local government;***
- (f) Organization in the matters of local government***

2 A Municipality must strive with it's financial and administrative capacity, to achieve the objects as set out in sub-section 1”

- 3 The Constitution further determines that local government shall have the developmental duties as set out in section 153 that reads as follows:

“ A Municipality must –

- 4.4 structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community:

5 POLICY SCOPE AND EXTENT OF APPLICATION

The policy application will cover a diversity of different projects and a range of contractual relationship model.

The nature of the said projects must be such that they exceptionally assist the Council in giving effect to it's constitutional mandate as outlined in the legislative framework herein above.

This policy will not apply to the general procurement of services of municipality where a project has already been identified and prescribed for in the approved budget.

6 OBJECTIVES OF THE POLICY

It is imperative that the private sector involvement through innovation in the acceleration of the provision of quality services and infrastructure development should be encouraged where it is evident that the municipality will achieve better value for money

It is thus advisable that contractual relationship with the private sector be developed under this policy with the following objectives in mind:

- To ensure that infrastructure and service delivery is provided in accordance with the best practice and where appropriate to relevant national and international standards;
- To promote and sustain economic development growth and employment opportunities for municipality's geographical area of jurisdiction.
- To significantly improve quality service delivery to the community of the District.
- To encourage innovation in the provision of infrastructure, and quality services to the community
- To optimize the level of infrastructure and quality service delivery expenditure through the responsible use of resources of the municipality.
- To promote and encourage local and international investment, creation of job opportunities, and skills development and transfer.

7 PRINCIPLES OF THE POLICY

Transparency, accountability, in reporting and disclosure of information, both operational and financial are internationally accepted to be vital to the practice of good corporate governance.

Corporate governance seeks to promote and achieve the following:

- Efficient, effective and sustainable structures and entities that contribute to the welfare of the society by creating wealth, employment and solutions to emerging challenges.
- Responsible and accountable institutions;
- Recognition and protection of stakeholder rights
- An inclusive approach based on the democratic ideals, legitimate representation and participation.

In giving effect to the above, the following principles will underpin the Municipality's approach with regard to the policy

- Performance measures should be established to ensure that the quality of the services delivered or infrastructure development meets the needs of the community and that the outcomes are transparent;
- The unsolicited bids/proposals should focus on the output specification (end result).
- The principles of transparency and accountability for process and outcomes must at all times be observed, with full recognition of the requirement to protect private sector intellectual property rights and confidentiality where necessary,
- The decision-making process should always be such that confidence by the community and all stakeholders is protected and maintained at all times,
- The unsolicited bid/proposal should be capable of delivering the best value for money.

8 EVALUATION OF UNSOLICITED BID/PROPOSALS

- 8.1 While all unsolicited bids/proposals will be treated or considered on a case by-case basis, the overall consideration of the subject-matter will be the exception rather than the rule and thus limited to unsolicited bids/proposals that demonstrate genuine innovation and/or use of proprietary technology

The challenge remains getting the balance between encouraging the private sector to submit project ideas without losing transparency and efficiency gains of a well-conceived tender process.

The critical aspect of this policy is therefore the stimulation of innovation to create opportunities for the private sector and to receive proposals that seeks to ensure that the overall objectives of the Council are realised for the benefit of the community.

8.2 Format of bids

Unsolicited bids/proposals must contain the technical details of the project or service to be rendered and the financial implications.

The unsolicited bid or proposals should further reflect conformance with the objectives of the Municipality.

(a) Technical details of bid/proposals

The technical details of the unsolicited bid/proposal must contain comprehensive information necessary to enable the Municipality to assess need and desirability, sustainability, innovation and uniqueness.

The objectives, benefits and significance of the envisaged project or service must also be reflected in the unsolicited bid/proposals

This should also clearly outline the following

- Nature, scope and extent of the proposal
- Clear articulation of the Municipality's responsibilities particularly with regard to monitoring of outcomes.
- Specified outputs and measurable performance standards and improvements expected from implementing the project;
- Clear and enforceable risk allocation between contractual parties with consequential financial outcomes
- Contractual terms that include mechanisms for delivering ongoing value for money throughout the duration of the contract;
- Payment mechanisms that apply only on the delivery of the specified services at the required standards
- A brief description of technology or techniques to be used (if applicable) as a means to deliver the project;
- A list of all the parties and their partners, breakdown percentage shareholding and their roles within the bidder or proposer and relevant experience in the field of the unsolicited bid/proposal.

The technical part of the unsolicited bid/proposal will be evaluated on the basis of their technical content, their conformance with the overall objectives the Municipality as well as their anticipated impact on the socio-economic conditions within the geographical area of the District

(b) Financial implications of unsolicited bid/proposals

The proposal should clearly indicate project financial costs and the manner in which the prepared project or service is to be financed to enable the Municipality to evaluate the financial viability of the proposed project.

The following aspects should be clearly reflected in the proposal:

- Description of the prepared contractual structure of the project inclusive of commercial terms for the contract and proposed risk allocation. Conditions to be complied with prior to the financial proposal being implemented.
- Terms and conditions of debt finance with written proof of support from potential financiers;
- Payment mechanisms, if any, to meet obligations of the project/service;
- An indication in writing from the financiers indicating for which period the financial commitment made shall remain valid.

© The financial part of the unsolicited bid/proposal will be evaluated on the strength of the demonstrated financial viability of the project and/or value for money principle, public interest and the commercial terms and conditions of the contract with financiers.

8.3 Third party evaluation of unsolicited bids/proposals

In order to ensure that the District realizes the objectives of this policy framework, it is imperative that in certain circumstances the unsolicited bids/proposals received are subjected to independent scrutiny and advice before a decision is adopted to enter into a contractual relationship with the bidder/proposer.

In giving effect to the above, the municipality therefore reserves the right to submit any unsolicited bid/proposal to a third party for evaluation and expert advice thereof.

Appropriate undertakings of confidentiality will be sought from a third party before the unsolicited bid/proposal is submitted to the latter for expert advice.

The costs related to such expert advice from a third party will be borne by the unsolicited bidder or proposer. All other costs pertaining to the preparation of proposals and counter-proposals as well as all other costs that may have been incurred by original bidder or counter-proposer during all phases of bidding and negotiation processes will be borne by the original bidder/proposer and counter bidder/proposer, irrespective of whether their project is implemented or not.

8.4 Proposals/bids similar in nature submitted almost simultaneously

In instances where more than one unsolicited proposal is received for the same, or a similar project, the following shall apply:

- If the projects are materially the same, the first come first serve approach will be applied by the municipality
- If the projects have common elements, but are substantially different in order respects, the municipality will consider all and decide which of the unsolicited bid/proposals is most desirable taking into consideration all the factors and objectives of this policy framework.

8.5 Public Participation and other statutory procedural requirements

All unsolicited proposal/bids to be considered by the municipality will not be subjected to competition and counter-proposals from other parties in the private sector,

The Council will consider an unsolicited bid/proposal under the following circumstances:

- The product or services offered in terms of the bid is a demonstrating or proved unique innovative concept;
- The product or service will be exceptionally beneficial to or have exceptional court advantages for, the municipality entity;
- The person who made the bid is the sole provider of the product or service;
- The reason for not going through the normal process are found to be sound by both the accounting officer and the Mayor, or in the care of an entity, by both the accounting officer and Board.

The onus with regard to proof and/or motivation pertaining to the above criteria rest solely with the bidder/proposer

Subsequent to a decision of Council to consider an unsolicited bid/proposal, the municipality shall advertise a decision through print media inclusive of the following:

- Reasons why the bid should not be open to other competitors
- An explanation of the potential benefits for the municipality or entity where it accepts the unsolicited bid; and
- An invitation to the public or other potential supplier to submit their comments within 30 days of the notice.

Comments received in response to the advert and any response from the unsolicited bidder must be submitted to the National Treasury for comments.

8.6 No legal obligation on the municipality

No obligation, legal or otherwise will rest on the municipality to accept any unsolicited bid/proposal or counter bid/proposal and the municipality shall not be liable for any claim of whatsoever nature which might result from the above processes or the implementation of this policy framework.

8.7 Submission of unsolicited bid/proposal. Three copies of the unsolicited bid/proposal must be delivered by hand, or posted to Office of the Municipal Manager

9 EMPOWERMENT AND SKILLS TRANSFER

Empowerment is essential to improve the financial well-being of the majority of South Africans and to ensure that the previously disadvantaged are afforded/enabled an opportunity to actively participate in the economic mainstream of the country.

It is therefore imperative through approval of the unsolicited bids subject to the condition that a joint venture be entered into with a black economic empowerment partner. The joint venture must comply with the order of good practice on broad based economic empowerment.

This type of partnership will deliver mutual returns while transferring vital skills to BEE partners in the public sector as well as with business seeking to increase procurement through empowerment organizations.

10 IMPLEMENTATION AND REVIEW

This policy is approved by Nkangala District Municipality and will be reviewed annually

DRAFT
COST CONTAINMENT POLICY

NKANGALA DISTRICT
MUNICIPALITY

PREAMBLE

This document seeks to implement DRAFT MUNICIPAL COST CONTAINMENT REGULATIONS published: Government Gazette 41445 dated 16 February 2018

The following measures must be implemented, consistently with immediate effect to ensure the containment of costs:

1	TEMPORARY APPOINTMENTS, CONTRACTUAL APPOINTMENTS, UNEMPLOYED GRADUATES AND EXPERIENTIAL LEARNERS
	Measure
*	Directors must ensure compliance with all the relevant policies and procedures, as it relates to employment contracts, for the aforementioned employment categories.
	Controls
*	Directors must ensure that the employment contracts for the aforementioned categories are in line with the applicable HR policies, and must in conjunction with the Corporate Services Directorate, ensure compliance.
*	The Corporate Services Directorate must confirm if such proposed appointments are in line with the Municipal Systems Amendment Act (5 July 2011)
*	The relevant recruitment notifications must be endorsed by the Budget & Treasury Section for budget availability, after HR has confirmed compliance with the applicable HR policies
2	TRAVEL CLAIMS
	Measure
*	Ensure effective control over travel claims
	Controls
*	Directors must implement systems in their respective Directorates to ensure cost-effective and time efficient travelling
*	Travelling must be pre-authorised by the appropriate delegated official, before such costs are incurred, whilst the said official must ensure that kilometres claimed are indeed justifiable.
*	The respective Directors should exercise control over the distances travelled.
3	ESSENTIAL VEHICLE USER SCHEME
	Measure

*	Measure
*	Limit expenditure under the scheme and apply the applicable policies and procedures consistently
	Controls
*	Policy guidelines must be formulated by the Administration, Monitoring and Evaluation Directorate relating to the type of vehicles to be purchased by qualifying employees, requiring vehicles for the execution of their duties
4	ACTING ALLOWANCES
	Measure
	Acting allowances must be paid in accordance with the applicable HR policies, SALGBC Collective Agreements and any applicable legislation
	Controls
*	Acting appointments should only be cascaded to two levels below the acting position, to curb unnecessary costs
*	Acting must only be permitted in positions on the approved organogram, in line with Municipal Systems Amendment Act (5 July 2011)
*	Prior to an employee being assigned to act, the request must firstly be forwarded to the Budget and Treasury Section to confirm budget availability.
*	Acting for extended periods must be discouraged, unless motivated to the Municipal Manager, based on operation reasons. This will ensure that the municipality is not exposed to unnecessary litigation
5	OVERTIME
	Measure
	Overtime must be undertaken in compliance with all relevant policies, SALGBC Collective Agreements and applicable legislation (e.g. Basic conditions of Employment Act)
	Controls
*	Overtime should only be approved where the necessary budget provision exists, after a need analysis has been undertaken by the relevant Directorate.
*	Authority to work overtime in excess of 40 hours per month, must be obtained from the Municipal Manager prior to the overtime being worked, as this is in contravention of Section 10 of the Basic Conditions of Employment Act (BCEA)
*	The Director must ensure that overtime worked in excess of 40 hours, was authorised by the Municipal Manger prior to the actual overtime being worked
*	

	The core working hours of the employees to be changed to a shift system, where applicable, to obviate the need for overtime.
*	The regulations issued by the Department of Labour, relating to annual salary thresholds within which overtime may be paid, must be adhered to.
*	The corporate Services Directorate must ensure that an Overtime Policy is developed and approved by Council, and such policy must be in line with the applicable legislation and regulations.
6	CATERING, REFRESHMENT AND ENTERTAINMENT
	DRAFT MUNICIPAL COST CONTAINMENT REGULATIONS as it relates to expenses for catering and events, states the following:
*	Constitutional institutions may not incur catering expenses for internal meetings, i.e. for meetings attended only by person in its employ, unless approved by the accounting officer
*	Constitutional institutions may not incur expenses on alcoholic beverages, except for instances where alcohol is to be served at functions relating to: <ul style="list-style-type: none"> (a) State banquets (b) The promotion of South Africa and any of its goods or services; or (c) The hosting of foreign dignitaries
*	The Accounting officers must ensure that team building exercises and social functions, including year-end functions, are not financed from the budgets of their respective establishments or by any suppliers or sponsors In implementing the aforementioned instruction, the following control measures are applicable as it relates to catering and entertainment:
	Control Measures
*	Apart from tea, coffee and muffins, no catering and refreshments will be provided at Council workshops, retreats, strategic sessions, internal training sessions, official meetings (Standing Committees and other Council Committees), Council meetings and Management meetings.
*	At the discretion of the Municipal Manager, catering and refreshments may only be provided at meetings with overseas visitors and other spheres of government (Provincial/National), after budget availability has been confirmed by the Budget and Treasury Section.
7	ATTENDANCE OF CONFERENCES, SEMINARS & WORKSHOPS
	Measures and Controls
*	Conferences, seminars and workshops may be attended by Officials and Councillors, but only when absolute necessary
*	The Director concerned must submit a motivation to the Municipal Manager, outlining the absolute necessity for attendance.

*	The total size of municipal delegations attending conferences, seminars and workshops outside the Municipality, must be restricted to two delegates
*	The Director concerned must submit a motivation to the Municipal Manager, if the number of required attendees exceeds two delegates from the Municipality.
*	Budget availability must be confirmed by the Budget & Treasury Section, in the first instance
*	In the event of training being provided at no cost to the Municipality, the size of the municipal delegation may be increased, subject to approval by the Municipal Manager.
8	MUNICIPAL WORKSHOPS, RETREATS, STRATEGIC SESSIONS AND INTERNAL TRAINING
	Controls
*	Only local municipal venues may be utilised to host municipal workshops, retreats, strategic sessions and internal training.
*	The Director concerned must submit a motivation to the Municipal Manager, in the event of local municipal venues not being available.
*	Alternative facilities at other government institutions must then be sourced, where such sessions cannot be held in-house.
*	The necessary proof must be provided to the Municipal Manager, where local municipal venues or facilities at other government institutions are not available.
*	Budget availability must be confirmed by the Budget & Treasury Section in the first instance, prior to the Municipal Manager approving the use of external venues.
9	PROJECTS / PROGRAMME LAUNCHES
	Controls
*	The number of projects/programme launches must be minimised, so as to limit the associated costs to the Municipality
*	When different projects/programmes are launched in a particular ward, it must be organised as one launch and not as different launches for each and every project.
10	USE OF CONSULTANTS
	DRAFT MUNICIPAL COST CONTAINMENT REGULATIONS as it relates to expenses for the use of consultants, states the following:
*	Constitutional institutions may only contract in consultants after a gap analysis has confirmed that the constitutional institution concerned does not have the requisite skills or resources in its fulltime employ to perform the assignment in

	question. Based on a business case, the appointment of consultants may only be approved by the accounting officer.
*	<p>Consultants may only be remunerated at the rates:</p> <ul style="list-style-type: none"> (a) Determined in the "Guideline for fees", issued by the South African Institute of Chartered Accountants (SAICA) (b) Set out in the "Guide on Hourly Fee Rates for consultants", by the Department of Public Services and Administration (DPSA), or (c) Prescribed by the body regulating the profession of the consultant
*	Hotel accommodation and related costs in respect of consultants may not exceed the amount of R1400 per night per person (including dinner, breakfast and parking). National Treasury may periodically review this amount. Air Travel must be restricted to economy class and claims for kilometres may not exceed the rates approved by the Automobile Association of South African (AA SA)
*	All contracts of consultants must include penalty clauses for poor performance and in this regard, accounting officers must invoke such clauses where deemed necessary.
*	Accounting officer must develop consultancy reduction plans by 31 March of each year for implementation in the use of consultants
	Measure
	The use of consultant must be reviewed and curtailed
	Controls
*	All pending appointments of consultants to be reviewed and no consultant services to be procured unless the Municipal Manager, based on a motivation from the Director concerned, endorses the procurement process.
*	Directors must review the utilisation of consultants in their respective Directorates to determine if their continued services are still required.
*	Requests for extension of consultants' contracts of appointment must be motivated in writing to the Municipal Manager, and he may in turn instruct the Director to table an item via the Bid Committee system to make recommendations in this regard.
*	<p>Any SLA or contract signed with consultants, must include</p> <ul style="list-style-type: none"> (a) Penalty clauses for poor performance (b) Clauses that deal with skills transfer (c) Period of the contract must be clearly stated, amongst other pertinent clauses
*	Directorates who deal with Consultants must ensure compliance with the NT instruction, as it relates to disbursements for travelling and accommodation for consultants.

*	The Municipal manager must give instructions to all Directorates to develop a consultancy reduction plan, indicating how the Directorates intend to comply with the National Treasury instruction
11	TELEPHONE COSTS (LANDLINES)
	Measure
*	The Council's policy relating to payment for private calls must be fully enforced by all Directorates
	Controls
*	The cost of private calls must be recovered by all Directorates by providing a schedule on a monthly basis to the Finance Directorate (Payroll Office), so that the necessary deductions can be made from the affected municipal employees' salaries
12	UNIFORMS AND CLOTHING
	Controls
*	A Uniforms Policy must be drafted stipulating the guidelines, including type of uniforms, shoes and frequency of issue, etc. in line with the working environment of the respective employees.
*	A Monthly reconciliation of uniforms purchased and issued to staff members must also be performed by Municipal Manager in instances (i) such as peak holiday periods, and (ii) where respective Directorates.
13	TRAVEL AND SUBSISTENCE
	In line with the DRAFT MUNICIPAL COST CONTAINMENT REGULATIONS as it relates to travel and subsistence expenses, the following control measures must be implemented:
	Control measures
*	Only economy class tickets to be purchased for employees and Councillors, where the flying time of the flight is five (5) hours or less
*	The Municipal Manager may approve the purchase of business class tickets for employees with disabilities or for those with special needs, where the flying time is five (5) hours or less.
*	Purchasing of air tickets for first class travel is not permitted, under any circumstances
*	Domestic hotel accommodation linked to travel and subsistence may not exceed R1 400 per night per person (including dinner, breakfast and parking). National Treasury may periodically review this amount

*	The amount of R1 400 quoted above may be exceeded with approval of the Municipal Manager in instances (i) such as peak holiday periods, and (ii) when South Africa is hosting an event in the country or in a particular geographical area that results in an abnormal increase in the number of local / international guests in the country or in that particular geographical area.
*	Hiring of Vehicles for travelling must be undertaken in terms of the Council approved policy as it relates to vehicle groupings that can be hired per the level of employees / Councillors
*	Sharing of the mode of transport when Employees / Councillors travel to the same destination
*	Overnight accommodation must be limited to instances where the distance by road exceeds 500 kilometres to and from the destination (return journey)
*	When a vehicle is hired, it must be shared between the Employees/Councillors attending the same workshop, conference, seminar, etc. (one vehicle to be hired per occasion)
*	Flight bookings must be made timeously, to prevent unnecessary overnight stay costs
14	GENERAL MEASURES TO BE IMPLEMENTED
*	In order to curb petrol expenditure, the municipality's vehicle tracking system should be utilised by the Directorates to monitor usage in order to curb abuse of municipal vehicles and excessive petrol consumption
*	E – Learning methods should be considered for in-house training
*	Telephone and/or Video conferencing must be used, where possible, to avoid unnecessary travelling and subsistence costs
*	Where possible, transversal contracts must be used for the procurement of goods and services.
*	Consideration must be given to utilising the services of the Government Communications and Information Systems (GCIS) for media related needs
*	Bulk purchase should be considered for regularly consumed inventory
15	IMPLEMENTATION DATE OF THE COST CONTAINMENT POLICY
	The Cost containment Policy (CC) will be implemented immediately upon approval by Council on 30 May 2018; and will thus effective as from this date

A schedule
mSCOA V6.2
2018 /19 – 2020/21

DC31 Nkangala - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	31 116	38 235	43 921	25 450	25 550	25 550	10 494	22 459	20 468	20 480
Transfers recognised - operational	330 236	338 036	337 235	344 488	344 488	344 488	258 469	348 588	356 755	367 881
Other own revenue	3 470	3 483	4 596	1 170	2 312	2 312	1 331	2 346	2 507	2 593
Total Revenue (excluding capital transfers and contributions)	364 822	379 755	385 752	371 108	372 350	372 350	270 294	373 393	379 731	390 954
Employee costs	71 275	90 060	108 540	136 885	134 429	134 429	76 554	144 287	152 223	161 349
Remuneration of councillors	12 691	12 882	12 587	12 795	13 916	13 916	9 288	13 498	14 241	15 148
Depreciation & asset impairment	7 910	9 566	9 609	10 912	10 957	10 957	6 795	9 380	8 406	7 934
Finance charges	3 211	1 519	1 127	1 296	1 338	1 338	465	968	516	542
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
Other expenditure	80 414	65 471	69 831	97 623	94 304	94 304	42 943	109 581	109 591	117 808
Total Expenditure	338 940	356 846	363 996	371 606	418 816	418 816	232 078	445 223	440 553	443 423
Surplus/(Deficit)	25 882	22 909	21 756	(498)	(46 466)	(46 466)	38 216	(71 830)	(60 822)	(52 469)
Transfers and subsidies - capital (monetary allocations)	1 950	2 010	2 076	2 175	2 175	2 175	-	2 180	2 308	2 442
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Capital expenditure & funds sources										
Capital expenditure	25 124	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	527	-	-	-	-	-	-	-	-	-
Borrowing	788	-	-	-	-	-	-	-	-	-
Internally generated funds	23 810	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Total sources of capital funds	25 124	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Financial position										
Total current assets	599 556	556 574	570 859	586 559	578 999	578 999	575 358	515 507	447 813	391 509
Total non current assets	116 416	176 863	205 911	228 117	229 502	229 502	209 506	248 865	263 191	276 610
Total current liabilities	48 349	40 872	58 213	30 673	30 673	30 673	28 092	53 202	55 140	56 782
Total non current liabilities	26 137	26 161	24 813	22 860	22 860	22 860	24 813	25 853	29 060	34 560
Community wealth/Equity	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777
Cash flows										
Net cash from (used) operating	77 526	66 361	32 158	13 126	(91 583)	(91 583)	26 675	35 106	(4 083)	(37 161)
Net cash from (used) investing	(27 389)	(33 329)	(38 505)	(33 369)	(29 483)	(29 483)	(10 038)	(37 368)	(22 476)	(21 201)
Net cash from (used) financing	(19 541)	(3 085)	(3 353)	(3 303)	(3 303)	(3 303)	(3 086)	(3 085)	(1 543)	-
Cash/cash equivalents at the year end	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896
Cash backing/surplus reconciliation										
Cash and investments available	469 058	503 211	500 289	430 112	422 552	422 552	513 839	421 325	397 573	346 403
Application of cash and investments	(285 573)	11 312	(13 783)	21 309	24 070	24 070	22 601	41 772	44 216	48 564
Balance - surplus (shortfall)	754 631	491 898	514 072	408 804	398 483	398 483	491 239	379 553	353 357	297 839
Asset management										
Asset register summary (WDV)	116 416	136 001	161 065	183 270	183 963	183 963	-	199 899	209 874	216 102
Depreciation	7 910	9 566	9 609	10 912	10 957	10 957	-	9 380	8 406	7 934
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	17 545	6 721	4 844	16 341	14 860	14 860	-	21 560	20 951	21 393
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 functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional	1									
<i>Governance and administration</i>		365 838	381 673	385 288	368 701	369 203	369 203	370 427	380 404	391 746
Executive and council		4	2	6	10	11	11	11	11	12
Finance and administration		365 834	381 670	385 282	368 691	369 192	369 192	370 417	380 392	391 735
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	1	(18)	-	1 100	1 100	1 100	1 200	1 200
Community and social services		-	-	(26)	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	1	(1)	-	350	350	350	400	400
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	10	-	750	750	750	800	800
<i>Economic and environmental services</i>		934	91	2 558	4 582	4 222	4 222	4 046	435	450
Planning and development		934	21	2 305	4 182	4 182	4 182	3 626	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	70	254	400	40	40	420	435	450
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	366 772	381 765	387 828	373 283	374 525	374 525	375 573	382 039	393 396
Expenditure - Functional										
<i>Governance and administration</i>		113 766	111 141	124 138	149 740	146 386	146 386	160 626	162 477	174 786
Executive and council		54 236	50 805	33 784	35 762	33 938	33 938	36 677	38 660	40 832
Finance and administration		59 530	60 336	83 795	104 399	103 308	103 308	111 838	111 186	120 735
Internal audit		-	-	6 559	9 579	9 140	9 140	12 111	12 631	13 219
<i>Community and public safety</i>		43 612	56 784	71 511	88 691	89 286	89 286	96 016	100 962	107 202
Community and social services		29 160	26 709	29 603	26 823	27 683	27 683	31 498	32 557	35 750
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		14 452	20 045	20 496	34 541	32 864	32 864	35 772	37 438	38 817
Housing		-	-	-	-	-	-	-	-	-
Health		-	10 030	21 412	27 327	28 740	28 740	28 746	30 968	32 635
<i>Economic and environmental services</i>		105 026	176 531	166 823	131 032	180 287	180 287	187 284	175 745	160 006
Planning and development		103 005	43 300	165 281	127 522	177 314	177 314	185 073	173 381	157 458
Road transport		-	131 830	-	-	-	-	-	-	-
Environmental protection		2 020	1 400	1 541	3 510	2 973	2 973	2 211	2 364	2 548
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	76 536	12 391	1 524	2 143	2 857	2 857	1 297	1 368	1 429
Total Expenditure - Functional	3	338 940	356 846	363 996	371 606	418 816	418 816	445 223	440 553	443 423
Surplus/(Deficit) for the year		27 832	24 919	23 832	1 677	(44 291)	(44 291)	(69 650)	(58 514)	(50 027)

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 functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
- Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
- All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, 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 functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19
Revenue - Functional	1										
<i>Municipal governance and administration</i>		365 838	381 673	385 288	368 701	369 203	369 203	370 427	380 404	391 746	
Executive and council		4	2	6	10	11	11	11	11	12	
<i>Mayor and Council</i>				11	10	11	11	11	11	12	
<i>Municipal Manager, Town Secretary and Chief Executive</i>		4	2	(5)							
Finance and administration		365 834	381 670	385 282	368 691	369 192	369 192	370 417	380 392	391 735	
<i>Finance</i>		365 834	381 667	385 290	368 691	369 192	369 192	370 417	380 392	391 735	
<i>Information Technology</i>			3	(8)							
<i>Community and public safety</i>			1	(18)		1 100	1 100	1 100	1 200	1 200	
Community and social services				(26)							
<i>Disaster Management</i>				(26)							
Public safety			1	(1)		350	350	350	400	400	
<i>Fire Fighting and Protection</i>			1	(1)		350	350	350	400	400	
Health				10		750	750	750	800	800	
<i>Health Services</i>				10		750	750	750	800	800	
<i>Economic and environmental services</i>		934	91	2 558	4 582	4 222	4 222	4 046	435	450	
Planning and development		934	21	2 305	4 182	4 182	4 182	3 626			
<i>Corporate Wide Strategic Planning (IDPs, LEDS)</i>				(4)							
<i>Economic Development/Planning</i>			18	2 316	4 182	4 182	4 182	3 626			
<i>Town Planning, Building Regulations and Enforcement, and City Project Management Unit</i>		934	2	0							
<i>Project Management Unit</i>				(9)							
Environmental protection			70	254	400	40	40	420	435	450	
<i>Pollution Control</i>			70	254	400	40	40	420	435	450	
Total Revenue - Functional	2	366 772	381 765	387 828	373 283	374 525	374 525	375 573	382 039	393 396	
Expenditure - Functional											
<i>Municipal governance and administration</i>		113 766	111 141	124 138	149 740	146 386	146 386	160 626	162 477	174 786	
Executive and council		54 236	50 805	33 784	35 762	33 938	33 938	36 677	38 660	40 832	
<i>Mayor and Council</i>		45 944	40 335	30 347	32 001	30 621	30 621	33 226	35 042	36 936	
<i>Municipal Manager, Town Secretary and Chief Executive</i>		8 292	10 470	3 437	3 761	3 316	3 316	3 451	3 618	3 896	
Finance and administration		59 530	60 336	83 795	104 399	103 308	103 308	111 838	111 186	120 735	
<i>Administrative and Corporate Support</i>		3 792	(696)	12 826	18 237	17 981	17 981	16 536	16 624	21 079	
<i>Asset Management</i>				926	1 121	1 213	1 213	1 152	1 215	1 265	
<i>Budget and Treasury Office</i>		34 272	35 538	5 235	6 324	6 812	6 812	6 595	6 961	7 244	
<i>Finance</i>				19 654	19 205	18 313	18 313	19 315	19 429	20 327	
<i>Human Resources</i>		4 410	7 175	8 922	12 557	10 612	10 612	11 829	12 643	13 033	
<i>Information Technology</i>		9 117	4 424	8 962	16 601	16 404	16 404	19 655	16 970	18 059	
<i>Legal Services</i>				3 851	5 980	5 396	5 396	5 411	6 472	7 578	
<i>Marketing, Customer Relations, Publicity and Media Co-ordination</i>				5 200	4 391	4 770	4 770	5 123	5 184	5 672	
<i>Property Services</i>		7 939	13 895	13 297	13 691	14 969	14 969	19 538	18 691	19 299	
<i>Risk Management</i>				2 205	2 685	2 980	2 980	2 878	2 981	3 001	
<i>Supply Chain Management</i>				2 717	3 608	3 858	3 858	3 807	4 016	4 178	
Internal audit				6 559	9 579	9 140	9 140	12 111	12 631	13 219	
<i>Governance Function</i>				6 559	9 579	9 140	9 140	12 111	12 631	13 219	
<i>Community and public safety</i>		43 612	56 784	71 511	88 691	89 286	89 286	96 016	100 962	107 202	
Community and social services		29 160	26 709	29 603	26 823	27 683	27 683	31 498	32 557	35 750	
<i>Cemeteries, Funeral Parlours and Crematoriums</i>			445	337							
<i>Disaster Management</i>		4 942	6 699	8 296	10 158	10 131	10 131	12 246	12 256	14 407	
<i>Population Development</i>		24 218	19 566	20 971	16 665	17 552	17 552	19 252	20 300	21 343	
Public safety		14 452	20 045	20 496	34 541	32 864	32 864	35 772	37 438	38 817	
<i>Fire Fighting and Protection</i>		14 452	20 045	20 496	34 541	32 864	32 864	35 772	37 438	38 817	
Health			10 030	21 412	27 327	28 740	28 740	28 746	30 968	32 635	
<i>Health Services</i>			10 030	21 412	27 327	28 740	28 740	28 746	30 968	32 635	
<i>Economic and environmental services</i>		105 026	176 531	166 823	131 032	180 287	180 287	187 284	175 745	160 006	
Planning and development		103 005	43 300	165 281	127 522	177 314	177 314	185 073	173 381	157 458	
<i>Corporate Wide Strategic Planning (IDPs, LEDS)</i>				3 019	2 990	2 956	2 956	3 395	3 744	3 887	
<i>Development Facilitation</i>				116 191	80 749	132 608	132 608	126 686	126 818	113 967	
<i>Economic Development/Planning</i>		30 069	19 523	22 398	21 067	22 949	22 949	25 384	24 258	19 699	
<i>Town Planning, Building Regulations and Enforcement, and City Project Management Unit</i>		72 936	23 778	20 817	16 406	13 597	13 597	22 065	13 322	15 306	
<i>Support to Local Municipalities</i>				114							
Road transport			131 830								
<i>Roads</i>			131 830								
Environmental protection		2 020	1 400	1 541	3 510	2 973	2 973	2 211	2 364	2 548	
<i>Pollution Control</i>		2 020	1 400	1 541	3 510	2 973	2 973	2 211	2 364	2 548	
<i>Other</i>		76 536	12 391	1 524	2 143	2 857	2 857	1 297	1 368	1 429	
Licensing and Regulation		74 675	12 391								
Tourism		1 861		1 524	2 143	2 857	2 857	1 297	1 368	1 429	
Total Expenditure - Functional	3	338 940	356 846	363 996	371 606	418 816	418 816	445 223	440 553	443 423	
Surplus/(Deficit) for the year		27 832	24 919	23 832	1 677	(44 291)	(44 291)	(69 650)	(58 514)	(50 027)	

References

- Government Finance Statistics Functions and Sub-functions are standardised to assist national and international accounts and comparison
- Total Revenue by Functional Classification must reconcile to total operating revenue shown in Financial Performance (revenue and expenditure)
- Total Expenditure by Functional Classification must reconcile to total operating expenditure shown in Financial Performance (revenue and expenditure)
- All amounts must be classified under a Functional classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Forestry, Licensing and Regulation, 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 A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - Council General and Executive		4	2	11	10	11	11	11	11	12
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	5	(13)	-	-	-	-	-	-
Vote 3 - Finance		365 834	381 665	385 290	368 691	369 192	369 192	370 417	380 392	391 735
Vote 4 - Social Services		-	72	235	400	1 140	1 140	1 520	1 635	1 650
Vote 5 - Local Economic Development		-	18	2 308	4 182	4 182	4 182	3 626	-	-
Vote 6 - Development and Planning		934	2	(3)	-	-	-	-	-	-
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	2	366 772	381 765	387 828	373 283	374 525	374 525	375 573	382 039	393 396
Expenditure by Vote to be appropriated	1									
Vote 1 - Council General and Executive		45 228	34 399	30 347	32 001	30 621	30 621	33 226	35 042	36 936
Vote 2 - Municipal Manager Town Secretary and Chief Executive		21 133	25 827	32 579	45 727	43 343	43 343	51 897	48 806	51 282
Vote 3 - Finance		33 934	42 713	37 454	31 012	31 027	31 027	31 652	32 453	33 864
Vote 4 - Social Services		41 147	57 055	73 052	92 201	92 259	92 259	98 227	103 326	109 751
Vote 5 - Local Economic Development		41 303	29 572	24 036	23 209	25 806	25 806	26 681	25 627	21 128
Vote 6 - Development and Planning		72 936	23 778	23 836	19 397	16 553	16 553	25 460	17 066	19 193
Vote 7 - Technical Services		66 399	117 935	116 191	80 749	132 608	132 608	126 686	126 818	113 967
Vote 8 - Corporate services		16 861	25 568	26 500	47 310	46 598	46 598	51 394	51 415	57 302
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	2	338 940	356 846	363 996	371 606	418 816	418 816	445 223	440 553	443 423
Surplus/(Deficit) for the year	2	27 832	24 919	23 832	1 677	(44 291)	(44 291)	(69 650)	(58 514)	(50 027)

References

1. Insert 'Vote': e.g. department, if different to functional 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote										
Vote 1 - Council General and Executive	1	4	2	11	10	11	11	11	11	12
Executive Mayor and Council		4	2	11	10	11	11	11	11	12
Vote 2 - Municipal Manager Town Secretary and Chief Executive Officer		-	5	(13)	-	-	-	-	-	-
Municipal Manager		-	2	(5)						
Information Technology		-	3	(8)						
Vote 3 - Finance		365 834	381 665	385 290	368 691	369 192	369 192	370 417	380 392	391 735
Finance		365 834	381 665	385 290	368 691	369 192	369 192	370 417	380 392	391 735
Vote 4 - Social Services		-	72	235	400	1 140	1 140	1 520	1 635	1 650
Disaster Management				(26)						
Fire Fighting and Protection		-	1	(1)		350	350	350	400	400
Pollution Control		-	70	254	400	40	40	420	435	450
Health Services				10		750	750	750	800	800
Vote 5 - Local Economic Development		-	18	2 308	4 182	4 182	4 182	3 626	-	-
Tourism				-						
LED		-	18	-						
EPWP				2 308	4 182	4 182	4 182	3 626		
Vote 6 - Development and Planning		934	2	(3)	-	-	-	-	-	-
Town Planning				0						
IDP		934	2	(4)						
Total Revenue by Vote	2	366 772	381 765	387 828	373 283	374 525	374 525	375 573	382 039	393 396
Expenditure by Vote										
Vote 1 - Council General and Executive	1	45 228	34 399	30 347	32 001	30 621	30 621	33 226	35 042	36 936
Executive Mayor and Council		45 228	34 399	30 347	32 001	30 621	30 621	33 226	35 042	36 936
Vote 2 - Municipal Manager Town Secretary and Chief Executive Officer		21 133	25 827	32 579	45 727	43 343	43 343	51 897	48 806	51 282
Risk Management		566	1 818	2 205	2 685	2 980	2 980	2 878	2 981	3 001
Internal Audit		4 780	7 154	6 559	9 579	9 140	9 140	12 111	12 631	13 219
Public Participation		-	1 436	2 742	812	902	902	848	895	931
Support Unit		-	2 683	2 742	6 310	5 204	5 204	7 544	5 240	4 598
Municipal Manager		3 512	3 316	3 437	3 761	3 316	3 316	3 451	3 618	3 896
Performance Management		-	2 341	2 080	-	-	-	-	-	-
Legal Services		3 172	2 656	3 851	5 980	5 396	5 396	5 411	6 472	7 578
Information Technology		9 103	4 424	8 962	16 601	16 404	16 404	19 655	16 970	18 059
Vote 3 - Finance		33 934	42 713	37 454	31 012	31 027	31 027	31 652	32 453	33 864
Finance		29 523	26 099	19 654	19 205	18 313	18 313	19 315	19 429	20 327
Supply Chain Management		-	2 843	2 717	3 608	3 858	3 858	3 807	4 016	4 178
Budget Office		4 410	12 079	13 358	5 358	5 815	5 815	5 591	5 907	6 132
Treasury Office		-	1 692	1 724	2 841	3 040	3 040	2 940	3 101	3 226
Vote 4 - Social Services		41 147	57 055	73 052	92 201	92 259	92 259	98 227	103 326	109 751
Transversal Issues		5	9 888	18 022	5 137	5 190	5 190	6 746	6 061	6 526
Youth Services		-	2 979	2 949	6 974	6 911	6 911	7 049	8 466	8 804
Social Services		-	445	337	4 554	5 451	5 451	5 457	5 773	6 014
Disaster Management		4 942	6 699	8 296	10 158	10 131	10 131	12 246	12 256	14 407
Fire Fighting and Protection		29 465	25 614	20 496	34 541	32 864	32 864	35 772	37 438	38 817
Pollution Control		948	1 400	1 541	3 510	2 973	2 973	2 211	2 364	2 548
Health Services		5 787	10 030	21 412	27 327	28 740	28 740	28 746	30 968	32 635
Vote 5 - Local Economic Development		41 303	29 572	24 036	23 209	25 806	25 806	26 681	25 627	21 128
Tourism		11 234	10 049	1 524	2 143	2 857	2 857	1 297	1 368	1 429
LED		-	-	78	10 530	15 670	15 670	12 802	13 519	14 218
EPWP		30 069	19 523	22 435	10 537	7 279	7 279	12 582	10 739	5 481
Vote 6 - Development and Planning		72 936	23 778	23 836	19 397	16 553	16 553	25 460	17 066	19 193
Town Planning		66 806	21 162	20 817	16 406	13 597	13 597	22 065	13 322	15 306
IDP		6 130	2 615	3 019	2 990	2 956	2 956	3 395	3 744	3 887
Vote 7 - Technical Services		66 399	117 935	116 191	80 749	132 608	132 608	126 686	126 818	113 967
Development Facilitation: Regional Planning		66 399	117 935	116 191	80 749	132 608	132 608	126 686	126 818	113 967
Vote 8 - Corporate services		16 861	25 568	26 500	47 310	46 598	46 598	51 394	51 415	57 302
Public Liaison		-	2 531	2 457	3 579	3 868	3 868	4 274	4 289	4 741
Human Resources Administration		-	-	-	11 803	9 781	9 781	11 046	11 812	12 183
Property Services		7 939	13 895	13 297	13 691	14 969	14 969	19 538	18 691	19 299
Corporate Support		8 922	9 142	10 747	18 237	17 981	17 981	16 536	16 624	21 079
Total Expenditure by Vote	2	338 940	356 846	363 996	371 606	418 816	418 816	445 223	440 553	443 423
Surplus/(Deficit) for the year	2	27 832	24 919	23 832	1 677	(44 291)	(44 291)	(69 650)	(58 514)	(50 027)

References

1. Insert 'Vote'; e.g. Department, if different to Functional structure
2. Must reconcile to Financial Performance ('Revenue and Expenditure by Functional 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Rental of facilities and equipment		89	102	100	10	10	10	-	11	11	12
Interest earned - external investments		31 116	38 235	43 921	25 450	25 550	25 550	10 494	22 459	20 468	20 480
Fines, penalties and forfeits		-	2 440	1 628	500	900	900	293	900	990	1 050
Licences and permits		-	70	263	400	790	790	536	1 170	1 235	1 250
Transfers and subsidies		330 236	338 036	337 235	344 488	344 488	344 488	258 469	348 588	356 755	367 881
Other revenue	2	2 101	843	2 537	260	612	612	503	266	271	282
Gains on disposal of PPE		-	28	44							
Total Revenue (excluding capital transfers and contributions)		364 822	379 755	385 752	371 108	372 350	372 350	270 294	373 393	379 731	390 954
Expenditure By Type											
Employee related costs	2	71 275	90 060	108 540	136 885	134 429	134 429	76 554	144 287	152 223	161 349
Remuneration of councillors		12 691	12 882	12 587	12 795	13 916	13 916	9 288	13 498	14 241	15 148
Depreciation & asset impairment	2	7 910	9 566	9 609	10 912	10 957	10 957	6 795	9 380	8 406	7 934
Finance charges		3 211	1 519	1 127	1 296	1 338	1 338	465	968	516	542
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Contracted services		-	30 847	33 926	45 410	46 142	46 142	24 042	54 294	51 282	55 522
Transfers and subsidies		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
Other expenditure	4, 5	80 225	34 624	35 835	52 214	48 162	48 162	18 901	55 287	58 310	62 286
Loss on disposal of PPE		189	-	71							
Total Expenditure		338 940	356 846	363 996	371 606	418 816	418 816	232 078	445 223	440 553	443 423
Surplus/(Deficit)		25 882	22 909	21 756	(498)	(46 466)	(46 466)	38 216	(71 830)	(60 822)	(52 469)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 950	2 010	2 076	2 175	2 175	2 175	-	2 180	2 308	2 442
Surplus/(Deficit) after capital transfers & contributions		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Taxation											
Surplus/(Deficit) after taxation		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)

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 (Includes Joint Ventures)

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

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Capital expenditure - Vote											
Single-year expenditure to be appropriated	2										
Vote 1 - Council General and Executive		2 002	1 679	509	1 800	2 100	2 100	36	100	-	-
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	11 014	-	10 305	9 555	9 555	6 398	4 650	2 700	3 700
Vote 3 - Finance		168	330	27 303	50	50	50	8	60	65	70
Vote 4 - Social Services		21 362	15 281	3 770	9 350	8 544	8 544	2 537	15 928	9 014	9 353
Vote 5 - Local Economic Development		-	178	5	-	-	-	-	-	-	-
Vote 6 - Development and Planning		124	-	-	42	42	42	-	-	-	-
Vote 7 - Technical Services		-	14	737	1 500	1 369	1 369	1 368	1 700	1 900	-
Vote 8 - Corporate services		1 468	684	2 480	6 337	3 839	3 839	44	10 810	4 448	887
Capital single-year expenditure sub-total		25 124	29 181	34 803	29 384	25 498	25 498	10 391	33 248	18 126	14 010
Total Capital Expenditure - Vote		25 124	29 181	34 803	29 384	25 498	25 498	10 391	33 248	18 126	14 010
Capital Expenditure - Functional											
Governance and administration		3 639	13 525	31 028	18 493	15 544	15 544	6 486	15 620	7 213	4 657
Executive and council		2 002	1 679	509	1 800	2 100	2 100	36	100	-	-
Finance and administration		1 636	11 846	27 303	16 673	13 424	13 424	6 435	15 520	7 213	4 657
Internal audit		-	-	3 217	20	20	20	16	-	-	-
Community and public safety		21 362	15 281	3 770	9 320	8 514	8 514	2 537	15 928	9 014	9 353
Community and social services		1	-	-	840	840	840	-	2 070	950	-
Public safety		21 331	13 417	2 943	5 880	5 530	5 530	2 537	12 358	6 994	8 253
Health		30	1 864	828	2 600	2 144	2 144	-	1 500	1 070	1 100
Economic and environmental services		124	374	5	1 572	1 441	1 441	1 368	1 700	1 900	-
Planning and development		124	178	5	1 542	1 411	1 411	1 368	1 700	1 900	-
Road transport		-	196	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	30	30	30	-	-	-	-
Total Capital Expenditure - Functional	3	25 124	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Funded by:											
National Government		-	-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	5	527	-	-	-	-	-	-	-	-	-
Borrowing	6	788	-	-	-	-	-	-	-	-	-
Internally generated funds		23 810	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010
Total Capital Funding	7	25 124	29 181	34 803	29 385	25 498	25 498	10 391	33 248	18 126	14 010

References

1. 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).
2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
3. Capital expenditure by functional classification must reconcile to the appropriations by vote
4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
5. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17
7. Total Capital Funding must balance with Total Capital Expenditure
8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

DC31 Nkangala - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		24 982	4 252	6 292	2 512	2 512	2 512	6 696	5 128	7 115	7 570
Call investment deposits	1	444 075	458 096	449 150	382 754	375 194	375 194	462 297	367 231	337 142	278 326
Consumer debtors	1	-	144	119	-	-	-	142	164	180	180
Other debtors		15 820	25 429	12 204	5 590	5 590	5 590	3 129	7 485	8 483	7 308
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	114 679	68 653	103 094	195 703	195 703	195 703	103 094	135 500	94 894	98 125
Total current assets		599 556	556 574	570 859	586 559	578 999	578 999	575 358	515 507	447 813	391 509
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	40 862	44 846	44 847	44 847	44 847	44 846	48 967	53 317	60 507
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	115 659	135 418	160 573	180 029	181 415	181 415	164 230	197 890	207 610	213 686
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		757	583	491	3 241	3 241	3 241	430	2 009	2 264	2 416
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		116 416	176 863	205 911	228 117	229 502	229 502	209 506	248 865	263 191	276 610
TOTAL ASSETS		715 972	733 438	776 770	814 676	808 501	808 501	784 864	764 373	711 004	668 118
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	3 738	3 403	3 530	3 303	3 303	3 303	1 791	3 085	1 543	-
Consumer deposits		-	14	10	-	-	-	12	-	-	-
Trade and other payables	4	44 419	36 715	54 002	26 899	26 899	26 899	25 872	49 420	52 879	56 052
Provisions		192	739	672	471	471	471	417	697	718	730
Total current liabilities		48 349	40 872	58 213	30 673	30 673	30 673	28 092	53 202	55 140	56 782
Non current liabilities											
Borrowing		11 283	7 713	4 628	2 043	2 043	2 043	4 628	1 543	-	-
Provisions		14 854	18 448	20 185	20 817	20 817	20 817	20 185	24 310	29 060	34 560
Total non current liabilities		26 137	26 161	24 813	22 860	22 860	22 860	24 813	25 853	29 060	34 560
TOTAL LIABILITIES		74 486	67 033	83 026	53 533	53 533	53 533	52 905	79 054	84 200	91 342
NET ASSETS	5	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777

References

1. Detail to be provided in Table SA:

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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	-	-	-	-	-	-	-	-	-
Other revenue		72 376	3 432	25 039	1 170	1 170	1 170	1 331	2 346	2 507	2 593
Government - operating	1	328 960	334 043	337 391	344 488	344 488	344 488	258 469	348 588	356 755	367 881
Government - capital	1	-	2 010	2 076	2 175	2 175	2 175	-	2 180	2 308	2 442
Interest		32 363	38 133	43 945	25 450	25 450	25 450	10 494	22 459	20 468	20 480
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(189 753)	(132 298)	(212 864)	(246 766)	(300 107)	(300 107)	(147 122)	(192 345)	(220 016)	(249 301)
Finance charges		(4 491)	(1 610)	(1 127)	(1 296)	(1 296)	(1 296)	(465)	(968)	(516)	(542)
Transfers and Grants	1	(161 930)	(177 349)	(162 301)	(112 095)	(163 463)	(163 463)	(96 032)	(147 154)	(165 589)	(180 714)
NET CASH FROM/(USED) OPERATING ACTIVITIES		77 526	66 361	32 158	13 126	(91 583)	(91 583)	26 675	35 106	(4 083)	(37 161)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		109	58	282	-	-	-	353	-	-	-
Decrease (Increase) in non-current debtors		-	-	(3 984)	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(2 901)	(4 205)	-	(3 984)	(3 984)	(3 984)	-	(4 120)	(4 350)	(7 191)
Payments											
Capital assets		(24 597)	(29 181)	(34 803)	(29 385)	(25 498)	(25 498)	(10 391)	(33 248)	(18 126)	(14 010)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(27 389)	(33 329)	(38 505)	(33 369)	(29 483)	(29 483)	(10 038)	(37 368)	(22 476)	(21 201)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	61	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	157	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	(1)	-	-	-
Payments											
Repayment of borrowing		(19 541)	(3 085)	(3 353)	(3 303)	(3 303)	(3 303)	(3 303)	(3 085)	(1 543)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(19 541)	(3 085)	(3 353)	(3 303)	(3 303)	(3 303)	(3 086)	(3 085)	(1 543)	-
NET INCREASE/ (DECREASE) IN CASH HELD		30 597	29 947	(9 700)	(23 546)	(124 368)	(124 368)	13 551	(5 347)	(28 102)	(58 361)
Cash/cash equivalents at the year begin:	2	401 783	432 401	465 142	408 811	502 073	502 073	455 442	377 706	372 359	344 257
Cash/cash equivalents at the year end:	2	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896
Other current investments > 90 days		36 678	(0)	0	0	(0)	(0)	0	(0)	(1)	(0)
Non current assets - Investments	1	-	40 862	44 846	44 847	44 847	44 847	44 846	48 967	53 317	60 507
Cash and investments available:		469 058	503 211	500 289	430 112	422 552	422 552	513 839	421 325	397 573	346 403
Application of cash and investments											
Unspent conditional transfers		3 994	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(289 567)	11 312	(13 783)	21 309	24 070	24 070	22 601	41 772	44 216	48 564
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(285 573)	11 312	(13 783)	21 309	24 070	24 070	22 601	41 772	44 216	48 564
Surplus(shortfall)		754 631	491 898	514 072	408 804	398 483	398 483	491 239	379 553	353 357	297 839

DC31 Nkangala - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	25 124	29 181	34 803	29 384	25 498	25 498	33 248	18 126	14 010
<i>Roads Infrastructure</i>		-	186	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	996	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	250	250	-	-	-
Infrastructure		-	1 182	-	-	250	250	-	-	-
Community Facilities		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Heritage Assets		-	-	509	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Other Assets		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Licences and Rights		-	265	-	2 750	1 000	1 000	1 850	-	-
Intangible Assets		-	265	-	2 750	1 000	1 000	1 850	-	-
Computer Equipment		1 026	491	762	2 800	8 500	8 500	2 800	2 700	3 700
Furniture and Office Equipment		973	7 030	1 022	5 995	1 595	1 595	1 398	1 439	1 518
Machinery and Equipment		1 376	3 419	877	8 390	4 410	4 410	4 100	3 338	2 642
Transport Assets		8 372	8 471	4 338	3 100	3 349	3 349	1 700	1 900	-
Total Capital Expenditure	4	-	186	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	186	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	996	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	250	250	-	-	-
Infrastructure		-	1 182	-	-	250	250	-	-	-
Community Facilities		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Heritage Assets		-	-	509	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Housing		-	-	-	-	-	-	-	-	-
Other Assets		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Licences and Rights		-	265	-	2 750	1 000	1 000	1 850	-	-
Intangible Assets		-	265	-	2 750	1 000	1 000	1 850	-	-
Computer Equipment		1 026	491	762	2 800	8 500	8 500	2 800	2 700	3 700
Furniture and Office Equipment		973	7 030	1 022	5 995	1 595	1 595	1 398	1 439	1 518
Machinery and Equipment		1 376	3 419	877	8 390	4 410	4 410	4 100	3 338	2 642
Transport Assets		8 372	8 471	4 338	3 100	3 349	3 349	1 700	1 900	-
TOTAL CAPITAL EXPENDITURE - Asset class		25 124	29 181	34 803	29 384	25 498	25 498	33 248	18 126	14 010
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Roads Infrastructure</i>		2 012	1 917	1 635	1 635	1 635	1 635	1 269	1 185	1 120
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		381	1 296	1 215	1 215	1 215	1 215	1 054	973	892
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	250	250	250
Infrastructure		2 393	3 213	2 850	2 850	2 850	2 850	2 573	2 408	2 263
Community Facilities		-	-	-	38 358	38 358	38 358	10 929	14 758	19 588
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	38 358	38 358	38 358	10 929	14 758	19 588
Heritage Assets		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	509	-	-	-	509	509	509
Investment properties		-	-	509	-	-	-	509	509	509
Operational Buildings		113 266	132 205	114 512	84 054	84 055	84 055	126 382	128 793	127 604
Other Assets		113 266	132 205	114 512	84 054	84 055	84 055	126 382	128 793	127 604
Licences and Rights		757	583	491	3 241	3 241	3 241	3 249	3 157	3 070
Intangible Assets		757	583	491	3 241	3 241	3 241	3 249	3 157	3 070
Computer Equipment		-	-	3 162	4 640	5 332	5 332	12 106	14 085	17 239
Furniture and Office Equipment		-	-	4 828	9 796	9 796	9 796	6 607	7 596	8 665
Machinery and Equipment		-	-	6 797	13 926	13 926	13 926	12 384	14 684	16 353
Transport Assets		-	-	27 916	26 405	26 405	26 405	25 161	23 884	20 813
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	116 416	136 001	161 065	183 270	183 963	183 963	199 899	209 874	216 102
EXPENDITURE OTHER ITEMS										
Depreciation	7	7 910	9 566	9 609	10 912	10 957	10 957	9 380	8 406	7 934
Repairs and Maintenance by Asset Class	3	17 545	6 721	4 844	16 341	14 860	14 860	21 560	20 951	21 393
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
Housing		-	-	-	-	-	-	-	-	-
Other Assets		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
Licences and Rights		-	-	-	6 870	5 687	5 687	6 515	6 553	6 746
Intangible Assets		-	-	-	6 870	5 687	5 687	6 515	6 553	6 746
Computer Equipment		-	-	237	500	800	800	-	-	179
Furniture and Office Equipment		13 468	-	144	-	-	-	-	-	-
Machinery and Equipment		-	-	1 007	6 538	5 940	5 940	8 081	8 769	8 721
Transport Assets		-	-	676	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		25 456	16 287	14 453	27 253	25 817	25 817	30 940	29 357	29 326
<i>Renewal and upgrading 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 and upgrading 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>		15.2%	5.0%	3.0%	9.1%	8.2%	8.2%	10.9%	10.1%	10.0%
<i>Renewal and upgrading and R&M as a % of PPE</i>		15.0%	5.0%	3.0%	9.0%	8.0%	8.0%	11.0%	10.0%	10.0%

DC31 Nkangala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
REVENUE ITEMS:											
Other Revenue by source											
Other Revenue		2 101	843	2 537							
Commission					10	10	10	-			
Sales of Goods and Rendering of Services					250	250	250	503	266	271	282
Insurance Refund						6	6	-			
Skills Development Levy Refund						345	345	-			
Administrative Handling Fees						1	1	-			
Total 'Other' Revenue	1	2 101	843	2 537	260	612	612	503	266	271	282
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	53 823	55 352	67 834	82 693	82 089	82 089	49 133	87 398	92 205	97 969
Pension and UIF Contributions		7 190	8 693	10 999	13 762	14 184	14 184	8 370	14 702	15 511	16 304
Medical Aid Contributions		4 696	7 101	7 913	10 613	9 156	9 156	4 142	11 289	11 910	12 533
Overtime		-	2 680	2 982	5 251	5 171	5 171	2 815	5 540	5 845	6 079
Performance Bonus		-	2 975	4 580	6 845	6 309	6 309	2 878	7 221	7 619	7 924
Motor Vehicle Allowance		5 007	6 450	9 614	9 356	9 989	9 989	7 282	10 665	11 252	12 255
Cellphone Allowance		-	1 234	1 324	1 416	1 314	1 314	876	1 494	1 576	1 719
Housing Allowances		130	331	436	445	593	593	353	470	496	515
Other benefits and allowances		429	828	25	1 241	1 097	1 097	179	876	925	971
Payments in lieu of leave		-	3 028	1 760	5 263	3 993	3 993	(11)	4 631	4 886	5 082
Long service awards		-	1 389	487	-	533	533	68	-	-	-
Post-retirement benefit obligations	4	-	-	586	-	-	-	469	-	-	-
sub-total	5	71 275	90 060	108 540	136 885	134 429	134 429	76 554	144 287	152 223	161 349
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	71 275	90 060	108 540	136 885	134 429	134 429	76 554	144 287	152 223	161 349
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		7 910	9 566	9 609	10 912	10 957	10 957	6 795	9 380	8 406	7 934
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	7 910	9 566	9 609	10 912	10 957	10 957	6 795	9 380	8 406	7 934
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
Total transfers and grants	1	163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
Contracted services											
Outsourced Service		-	6 916	6 322	10 258	8 934	8 934		9 513	6 770	7 536
Professional services		-	14 261	13 354	16 192	16 689	16 689		15 512	17 074	17 865
Contractors		-	9 669	14 250	18 960	20 519	20 519	24 042	29 269	27 438	30 121
sub-total	1	-	30 847	33 926	45 410	46 142	46 142	24 042	54 294	51 282	55 522
Total contracted services	1	-	30 847	33 926	45 410	46 142	46 142	24 042	54 294	51 282	55 522
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees											
General expenses	3	80 225	34 624	35 835							
List Other Expenditure by Type											
Inventory consumed					5 676	5 160	5 160		7 333	8 021	8 669
Operating Leases					1 147	1 700	1 700		2 209	1 067	1 121
Operational cost					45 391	41 302	41 302	18 901	45 745	49 221	52 496
Total 'Other' Expenditure	1	80 225	34 624	35 835	52 214	48 162	48 162	18 901	55 287	58 310	62 286
by Expenditure Item											
Employee related costs	8	-	-	-							
Other materials		-	-	-							
Contracted Services		17 545	6 721	4 844	16 341	14 860	14 860	5 591	21 560	20 951	21 393
Other Expenditure		-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	17 545	6 721	4 844	16 341	14 860	14 860	5 591	21 560	20 951	21 393

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		11	-	-	-	-	-	-	-	11
Interest earned - external investments		-	-	22 459	-	-	-	-	-	22 459
Fines, penalties and forfeits		-	-	550	350	-	-	-	-	900
Licences and permits		-	-	-	1 170	-	-	-	-	1 170
Other revenue		-	-	266	-	-	-	-	-	266
Transfers and subsidies		-	-	344 962	-	3 626	-	-	-	348 588
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribution)		11	-	368 237	1 520	3 626	-	-	-	373 393
Expenditure By Type										
Employee related costs		5 317	17 713	16 922	64 854	4 290	6 923	9 495	18 774	144 287
Remuneration of councillors		13 498	-	-	-	-	-	-	-	13 498
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		499	652	93	5 536	21	28	227	2 324	9 380
Finance charges		362	7	551	-	-	-	23	25	968
Bulk purchases		-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		1 947	13 868	5 858	10 106	1 276	1 264	1 255	18 720	54 294
Transfers and subsidies		-	7 730	2 798	5 543	20 085	16 558	114 795	-	167 509
Other expenditure		11 603	11 927	5 431	12 188	1 009	687	891	11 550	55 287
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		33 226	51 897	31 652	98 227	26 681	25 460	126 686	51 394	445 223
Surplus/(Deficit)		(33 216)	(51 897)	336 584	(96 707)	(23 055)	(25 460)	(126 686)	(51 394)	(71 830)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	2 180	-	-	-	-	-	2 180
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(33 216)	(51 897)	338 764	(96 707)	(23 055)	(25 460)	(126 686)	(51 394)	(69 650)

References

1. Departmental columns to be based on municipal organisation structure

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits		407 418	458 096	449 150	382 754	375 194	375 194	462 297	367 231	337 142	278 326
Other current investments		36 657	-	-	-	-	-	-	-	-	-
Total Call investment deposits	2	444 075	458 096	449 150	382 754	375 194	375 194	462 297	367 231	337 142	278 326
Consumer debtors											
Consumer debtors		-	144	119	-	-	-	142	164	180	180
Less: Provision for debt impairment		-	-	-	-	-	-	-	-	-	-
Total Consumer debtors	2	-	144	119	-	-	-	142	164	180	180
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		164 310	193 301	227 744	259 572	260 957	260 957	239 584	286 491	304 617	318 627
Leases recognised as PPE		788	788	1 584	-	-	-	-	-	-	-
Less: Accumulated depreciation		49 439	58 672	68 264	79 542	79 542	79 542	75 354	88 601	97 007	104 941
Total Property, plant and equipment (PPE)	2	115 659	135 418	161 065	180 029	181 415	181 415	164 230	197 890	207 610	213 686
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		244	268	-	3 085	3 085	3 085	1 791	3 085	1 543	-
Current portion of long-term liabilities		3 494	3 135	3 530	218	218	218	-	-	-	-
Total Current liabilities - Borrowing		3 738	3 403	3 530	3 303	3 303	3 303	1 791	3 085	1 543	-
Trade and other payables											
Trade and other creditors		40 425	36 715	54 002	26 899	26 899	26 899	25 872	49 420	52 879	56 052
Unspent conditional transfers		3 994	-	-	-	-	-	-	-	-	-
VAT		-	-	-	-	-	-	-	-	-	-
Total Trade and other payables	2	44 419	36 715	54 002	26 899	26 899	26 899	25 872	49 420	52 879	56 052
Non current liabilities - Borrowing											
Borrowing		10 798	7 495	4 628	1 543	1 543	1 543	4 628	1 543	-	-
Finance leases (including PPP asset element)		486	218	-	501	501	501	-	-	-	-
Total Non current liabilities - Borrowing	4	11 283	7 713	4 628	2 043	2 043	2 043	4 628	1 543	-	-
Provisions - non-current											
Retirement benefits		14 854	15 985	20 185	20 817	20 817	20 817	20 185	24 310	29 060	34 560
List other major provision items		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current		14 854	15 985	20 185	20 817	20 817	20 817	20 185	24 310	29 060	34 560
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		613 654	641 486	669 912	637 452	677 247	677 247	693 744	754 969	685 318	626 804
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		613 654	641 486	669 912	637 452	677 247	677 247	693 744	754 969	685 318	626 804
Surplus/(Deficit)		27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	122 013	122 013	122 013	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777
TOTAL COMMUNITY WEALTH/EQUITY	2	641 486	666 405	693 744	761 143	754 969	754 969	731 960	685 318	626 804	576 777

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Institutional Development and Transformation	Competent Innovative and Accountable Team	KPA 1		-	5	-	-	-	-	-	-	-
Good Governance and Public Participation	Sound Electronic Governance	KPA 2		-	2	-	-	-	-	-	-	-
Local Economic Development	Inclusive Economic Growth with Sustainable Development	KPA 3		-	18	2 308	4 182	4 182	4 182	3 626		
Financial Viability and Financial Management	Sound Financial Management	KPA 4		365 837	381 665	385 273	368 691	369 192	369 192	370 417	380 392	391 735
Basic Service Delivery and Infrastructure	Healthy Social Environment	KPA 5		-	72	235	400	1 140	1 140	1 520	1 635	1 650
	Sustainable Infrastructure and Service Provisioning	KPA 5		934	2	11	10	11	11	11	11	12
Spatial Rationale	Integrated regionalised planning	KPA 6										
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	366 771	381 765	387 828	373 283	374 525	374 525	375 573	382 039	393 396

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

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Institutional Development and Transformation	Competent Innovative and Accountable Team	KPA 1		74 700			259 547	104 244	104 244	117 516	115 477	124 993	
Good Governance and Public Participation	Sound Electronic Governance	KPA 2		5			15 090	16 318	16 318	19 002	19 788	20 527	
Local Economic Development	Inclusive Economic Growth with Sustainable Development	KPA 3		35 142			17 702	25 806	25 806	26 681	25 627	21 128	
Financial Viability and Financial Management	Sound Financial Management	KPA 4		29 523			6 094	31 027	31 027	31 652	32 453	33 864	
Basic Service Delivery and Infrastructure	Healthy Social Environment	KPA 5		115 480			18 081						
	Sustainable Infrastructure and Service Provisioning	KPA 5		79 097			43 158	224 867	224 867	224 913	230 144	223 718	
Spatial Rationale	Integrated regionalised planning	KPA 6					11 934	16 553	16 553	25 460	17 066	19 193	
Allocations to other priorities													
Total Expenditure				1	333 947	-	-	371 606	418 816	418 816	445 224	440 553	443 423

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

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Institutional Development and Transformation	Competent Innovative and Accountable Team	KPA 1		3 574	13 391	3 726	11 884	15 474	15 474	15 560	7 148	4 587
Good Governance and Public Participation	Sound Electronic Governance	KPA 2		-			7 450	20	20			
Local Economic Development	Inclusive Economic Growth with Sustainable Development	KPA 3		-	178	5						
Financial Viability and Financial Management	Sound Financial Management	KPA 4		168	330			50	50	60	65	70
Basic Service Delivery and Infrastructure	Healthy Social Environment	KPA 5		21 362	15 281	27 303	8 550	9 913	9 913	17 628	10 914	9 353
	Sustainable Infrastructure and Service Provisioning	KPA 5		21		3 770	1 500					
Spatial Rationale	Integrated regionalised planning	KPA 6						42	42			
Allocations to other priorities			3									
Total Capital Expenditure			1	25 124	29 181	34 803	29 385	25 498	25 498	33 248	18 126	14 010

DC31 Nkangala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - Office of the Municipal Manager										
Function 1 - Organisational Restructuring and Transformation										
Sub-function 1 - Performance Management										
# of quarterly performance report submitted to Council by 30 June	Number	4	4	4	4	4	4	4	4	4
Function 2 - Governance										
Sub-function 1 - Audit										
% of MPAC recommendation resolved per quarter	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% achievement to resolve issues raised on the Audit Action Plan per quarter	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintain Auditor General Opinion - Clean Audit in respect of the Annual Report	Number	1	1	1	1	1	1	1	1	1
% of AG Management Letter findings resolved by quarter (Total organization)	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - Risk Management										
% of future action plans resolved to address fraud and corruption risk identified per quarter	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 3 - Service Delivery										
Sub-function 1 -Community Satisfaction										
# of Community Satisfaction Surveys conducted on the work of the District by 30 June 2017	Number		1	1	1	1	1	0	1	1
Function 4 - IDP and BUDGET										
Sub-function 1 - IDP										
Final IDP and Budget tabled and approved by Council by the 31st May	Number	1	1	1	1	1	1	1	1	1
Function 4 - Financial Viability										
Sub-function 1 - Expenditure										
% spend of the Total Capital Budget by 30 June	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	90.0%	100.0%	100.0%
Vote 2 - Corporate Services										
Function 1 - Organisational Restructuring and Transformation										
Sub-function 1 - Human Resources										
% approved vacant positions (previously filled) processed within (3) months of post vacancy	Percentage		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - Training and Development										
% of budget spent implementing the Workplace Skills Plan (GKPI) by 30 June 2017	Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote 3 - Finance										
Function 1 - Financial Viability										
Sub-function 1 - Financial Management										
Cost coverage ratio (GKPI) by 30 June 2017	Ratio	NA	NA	NA	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Sub-function 2 - Budgeting										
Submission for approval of MTREF Budget by the 31st May	Number	1	1	1	1	1	1	1	1	1
Sub-function 3 - Financial Reporting										
Annual Financial Statements (AFS) submitted on or before the 31st August	Number	1	1	1	1	1	1	1	1	1
# of quarterly section 52(d) MFMA reports submitted to Executive Mayor within legislative timeframes	Number	4	4	4	4	4	4	4	4	4
Section 72 (midyear) MFMA reports submitted to Executive Mayor within legislative timeframes	Number	1	1	1	1	1	1	1	1	1
# of section 71 MFMA reports submitted to Executive Mayor within legislative timeframes per month	Number	12	12	12	12	12	12	12	12	12
Function 2 - SCM										
Sub-function 1 - SCM										
# of SCM deviation reports submitted to the MM per month (Total Administration)	Number	12	12	12	12	12	12	12	12	12

DC31 Nkangala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 4 - Development Planning										
Function 1 - Human Settlements										
Sub-function 1 - Human Settlements										
# of informal settlements formalised by 30th June	Number			5	5	5	5	0	1	5
# of formal townships established by 30th June	Number		6	5	5	5	5	0	4	5
Function 2 - Land Administration										
Sub-function 1 - GIS										
# of projects implemented from the GIS Strategy by 30th June	Number		2	1	1	1	1	1	1	1
Sub-function 2 - Land Management										
# of projects implemented based on SPLUMA by 30th June	Number		3	2	2	2	2	1	2	3
Vote 5 - Technical Services										
Function 1 - Service Delivery										
Sub-function 1 - Water and Sanitation										
Number of Sanitation projects (as submitted by the LM's) completed by 30 June	Number		10	6	6	6	6	1	1	1
Number of Water projects (as submitted by the LM's) completed by 30 June	Number		8	14	14	14	14	20	20	11
Sub-function 2 - Electricity										
Number of Electricity projects (as submitted by the LM's) completed by 30 June	Number		1	2	2	2	2	1	1	1
Sub-function 3 - Project Management										
% spend of Capital projects in terms of budget (NDM funded projects) by 30 June	Percentage		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 4 - Road and Stormwater										
Number of Road and Stormwater projects (as submitted by the LM's) completed by 30 June	number							10	18	4
Vote 6 - Local Economic Delivery										
Function 1 - Economic Development and Job Creation										
Sub-function 1 - Economic Development										
Hosting of Investment Summit to market Anchor Projects / Catalytic by 30 June 2017	Number		1	1	1	1	1	1	1	1
Sub-function 2 - Job Creation										
# of EPWP Full Time Equivalent (FTE's) job opportunities provided through the implementation of LED and Capital projects (GKPI) per	Number		308	72	72	72	72	100%	100%	100%
Vote 7 - Social Services										
Function 1 - Health										
Sub-function 1 - HIV/AIDS										
# of HIV/AIDS educational awareness campaigns implemented to capacitate and build communities per quarter	Number		8	8	8	8	8	6	6	6
% of water samples taken per month that do not comply to SANS 241 and that are formally reported to the LM's to implement corrective action per quarter	Percentage		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - Environmental Management										
Sub-function 1 - Air Pollution										
% of atmospheric emission license applications finalised as compared to application received as per NEM Air Quality Act, 2004 by 30 June 2017	Percentage		60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Function 3 - Youth										
Sub-function 1 - Youth Development										
Annual Youth Summit convened by 30th June	Number		1	1	1	1	1	1	1	1
Function 4 - Disaster Management										
Sub-function 1 - Disaster Education										
# of Disaster Emergency Open Day Hosted with local Municipalities by June 2017	Number		1	2	2	2	2	2	2	2

DC31 Nkangala - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating	Short term			A1	A1	A1	A1	A1			
Credit Rating	Long term			A	A	A	A	A			
Credit Rating	International			BB-	BB-	BB-	BB-	BB-			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.7%	1.3%	1.2%	1.2%	1.1%	1.1%	1.6%	0.9%	0.5%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	65.8%	11.0%	9.2%	17.3%	16.7%	16.7%	31.9%	16.3%	9.0%	2.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	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	12.4	13.6	9.8	19.1	18.9	18.9	20.5	9.7	8.1	6.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	12.4	13.6	9.8	19.1	18.9	18.9	20.5	9.7	8.1	6.9
Liquidity Ratio	Monetary Assets/Current Liabilities	9.7	11.3	7.8	12.6	12.3	12.3	16.7	7.0	6.2	5.0
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	4.3%	6.7%	3.2%	1.5%	1.5%	1.5%	1.2%	2.0%	2.3%	1.9%
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		9.3%	7.9%	11.9%	7.0%	7.1%	7.1%	5.5%	13.3%	15.4%	19.6%
Employee costs	Employee costs/(Total Revenue - capital revenue)	19.5%	23.7%	28.1%	36.9%	36.1%	36.1%	28.3%	38.6%	40.1%	41.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.0%	27.1%	31.4%	40.3%	39.8%	39.8%		42.3%	43.8%	45.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.8%	1.8%	1.3%	4.4%	4.0%	4.0%		5.8%	5.5%	5.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.0%	2.9%	2.8%	3.3%	3.3%	3.3%	2.7%	2.8%	2.3%	2.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	0.8	0.9	1.7	0.9	0.9	0.9	0.5	1.1	1.1	1.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17682.4%	24955.8%	12338.7%	55898.2%	55898.2%	55898.2%	0.0%	72154.3%	77100.0%	65110.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	52.0	38.0	32.7	21.6	21.4	21.4	49.1	19.3	17.2	13.3

DC31 Nkangala - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			1 018	1 226	1 308							
Females aged 5 - 14			5 825	8	1 994							
Males aged 5 - 14			43 009	5 825	1 994							
Females aged 15 - 34			4 755	103 294	1 724							
Males aged 15 - 34			4 755	7 008	1 724							
Unemployment			487	766	8 988							
Monthly household income (no. of households)	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area					1 308 128							
Number of poor people in municipal area												
Number of households in municipal area					421 144							
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics												
Formal	3				343 556							
Informal			18 874	50 681	63 317							
Total number of households			18 874	50 681	406 873							
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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	432 380	462 348	455 442	385 266	377 706	377 706	468 993	372 359	344 257	285 896
Cash + investments at the yr end less applications - R'000	18(1)b	2	754 631	491 898	514 072	408 804	398 483	398 483	491 239	379 553	353 357	297 839
Cash year end/monthly employee/supplier payment	18(1)b	3	52.0	38.0	32.7	21.6	21.4	21.4	49.1	19.3	17.2	13.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	27 832	24 919	23 832	1 677	(44 291)	(44 291)	38 216	(69 650)	(58 514)	(50 027)
Service charge rev % change - macro CPIX 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	2086.0%	99.3%	550.1%	100.0%	50.6%	50.6%	100.0%	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	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	61.7%	(51.8%)	(54.6%)	0.0%	0.0%	(41.5%)	36.8%	13.3%	(13.6%)
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	15.2%	5.0%	3.0%	9.1%	8.2%	8.2%	13.1%	10.9%	10.1%	10.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

DC31 Nkangala - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		444 075	498 958	493 996	427 600	420 040	420 040	416 197	390 458	338 833
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	444 075	498 958	493 996	427 600	420 040	420 040	416 197	390 458	338 833
Consolidated total:		444 075	498 958	493 996	427 600	420 040	420 040	416 197	390 458	338 833

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

DC31 Nkangala - Supporting Table SA17 Borrowing

Borrowing - Categorized by type R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		11 283	7 713	4 628	2 043	2 043	2 043	1 543	-	-
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	11 283	7 713	4 628	2 043	2 043	2 043	1 543	-	-
Total Borrowing	1	11 283	7 713	4 628	2 043	2 043	2 043	1 543	-	-

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)
check borrowing balance

-	-	0	-	-	-	-	-	-	-
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DC31 Nkangala - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		322 322	330 683	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Local Government Equitable Share		-	-	-	-	-	-	-	-	-
Local Government Equitable Share		-	-	-	19 402	19 402	19 402	20 973	23 272	25 407
RSC Levy Replacement		318 017	326 223	333 667	319 654	319 654	319 654	322 989	332 483	341 474
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 000	1 000	1 000
Municipal Systems Improvement		934	930	-	-	-	-	-	-	-
EPWP Incentive		2 121	2 280	2 318	4 182	4 182	4 182	3 626	-	-
SETA		-	-	-	-	-	-	-	-	-
Provincial Government:		130	332	-	-	-	-	-	-	-
Provincial Treasury Data cleansing		1 694	3 000	-	-	-	-	-	-	-
Other grant providers:		5 563	-	-	-	-	-	-	-	-
Public Donations Mining House		5 563	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	328 015	331 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Capital Transfers and Grants										
National Government:		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Rural Transport Services and Infrastructure		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
TOTAL RECEIPTS OF TRANSFERS & GRANTS		329 965	333 025	339 311	346 663	346 663	346 663	350 768	359 063	370 323

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:	1	322 452	331 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Local Government Equitable Share		-	-	-						
Local Government Equitable Share		318 017	326 223	333 667	19 402	19 402	19 402	20 973	23 272	25 407
RSC Levy Replacement		-	-	-	319 654	319 654	319 654	322 989	332 483	341 474
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 000	1 000	1 000
Municipal Systems Improvement		934	930	-	-	-	-			
EPWP Incentive		2 121	2 280	2 318	4 182	4 182	4 182	3 626		
SETA		130	332	-						
Total operating expenditure of Transfers and Grants:		329 709	334 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Capital expenditure of Transfers and Grants										
National Government:		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Rural Transport Services and Infrastructure		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Total capital expenditure of Transfers and Grants		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		331 659	336 025	339 311	346 663	346 663	346 663	350 768	359 063	370 323

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		322 452	331 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Conditions met - transferred to revenue		322 452	331 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		329 709	334 015	337 235	344 488	344 488	344 488	348 588	356 755	367 881
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		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Conditions met - transferred to revenue		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		1 950	2 010	2 076	2 175	2 175	2 175	2 180	2 308	2 442
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		331 659	336 025	339 311	346 663	346 663	346 663	350 768	359 063	370 323
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Non-Cash Transfers to other municipalities											
MP311 Victor Khanye	1	10 767	16 665	13 642	12 990	12 911	12 911	7 533	15 335	12 752	11 643
MP312 Emalahleni		42 340	23 933	3 551	21 481	48 602	48 602	26 282	25 064	15 339	23 246
MP313 Steve Tshwete		5 345	38 223	43 604	883	3 285	3 285	1 116	21 972	22 246	12 835
MP314 Emakhazeni		9 300	21 564	36 839	22 033	36 712	36 712	20 369	24 884	27 254	13 185
MP315 Thembisile Hani		30 998	21 523	22 892	20 172	28 562	28 562	22 530	37 559	24 787	25 169
MP316 Dr JS Moroka		25 887	36 619	20 830	10 291	11 126	11 126	7 918	15 493	27 010	33 076
DC31 Nkangala (Cross boundary projects)		38 801	18 822	20 943	24 245	22 676	22 676	10 283	27 203	26 188	21 488
Total Non-Cash Transfers To Municipalities:		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
TOTAL NON-CASH TRANSFERS AND GRANTS		163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643
TOTAL TRANSFERS AND GRANTS	6	163 438	177 349	162 301	112 095	163 873	163 873	96 032	167 509	155 576	140 643

DC31 Nkangala - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		7 695	7 874	8 118	7 961	8 286	8 286	8 398	8 860	9 337
Pension and UIF Contributions		1 202	1 201	935	1 022	1 391	1 391	1 078	1 137	1 194
Medical Aid Contributions		174	166	183	543	235	235	573	604	634
Motor Vehicle Allowance		3 012	3 034	2 760	2 756	3 065	3 065	2 907	3 067	3 221
Cellphone Allowance		608	607	592	514	938	938	542	572	762
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		12 691	12 882	12 587	12 795	13 916	13 916	13 498	14 241	15 148
% increase	4		1.5%	(2.3%)	1.7%	8.8%	-	(3.0%)	5.5%	6.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		15 010	4 516	4 556	6 027	5 041	5 041	6 359	6 709	6 977
Pension and UIF Contributions		234	544	580	280	401	401	479	505	525
Medical Aid Contributions		42	137	125	-	(41)	(41)	92	97	101
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	259	297	573	450	450	605	638	664
Motor Vehicle Allowance	3	583	564	594	576	623	623	481	507	666
Cellphone Allowance	3	-	144	132	150	132	132	158	167	174
Housing Allowances	3	22	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	32	25	376	569	569	121	127	133
Payments in lieu of leave		-	300	808	196	167	167	289	305	317
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		15 891	6 498	7 117	8 179	7 342	7 342	8 583	9 055	9 557
% increase	4		(59.1%)	9.5%	14.9%	(10.2%)	-	16.9%	5.5%	5.5%
Other Municipal Staff										
Basic Salaries and Wages		38 794	50 835	63 278	76 665	76 899	76 899	81 039	85 496	90 992
Pension and UIF Contributions		6 956	8 148	10 419	13 482	13 609	13 609	14 224	15 006	15 778
Medical Aid Contributions		4 653	6 964	7 788	10 613	9 110	9 110	11 197	11 813	12 431
Overtime		-	2 680	2 982	5 251	5 171	5 171	5 540	5 845	6 079
Performance Bonus		-	2 715	4 284	6 272	5 859	5 859	6 617	6 980	7 260
Motor Vehicle Allowance	3	4 424	5 886	9 020	8 780	8 493	8 493	10 184	10 745	11 588
Cellphone Allowance	3	-	1 090	1 192	1 266	1 183	1 183	1 336	1 409	1 546
Housing Allowances	3	108	331	436	445	593	593	470	496	515
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	2 727	952	5 067	4 700	4 700	4 343	4 581	4 765
Long service awards		-	1 389	487	-	533	533	-	-	-
Post-retirement benefit obligations	6	429	795	586	865	938	938	756	797	838
Sub Total - Other Municipal Staff		55 365	83 562	101 423	128 706	127 087	127 087	135 704	143 167	151 792
% increase	4		50.9%	21.4%	26.9%	(1.3%)	-	6.8%	5.5%	6.0%
Total Parent Municipality		83 948	102 942	121 127	149 680	148 345	148 345	157 785	166 463	176 497
			22.6%	17.7%	23.6%	(0.9%)	-	6.4%	5.5%	6.0%
TOTAL SALARY, ALLOWANCES & BENEFITS		83 948	102 942	121 127	149 680	148 345	148 345	157 785	166 463	176 497
% increase	4		22.6%	17.7%	23.6%	(0.9%)	-	6.4%	5.5%	6.0%
TOTAL MANAGERS AND STAFF	5,7	71 257	90 060	108 540	136 885	134 429	134 429	144 287	152 223	161 349

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		498 183	82 621	193 601			774 405
Chief Whip			493 423	51 081	181 501			726 005
Executive Mayor			718 271	129 737	120 000			968 008
Deputy Executive Mayor								-
Executive Committee			2 795 093	489 210	1 089 007			4 373 310
Total for all other councillors			3 681 533	487 586	1 363 305			5 532 424
Total Councillors	8	-	8 186 503	1 240 234	2 947 415			12 374 152
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 181 518	295 104	120 000			1 596 621
Chief Finance Officer			989 049	193 208	126 000			1 308 257
<i>List of each official with packages >= senior manager</i>								
General Manager Corporate service			1 047 714	1 884	96 000			1 145 598
General Manager Social services			778 425	183 308	183 901			1 145 634
General Manager Dpu			869 679	131 919	144 000			1 145 598
General Manager Technical			953 752	47 846	144 000			1 145 598
Total Senior Managers of the Municipality	8,10	-	5 820 137	853 268	813 901	-		7 487 306
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	14 006 640	2 093 502	3 761 316	-		19 861 458

References

1. Pension and medical aid
2. Total package must equal the total cost to the municipality
3. List each political office bearer by designation. Provide a total for all other councillors
4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)
5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation
6. List each entity where municipality has an interest and state percentage ownership and control
7. List each senior manager reporting to the CEO of an Entity by designation
8. Must reconcile to relevant section of Table SA24
9. Must reconcile to totals shown for the budget year of Table SA22
10. Correct as at 30 June

DC31 Nkangala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
		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)		57		57	56		56	56	-	56
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Municipal employees	5									
Municipal Manager and Senior Managers	3	5		5	6		6	6	-	6
Other Managers	7	32	23	9	37	27	10	37	27	10
Professionals		54	54	-	63	53	10	63	53	10
<i>Finance</i>		31	31	-	33	27	6	33	27	6
<i>Spatial/town planning</i>		9	9	-	16	12	4	16	12	4
<i>Information Technology</i>		4	4	-	6	6	-	6	6	-
<i>Other</i>		10	10	-	8	8	-	8	8	-
Technicians		7	1	6	17	12	5	17	12	5
<i>Other</i>		7	1	6	17	12	5	17	12	5
Clerks (Clerical and administrative)		32	28	4	39	32	7	39	32	7
Service and sales workers		106	104	2	123	120	3	123	120	3
TOTAL PERSONNEL NUMBERS	9	293	210	83	341	244	97	341	244	97
% increase					16.4%	16.2%	16.9%	-	-	-
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 to 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 2018/19											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source																
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	3	-	-	3	-	-	-	-	5	11	11	12
Interest earned - external investments		1 790	1 938	2 138	2 039	1 841	1 892	1 740	1 688	1 538	1 985	1 835	2 036	22 459	20 468	20 480
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	100	-	-	-	450	-	-	-	75	275	900	990	1 050
Licences and permits		-	100	200	-	300	-	-	300	-	150	-	120	1 170	1 235	1 250
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		144 318	907	-	-	1 631	114 653	-	1 088	85 991	-	-	-	348 588	356 755	367 881
Other revenue		1	1	1	1	256	1	1	1	1	1	1	1	266	271	282
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		146 109	2 946	2 438	2 043	4 028	116 546	2 194	3 077	87 529	2 136	1 911	2 436	373 393	379 731	390 954
Expenditure By Type																
Employee related costs		12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	144 287	152 223	161 349
Remuneration of councillors		1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	13 498	14 241	15 148
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		817	817	817	817	790	790	789	789	746	745	734	732	9 380	8 406	7 934
Finance charges		42	42	272	42	42	42	42	42	272	42	43	40	968	516	542
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		3 546	3 032	2 845	2 775	3 701	3 163	2 588	2 761	3 655	2 753	3 891	19 585	54 294	51 282	55 522
Transfers and subsidies		4 669	11 518	14 809	9 022	9 298	14 665	9 872	9 109	14 266	8 029	10 168	52 083	167 509	155 576	140 643
Other expenditure		1 711	1 842	2 362	2 303	1 792	2 481	2 392	1 689	2 484	1 910	1 452	32 869	55 287	58 310	62 286
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		23 934	30 399	34 253	28 108	28 772	34 290	28 833	27 539	34 571	26 629	29 437	118 458	445 223	440 553	443 423
Surplus/(Deficit)																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	1 527	-	-	-	-	653	-	-	-	-	-	2 180	2 308	2 442
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)

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 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote																
Vote 1 - Council General and Executive		-	-	-	3	-	-	3	-	-	-	-	5	11	11	12
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		146 109	3 465	2 238	2 040	2 097	116 546	2 494	1 689	87 529	1 986	1 911	2 312	370 417	380 392	391 735
Vote 4 - Social Services		-	100	200	-	300	-	350	300	-	150	-	120	1 520	1 635	1 650
Vote 5 - Local Economic Development		-	907	-	-	1 631	-	-	1 088	-	-	-	-	3 626	-	-
Vote 6 - Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		146 109	4 472	2 438	2 043	4 028	116 546	2 847	3 077	87 529	2 136	1 911	2 436	375 573	382 039	393 396
Expenditure by Vote to be appropriated																
Vote 1 - Council General and Executive		1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 635	1 635	1 635	15 185	33 226	35 042	36 936
Vote 2 - Municipal Manager Town Secretary and Chief Executive		2 315	2 263	2 394	2 594	2 694	3 198	3 014	3 028	3 112	2 827	5 487	18 969	51 897	48 806	51 282
Vote 3 - Finance		1 438	1 437	1 694	1 437	1 437	1 437	1 593	1 437	1 667	1 437	1 436	15 201	31 652	32 453	33 864
Vote 4 - Social Services		7 222	9 001	7 458	7 480	7 890	7 977	7 528	6 871	8 724	7 730	7 200	13 147	98 227	103 326	109 751
Vote 5 - Local Economic Development		1 423	4 793	3 324	1 264	2 427	2 100	911	2 232	2 163	1 115	3 013	1 916	26 681	25 627	21 128
Vote 6 - Development and Planning		997	619	4 854	812	1 130	6 175	628	893	5 381	615	651	2 705	25 460	17 066	19 193
Vote 7 - Technical Services		4 479	6 676	8 541	8 874	7 676	7 409	9 873	7 408	7 676	7 408	6 211	44 455	126 686	126 818	113 967
Vote 8 - Corporate services		4 418	3 967	4 347	4 006	3 876	4 350	3 645	4 028	4 211	3 862	3 804	6 882	51 394	51 415	57 302
Total Expenditure by Vote		23 934	30 399	34 253	28 108	28 772	34 290	28 833	27 539	34 571	26 629	29 437	118 458	445 223	440 553	443 423
Surplus/(Deficit) before assoc.		122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

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

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional																
<i>Governance and administration</i>		146 109	3 465	2 238	2 043	2 097	116 546	2 497	1 689	87 529	1 986	1 911	2 316	370 427	380 404	391 746
Executive and council		-	-	-	3	-	-	3	-	-	-	-	5	11	11	12
Finance and administration		146 109	3 465	2 238	2 040	2 097	116 546	2 494	1 689	87 529	1 986	1 911	2 312	370 417	380 392	391 735
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	200	-	200	-	350	200	-	150	-	-	1 100	1 200	1 200
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	350	-	-	-	-	-	350	400	400
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	200	-	200	-	-	200	-	150	-	-	750	800	800
<i>Economic and environmental services</i>		-	1 007	-	-	1 731	-	-	1 188	-	-	-	120	4 046	435	450
Planning and development		-	907	-	-	1 631	-	-	1 088	-	-	-	-	3 626	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	100	-	-	100	-	-	100	-	-	-	120	420	435	450
Total Revenue - Functional		146 109	4 472	2 438	2 043	4 028	116 546	2 847	3 077	87 529	2 136	1 911	2 436	375 573	382 039	393 396
Expenditure - Functional																
<i>Governance and administration</i>		9 557	8 851	9 572	8 920	9 042	9 768	9 088	9 273	10 020	9 102	12 104	55 328	160 626	162 477	174 786
Executive and council		1 880	1 880	1 880	1 880	1 880	1 880	1 880	1 879	1 873	1 872	1 872	16 019	36 677	38 660	40 832
Finance and administration		6 989	6 454	7 210	6 513	6 459	7 232	6 430	6 737	7 052	6 534	6 441	37 788	111 838	111 186	120 735
Internal audit		688	517	481	527	703	657	778	657	1 096	696	3 791	1 521	12 111	12 631	13 219
<i>Community and public safety</i>		7 047	8 826	7 276	7 247	7 708	7 793	7 353	6 680	8 550	7 555	7 009	12 972	96 016	100 962	107 202
Community and social services		2 048	2 935	2 124	1 600	2 238	2 711	2 216	1 652	3 597	2 011	1 975	6 392	31 498	32 557	35 750
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		2 702	3 327	2 844	3 410	3 056	2 832	2 865	2 562	2 640	3 137	2 626	3 771	35 772	37 438	38 817
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		2 297	2 564	2 308	2 237	2 414	2 250	2 272	2 466	2 312	2 407	2 408	2 809	28 746	30 968	32 635
<i>Economic and environmental services</i>		7 258	12 699	17 377	11 555	11 999	16 623	12 359	11 562	15 975	9 948	9 801	50 127	187 284	175 745	160 006
Planning and development		7 083	12 524	17 196	11 322	11 817	16 438	12 184	11 371	15 801	9 773	9 610	49 953	185 073	173 381	157 458
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		175	175	182	233	182	185	175	191	175	175	191	175	2 211	2 364	2 548
<i>Other</i>		71	23	28	386	23	106	33	23	26	23	523	31	1 297	1 368	1 429
Total Expenditure - Functional		23 934	30 399	34 253	28 108	28 772	34 290	28 833	27 539	34 571	26 629	29 437	118 458	445 223	440 553	443 423
Surplus/(Deficit) before assoc.		122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	122 175	(25 927)	(31 814)	(26 065)	(24 744)	82 256	(25 986)	(24 462)	52 958	(24 493)	(27 526)	(116 022)	(69 650)	(58 514)	(50 027)

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 2018/19											Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20
Single-year expenditure to be appropriated															
Vote 1 - Council General and Executive												100	100	-	-
Vote 2 - Municipal Manager Town Secretary and Chief Executive		-	-	-	-	-	-	300	-	300	-	400	3 650	4 650	3 700
Vote 3 - Finance												60	60	65	70
Vote 4 - Social Services												15 928	15 928	9 014	9 353
Vote 5 - Local Economic Development												-	-	-	-
Vote 6 - Development and Planning												-	-	-	-
Vote 7 - Technical Services												1 700	1 700	1 900	-
Vote 8 - Corporate services												10 810	10 810	4 448	887
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	300	-	300	-	400	32 248	33 248	18 126
Total Capital Expenditure	2	-	-	-	-	-	-	300	-	300	-	400	32 248	33 248	14 010

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 (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		-	-	-	-	-	-	600	-	600	-	800	13 620	15 620	7 213	4 657
Executive and council													100	100	-	-
Finance and administration								600		600		800	13 520	15 520	7 213	4 657
Internal audit													-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	15 928	15 928	9 014	9 353
Community and social services													2 070	2 070	950	-
Sport and recreation													-	-	-	-
Public safety													12 358	12 358	6 994	8 253
Housing													-	-	-	-
Health													1 500	1 500	1 070	1 100
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	1 700	1 700	1 900	-
Planning and development													1 700	1 700	1 900	-
Total Capital Expenditure - Functional	2	-	-	-	-	-	-	600	-	600	-	800	31 248	33 248	18 126	14 010
Funded by:																
National Government													-	-	-	-
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds								600		600		800	31 248	33 248	18 126	14 010
Total Capital Funding		-	-	-	-	-	-	600	-	600	-	800	31 248	33 248	18 126	14 010

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 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Receipts By Source													1		
Rental of facilities and equipment	-	-	-	3	-	-	3	-	-	-	-	5	11	11	12
Interest earned - external investments	1 790	1 938	2 138	2 039	1 841	1 892	1 740	1 688	1 538	1 985	1 835	2 036	22 459	20 468	20 480
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	100	-	-	-	450	-	-	-	75	275	900	990	1 050
Licences and permits	-	100	200	-	300	-	-	300	-	150	-	120	1 170	1 235	1 250
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	144 318	907	-	-	1 631	114 653	-	1 088	85 991	-	-	-	348 588	356 755	367 881
Other revenue	1	1	1	1	256	1	1	1	1	1	1	1	266	271	282
Cash Receipts by Source	146 109	2 946	2 438	2 043	4 028	116 546	2 194	3 077	87 529	2 136	1 911	2 436	373 393	379 731	390 954
Other Cash Flows by Source															
Transfer receipts - capital	-	1 527	-	-	-	-	653	-	-	-	-	-	2 180	2 308	2 442
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	(4 120)	(4 120)	(4 350)	(7 191)
Total Cash Receipts by Source	146 109	4 472	2 438	2 043	4 028	116 546	2 847	3 077	87 529	2 136	1 911	(1 684)	371 453	377 689	386 206
Cash Payments by Type															
Employee related costs	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	12 024	(7 976)	124 287	154 223	161 349
Remuneration of councillors	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	13 498	14 241	15 148
Finance charges	42	42	272	42	42	42	42	42	272	42	43	40	968	516	542
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	3 546	3 032	2 845	2 775	3 701	3 163	2 588	2 761	3 655	2 753	3 891	19 585	54 294	51 282	72 522
Transfers and grants - other municipalities	4 669	11 518	14 809	9 022	9 298	14 665	9 872	9 109	14 266	8 029	10 168	31 728	147 154	165 589	180 714
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1	1	1	1	256	1	1	1	1	1	1	1	266	271	282
Cash Payments by Type	21 408	27 742	31 075	24 989	26 446	31 020	25 653	25 062	31 342	23 975	27 252	44 503	340 467	386 121	430 557
Other Cash Flows/Payments by Type															
Capital assets	-	-	-	-	-	-	300	-	300	-	400	32 248	33 248	18 126	14 010
Repayment of borrowing	-	-	1 543	-	-	-	-	-	1 543	-	-	-	3 085	1 543	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	21 408	27 742	32 618	24 989	26 446	31 020	25 953	25 062	33 185	23 975	27 652	76 751	376 800	405 790	444 567
NET INCREASE/(DECREASE) IN CASH HELD	124 702	(23 269)	(30 179)	(22 947)	(22 418)	85 526	(23 105)	(21 985)	54 344	(21 839)	(25 741)	(78 435)	(5 347)	(28 102)	(58 361)
Cash/cash equivalents at the month/year begin:	377 706	502 407	479 138	448 958	426 012	403 594	489 119	466 014	444 029	498 373	476 534	450 794	377 706	372 359	344 257
Cash/cash equivalents at the month/year end:	502 407	479 138	448 958	426 012	403 594	489 119	466 014	444 029	498 373	476 534	450 794	372 359	372 359	344 257	285 896

DC31 Nkangala - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	1 182	-	-	250	250	-	-	-
Roads Infrastructure		-	186	-	-	-	-	-	-	-
<i>Roads</i>		-	186	-	-	-	-	-	-	-
Electrical Infrastructure		-	996	-	-	-	-	-	-	-
<i>MV Networks</i>		-	996	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	250	250	-	-	-
<i>Bulk Mains</i>		-	-	-	-	250	250	-	-	-
Community Assets		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Community Facilities		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
<i>Halls</i>		-	-	-	-	-	-	-	-	-
<i>Fire/Ambulance Stations</i>		44	-	27 296	2 000	2 500	2 500	9 000	4 400	5 400
Heritage assets		-	-	509	-	-	-	-	-	-
Other Heritage		-	-	509	-	-	-	-	-	-
Other assets		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Operational Buildings		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
<i>Municipal Offices</i>		13 334	8 324	-	4 350	3 895	3 895	12 400	4 350	750
Intangible Assets		-	265	-	2 750	1 000	1 000	1 850	-	-
Licences and Rights		-	265	-	2 750	1 000	1 000	1 850	-	-
<i>Computer Software and Applications</i>		-	265	-	2 750	1 000	1 000	1 850	-	-
Computer Equipment		1 026	491	762	2 800	8 500	8 500	2 800	2 700	3 700
Computer Equipment		1 026	491	762	2 800	8 500	8 500	2 800	2 700	3 700
Furniture and Office Equipment		973	7 030	1 022	5 995	1 595	1 595	1 398	1 439	1 518
Furniture and Office Equipment		973	7 030	1 022	5 995	1 595	1 595	1 398	1 439	1 518
Machinery and Equipment		1 376	3 419	877	8 390	4 410	4 410	4 100	3 338	2 642
Machinery and Equipment		1 376	3 419	877	8 390	4 410	4 410	4 100	3 338	2 642
Transport Assets		8 372	8 471	4 338	3 100	3 349	3 349	1 700	1 900	-
Transport Assets		8 372	8 471	4 338	3 100	3 349	3 349	1 700	1 900	-
Total Capital Expenditure on new assets	1	25 124	29 181	34 803	29 384	25 498	25 498	33 248	18 126	14 010

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Other assets		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
Operational Buildings		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
Municipal Offices		4 077	6 721	2 779	2 433	2 433	2 433	6 963	5 628	5 746
Intangible Assets		-	-	-	6 870	5 687	5 687	6 515	6 553	6 746
Licences and Rights		-	-	-	6 870	5 687	5 687	6 515	6 553	6 746
Computer Software and Applications					6 730	5 533	5 533	6 402	6 429	6 613
Unspecified					140	154	154	114	124	134
Computer Equipment		-	-	237	500	800	800	-	-	179
Computer Equipment				237	500	800	800			179
Furniture and Office Equipment		13 468	-	144	-	-	-	-	-	-
Furniture and Office Equipment		13 468		144						
Machinery and Equipment		-	-	1 007	6 538	5 940	5 940	8 081	8 769	8 721
Machinery and Equipment				1 007	6 538	5 940	5 940	8 081	8 769	8 721
Transport Assets		-	-	676	-	-	-	-	-	-
Transport Assets				676						
Total Repairs and Maintenance Expenditure	1	17 545	6 721	4 844	16 341	14 860	14 860	21 560	20 951	21 393
R&M as a % of PPE		15.2%	5.0%	3.0%	9.1%	8.2%	8.2%	13.1%	10.6%	10.3%
R&M as % Operating Expenditure		5.2%	1.9%	1.3%	4.4%	3.5%	3.5%	9.3%	4.7%	4.9%

DC31 Nkangala - Supporting Table SA34d Depreciation by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		558	358	363	363	363	363	496	420	298
Roads Infrastructure		-	277	282	282	282	282	84	84	65
<i>Roads</i>			277	282	282	282	282	84	84	65
Storm water Infrastructure		-	-	-	-	-	-	198	198	150
<i>Storm water Conveyance</i>								198	198	150
Electrical Infrastructure		282	81	81	81	81	81	81	81	81
<i>MV Networks</i>		282	81	81	81	81	81	81	81	81
Information and Communication Infrastructure		276	-	-	-	-	-	134	58	1
<i>Distribution Layers</i>		276	-	-	-	-	-	134	58	1
Community Assets		-	-	-	-	-	-	571	571	571
Community Facilities		-	-	-	-	-	-	571	571	571
<i>Fire/Ambulance Stations</i>								571	571	571
Other assets		1 934	2 773	2 463	2 463	2 486	2 486	1 939	1 939	1 939
Operational Buildings		1 934	2 773	2 463	2 463	2 486	2 486	1 939	1 939	1 939
<i>Municipal Offices</i>		1 934	2 773	2 463	2 463	2 486	2 486	1 939	1 939	1 939
Intangible Assets		95	173	92	92	93	93	92	92	88
Licences and Rights		95	173	92	92	93	93	92	92	88
<i>Computer Software and Applications</i>		95	173	92	92	93	93	92	92	88
Computer Equipment		1 613	1 010	909	1 514	1 417	1 417	939	721	546
Computer Equipment		1 613	1 010	909	1 514	1 417	1 417	939	721	546
Furniture and Office Equipment		754	1 028	628	686	764	764	449	449	449
Furniture and Office Equipment		754	1 028	628	686	764	764	449	449	449
Machinery and Equipment		720	955	1 327	1 769	1 661	1 661	1 263	1 037	973
Machinery and Equipment		720	955	1 327	1 769	1 661	1 661	1 263	1 037	973
Transport Assets		2 238	3 268	3 828	4 025	4 173	4 173	3 631	3 177	3 071
Transport Assets		2 238	3 268	3 828	4 025	4 173	4 173	3 631	3 177	3 071
Total Depreciation	1	7 910	9 566	9 609	10 912	10 957	10 957	9 380	8 406	7 934

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

Vote Description	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Council General and Executive		100	-	-				
Vote 2 - Municipal Manager Town Secretary and Chief Executive		4 650	2 700	3 700				
Vote 3 - Finance		60	65	70				
Vote 4 - Social Services		15 928	9 014	9 353				
Vote 5 - Local Economic Development		-	-	-				
Vote 6 - Development and Planning		-	-	-				
Vote 7 - Technical Services		1 700	1 900	-				
Vote 8 - Corporate services		10 810	4 448	887				
Total Capital Expenditure		33 248	18 126	14 010	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Council General and Executive		10	-	-				
Vote 2 - Municipal Manager Town Secretary and Chief Executive		442	257	352				
Vote 3 - Finance		6	6	7				
Vote 4 - Social Services		557	856	889				
Vote 5 - Local Economic Development		-	-	-				
Vote 6 - Development and Planning		-	-	-				
Vote 7 - Technical Services		162	181	-				
Vote 8 - Corporate services		595	267	53				
Total future operational costs		1 770	1 566	1 300	-	-	-	-
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		35 018	19 693	15 310	-	-	-	-

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) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework				
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21		
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Corporate Support		Acquisition of library books				<i>Furniture and Office Equipment</i>					188	60	60	60		
Development Facilitation		Regional water tanker				<i>Transport Assets</i>					1 369	1 700	1 900			
Disaster Management		New furniture and Office Equipment Disaster Mng				<i>Furniture and Office Equipment</i>					40	20	50			
Disaster Management		Two Way Radio Communication				<i>Machinery and Equipment</i>					800	850	900			
Disaster Management		Disaster Management Centre				<i>Operational Buildings</i>						1 200				
Executive Mayor & Council		New furniture and Office Equipment Exec Mayor & Council				<i>Furniture and Office Equipment</i>					100	100				
Executive Mayor & Council		Machinery and Equipment Executive Mayor & Council				<i>Machinery and Equipment</i>					20					
Executive Mayor & Council		Executive Council Mayor vehicles				<i>Transport Assets</i>					1 980					
Finance		New furniture and Office Equipment Finance				<i>Furniture and Office Equipment</i>					50	60	65	70		
Fire Fighting		Additions Nokaneng Fire Station Phase 1				<i>Community Facilities</i>					-	4 000	2 500	3 500		
Fire Fighting		Bulk water supply Dr JS Moroka fire station Phase 1				<i>Community Facilities</i>					250	5 000	1 900	1 900		
Fire Fighting		Completion of Fire Station Dr JS Moroka				<i>Community Facilities</i>					2 500	-	-	-		
Fire Fighting		New furniture and Office Equipment Fire fighting Dr JSM				<i>Furniture and Office Equipment</i>					780	858	944	1 038		
Fire Fighting		Generator Kwamhlanga				<i>Machinery and Equipment</i>					-	1 000	-	-		
Fire Fighting		Machinery and Equipment Thembisile				<i>Machinery and Equipment</i>					1 100	1 500	1 650	1 815		
Fire Fighting		Skid Units Dr JS Moroka fire station				<i>Machinery and Equipment</i>					900	-	-	-		
Health Services		New furniture and Office Equipment Health Services				<i>Furniture and Office Equipment</i>					250	300	320	350		
Health Services		Municipal Health Services Parkhome Dr JS Moroka				<i>Operational Buildings</i>					851	-	-	-		
Health Services		Municipal Health Services Parkhome Emalahleni				<i>Operational Buildings</i>					-	850	400	350		
Health Services		Municipal Health Services Parkhome STLM				<i>Operational Buildings</i>					-	350	350	400		
Health Services		Municipal Health Services Parkhome Thembisile Hani				<i>Operational Buildings</i>					1 043	-	-	-		
Human Resource Admin		New furniture and Office Equipment HR Admin				<i>Furniture and Office Equipment</i>					60					
Human Resource Admin		Machinery and Equipment Human Resource Admin				<i>Machinery and Equipment</i>					40					
IDP		New furniture and Office Equipment IDP				<i>Furniture and Office Equipment</i>					12					
Information Technology		Data centre Information Technology				<i>Computer Equipment</i>					800	300	200	200		
Information Technology		New computer equipment IT				<i>Computer Equipment</i>					2 000	2 500	2 500	3 500		
Information Technology		Telephone system (VOIP)				<i>Computer Equipment</i>					5 700	-	-	-		
Information Technology		ERP System				<i>Licences and Rights</i>					1 000	850				
Information Technology		ERP System modules				<i>Licences and Rights</i>					-	1 000				
Information Technology		New furniture and Office Equipment IT				<i>Furniture and Office Equipment</i>					20					
Internal Audit		New furniture and Office Equipment Internal Audit				<i>Furniture and Office Equipment</i>					20					
Legal Services		New furniture and Office Equipment Legal Services				<i>Furniture and Office Equipment</i>					15					
Pollution Control		New furniture and Office Equipment Pollution Control				<i>Furniture and Office Equipment</i>					30					
Town Planning		New furniture and Office Equipment Town Planning				<i>Furniture and Office Equipment</i>					30					
Property Services		Audio visual equipment				<i>Machinery and Equipment</i>					1 500	-	-	-		
Property Services		Installation of new air conditioners				<i>Machinery and Equipment</i>					50	750	788	827		
Property Services		Garage and Office extension Civic Centre				<i>Operational Buildings</i>					2 001	10 000	3 600			
Parent Capital expenditure	1											33 248	18 126	14 010		
Total Capital expenditure											-	25 498	33 248	18 126		