

## 5.7 Finance

### 5.7.1 Budget and Treasury Office

#### Overview

This includes all activities relating to the finance function of the municipality, including revenue collection.

#### Description of Activity

The function of finance within the municipality is administered by the Budget and Treasury Office of the Department : Finance and Corporate Services, and includes:

- Provision of relevant, accurate and reliable financial information to all users including councillors, managers and stakeholders to facilitate informed decision making
- Provision, maintenance and implementation of sound financial policy, controls and systems
- Ongoing introduction of budgetary and accounting reforms
- Production of annual budget and annual financial statements
- Internal audit and risk management
- The maintenance of an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds. All monies owed to suppliers and service providers are paid within 30 days of receiving the relevant invoice or statement unless there are special arrangements
- Provision of financial advice to the Council and Departments
- Administration of the investment and insurance portfolios of the municipality
- Management of conditional grants
- Asset and liability management
- Revenue collection and cash flow management
- Capacity building by way of training interns, councillors and officials.

#### Strategic Objectives

The Strategic Objectives for this function include:

- Ensure long-term financial sustainability
- Ensure full compliance with all accounting statutory and legal requirements including implementation of the MFMA
- Implement revenue generating strategies and lobby for additional funding
- Recover outstanding monies owed to the Municipality.

#### Key Issues

The key issues identified in the 2007/2008 IDP include:

- Produced Operating and Capital budget in the prescribed format and within the specified guidelines;
- Produced IMFO compliant Financial Statements;
- Implementation of the Municipal Finance Management Act (MFMA);
- Implementation of Supply Chain Management regulations, policy and systems;

- Improvement of financial management system
- Compliance to MFMA reporting requirements; and
- Business Risk Assessment and Evaluation Project.

## Analysis of the Function

**Grants received and spent** - An analysis of the grants received is contained in Appendix F of the Financial Statements

Remuneration of councillors	2007/2008 R	2006/2007 R
Mayor	262 530	366 296
Councillors	1 334 696	1 264 916
Councillors pension and medical contributions	-	3 811
<b>Total Councillors' remuneration</b>	<b>1 597 226</b>	<b>1 635 023</b>

### Employee related costs

Remuneration of councillors	2007/2008 R	2006/2007 R
Salaries and wages	10 662 133	9 120 491
Social contributions	3 300 388	3 160 261
<b>Total employee related costs</b>	<b>13 962 521</b>	<b>12 280 752</b>
<b>Total remuneration councillors and officials</b>	<b>15 559 747</b>	<b>13 915 775</b>

### Debtor billings : number and value of monthly billings

#### Services

Number billed each month across debtors by function 8335

**Services****Amount billed each month across debtors by function**

	RATES	SEWERAGE	REFUSE	WATER	ELECTRICITY
JULY 07	3288137	839401	207475	5592709	12823
AUGUST 07	53095	290952	166279	302472	8797
SEPTEMBER 07	146808	293309	167585	555842	
OCTOBER 07	149923	295106	166782	1364530	6453
NOVEMBER 07	149805	284772	167824	94391	8371
DECEMBER 07	149847	278737	167821	1042931	8371
JANUARY 08	148226	288871	167821	761103	
FEBRUARY 08	150469	292489	169064	216215	10428
MARCH 08	150827	290414	168357	745638	4754
APRIL 08	151156	280474	168690	361347	7200
MAY 08	151156	280474	168690	1352682	6992
JUNE08	151156	280474	168690	769798	6999
TOTAL	4840606	3995472	2055076	13159657	81189

**Payments received by function**

	RATES	SEWERAGE	REFUSE	WATER	ELECTRICITY
JULY 07	149750	74265	47760	127657	15536
AUGUST 07	279255	59434	47605	117811	5161
SEPTEMBER 07	354073	50409	49305	94437	4670
OCTOBER 07	769762	67944	55443	135904	6689
NOVEMBER 07	136629	38880	41129	96921	10517
DECEMBER 07	91650	30788	24248	79508	15889
JANUARY 08	156468	35341	45196	90573	5167
FEBRUARY 08	201203	46531	50981	110649	2907
MARCH 08	190100	72218	44811	152492	6070
APRIL 08	124401	31314	39023	93303	10667
MAY 08	66835	10984	9495	33039	3104
JUNE 08	30951	5587	7980	33993	3254
TOTAL	2551078	523694	462974	1166288	89632

**Services: Ageing**

0 - 90 days	5,621,076	
+ 90 days	36,116,115	32,868,060

**Property Valuation**

Year of last valuation                      2002

Property rates collected for current year    11,346,795

**Key Performance Areas, Indicators and Variances**

Narrative interpretations of performance are summarised in the table at the end of this chapter (Performance Scorecards are attached under Appendices)

## Key Performance Indicators, Targets and Variances 2007/2008

Key Performance Area	Indicator/Target	GFS	Progress/Variance
Municipal Transformation and Organisational Development	Number of employees who participate in PMS	Corporate Support Services	The use of the performance management system is limited to section 57 Officials. This is owing to a lack of priority, consensus and will to implement the available system compounded by extreme financial constraints experienced by the municipality over the last two years.
	Number of section 57 employees who achieve 100%+ during PMS review as submitted to the Remuneration Committee and Audit Committee for consideration/review and in terms of regulatory requirements.	Corporate Support Services	No Section 57 Officials scored 100% or above in the 2007/8 performance review. The full findings of the performance review are included in the report at the beginning of this chapter
	Increase number of quarterly progress reports based on IDP targets	Corporate Support Services	The performance management system has not been institutionalised and the carrying out of reviews has been inconsistent and erratic owing to changes in organisation structure, absence of officials and financial constraints.
	An electronic document management system that is accessible to all staff	Information Technology	The target was not met owing to lack of funds .The document system cost about R 900,000.00.
	Increase in the availability of new statistics for IDP Review process	Information Technology	Research was conducted and the CDM assisted in the provision of statistics
	Develop organisational readiness to meet IDP targets	Corporate Support Services	
	Ensure accurate, relevant information is available for decision making, planning and monitoring	Corporate Support Services	
	Support the development of systems for good governance	Corporate Support Services	

Key Performance Area	Indicator/Target	GFS	Progress/Variance
	Ensure the availability of sufficient, appropriate and accessible office facilities	Administration Services	
Infrastructure Development and Basic Service Delivery	Reduce illegal dumping incidents reported by 25	Solid Waste Management	
	Square meters of repaired surface area completed for smooth lane areas	Roads	
	Total distance in km of road network (classified according to type and width of road) available to public and private transport service providers, according to acceptable road service standards.	Roads	
	Total number of facilities, e.g. taxi shelter/bus stops for communities.	Roads	
	Measured length in Km, of road with width of 15m	Roads	
	Number of incidents/accidents on road facilities as measured by Dept. Community Services: Traffic	Roads	
	Electricity supply to 3 new housing projects	Electricity	
	Co-ordinate the installation of streetlights (5 areas)	Electricity	
	No. of sport fields with floodlights	Electricity	
	No. of households and businesses supplied with consistent supplies in accordance with the National Water Act of 1998.	Water	
	No. of household bucket systems eradicated, meeting the nation target by Dec 2007	Sanitation	
	No. of new connections – Misgund	Sanitation	
	No of households connected – Misgund	Sanitation	

Key Performance Area	Indicator/Target	GFS	Progress/Variance
	Decrease in number of h/holds relying on bucket latrines	Sanitation	
	No. of units at new housing developments with water borne system	Sanitation	
	Investment in the maintenance/upgrade of existing sewerage system	Sanitation	
	Distance in km/m of stormwater channels and pipes: Roads (Tar & Gravel) Housing/Other	Storm water	
	Number of units built	Housing	
	Reduction of units illegally occupied houses	Housing	
	Reduction of units vandalised	Housing	
	Land available for low-cost housing	Housing	
	Land available for middle income groups	SDF	
	Land available for business development	SDF	
	Land available for sport and recreational facilities	Community and Social Services	Municipal land is available for Recreational facilities. Land has also been identified in the SDF
	Land available for clinics	Community and Social Services	Land is available in Woodlands & Misgund where there are no facilities
	Land available for schools & crèches	Community and Social Services	Land is available at Misgund, Woodlands & Storms River.
	Land available for cemeteries	Community and Social Services	Land has been identified on the SDF but has to be bought out from private owners in Misgund, Krakeel.
	Increased number of communities with sufficient burial space	Community and Social Services	DEDEA has approved the identified land in Storms River for the establishment of a cemetery.
	Increased number of cemeteries fenced	Community and Social Services	Not done due to financial constraints
	Increased number of crematoriums	Community and Social Services	No progress due to financial constraints
	Existing cemeteries expanded	Community and Social Services	No progress due to financial constraints.
	Well maintained cemeteries	Community and Social Services	Not well attended to due to financial constraints

<b>Key Performance Area</b>	<b>Indicator/Target</b>	<b>GFS</b>	<b>Progress/Variance</b>
	HIV/AIDS strategy approved by council	Community and Social Services	
	No of orphanage homes built	Community and Social Services	
	Available number of home-base carer groups	Community and Social Services	
	Increase in the number voluntary testing	Primary Health Care	
	Increase number of clinics that offer AZT	Primary Health Care	
	Increase number of ARV sites	Primary Health Care	
	Decreased number of households in Koukamma live below poverty line (R800 pm)	Community and Social Services	
	Percentage not currently accessing social welfare grants	Community and Social Services	
	Number of household accessing poverty alleviation support	Community and Social Services	
	Increase in number of food security projects	Community and Social Services	
	Increased the number of jobs created via infrastructure projects	Community and Social Services	
	Increased the number of jobs through public work initiatives	Community and Social Services	
	Increased number of communities with pre school facilities	Community and Social Services	
	Increased number of communities with library facilities	Community and Social Services	
	Increased number of ABET facilities and learners per facility	Community and Social Services	
	Improved Grade 12 pass rate	Community and Social Services	
	Increased number of learners completing matric	Community and Social Services	
	Increased number of school leavers entering post school programmes	Community and Social Services	
	No of new school facilities	Community and Social	



Key Performance Area	Indicator/Target	GFS	Progress/Variance
	Develop waste management infrastructure	Sanitation	
	Infrastructure for effective delivery of sanitation services	Sanitation	
	Infrastructure for effective delivery of potable water	Water	
	Provision of electrical infrastructure	Electricity	
	Upgrade municipal road networks: taxi- routes, internal streets	Roads	
	Provide security fence for municipal assets and buildings	Technical Services	
	Upgrade bulk stormwater management systems, canals, culverts and berms (240 km)	Storm water	
	Provide bulk stormwater management systems, canals, culverts and berms (240 km)	Storm water	
	Water Services Business Plan	Water	
	Effective management / operations of service infrastructure	Technical and Infrastructure Services	
	EIA management for all selected projects	Project Management Unit	
	Provision of cemeteries	Community and Social Services	DEDEA approved of the identified land in Storms River for the establishment of a cemetery.
	Upgrade public toilets	Cleansing	Not done due to financial constraints
	Facilitate the establishment of a multi purpose hall	Community and Social Services	Applications were submitted without any positive response
	Improved primary health services	Primary Health Care	This is the responsibility of DOH
	Effective housing delivery	Technical and Infrastructure Services	
	Establish suitable framework for housing development	Technical and Infrastructure Services	
	Establish satellite libraries in areas where they are non-existent	Library Services	Sattellite facilities were established at Louterwater, Krakeel, Clarkson, Storms River and Coldstream.

<b>Key Performance Area</b>	<b>Indicator/Target</b>	<b>GFS</b>	<b>Progress/Variance</b>
Local Economic Development (LED)	Number of jobs created through public private partnerships	Local Economic Development	Lack of understanding the concept of PPP's as well as l
	Improved Education opportunities and performance	Local Economic Development	Koukamma is a vast area with educational facilities inaccessible to farming communities who are in the majority
	Increase in business investment attracted to the Municipality	Local Economic Development	Budget constraints restricted performance
	Increased number of jobs created through the tourism industry	Local Economic Development	Private tourism created jobs – Municipality is not involved in tourism but creates a conducive climate
	Increased number of previously disadvantaged households benefiting from agriculture	Local Economic Development	No land available as all land belongs to private and state – Process of obtaining land takes long
	Growth in the number of small and emerging businesses that are operational	Local Economic Development	Budget constraints and the fact that SMME support is far & capacity challenges as there was only one person
	Monitor number of businesses that are failing or leaving the area	Local Economic Development	Incapacitation challenges
	Reduction in the number of unemployed	Local Economic Development	Seasonal employment shall remain a challenge. Depends when survey is done
	Improved poverty alleviation measures in Kou-Kamma	Local Economic Development	
	Establishment of reliable economic baseline information including SMME data base and the most critical skills requirements	Local Economic Development	Budget Constraints
	Capacity building programmes for entrepreneurs	Local Economic Development	Capacity challenges
	Facilitate the establishment of cooperatives and thereafter access to capital	Local Economic Development	Done well through the department of Economic Affairs - province
	Provision of land infrastructure	Local Economic Development	No land is available and the process of land acquisition takes long
	Investigation into existing poverty alleviation projects with economic potential	Local Economic Development	
	Develop by-laws that accommodate incentives	Local Economic	Lack of capacity and budget constraints

Key Performance Area	Indicator/Target	GFS	Progress/Variance
	for new investors	Development	
	Develop an updated system capturing economic intelligence (potentials/ constraints / markets) that is accessible to investors and SMME sector	Local Economic Development	Budget constraints & Lack of capacity
	Develop and implement an aggressive marketing of Koukamma area for tourism and economic development	Local Economic Development	Budget constraints & Lack of capacity
	Establish channel to facilitate continuous and vibrant dialogue with business community and stakeholders in critical economic sectors	Local Economic Development	Budget constraints
	Review and implement social responsibility guidelines of developers in future developments including skills development, the use of local labour and the support to local business (suppliers)	Local Economic Development	Lack of capacity & budget constraints
	All Public Works Programmes	Local Economic Development	
	Research and production of essential oils	Local Economic Development	Conducted by ECDC
	Woodlands Protea project (Cacadu)	Local Economic Development	Budget not enough to proceed with the project
	Rock art initiative	Local Economic Development	Project delayed by the implementing agent - DEAT
	Honeybush tea project	Local Economic Development	Business plans could not be obtained. In process
	Develop organised support to the casual labour market with reference to seasonal work (agriculture) and the use of migrant labour in infrastructure development.	Local Economic Development	
	Facilitate/drive the alignment of the Spatial Development Framework	Local Economic Development	Completed
	Formulate LED Strategy	Local	Budget constraints

Key Performance Area	Indicator/Target	GFS	Progress/Variance
		Economic Development	
	Establish LED learnership possibilities in the municipality	Local Economic Development	
	Formulation of a tourism plan	Local Economic Development	Budget constraints
	Establishment of a tourism information management system	Local Economic Development	Budget constraints
	Support the participation of the tourism associations within the municipal area in the activities of the District Tourism Organisation	Local Economic Development	Budget but could not be implemented due to financial difficulties
Municipal Financial Viability and Management	Increase revenue collection rate	Financial Services	
	Sustainable capital reserve available	Financial Services	
	Increase of additional external funding	Financial Services	
	Increase in number of revenue sources	Financial Services	
	Unqualified audit report: issues identified are attended to	Financial Services	
	Financial reports available on time	Financial Services	
	Departments receive financial feedback on monthly basis	Financial Services	
	Establish BTO as per Treasury circulars to enhance financial control	Financial Services	
	Meet BTO requirements	Financial Services	
	Implementation of effective financial management system that increased legal compliance to MFMA	Financial Services	
	Increased resources available for IDP implementation	Financial Services	
Good Governance and Public Participation	Increase in amount of feedback on draft IDP	Integrated Development Planning	The review of the 2007/8 IDP was undertaken in-house with little or no public participation owing to lack of capacity to implement and document the IDP Process

<b>Key Performance Area</b>	<b>Indicator/Target</b>	<b>GFS</b>	<b>Progress/Variance</b>
	Number of community based organisations REGISTERED by the municipalities	Corporate Support Services	Challenges in the identification of SMME's
	Increased number of functioning Ward committees	Corporate Support Services	The functioning of the Ward Committees worsened progressively over the period under review owing to the lack of capacity and resources to manage the process over the large municipal area.
	Council approved Communication Policy	Corporate Support Services	Budget constraints
	Proof of consultation and communication between staff and councillors (newsletter, meetings, letter, media statements)	Corporate Support Services	Lack of capacity
	Number of Ward committee meetings	Integrated Development Planning	The number decreased progressively over the year owing to the lack of capacity, training of Ward Councillors and resources to manage the process over the large municipal area. Transport is a challenge
	Customer satisfaction surveys	Integrated Development Planning	Lack of plan and budget constraints
	Appropriate intergovernmental agreements facilitate effective management of assignments within the district/local municipality	Executive and Council	Lack of the responsible manage

*[The remaining comments on performance on KPIs will be inserted as an addendum to the Draft Annual Report]*