

SCHEDULE F

IN-YEAR REPORTS OF MUNICIPAL ENTITIES

Format and content of in-year reports

1. An in-year report of a municipal entity must have all the headings in the sequence shown in the table of contents below, contain the information described in this Schedule and be appropriately page numbered, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.⁴³

Table of contents

2. An in-year report must commence with a table of contents and show the headings in the sequence set out below –

- *PART 1 – IN-YEAR REPORT*
 - Chairperson's Report (*required if tabled to board*)
 - Resolutions (*required if tabled to board*)
 - Executive summary
 - In-year budget statement tables
- *PART 2 – SUPPORTING DOCUMENTATION*
 - Debtors' analysis
 - Creditors' analysis
 - Investment portfolio analysis
 - Allocation and grant receipts and expenditure
 - Board member allowances and employee benefits
 - Material variances to the service delivery agreement and multi year business plan
 - Capital programme performance
 - Other supporting documents
 - Chief executive officer's quality certification

⁴³ See *MFMA Budget Formats Guide* published on the National Treasury's website..

PART 1 – IN-YEAR REPORT

Chairperson's report

3. The chairperson's report accompanying an in-year report must provide –
- (a) a summary of whether the municipal entity's budget is being implemented in accordance with the service delivery agreement with the parent municipality and the multi-year business plan of the entity;
 - (b) a summary of any financial problems or risks facing the municipal entity; and
 - (c) any other information considered relevant by the chairperson.
4. For the mid-year budget and performance assessment, the chairperson's report must also provide –
- (a) a summary of the past year's annual report, and progress on resolving problems identified in the annual report and audit report;
 - (b) a summary of any financial or service delivery implications for the parent municipality; and
 - (c) a recommendation as to whether an adjustments budget for the municipal entity is necessary.

Resolutions

5. If an in-year report is presented to the board, resolutions dealing with at least the following matters must be prepared and presented as part of the documentation –
- (a) receiving the in-year report and any supporting documents;
 - (b) noting of the submission of the in-year report to the municipal manager of the parent municipality; and
 - (c) any other resolutions that may be required.

Executive summary

6. The executive summary must cover at least the following –
- (a) the municipal entity's performance, in relation to both the approved annual budget and the latest approved adjustments budget making reference to the in-year report tables, charts and explanations;

- (b) any material variances from the service delivery agreement with the parent municipality and the multi-year business plan of the entity; and
- (c) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipal entity's budget.

7. The executive summary of the mid-year budget and performance assessment, in addition to the information in (6), also include a summary of –

- (a) the municipal entity's performance in implementing the service delivery agreement referring to actual service delivery achieved compared with the quarterly targets and an explanation of any variances, and taking into account performance in relation to both the approved annual budget and the latest adjustments budget;
- (b) the performance in relation to the quarterly performance targets for the delivery of basic services; and
- (c) the financial impact of the performance to date on the multi year business plan and long term sustainability of the municipal entity.

In-year budget statement tables

8. The in-year budget statement tables must consist of the tables in the Attachment to this Schedule, namely –

- (a) Table F1 Monthly Budget Statement Summary
- (b) Table F2 Monthly Budget Statement – Financial Performance revenue and expenditure)
- (c) Table F3 Monthly Budget Statement - Capital Expenditure
- (d) Table F4 Monthly Budget Statement - Financial Position
- (e) Table F5 Monthly Budget Statement - Cash Flows

9. Supporting information, charts and explanations of trends and anomalies must be presented for each table where such presentation will assist with understanding the information contained in the tables.

10. If a municipal entity's operations are sufficiently complex, the parent municipality may stipulate additional requirements for the in-year budget statement tables to ensure that adequate information is provided.

11. If a municipal entity's business operations extend across multiple municipal votes, the parent municipality must stipulate the provision of additional information needed to complete the necessary consolidation.

PART 2 – SUPPORTING DOCUMENTATION

Debtors' analysis

12. The debtors' analysis must contain the following;
- (a) an aged analysis reconciled with the financial position grouped by -
 - (i) revenue source; and
 - (ii) customer group; and
 - (b) any bad debts written off by customer group.

Creditors' analysis

13. The creditors' analysis must contain an aged analysis by customer type reconciled with the financial position.

Investment portfolio analysis

14. The investment portfolio analysis must include information consistent with the requirements of the Municipal Investment Regulations, 2005.

Allocations, grants receipt and expenditure

15. The disclosure on allocation and grant receipts and expenditure must reflect particulars of –
- (a) allocation and grant receipts and expenditure against each allocation or grant; and
 - (b) any change in allocations as a result of an adjustments budget of the parent municipality, and changes in grants from other providers.

Board member allowances and employee benefits

16. The disclosure on board member allowances and employee benefits must include a comparison of actual expenditure and budgeted expenditure

- (a) board member allowances; and
- (b) employee benefits.

Material variances to the service delivery agreement and multi year business plan

17. In the monthly financial statements provide a disclosure on monthly targets for revenue, expenditure and cash flow that includes a projection of cash flow for the budget year setting out receipts by source and payments by type, per month for the budget year with actual for past months and revised forecasts for future months, and shown in total for the two years following the budget year.

18. In the mid-year budget and performance assessment provide –

- (a) a review of actual performance against the quarterly targets for measurable performance objectives and service delivery;
- (b) a projection of revenue and operating expenditure per month for the budget year with actual for past months and revised forecasts for future months, and the total for the two years following the budget year;
- (c) a projection of capital expenditure by project broken down per month for the budget year showing actual for past periods and revised forecasts for future periods, and shown in total for the two years following the budget year; and
- (d) an explanation of the cause of variations from the approved annual budget and the impact on any contractual agreements and the overall budget, if any.

19. Where items 17 and 18 indicate a material variance between the actual year-to-date performance compared with the monthly or quarterly targets from the service delivery agreement and multi-year business plan, provide explanations for such variances and indicate the likely impact on annual performance agreements of the chief executive officer and senior managers.

Capital programme performance

20. The disclosure on capital programme performance must include at least –
- (a) capital expenditure by month; and
 - (b) a summary of capital expenditure by asset class and sub-class.

Other supporting documents

21. A municipal entity must add to its in-year report any supporting documents not covered in this Schedule if such documents are necessary to fully explain the review of actual service delivery and financial performance compared to the approved annual budget and the latest approved adjustments budget.

Chief executive officer's quality certification

22. An in-year report must be covered by a quality certificate in the format described below:

Quality certificate

I,, chief executive officer of(name of municipal entity), hereby certify that

(mark as appropriate)

- the monthly budget statement
- mid-year budget and performance assessment

for the month of of has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name _____

Chief executive officer of _____ (name of municipal entity)

Signature _____

Date _____