

SECTION 52(d) REPORT 2020/2021

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01 APRIL 2021-30 JUNE 2021



OFFICE OF THE EXECUTIVE MAYOR  
SETSOTO LOCAL MUNICIPALITY  
FICKSBUR 9730

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**Part I-Financial Performance Information**

## **1. Introduction and purpose**

The purpose of this report is to comply with Local Government Municipal Finance Management Act No. 56 of 2003 [MFMA]. In terms of Section 71 of MFMA, the Municipal Manager, as Accounting Officer, is required to submit a report in a prescribed format to the mayor within ten working days after the end of each month. The purpose thereon is to report on the financial state of affairs of the municipality as at the reporting date [June 2021].

The mayor is then required, in terms of Section 52 (d) of the MFMA, to submit a report to Municipal Council on the implementation of the annual budget and the financial state of affair of the municipality within 30 days after the end of the quarter. The above mentions in-year reports must be in the prescribed format [Schedule C], as determined by Regulation 28 of the Municipal Budget and Reporting Regulations [MBRR] promulgated in 2009. Therefore, the purpose of this report is to comply with the prescripts of the MFMA [Section 52 (d)] and MBRR [Regulation 28].

## **2. Executive summary**

The 2020/21 annual budget of the municipality has been prepared in accordance with the MFMA, MBRR and MFMA Budget Circulars issued by National Treasury from time to time. In this regard, Council has approved a revenue budget of R566.5 million while the expenditure budget is R644.1 million [inclusive of the non-cash items which will discussed in the later part of the report].

Post adoption of the annual budget by the Municipal Council, budget documents [together with the relevant supporting documentation] were sent to the relevant stakeholders [in both hard and soft copy]. Furthermore, the original and adjustment budgets were published in the municipality's website as required by various legislation.

The municipality further developed a Service Delivery and Budget Implementation Plan [SDBIP]. The SDBIP was subsequently approved by the Executive Mayor in line with Section 53 (1) (c) (ii). The SDBIP is a tool used by both Administration and Municipal Council to ensure that service delivery and annual budget are implemented.

Therefore, the in-year reporting for 'Month 12' [June 2021] is hereby detailed below. The report discusses mainly the operating revenue; operating expenditure and capital expenditure [including funding sources] using the prescribed format [Schedule C tables]. Other pertinent information is also included in the report [and full Schedule C tables].

## **3. Revenue Analysis**

The table below indicates the municipality original budgeted revenue of [R547.9 million] and the adjusted budget of [R566.5 million] for the current year. Major part of the revenue is derived from non-exchange transaction / revenue, mainly, operational grants and property rates revenue.

Operational grants [Equitable Share; Finance Management Grant and Expanded Public Works Program] are budgeted at R243.9 million while Property rates revenue is budgeted at R67.1 million. Note should be taken that Equitable Share has been subsequently increased with R34.1 million [post declaration of the disaster because of Covid-19 pandemic]. Thus, the allocation increases from R205.7 million to R239.8 million.

Accordingly, the Municipal Council has adopted the adjustment budget considering the amended Division of Revenue Act was enacted late [June 2020] while the annual budget process was almost completed. The amount is included in the adjustment budget.

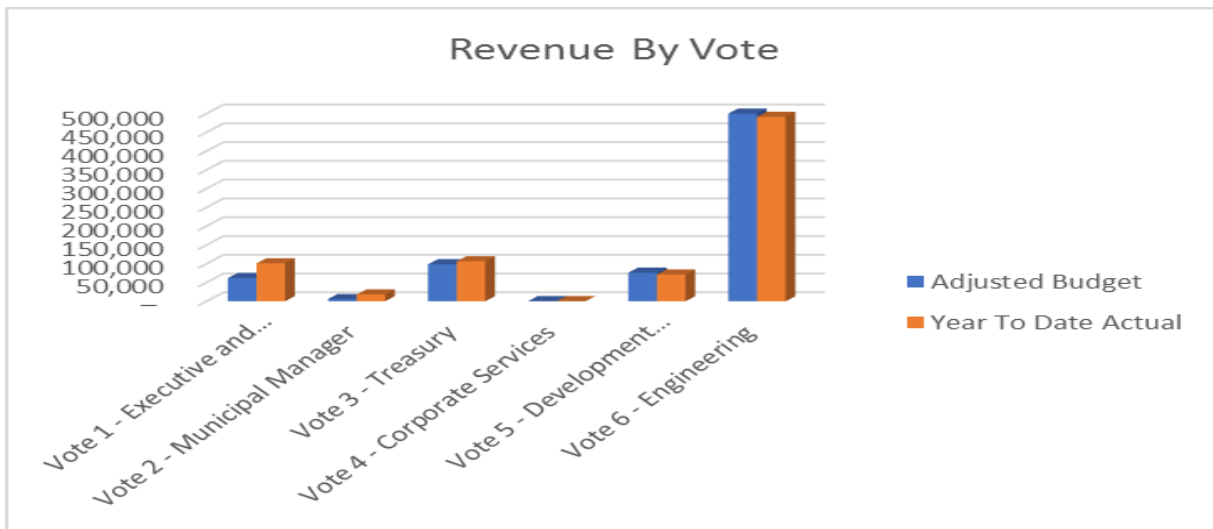
The other major revenue source is from the trading service such as electricity revenue [R83.2 million]; water revenue [R58.8 million]; refuse revenue [R44.7 million] and sanitation revenue [R35.1 million]. Other revenue sources are indicated in the table underneath.

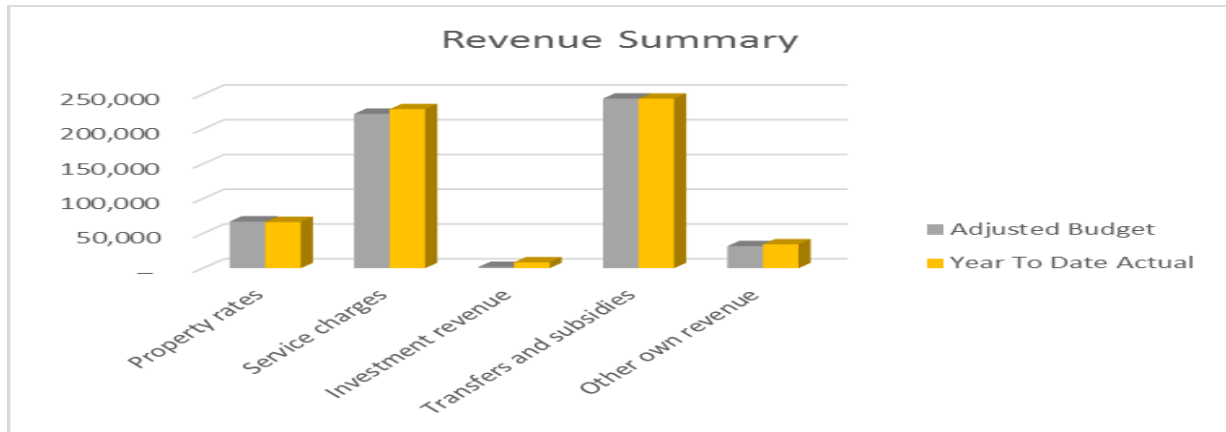
**FS191 Setsoto - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June**

| Description  | Budget Year 2020/21 |                 |                |                |                |               |                |                    |
|--|---------------------|-----------------|----------------|----------------|----------------|---------------|----------------|--------------------|
|  | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance  | YTD variance % | Full Year Forecast |
| <b>R thousands</b>   |                     |                 |                |                |                |               |                |                    |
| <b>Revenue By Source</b>   |                     |                 |                |                |                |               |                |                    |
| Property rates   | 69,710              | 67,106          | 5,560          | 66,418         | 67,106         | (689)         | -1%            | 69,710             |
| Service charges - electricity revenue                                | 78,791              | 83,251          | 7,942          | 88,000         | 83,251         | 4,749         | 6%             | 78,791             |
| Service charges - water revenue                                      | 61,574              | 58,800          | 5,644          | 60,442         | 58,800         | 1,642         | 3%             | 61,574             |
| Service charges - sanitation revenue                                 | 35,122              | 35,066          | 2,908          | 35,033         | 35,066         | (33)          | 0%             | 35,122             |
| Service charges - refuse revenue                                     | 44,709              | 44,799          | 4,123          | 45,192         | 44,799         | 393           | 1%             | 44,709             |
| Rental of facilities and equipment                                   | 498                 | 56              | 4              | 59             | 56             | 2             | 4%             | 498                |
| Interest earned - external investments                               | 4,825               | 1,884           | 259            | 8,432          | 1,884          | 6,548         | 348%           | 4,825              |
| Interest earned - outstanding debtors                                | 37,450              | 26,918          | 2,394          | 28,798         | 26,918         | 1,880         | 7%             | 37,450             |
| Dividends received   | 88                  | 129             | -              | 47             | 129            | (82)          | -64%           | 88                 |
| Fines, penalties and forfeits  | 846                 | 185             | 10             | 403            | 185            | 218           | 118%           | 846                |
| Licences and permits   | 46                  | 46              | 2              | 70             | 46             | 25            | 54%            | 46                 |
| Agency services  | -                   | -               | -              | -              | -              | -             | -              | -                  |
| Transfers and subsidies  | 210,246             | 243,949         | -              | 243,703        | 243,949        | (246)         | 0%             | 210,246            |
| Other revenue  | 3,967               | 4,340           | 249            | 4,366          | 4,340          | 26            | 1%             | 3,967              |
| Gains  | -                   | -               | 23             | 563            | -              | 563           | #DIV/0!        | -                  |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>547,871</b>      | <b>566,530</b>  | <b>29,117</b>  | <b>581,526</b> | <b>566,530</b> | <b>14,996</b> | <b>3%</b>      | <b>547,871</b>     |

**FS191 Setsoto - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12**

| Vote Description                                  | Budget Year 2020/21 |                 |                |                |                |               |                |                    |
|---|---------------------|-----------------|----------------|----------------|----------------|---------------|----------------|--------------------|
|   | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance  | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                                |                     |                 |                |                |                |               |                |                    |
| <b>Revenue by Vote</b>                            |                     |                 |                |                |                |               |                |                    |
| Vote 1 - Executive and Council                    | 53,470              | 62,114          | -              | 101,126        | 62,114         | 39,012        | 62.8%          | 53,470             |
| Vote 2 - Municipal Manager                        | 5,115               | 5,951           | 2              | 18,153         | 5,951          | 12,202        | 205.1%         | 5,115              |
| Vote 3 - Treasury                                 | 114,942             | 98,668          | 8,225          | 106,619        | 98,668         | 7,951         | 8.1%           | 114,942            |
| Vote 4 - Corporate Services                       | 493                 | 537             | 21             | 282            | 537            | (255)         | -47.4%         | 493                |
| Vote 5 - Development Planning and Social Security | 72,305              | 76,124          | 4,347          | 71,252         | 76,124         | (4,872)       | -6.4%          | 72,305             |
| Vote 6 - Engineering                              | 471,462             | 499,809         | 26,333         | 491,000        | 499,809        | (8,808)       | -1.8%          | 471,462            |
| <b>Total Revenue by Vote</b>                      | <b>717,787</b>      | <b>743,203</b>  | <b>38,928</b>  | <b>788,434</b> | <b>743,203</b> | <b>45,231</b> | <b>6.1%</b>    | <b>717,787</b>     |





Statement of Financial Performance is prepared on similar basis to the prescribed budget format. The statement details revenue by source [excluding capital transfers and contributions] and expenditure by type [to be discussed/shown in the ensuing part of this report]. The statement [table above] shows actual revenue for the reporting month at R29.1 million [bringing the year to date actuals to R581.5 million]. Therefore, a positive variance of 3% [R14.9 million] is realised when comparing the 'year to date actual: R581.5 million' versus 'year to date budget: R566.5 million'.

### 3.1. Property rates [-1%]

As indicated in the preceding part of the report, Property Rates revenue is budgeted at R67.1 million. For the reporting month, R5.5 million was realised [thereby resulting into a year-to-date amount of R66.4 million. Accordingly, there is an unfavorable variance of 1% for the period which is immaterial.

### 3.2. Service charges: electricity [6%]

As indicated in the preceding part of the report that Electricity revenue is budgeted at R83.2 million. The reporting month performance is at R7.9 million resulting into a year-to-date amount of R88 million. Thus, service charges electricity has a favorable variance of 6% against the budget to date. It should be noted that electricity charges are consumption based and that during winter months more electricity is consumed than in summer months.

It should be noted that despite the positive performance, the revenue from electricity service, subsidizes other services within the municipality. Accordingly, this has led to the municipality not in a position to service the Eskom accounts [Bulk purchase account and Free Basic Service account] when they become due.

The Eskom account is being paid when the municipality receives the Equitable Share. This situation leads to the municipality having to pay interest on the overdue accounts. In addition to such interest being declared 'fruitless and wasteful', it also exacerbates the existing cash flow constraints. The prepaid system of the municipality has assisted in a great deal in terms of improving collections of electricity service.

### 3.3. Service charges: water [3%]

Water services revenue is budgeted at R58.8 million for the current year. The actual performance for the reporting month is R5.6 million [bringing the year-to-date amount to R60.4 million]. Accordingly, water revenue has a favorable variance of R1.6 million (3%) against the year-to-date target.

The performance could be attributed to several factors such as the flat-rate billing charged in the township and distribution losses [technical and non-technical losses]. According, measures and strategies must be developed and implemented to address these deficiencies.

### **3.4. Service charges: sanitation [0%]**

Service charges for sanitation revenue are budgeted at R35.1 million. The reporting month performance is at R2.9 million, thereby bringing the year-to-date actuals to R35.0 million. Accordingly, there is no variance when compared to the year-to-date budget [this implies that levies were levied accordingly].

### **3.5. Service charges: refuse [1%]**

Service charges for refuse revenue is budgeted at R44.7 million. The reporting month performance is at R4.1 million, thereby bringing the year-to-date actuals to R45.2 million. Accordingly, there is a variance of 1% when compared to the year-to-date budget.

### **3.6. Rental of facilities and equipment [4%]**

The rental of facilities and equipment budget has been revised downwards to R56 thousand from R498 thousand. The reason for this huge reduction of the budget is largely attributed to the Covid-19 pandemic and regulations whereby facilities such as halls and sports ground are not being utilized and that affected the revenue negatively. The rental of facilities performance is at 4% higher than the budget year to date which is not material and does not necessitate investigation.

### **3.7. Interest: external investments [348%]**

Please take note that included in this amount is R4.5 million of withdrawals from investment which has been corrected with Journal number 2290. The journal was captured after the closure of the Month of June hence it is not reflected in the report.

Consequently, the actual interested on investment for the period is R3.8 million, when compared to the Budget year to date of R1.8 million there is a positive variance of R1.9 million [104%].

To maximize this revenue source, the municipality opened new investments accounts with Standard Bank. A detailed movement on these is shown later in the report.

It should be noted that returns on investment depend on the amount invested [to which there was no substantial cash on hand available for investments] as well as the period invested. Accordingly, during the lockdown period, the South African Reserve Bank reduced interest rates to manage the inflation [to avoid the economy going into recession] and to assist consumers to cope with their financial obligations. This led to interest rates on investment also being reduced in the same proportion.

### **3.8. Interest earned: outstanding debtors [7%]**

Interest earned-outstanding debtors has been budgeted at R26.9 million. The year to date has a favorable variance of R1.9 million [7%] for the period. This performance could be attributed to the general culture [existing amongst consumers] of non-payment of municipal services.

Furthermore, during the lockdown period, certain consumers lost their employment [thereby not having enough/no money to pay for municipal services]. When the lockdown levels are gradually uplifted, it is expected that payment levels will improve gradually. Furthermore, the municipality will be able to implement debt collection and credit control measures. The revenue enhancement strategy is also expected to contribute positively to the revenue collection [thereby reducing outstanding debtors].

## **4. Grants and subsidies**

The table below depicts the grants and subsidies that are expected to accrue to the municipality. Only those grants that have been gazette are included in the municipal budget. They are mainly divided into conditional and non-conditional grants [which can either be for capital or operational purposes].



#### 4.1. Non-conditional grants

The only non-conditional grant that is currently gazette and allocated to the municipality is Equitable Share. The municipality was initially allocated R205.7 million and the amount has been subsequently adjusted with R34.1 million [total allocation is now R239.8 million]. This grant is also meant to assist the municipality with subsidizing the registered Indigent Households.

The table below shows that an amount of R203 million was received, R36.5 million was off set to pay the unspent conditional grant as at 30 June 2020 and no future receipts are expected in the current financial year.

| GRANT                | DORA ALLOCATION      | ADJUSTMENT DORA ALLOCATION | OFFSET TO PAY UNSPENT GRANT | YTD RECEIPTS         | FUTURE RECEIPTS | YTD EXPENDITURE      | YTD NET BALANCE | % SPENT     |
|----------------------|----------------------|----------------------------|-----------------------------|----------------------|-----------------|----------------------|-----------------|-------------|
| <b>UNCONDITIONAL</b> |                      |                            |                             |                      |                 |                      |                 |             |
| Equitable Share      | R 205,715,000        | R 239,810,000              | R 36,583,000                | R 203,227,000        | R -             | R 203,227,000        | R -             | 100%        |
| <b>Sub-Total</b>     | <b>R 205,715,000</b> | <b>R 239,810,000</b>       | <b>R 36,583,000</b>         | <b>R 203,227,000</b> | <b>R -</b>      | <b>R 203,227,000</b> | <b>R -</b>      | <b>100%</b> |

#### 4.2. Conditional grants

| GRANT                  | DORA ALLOCATION      | DORA SECTION 19    | ADJUSTMENT DORA ALLOCATION | YTD RECEIPTS         | FUTURE RECEIPTS | YTD EXPENDITURE      | YTD NET BALANCE     | % SPENT    |
|------------------------|----------------------|--------------------|----------------------------|----------------------|-----------------|----------------------|---------------------|------------|
| <b>CONDITIONAL</b>     |                      |                    |                            |                      |                 |                      |                     |            |
| EPWP                   | R 1,802,000          | R -                | R 1,802,000                | R 1,802,000          | R -             | 1,802,000.00         | -                   | 100%       |
| FMG                    | R 2,000,000          | R -                | R 2,000,000                | R 2,000,000          | R -             | R 2,000,000          | -                   | 100%       |
| MIG-ROLL OVER          |                      |                    |                            | R 2,042,138          | R -             | R 2,042,338          | -                   | 100%       |
| MIG                    | R 46,899,000         | R 2,576,000        | R 44,323,000               | R 44,323,000         |                 | R 44,323,000         | R -                 | 100%       |
| RBIG BULK WATER SUPPLY | R 118,399,000        | R -                | R 118,399,000              | R 118,399,000        | R -             | R 91,348,230         | R 27,050,770        | 77%        |
| RBIG COVID-19          | R 15,000,000         | R -                | R 15,000,000               | R 15,000,000         | R -             | R 1,499,440          | R 13,500,560        | 10%        |
| WSIG                   | R 26,375,000         | R 7,000,000        | R 13,846,458               | R 13,846,458         |                 | R 13,846,458         | R -                 | 100%       |
| WSIG COVID-19          |                      |                    | R 5,528,542                | R 5,528,542          |                 | R 5,528,542          | R -                 | 100%       |
| <b>TOTAL</b>           | <b>R 210,475,000</b> | <b>R 9,576,000</b> | <b>R 200,899,000</b>       | <b>R 202,941,138</b> | <b>R -</b>      | <b>R 162,390,008</b> | <b>R 40,551,330</b> | <b>80%</b> |

Conditional grants that are gazette and allocated to the municipality amounts to R180.4 million. The details for each grant are indicated in the table above. It needs to be noted that there were unspent conditional grants [MIG, RBIG and WSIG] as of 30 June 2020. Accordingly, an application for roll-over that was submitted to National -Treasury was declined and the funds were off-set against the Equitable Share being with the same liability. Year to date receipts of conditional grants amount to R200.8 million, and 80% [R162.3 million] has been spent to date. During the financial year the municipality received an additional amount of R30 million for RBIG hence the amount received is more than what was Gazetted. Due to the COVID-19 pandemic there was a reprioritization of funds to fund COVID-19 related projects.

## 5. Outstanding debtors

| FS191 Setsoto - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June |                     |               |               |               |               |               |               |                |                |                    |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|--------------------|
| Description   | Budget Year 2020/21 |               |               |               |               |               |               |                |                |                    |
|   | 0-30 Days           | 31-60 Days    | 61-90 Days    | 91-120 Days   | 121-150 Dys   | 151-180 Dys   | 181 Dys 1 Yr  | Over 1Yr       | Total          | Total over 90 days |
| <b>R thousands</b>  |                     |               |               |               |               |               |               |                |                |                    |
| <b>Debtors Age Analysis By Income Source</b>  |                     |               |               |               |               |               |               |                |                |                    |
| Trade and Other Receivables from Exchange Transactions - Water                          | 5,526               | 4,145         | 4,051         | 3,943         | 4,010         | 3,893         | 19,224        | 94,732         | 139,525        | 125,802            |
| Trade and Other Receivables from Exchange Transactions - Electricity                    | 4,912               | 2,133         | 1,659         | 1,260         | 1,287         | 1,135         | 3,614         | 14,272         | 30,273         | 21,569             |
| Receivables from Non-exchange Transactions - Property Rates                             | 4,152               | 2,834         | 2,622         | 2,574         | 2,455         | 2,484         | 10,287        | 48,588         | 75,999         | 66,390             |
| Receivables from Exchange Transactions - Waste Water Management                         | 2,501               | 2,233         | 2,152         | 2,133         | 2,109         | 2,094         | 10,268        | 47,755         | 71,246         | 64,359             |
| Receivables from Exchange Transactions - Waste Management                               | 3,618               | 2,838         | 2,750         | 2,735         | 2,709         | 2,695         | 13,336        | 65,144         | 95,825         | 86,619             |
| Receivables from Exchange Transactions - Property Rental Debtors                        | -                   | -             | -             | -             | -             | -             | -             | -              | -              | -                  |
| Interest on Arrear Debtor Accounts  | 2,394               | 2,682         | 2,611         | 2,541         | 2,473         | 2,405         | 11,067        | 62,316         | 88,489         | 80,802             |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure                 | -                   | -             | -             | -             | -             | -             | -             | -              | -              | -                  |
| Other   | 23                  | 15            | 25            | 14            | 136           | 13            | 97            | 3,259          | 3,581          | 3,518              |
| <b>Total By Income Source</b>   | <b>23,126</b>       | <b>16,882</b> | <b>15,870</b> | <b>15,202</b> | <b>15,179</b> | <b>14,719</b> | <b>67,893</b> | <b>336,066</b> | <b>504,937</b> | <b>449,059</b>     |
| <b>Debtors Age Analysis By Customer Group</b>   |                     |               |               |               |               |               |               |                |                |                    |
| Organs of State   | 2,604               | 2,246         | 1,948         | 1,871         | 1,922         | 1,859         | 6,086         | 16,924         | 35,461         | 28,663             |
| Commercial  | 5,602               | 2,162         | 1,960         | 1,599         | 1,561         | 1,641         | 6,901         | 46,043         | 67,469         | 57,745             |
| Households  | 14,921              | 12,474        | 11,962        | 11,731        | 11,696        | 11,219        | 54,906        | 273,099        | 402,008        | 362,652            |
| Other   | -                   | -             | -             | -             | -             | -             | -             | -              | -              | -                  |
| <b>Total By Customer Group</b>  | <b>23,126</b>       | <b>16,882</b> | <b>15,870</b> | <b>15,202</b> | <b>15,179</b> | <b>14,719</b> | <b>67,893</b> | <b>336,066</b> | <b>504,937</b> | <b>449,059</b>     |

The table above outlines the age analysis of outstanding debtors into two categories which are by income source and customer group. The total outstanding debtors is R504.9 million and the total over 90 days is R449 million representing 89% of total outstanding debtors.

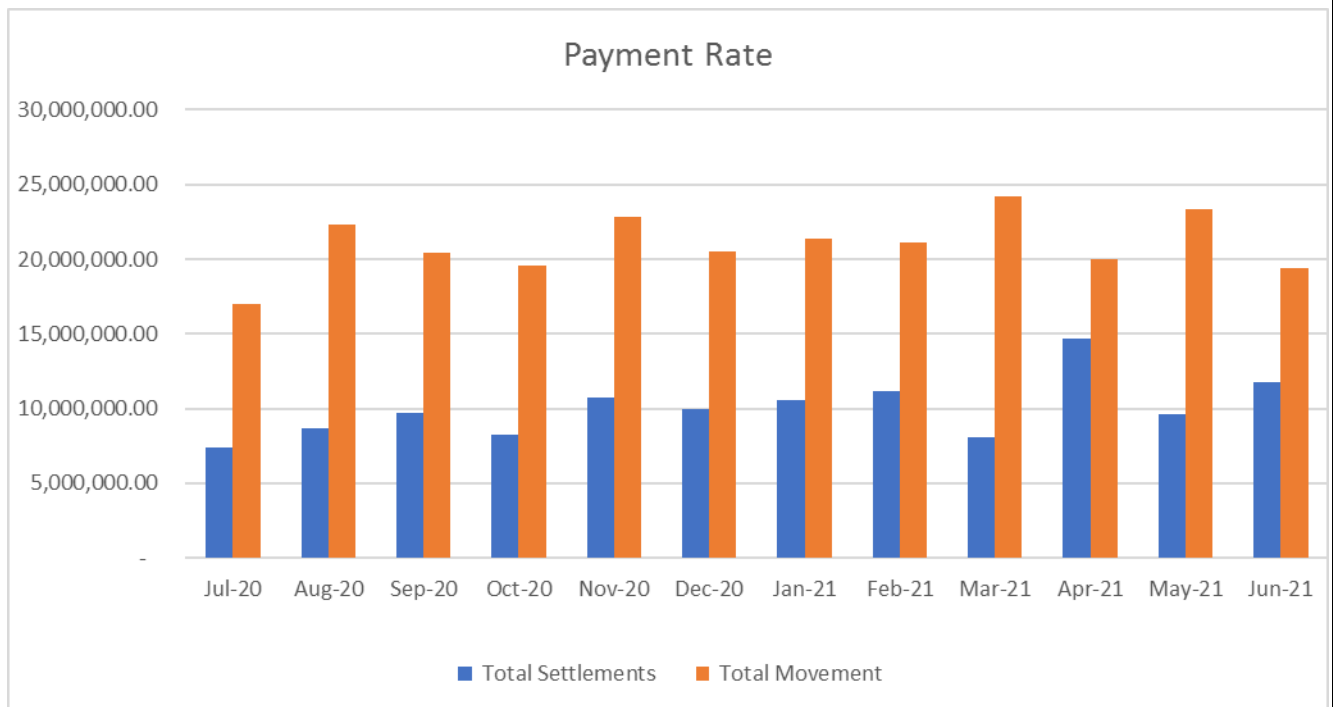
In terms of the income source, the 'water service' has the highest outstanding debt of R139.5 million (28%) followed by waste management debtor accounts with the balance of R105.9 million (19%).

The customer group that has the highest outstanding debt is households with the balance of R402 million (80%) followed by commercial with the balance of R67.5 million (13%).

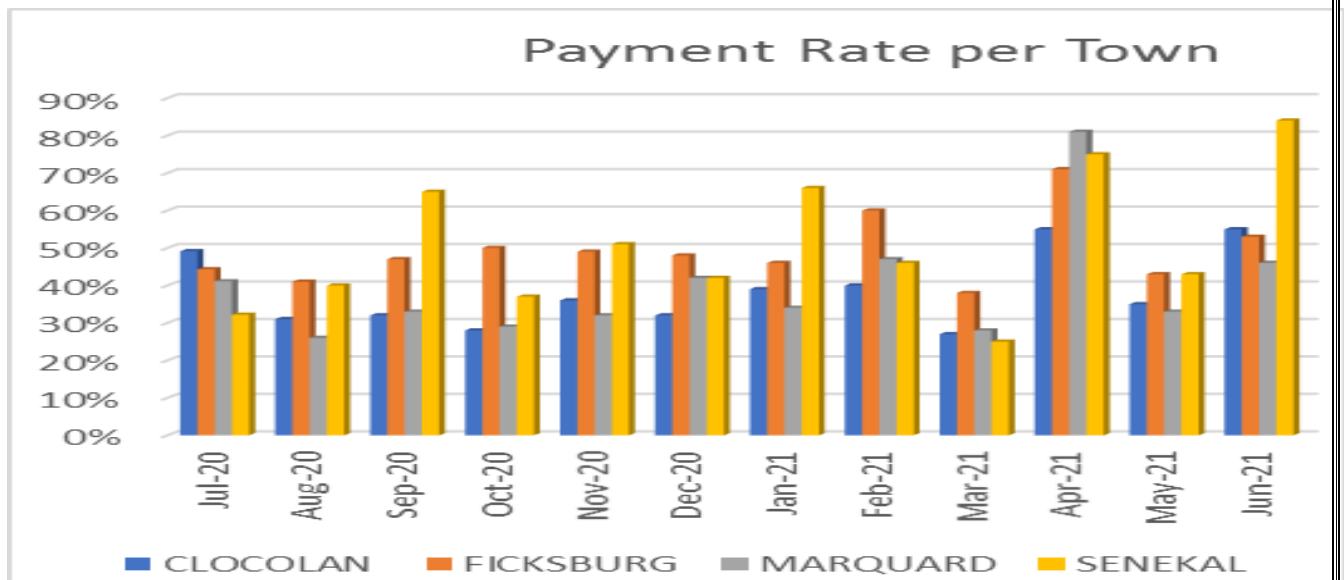
The households are the largest customer group in terms of our debtors hence it is the highest owing and with the current economic situation most household's income sources are not enough to service their municipal accounts. Therefore, they need to come forward so they can be registered as indigents. However, there is also a historical trend of non-payment by households even when they can afford, especially in the townships.

### Debtors Collection Rate

| Period       | Total Settlements     | Total Movement        | Billing               | Credit Notes          | Debit Notes         | Other Adjustments     | Payment Rate |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|--------------|
| Jul-20       | 7,385,264.82          | 17,014,501.71         | 20,975,334.87         | -4,329,686.65         | 368,853.49          | -86,611,328.42        | 43%          |
| Aug-20       | 8,701,625.58          | 22,299,791.01         | 22,311,602.80         | -103,187.29           | 78,604.25           | 12,771.25             | 39%          |
| Sep-20       | 9,735,595.30          | 20,428,084.24         | 22,537,147.30         | -1,859,590.48         | 30,011.36           | -279,483.94           | 48%          |
| Oct-20       | 8,250,740.88          | 19,592,669.18         | 21,281,957.52         | -746,584.85           | 74,958.58           | -1,017,662.07         | 42%          |
| Nov-20       | 10,729,170.44         | 22,873,035.01         | 23,296,882.16         | -403,225.44           | 464,700.75          | -485,322.46           | 47%          |
| Dec-20       | 10,010,554.55         | 20,547,707.43         | 21,861,381.58         | -1,302,147.48         | 564,349.21          | -575,875.88           | 49%          |
| Jan-21       | 10,552,481.86         | 21,403,064.73         | 21,870,375.98         | -366,550.36           | 186,463.27          | -287,224.16           | 49%          |
| Feb-21       | 11,192,225.90         | 21,096,594.62         | 22,456,937.08         | -1,680,014.41         | 367,245.58          | -47,573.63            | 53%          |
| Mar-21       | 8,108,875.75          | 24,225,195.00         | 23,562,239.71         | -617,993.34           | 1,912,791.21        | -631,842.58           | 33%          |
| Apr-21       | 14,716,017.20         | 19,996,636.56         | 22,440,453.64         | -1,918,685.04         | 85,244.92           | -610,376.96           | 74%          |
| May-21       | 9,612,977.36          | 23,339,363.54         | 23,473,979.51         | -215,622.84           | 175,015.97          | -94,009.10            | 41%          |
| Jun-21       | 11,764,032.79         | 19,365,580.43         | 22,212,006.05         | -2,135,575.06         | 117,933.63          | -828,784.19           | 61%          |
| <b>Total</b> | <b>120,759,562.43</b> | <b>252,182,223.46</b> | <b>268,280,298.20</b> | <b>-15,678,863.24</b> | <b>4,426,172.22</b> | <b>-91,456,712.14</b> | <b>48%</b>   |



| Town      | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| CLOCOLAN  | 49%    | 31%    | 32%    | 28%    | 36%    | 32%    | 39%    | 40%    | 27%    | 55%    | 35%    | 55%    |
| FICKSBURG | 44%    | 41%    | 47%    | 50%    | 49%    | 48%    | 46%    | 60%    | 38%    | 71%    | 43%    | 53%    |
| MARQUARD  | 41%    | 26%    | 33%    | 29%    | 32%    | 42%    | 34%    | 47%    | 28%    | 81%    | 33%    | 46%    |
| SENEKAL   | 32%    | 40%    | 65%    | 37%    | 51%    | 42%    | 66%    | 46%    | 25%    | 75%    | 43%    | 84%    |



#### 6. Operating expenditure analysis

The municipality budgeted for operating expenditure budget of R654.4 million for the 2020/21 financial year. The expenditure was decreased to R644.1 million during the adjustment budget. Included in this amount is non-cash items [Debt impairment of R71.2 million and Depreciation/asset impairment of R126.1 million].

Accordingly, when the analysis is done [to ascertain any budget deficit / funding], the non-cash items should be considered.

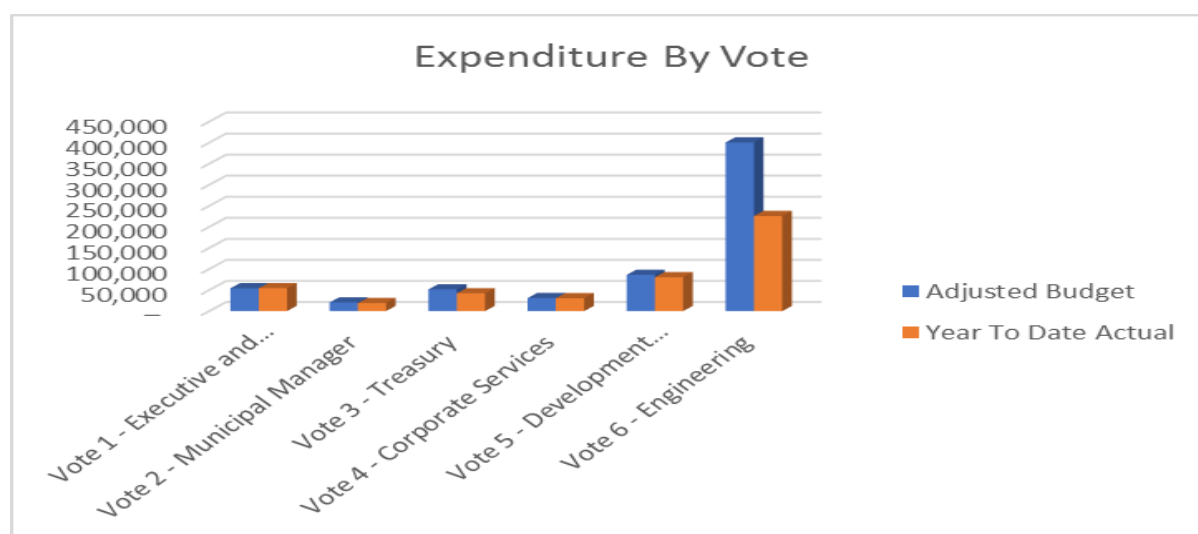
The overall performance on expenditure is below with 30%. As much as the variance is vast, it needs to be noted that, because the municipality is not collecting its revenue adequately, the level of expenditure should be aligned to the prevailing revenue collection rates. The non-transacting of depreciation during the financial year also contributes immensely on the under spending even though it is a non-cash expenditure item.

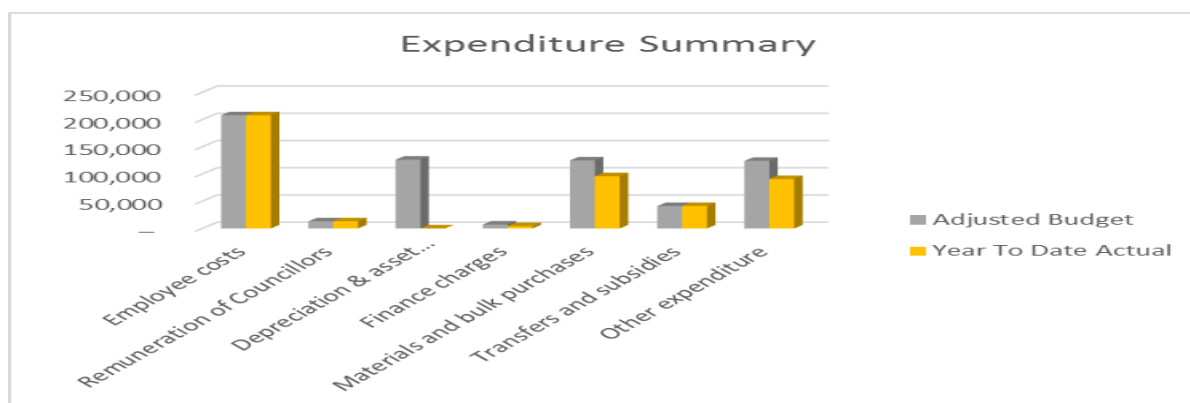
**FS191 Setsoto - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June**

| Description                     | Budget Year 2020/21 |                 |                |                |                |                  |                |                    |
|---------------------------------|---------------------|-----------------|----------------|----------------|----------------|------------------|----------------|--------------------|
|                                 | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance     | YTD variance % | Full Year Forecast |
| <b>R thousands</b>              |                     |                 |                |                |                |                  |                |                    |
| <b>Expenditure By Type</b>      |                     |                 |                |                |                |                  |                |                    |
| Employee related costs          | 211,287             | 207,761         | 17,050         | 207,604        | 207,761        | (157)            | 0%             | 211,287            |
| Remuneration of councillors     | 14,154              | 13,011          | 1,385          | 13,002         | 13,011         | (10)             | 0%             | 14,154             |
| Debt impairment                 | 71,253              | 71,253          | 44,982         | 51,192         | 71,253         | (20,061)         | -28%           | 71,253             |
| Depreciation & asset impairment | 126,156             | 126,156         | –              | –              | 126,156        | (126,156)        | -100%          | 126,156            |
| Finance charges                 | 7,663               | 7,178           | 720            | 4,261          | 7,178          | (2,917)          | -41%           | 7,663              |
| Bulk purchases                  | 84,544              | 85,084          | 9,539          | 78,742         | 85,084         | (6,342)          | -7%            | 84,544             |
| Other materials                 | 61,501              | 39,824          | 5,441          | 17,079         | 39,824         | (22,745)         | -57%           | 61,501             |
| Contracted services             | 27,496              | 27,395          | 1,680          | 20,417         | 27,395         | (6,978)          | -25%           | 27,496             |
| Transfers and subsidies         | 22,050              | 41,097          | 3,340          | 41,158         | 41,097         | 61               | 0%             | 22,050             |
| Other expenditure               | 28,314              | 25,398          | 1,283          | 19,082         | 25,398         | (6,316)          | -25%           | 28,314             |
| Losses                          | –                   | –               | –              | –              | –              | –                | –              | –                  |
| <b>Total Expenditure</b>        | <b>654,419</b>      | <b>644,159</b>  | <b>85,421</b>  | <b>452,538</b> | <b>644,159</b> | <b>(191,621)</b> | <b>-30%</b>    | <b>654,419</b>     |

**FS191 Setsoto - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12**

| Vote Description                                  | Budget Year 2020/21 |                 |                |                |                |                  |                |                    |
|---|---------------------|-----------------|----------------|----------------|----------------|------------------|----------------|--------------------|
|   | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance     | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                                |                     |                 |                |                |                |                  |                |                    |
| <b>Expenditure by Vote</b>                        |                     |                 |                |                |                |                  |                |                    |
| Vote 1 - Executive and Council                    | 40,430              | 54,299          | 4,705          | 54,469         | 54,299         | 170              | 0.3%           | 40,430             |
| Vote 2 - Municipal Manager                        | 25,847              | 20,576          | 1,343          | 18,997         | 20,576         | (1,579)          | -7.7%          | 25,847             |
| Vote 3 - Treasury                                 | 50,096              | 51,627          | 3,487          | 42,320         | 51,627         | (9,306)          | -18.0%         | 50,096             |
| Vote 4 - Corporate Services                       | 33,514              | 31,021          | 2,592          | 30,566         | 31,021         | (455)            | -1.5%          | 33,514             |
| Vote 5 - Development Planning and Social Security | 87,474              | 86,178          | 24,572         | 80,407         | 86,178         | (5,770)          | -6.7%          | 87,474             |
| Vote 6 - Engineering                              | 417,058             | 400,458         | 48,723         | 225,778        | 400,458        | (174,680)        | -43.6%         | 417,058            |
| <b>Total Expenditure by Vote</b>                  | <b>654,419</b>      | <b>644,159</b>  | <b>85,421</b>  | <b>452,538</b> | <b>644,159</b> | <b>(191,621)</b> | <b>-29.7%</b>  | <b>654,419</b>     |





As it can be seen from the tables above, most of the line items have a 'saving'. This saving does not necessarily mean actual savings in terms of Rands and cents but rather instances where expenditure was streamlined for it to be commensurate with the prevailing revenue levels.

### 6.1. Employee related costs [0%]

The employee related costs are budgeted at R207.7 million and the year-to-date expenditure is R207.6 million. The spending is average with no variance [which is reasonable]. This could be attributed to vacancies that are currently existing within various departments.

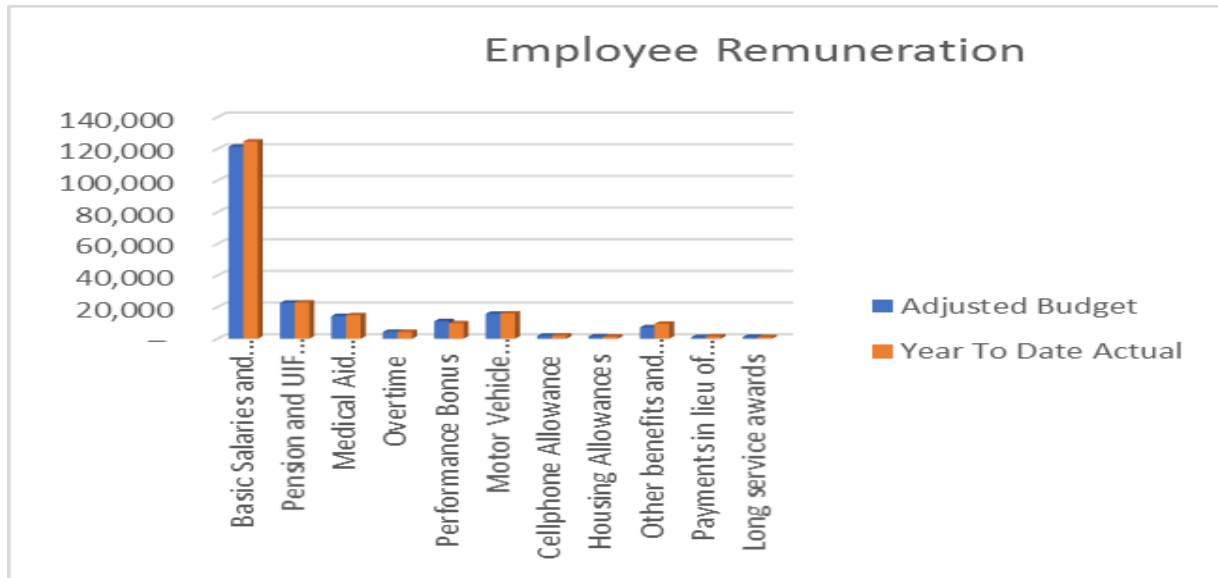
Despite the existing vacancies, due diligence and care must be exercised when such vacant posts are being filled. As far as possible, priority should be given to posts that will improve service delivery, assist the municipality with improving revenue collection, reduce outsourcing [where there is use of consultants] and improve compliance.

At this stage, the municipality is experiencing cash flow constraints. Third party deductions from salaries of employees have been paid late to the relevant authorities for the reporting period. Thus, filling of the vacant posts [and/or creation of new posts] will further put the strain on the finances of the municipality [if they are not aligned with the prevailing revenue collection rates]. Furthermore, cost containment should be implemented on allowances such as overtime and standby.

**FS191 Setsoto - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June**

| Summary of Employee remuneration         | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance | YTD variance % | Full Year Forecast |
|--|-----------------|----------------|----------------|----------------|--------------|----------------|--------------------|
|  |                 |                |                |                |              |                |                    |
| <b>R thousands</b>                       |                 |                |                |                |              |                |                    |
| <b>Other Municipal Staff</b>             |                 |                |                |                |              |                |                    |
| Basic Salaries and Wages                 | 121,287         | 10,298         | 124,533        | 121,287        | 3,246        | 3%             | 125,865            |
| Pension and UIF Contributions            | 22,703          | 1,925          | 22,849         | 22,703         | 146          | 1%             | 23,878             |
| Medical Aid Contributions                | 14,331          | 1,293          | 14,861         | 14,331         | 530          | 4%             | 14,709             |
| Overtime                                 | 4,314           | 352            | 4,267          | 4,314          | (47)         | -1%            | 1,434              |
| Performance Bonus                        | 11,076          | 466            | 9,770          | 11,076         | (1,306)      | -12%           | 10,604             |
| Motor Vehicle Allowance                  | 15,737          | 1,361          | 15,952         | 15,737         | 215          | 1%             | 14,258             |
| Cellphone Allowance                      | 1,927           | 166            | 1,962          | 1,927          | 35           | 2%             | 669                |
| Housing Allowances                       | 1,503           | 106            | 1,388          | 1,503          | (115)        | -8%            | 429                |
| Other benefits and allowances            | 7,251           | 829            | 9,454          | 7,251          | 2,203        | 30%            | 10,414             |
| Payments in lieu of leave                | 1,055           | 174            | 1,470          | 1,055          | 415          | 39%            | 7                  |
| Long service awards                      | 1,206           | 82             | 1,098          | 1,206          | (108)        | -9%            | 1,964              |
| Post-retirement benefit obligations      | -               | -              | -              | -              | -            |                | -                  |
| <b>Sub Total - Other Municipal Staff</b> | <b>202,391</b>  | <b>17,050</b>  | <b>207,604</b> | <b>202,391</b> | <b>5,213</b> | <b>3%</b>      | <b>204,230</b>     |

NB. The line item 'performance bonus' is because of reporting limitations from prescribed reporting formats. The amount relates to normal bonuses [13<sup>th</sup> cheque] payable to employees who qualifies for this benefit and other bonus such as long service bonuses.



## 6.2. Remuneration of Councillors [0%]

Councillors' remuneration and allowances are budgeted at R13.0 million and the year-to-date spending is R13 million which is on par when compared to the budget year to date.

## 6.3. Bulk purchases [-7%]

Bulk purchases on electricity services are budgeted at R85.0 million. The year-to-date performance is at R78.7 million [which translate to 7% or R6.3 million below the average]. There is no detailed analysis performed to determine this variance. However, the following could be the contributing factors:

1. Eskom charges a 'seasonal tariff', which means during the winter months, the tariff is high [resulting in higher bill for the municipality].
2. Eskom also charges a 'time-of-use tariff'. This means if consumption by the municipality/within the municipality is high during peak hours, the municipality pays more.
3. Distribution losses [technical and non-technical] are also contributing negatively.

Therefore, the bill from Eskom is expected to reduce slightly post the winter months. Eskom accounts [Bulk account] has been paid up to date. Should the Municipality remain not settling the account timeously a risk exists that Eskom may initiate PAJA process with the intention of disconnecting electricity.

## 6.4. Finance charges [-41%]

A provision of R7.1 million has been made for Finance Charges and the year-to-date amount is 4.2 million [thus a saving of R2.9 million when compared to the budget year to date]. This could be attributed to several factors, amongst others:

1. Loan redemption from one year to another [less balance resulting in less interest payable].
2. Eskom account that was not settled on time.
3. Outstanding creditors which were also partially paid up on receipt of Equitable Share.

It should be noted that finance charges mainly relate to interest paid on external loans and on overdue creditors. However, because of the lower cash available in the bank for daily operations this figure will drop drastically in

the coming months [that is, the municipality will start paying more interest as the balances on outstanding creditors will be high and attracting higher interest].

#### 6.5. Other materials (-57%)

A budget allocation of R39.8 million has been made for 'other material'. The actual year to date performance is at R17.1 million [thus a saving of 57% when compared to the budget year to date]. As indicated earlier, expenditure should be aligned to the prevailing revenue collection levels [and this cannot be regarded as a 'saving' while there could be service delivery deficiencies].

#### 7. Capital expenditure and funding analysis.

The capital expenditure for the financial year was budgeted at R182 million [the budget adjustments are from the additional R15 million on RBIG and R455 thousand of the internal funding for office equipment.

| FS191 Setsoto - Table C5 Monthly Budget Statement - Capital Expenditure (functional classification) - M12 June |                     |                 |                |                |                |                 |                |                    |
|--|---------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|--------------------|
| Vote Description   | Budget Year 2020/21 |                 |                |                |                |                 |                |                    |
|  | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance    | YTD variance % | Full Year Forecast |
| R thousands  |                     |                 |                |                |                |                 | %              |                    |
| <b>Capital Expenditure - Functional Classification</b>   |                     |                 |                |                |                |                 |                |                    |
| <i>Governance and administration</i>   | -                   | 1,177           | 467            | 540            | 1,177          | (637)           | -54%           | -                  |
| <i>Community and public safety</i>   | 2,564               | 3,317           | 431            | 2,808          | 3,317          | (509)           | -15%           | 2,564              |
| <i>Economic and environmental services</i>   | 31,462              | 8,212           | 34             | 4,145          | 8,212          | (4,068)         | -50%           | 31,462             |
| <i>Trading services</i>  | 147,889             | 169,035         | 40,258         | 144,131        | 169,035        | (24,904)        | -15%           | 200,004            |
| <b>Total Capital Expenditure - Functional Classification</b>   | <b>181,915</b>      | <b>181,742</b>  | <b>41,190</b>  | <b>151,624</b> | <b>181,742</b> | <b>(30,118)</b> | <b>-17%</b>    | <b>234,031</b>     |

The capital expenditure for the financial year was budgeted at R182 million and R151.6 million has been spent up to the date of reporting. The roll-over application in respect of unspent grant funding for the 2019/2020 financial year was not approved and will have a detrimental effect on the capital project progress.

#### 8. Outstanding Creditors

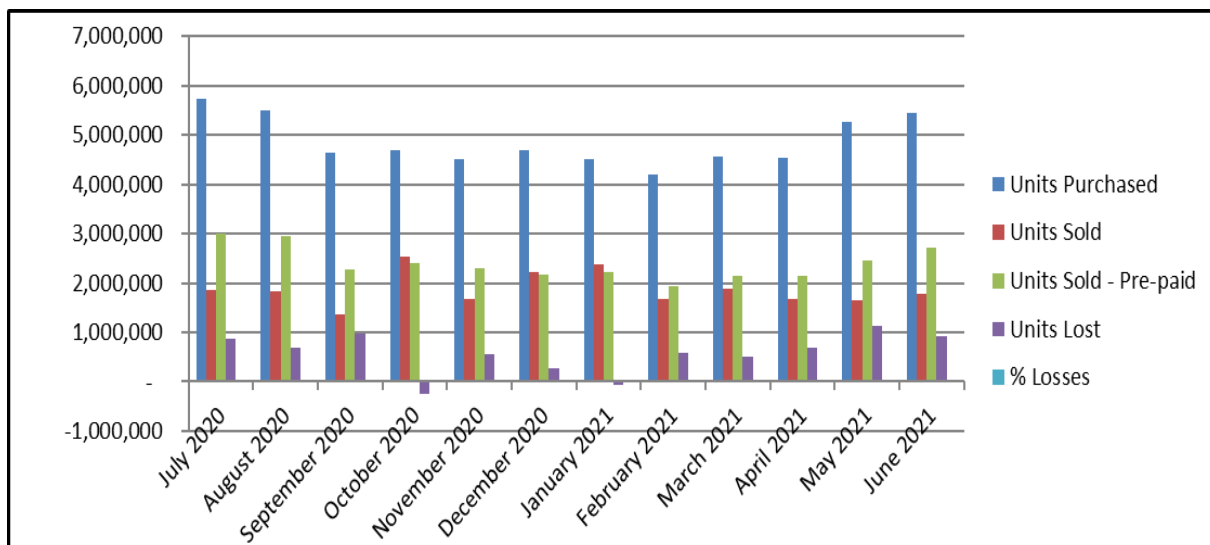
| FS191 Setsoto - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June |                     |               |            |              |              |           |            |            |               |
|---|---------------------|---------------|------------|--------------|--------------|-----------|------------|------------|---------------|
| Description   | Budget Year 2020/21 |               |            |              |              |           |            |            | Total         |
|   | 0 - 30 Days         | 31 - 60 Days  | 61 - 90    | 91 - 120     | 121 - 150    | 151 - 180 | 181 Days - | Over 1     |               |
| <b>R thousands</b>  |                     |               |            |              |              |           |            |            |               |
| <b>Creditors Age Analysis By Customer Type</b>  |                     |               |            |              |              |           |            |            |               |
| Bulk Electricity  | 5                   | -             | -          | -            | -            | -         | -          | -          | 5             |
| Bulk Water  | -                   | -             | -          | -            | -            | -         | -          | -          | -             |
| PAYE deductions   | -                   | -             | -          | -            | -            | -         | -          | -          | -             |
| VAT (output less input)   | -                   | -             | -          | -            | -            | -         | -          | -          | -             |
| Pensions / Retirement deductions  | 2                   | -             | -          | -            | -            | -         | -          | -          | 2             |
| Loan repayments   | -                   | -             | -          | -            | -            | -         | -          | -          | -             |
| Trade Creditors   | 41,976              | 10,561        | 115        | 1,656        | 2,660        | -         | 29         | 540        | 57,536        |
| Auditor General   | -                   | -             | -          | -            | -            | -         | -          | -          | -             |
| Other   | -                   | -             | -          | -            | -            | -         | -          | -          | -             |
| <b>Total By Customer Type</b>   | <b>41,983</b>       | <b>10,561</b> | <b>115</b> | <b>1,656</b> | <b>2,660</b> | <b>-</b>  | <b>29</b>  | <b>540</b> | <b>57,544</b> |

The total outstanding creditors is R57.5 million, R15.6 million [27%] is owed for more than 30 days which is in contravention with section 65 (e) of the MFMA. With the current financial constraints, the municipality cannot pay its' creditors when due.

## 9. Electricity losses

| ELECTRICITY    |                   |                   |                       |                  |            |               |
|----------------|-------------------|-------------------|-----------------------|------------------|------------|---------------|
| Period         | Units Purchased   | Units Sold        | Units Sold - Pre-paid | Units Lost       | % Losses   | Previous Year |
| July 2020      | 5,727,214         | 1,865,781         | 2,994,500             | 866,933          | 15%        | 16%           |
| August 2020    | 5,482,481         | 1,840,111         | 2,955,778             | 686,592          | 13%        | 24%           |
| September 2020 | 4,628,871         | 1,371,085         | 2,282,283             | 975,503          | 21%        | 28%           |
| October 2020   | 4,692,544         | 2,543,957         | 2,397,960             | -249,373         | -5%        | 2%            |
| November 2020  | 4,505,377         | 1,672,397         | 2,286,972             | 546,008          | 12%        | 14%           |
| December 2020  | 4,685,489         | 2,225,345         | 2,179,548             | 280,597          | 6%         | 3%            |
| January 2021   | 4,515,495         | 2,365,664         | 2,223,580             | -73,749          | -2%        | -16%          |
| February 2021  | 4,190,902         | 1,679,173         | 1,930,931             | 580,798          | 14%        | 7%            |
| March 2021     | 4,555,078         | 1,895,240         | 2,156,002             | 503,836          | 11%        | 18%           |
| April 2021     | 4,521,493         | 1,673,654         | 2,148,852             | 698,987          | 15%        | 16%           |
| May 2021       | 5,250,292         | 1,656,198         | 2,465,667             | 1,128,427        | 21%        | 23%           |
| June 2021      | 5,434,700         | 1,788,909         | 2,723,186             | 922,605          | 17%        | 21%           |
| <b>Total</b>   | <b>58,189,936</b> | <b>22,577,514</b> | <b>28,745,259</b>     | <b>6,867,163</b> | <b>12%</b> | <b>13%</b>    |

Percentage electricity losses account to an average of **12%** for year to date. The prescribed norm from National Treasury for electricity losses is estimated to be between 7% and 10%.



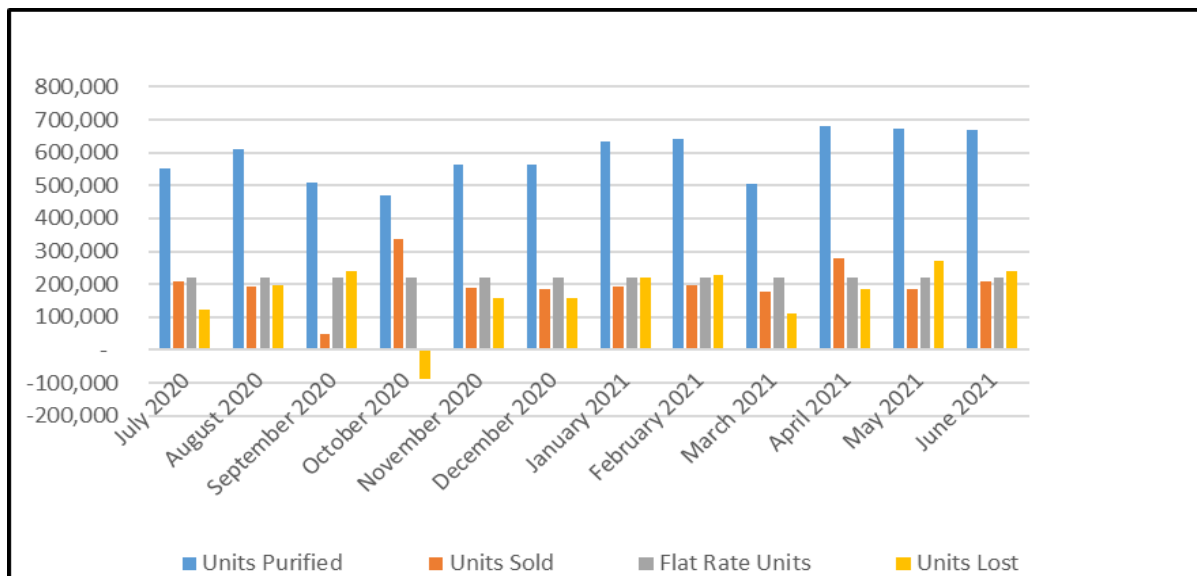
Electricity losses are calculated based on the difference between the total electricity purchases and total electricity sales. The losses are either technical or non-technical. Technical losses are the losses that occur within the distribution network due to the cables, overhead lines, transformers, and other substation equipment that are used to transfer electricity. Non-Technical losses are electricity that are consumed but not billed this is might be because the consumer is not known or is connected illegal and/or the is an error in unmetered supplies.



10. Water losses

| WATER          |                  |                  |                  |                  |            |               |
|----------------|------------------|------------------|------------------|------------------|------------|---------------|
| Period         | Units Purified   | Units Sold       | Flat Rate Units  | Units Lost       | % Losses   | Previous Year |
| July 2020      | 551,372          | 207,118          | 220,102          | 124,152          | 23%        | 52%           |
| August 2020    | 608,517          | 193,066          | 219,582          | 195,869          | 32%        | 70%           |
| September 2020 | 508,552          | 47,958           | 220,350          | 240,244          | 47%        | 43%           |
| October 2020   | 468,967          | 335,975          | 221,039          | -88,047          | -19%       | 36%           |
| November 2020  | 565,518          | 188,387          | 221,101          | 156,030          | 28%        | 32%           |
| December 2020  | 562,223          | 183,267          | 220,081          | 158,875          | 28%        | 23%           |
| January 2021   | 634,660          | 191,991          | 220,464          | 222,205          | 35%        | 34%           |
| February 2021  | 643,305          | 195,697          | 220,595          | 227,013          | 35%        | 35%           |
| March 2021     | 506,110          | 177,099          | 219,163          | 109,848          | 22%        | 28%           |
| April 2021     | 682,155          | 279,207          | 219,050          | 183,898          | 27%        | 37%           |
| May 2021       | 673,511          | 185,299          | 219,086          | 269,126          | 40%        | 34%           |
| June 2021      | 667,705          | 207,494          | 219,231          | 240,980          | 36%        | 40%           |
| <b>Total</b>   | <b>7,072,595</b> | <b>2,392,558</b> | <b>2,639,844</b> | <b>2,040,193</b> | <b>29%</b> | <b>39%</b>    |

Percentage water losses account to an average of 29% for year to date and this include units consumed in township with a flat rate because meters are not read. The prescribed norm from National Treasury for water losses is estimated to be between 15% and 30%



The water losses are calculated obtaining the difference between the volume/quantity of water purified and the volume/quantity of water sold. The municipality is currently reading water meters in towns only and therefore their consumption can be measured realistically, whilst in the townships a flat rate is charged. Losses can result from leakage pipes and joints, overflows and of reservoirs.

## 11. Borrowings

The municipality has several loans which were raised from financial institutions to fund capital expenditure [mainly service delivery vehicles. Details of the loans are provided underneath.

### 11.1. DBSA loan

The details of DBSA loans are provided underneath.

| Loan Acc. No.                | Institution | Average Interest rate | Maturity date | Balance 2020-07-01  | Capitalised / Received during the period | Interest for the period | Redeemed / written off during the period | Balance 2021-06-30  |
|------------------------------|-------------|-----------------------|---------------|---------------------|--|-------------------------|--|---------------------|
| <b>LONG-TERM LOANS</b>       |             |                       |               |                     |  |                         |  |                     |
| 101389                       | DBSA        | 11.36%                | 2024-12-31    | 3,246,165.14        | 0.00                                     | 352,711.51              | 589,009.15                               | 2,657,155.99        |
| <b>Total Long-term loans</b> |             |                       |               | <b>3,246,165.14</b> | <b>0.00</b>                              | <b>352,711.51</b>       | <b>589,009.15</b>                        | <b>2,657,155.99</b> |

The DBSA loan has a balance of R2.6 million and its instalment is paid bi-annual in December and June, the maturity date is 31 December 2024.

### 11.2. Absa loan

| Loan Acc. No. | Institution | Average Interest rate | Maturity date | Balance 2020-07-01  | Capitalised / Received during the period | Interest for the period | Redeemed / written off during the period | Balance 2021-06-30  |
|---------------|-------------|-----------------------|---------------|---------------------|--|-------------------------|--|---------------------|
| 89515381      | ABSA        | 10.00%                | 2022-06-01    | 414,691.38          | 0.00                                     | 32,619.28               | 197,029.88                               | 217,661.50          |
| 89514989      | ABSA        | 10.00%                | 2022-06-01    | 299,465.22          | 0.00                                     | 23,555.67               | 142,283.25                               | 157,181.97          |
| 89515861      | ABSA        | 10.00%                | 2022-06-01    | 231,456.51          | 0.00                                     | 18,206.18               | 109,970.50                               | 121,486.01          |
| 89516256      | ABSA        | 10.00%                | 2022-06-01    | 623,236.02          | 0.00                                     | 49,023.22               | 296,114.54                               | 327,121.48          |
| 89516272      | ABSA        | 10.00%                | 2022-06-01    | 623,236.02          | 0.00                                     | 49,023.22               | 296,114.54                               | 327,121.48          |
| 89645110      | ABSA        | 10.00%                | 2022-07-01    | 1,143,118.32        | 0.00                                     | 90,993.37               | 519,161.87                               | 623,956.45          |
| 89644009      | ABSA        | 10.00%                | 2022-07-01    | 518,557.83          | 0.00                                     | 41,277.75               | 235,509.57                               | 283,048.26          |
| 89644076      | ABSA        | 10.00%                | 2022-07-01    | 518,557.83          | 0.00                                     | 41,277.75               | 235,509.57                               | 283,048.26          |
| 89516795      | ABSA        | 10.00%                | 2022-06-01    | 28,447.79           | 0.00                                     | 2,237.68                | 13,516.28                                | 14,931.51           |
| 89516779      | ABSA        | 10.00%                | 2022-06-01    | 28,447.79           | 0.00                                     | 2,237.68                | 13,516.28                                | 14,931.51           |
| 89897519      | ABSA        | 10.00%                | 2022-09-01    | 776,557.17          | 0.00                                     | 63,114.13               | 323,764.67                               | 452,792.50          |
| 89882457      | ABSA        | 10.00%                | 2022-09-01    | 1,734,647.03        | 0.00                                     | 140,982.16              | 723,214.40                               | 1,011,432.63        |
| 89862260      | ABSA        | 10.00%                | 2022-09-01    | 776,978.41          | 0.00                                     | 63,148.37               | 323,940.19                               | 453,038.22          |
| 89645145      | ABSA        | 10.00%                | 2022-08-01    | 1,179,742.60        | 0.00                                     | 94,933.89               | 512,978.91                               | 666,763.69          |
| <b>TOTAL</b>  |             |                       |               | <b>8,897,139.92</b> | <b>0.00</b>                              | <b>712,630.35</b>       | <b>3,942,624.45</b>                      | <b>4,954,515.47</b> |

ABSA is paid monthly on the 1<sup>st</sup> business day of the month, interest paid to date amounted to R713 thousand and redemption is R3.9 million and that brings the closing balance to R4.9 million. The maturity date for ABSA loans account is 1 August 2022.

### 11.3. Wesbank loan

| Loan Acc. No. | Institution | Average Interest rate | Maturity date | Balance 2020-07-01  | Capitalised / Received during the period | Interest for the period | Redeemed / written off during the period | Balance 2021-06-30  |
|---------------|-------------|-----------------------|---------------|---------------------|--|-------------------------|--|---------------------|
| 85265501996   | WESBANK     | 12.25%                | 2022-08-01    | 413,293.74          | 0.00                                     | 42,380.25               | 194,069.43                               | 219,224.31          |
| 85265478490   | WESBANK     | 12.25%                | 2022-09-01    | 692,627.08          | 0.00                                     | 72,862.35               | 284,547.69                               | 408,079.39          |
| 85264693609   | WESBANK     | 12.25%                | 2022-08-01    | 2,325,725.90        | 0.00                                     | 232,696.37              | 955,422.87                               | 1,370,303.03        |
| 85264694308   | WESBANK     | 12.25%                | 2022-08-01    | 2,325,725.90        | 0.00                                     | 232,696.37              | 955,422.87                               | 1,370,303.03        |
| 85266334384   | WESBANK     | 12.25%                | 2022-09-01    | 870,396.48          | 0.00                                     | 91,563.16               | 357,579.68                               | 512,816.80          |
| 85266283448   | WESBANK     | 12.25%                | 2022-09-01    | 870,396.48          | 0.00                                     | 91,563.16               | 357,579.68                               | 512,816.80          |
| 85266284159   | WESBANK     | 12.25%                | 2022-09-01    | 438,249.44          | 0.00                                     | 46,102.53               | 180,043.23                               | 258,206.21          |
| 85265374058   | WESBANK     | 12.25%                | 2022-09-01    | 692,627.08          | 0.00                                     | 72,862.35               | 284,547.69                               | 408,079.39          |
| <b>TOTAL</b>  |             |                       |               | <b>8,629,042.10</b> | <b>0.00</b>                              | <b>882,726.54</b>       | <b>3,569,213.14</b>                      | <b>5,059,828.96</b> |

WESBANK is paid quarterly, interest paid to date amount to R882 thousand and redemption is R 3.5 million bringing the closing balance to R5.1 million. These loans are expected to be paid up by September 2022.

## 12. Investments

FS191 Setsoto - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June

| Investments by maturity Name of institution & investment ID | 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 (4) | Investment Top Up | Closing Balance |
|---|----------------------|--------------------|-----------------------------|---------------------------------|---------------|-------------------------|----------------------|---------------------------|-----------------|-------------------------|------------------------------------|-------------------|-----------------|
| R thousands   | Yrs/Months           |                    |                             |                                 |               |                         |                      |                           |                 |                         |                                    |                   |                 |
| Municipality  |                      |                    |                             |                                 |               |                         |                      |                           |                 |                         |                                    |                   |                 |
| First National Bank   | Call Account         | No                 | Variable                    |                                 |               | 0                       | n/a                  |                           | 29,036          | 1,029                   | (193,020)                          | 189,521           | 26,566          |
| Absa  | Call Account         | No                 | Variable                    |                                 |               | 0                       | n/a                  |                           | 36              | 2                       |                                    |                   | 38              |
| Sanlam  |                      | No                 | Variable                    |                                 |               | 0                       | n/a                  |                           | 2,198           |                         |                                    |                   | 2,198           |
| Ovk   |                      | No                 | Variable                    |                                 |               | 0                       | n/a                  |                           | 1,264           |                         |                                    |                   | 1,264           |
| Stebdard Bank   | Call Account         | No                 | Variable                    |                                 |               | 0                       | n/a                  |                           | -               | 431                     | (23,939)                           | 40,039            | 16,531          |
| <b>Municipality sub-total</b>                               |                      |                    |                             |                                 |               |                         |                      |                           | <b>32,534</b>   |                         | <b>(216,958)</b>                   | <b>229,560</b>    | <b>46,597</b>   |

### FIRST NATIONAL BANK

Investment number: 62151783563

| Month                 | Balance 2020/21 | Investment made | Interest received | Withdrawals / transfers | Balance 2020/21 |
|-----------------------|-----------------|-----------------|-------------------|-------------------------|-----------------|
| <i>July 2020</i>      | 717,906.23      | 0.00            | 1,234.21          | 0.00                    | 719,140.44      |
| <i>August 2020</i>    | 719,140.44      | 0.00            | 1,123.04          | 0.00                    | 720,263.48      |
| <i>September 2020</i> | 720,263.48      | 0.00            | 1,199.78          | 0.00                    | 721,463.26      |
| <i>October 2020</i>   | 721,463.26      | 0.00            | 1,126.67          | 0.00                    | 722,589.93      |
| <i>November 2020</i>  | 722,589.93      | 0.00            | 1,166.04          | 0.00                    | 723,755.97      |
| <i>December 2020</i>  | 723,755.97      | 0.00            | 1,130.25          | 0.00                    | 724,886.22      |
| <i>January 2021</i>   | 724,886.22      | 0.00            | 1,169.75          | 0.00                    | 726,055.97      |
| <i>February 2021</i>  | 726,055.97      | 0.00            | 1,058.25          | 0.00                    | 727,114.22      |
| <i>March 2021</i>     | 727,114.22      | 0.00            | 1,173.34          | 0.00                    | 728,287.56      |
| <i>April 2021</i>     | 728,287.56      | 0.00            | 1,175.24          | 0.00                    | 729,462.80      |
| <i>May 2021</i>       | 729,462.80      | 0.00            | 1,101.19          | 0.00                    | 730,563.99      |
| <i>June 2021</i>      | 730,563.99      | 0.00            | 1,216.94          | 0.00                    | 731,780.93      |
| <b>TOTAL</b>          |                 | <b>0.00</b>     | <b>13,874.70</b>  | <b>0.00</b>             |                 |

| FIRST NATIONAL BANK   |                    |                      |                      |                            |                    |
|-----------------------|--------------------|----------------------|----------------------|----------------------------|--------------------|
| Investment number:    | 62049046205        |                      |                      |                            |                    |
| Month                 | Balance<br>2020/21 | Investment<br>made   | Interest<br>received | Withdrawals /<br>transfers | Balance<br>2020/21 |
| <i>July 2020</i>      | 52,785.07          | 2,000,000.00         | 1,447.85             | 0.00                       | 2,054,232.92       |
| <i>August 2020</i>    | 2,054,232.92       | 2,000,000.00         | 1,855.23             | 0.00                       | 4,056,088.15       |
| <i>September 2020</i> | 4,056,088.15       | 0.00                 | 5,507.12             | 3,700,000.00               | 361,595.27         |
| <i>October 2020</i>   | 361,595.27         | 0.00                 | 1,720.30             | 0.00                       | 363,315.57         |
| <i>November 2020</i>  | 363,315.57         | 0.00                 | 586.28               | 0.00                       | 363,901.85         |
| <i>December 2020</i>  | 363,901.85         | 0.00                 | 549.35               | 0.00                       | 364,451.20         |
| <i>January 2021</i>   | 364,451.20         | 0.00                 | 607.08               | 0.00                       | 365,058.28         |
| <i>February 2021</i>  | 365,058.28         | 0.00                 | 589.10               | 0.00                       | 365,647.38         |
| <i>March 2021</i>     | 365,647.38         | 0.00                 | 532.94               | 0.00                       | 366,180.32         |
| <i>April 2021</i>     | 366,180.32         | 0.00                 | 590.91               | 0.00                       | 366,771.23         |
| <i>May 2021</i>       | 366,771.23         | 0.00                 | 553.67               | 0.00                       | 367,324.90         |
| <i>June 2021</i>      | 367,324.90         | 9,000,000.00         | 3,976.31             | 8,000,000.00               | 1,371,301.21       |
| <b>TOTAL</b>          |                    | <b>13,000,000.00</b> | <b>18,516.14</b>     | <b>11,700,000.00</b>       |                    |

| FIRST NATIONAL BANK   |                    |                       |                      |                            |                    |
|-----------------------|--------------------|-----------------------|----------------------|----------------------------|--------------------|
| Investment number:    | 62310540465        |                       |                      |                            |                    |
| Month                 | Balance<br>2020/21 | Investment<br>made    | Interest<br>received | Withdrawals /<br>transfers | Balance<br>2020/21 |
| <i>July 2020</i>      | 28,264,965.78      | 25,948,347.83         | 78,105.59            | 11,116,542.80              | 43,174,876.40      |
| <i>August 2020</i>    | 43,174,876.40      | 36,508,000.00         | 187,061.98           | 18.50                      | 79,869,919.88      |
| <i>September 2020</i> | 79,869,919.88      | 0.00                  | 151,102.27           | 20,786,084.79              | 59,234,937.36      |
| <i>October 2020</i>   | 59,234,937.36      | 3,700,000.00          | 133,436.41           | 13,104,367.54              | 49,964,006.23      |
| <i>November 2020</i>  | 49,964,006.23      | 40,892,000.00         | 155,956.95           | 19,463,783.44              | 71,548,179.74      |
| <i>December 2020</i>  | 71,548,179.74      | 0.0                   | 101,426.22           | 58,869,546.96              | 12,780,059.00      |
| <i>January 2021</i>   | 12,780,059.00      | 0.0                   | 22,371.08            | 10,700,018.50              | 2,102,411.58       |
| <i>February 2021</i>  | 2,102,411.58       | 0.0                   | 4,180.86             | 2,000,018.50               | 106,573.94         |
| <i>March 2021</i>     | 106,573.94         | 0.0                   | 271.51               | 18.50                      | 106,826.95         |
| <i>April 2021</i>     | 106,826.95         | 0.0                   | 263.38               | 18.50                      | 107,071.83         |
| <i>May 2021</i>       | 107,071.83         | 69,473,003.87         | 23,113.22            | 18.50                      | 69,603,170.42      |
| <i>June 2021</i>      | 69,603,170.42      | -                     | 138,915.27           | 45,279,071.08              | 24,463,014.61      |
| <b>TOTAL</b>          |                    | <b>176,521,351.70</b> | <b>996,204.74</b>    | <b>181,319,507.61</b>      |                    |

| STANDARD BANK        |                 |                      |                   |                         |                 |
|----------------------|-----------------|----------------------|-------------------|-------------------------|-----------------|
| Investment number:   | 48445851001     |                      |                   |                         |                 |
| Month                | Balance 2020/21 | Investment made      | Interest received | Withdrawals / transfers | Balance 2020/21 |
| <i>December 2020</i> | 0.00            | 10,000,000.00        | 0.00              | 0.00                    | 10,000,000.00   |
| <i>January 2021</i>  | 10,000,000.00   | 0.00                 | 38,889.20         | 10,038,889.20           | 0.00            |
| <i>February 2021</i> | 0.00            | 0.00                 | 0.00              | 0.00                    | 0.00            |
| <i>March 2021</i>    | 0.00            | 0.00                 | 0.00              | 0.00                    | 0.00            |
| <i>April 2021</i>    | 0.00            | 0.00                 | 0.00              | 0.00                    | 0.00            |
| <i>May 2021</i>      | 0.00            | 0.00                 | 0.00              | 0.00                    | 0.00            |
| <i>June 2021</i>     | 0.00            |                      |                   |                         | 0.00            |
| <b>TOTAL</b>         |                 | <b>10,000,000.00</b> | <b>38,889.20</b>  | <b>10,038,889.20</b>    |                 |

| STANDARD BANK        |                 |                      |                   |                         |                 |
|----------------------|-----------------|----------------------|-------------------|-------------------------|-----------------|
| Investment number:   | 48445851002     |                      |                   |                         |                 |
| Month                | Balance 2020/21 | Investment made      | Interest received | Withdrawals / transfers | Balance 2020/21 |
| <i>December 2020</i> | 0.00            | 10,000,000.00        | 0.00              | 0.00                    | 10,000,000.00   |
| <i>January 2021</i>  | 10,000,000.00   | 0.00                 | 0.00              | 0.00                    | 10,000,000.00   |
| <i>February 2021</i> | 10,000,000.00   | 0.00                 | 72,280.82         | 0.00                    | 10,072,280.82   |
| <i>March 2021</i>    | 10,072,280.82   | 0.00                 | 0.00              | 0.00                    | 10,072,280.82   |
| <i>April 2021</i>    | 10,072,280.82   | 0.00                 | 75,190.27         | 0.00                    | 10,147,471.09   |
| <i>May 2021</i>      | 10,147,471.09   | 0.00                 | 36,072.17         | 0.00                    | 10,183,543.26   |
| <i>June 2021</i>     | 10,183,543.26   | 0.00                 | 37,407.08         | 0.00                    | 10,220,950.34   |
| <b>TOTAL</b>         |                 | <b>10,000,000.00</b> | <b>220,950.34</b> | <b>0.00</b>             |                 |

| STANDARD BANK        |                 |                      |                   |                         |                 |
|----------------------|-----------------|----------------------|-------------------|-------------------------|-----------------|
| Investment number:   | 48445851003     |                      |                   |                         |                 |
| Month                | Balance 2020/21 | Investment made      | Interest received | Withdrawals / transfers | Balance 2020/21 |
| <i>December 2020</i> | 0.00            | 10,000,000.00        | 6,712.33          | 0.00                    | 10,006,712.33   |
| <i>January 2021</i>  | 10,006,712.33   | 10,038,889.20        | 0.00              | 0.00                    | 20,045,601.53   |
| <i>February 2021</i> | 20,045,601.53   | 0.00                 | 86,948.27         | 5,900,000.00            | 14,232,549.80   |
| <i>March 2021</i>    | 14,232,549.80   | 0.00                 | 22,960.15         | 8,000,000.00            | 6,255,509.95    |
| <i>April 2021</i>    | 6,255,509.95    | 0.00                 | 17,995.30         | 0.00                    | 6,273,505.25    |
| <i>May 2021</i>      | 6,273,505.25    | 0.00                 | 18,648.64         | 0.00                    | 6,292,153.89    |
| <i>June 2021</i>     | 6,292,153.89    | 0.00                 | 18,100.72         | 0.00                    | 6,310,254.61    |
| <b>TOTAL</b>         |                 | <b>20,038,889.20</b> | <b>171,365.41</b> | <b>13,900,000.00</b>    |                 |

The municipality has invested cash which is not immediately required in terms of section 13 (1) (b) of the MFMA and the municipality's cash management and investment policy.

The institutions where cash is invested is First National Bank (FNB) and Standard Bank and has been split into 6 investments accounts, two being call accounts and one is a money market account and 3 short terms.

For the period under reporting [quarter 4], interest accumulated from investments amount to R1,4 million, additional investments made amounts to R230 million, and withdrawals made amount R217 million. The closing balance of investments is R46.5 million.

Please take note that Sanlam and OVK are not yet updated as we are still waiting for the response from institutions after sending requests for accounting values.

### 13. Cash and cash equivalents

| DESCRIPTION                                  | CLOSING BALANCE        | INTEREST- TO DATE     |
|--|------------------------|-----------------------|
| MONEY MARKET (Account Number: 62151783563)   | R 731,780.93           | R 13,874.70           |
| BUSINESS CALL (Account Number: 62049046205)  | R 1,371,301.21         | R 18,516.14           |
| MIG-INVESTMENT (Account Number: 62310540465) | R 24,463,014.61        | R 996,204.74          |
| STANDARD BANK (Account Number: 48445851001)  | R -                    | R 38,889.20           |
| STANDARD BANK (Account Number: 48445851002)  | R 10,220,950.34        | R 220,950.34          |
| STANDARD BANK (Account Number: 48445851003)  | R 6,310,254.61         | R 171,365.41          |
| PRIMARY BANK (Account Number: 62048092647)   | R 1,741,933.85         | R 385,844.55          |
| <b>TOTAL</b>                                 | <b>R 44,839,235.55</b> | <b>R 1,845,645.08</b> |

The total cash and cash equivalents have a positive balance of R44.8 million, included in that balance is the primary bank account with a positive balance of R1.7 million.

It should be noted that the application for roll-over on unspent grants was declined by the National Treasury and the liability was then off set against the Equitable Share.

The above suggests that the municipality's cash flow it is still a concern. Creditors are still not being paid when due.

To improve the above the municipality, need to implement strong internal control measures to curb expenditure but not limiting the provision of basic services and maximize the revenue collection.

### 14. Conclusion

All necessary steps be taken that the progress and execution of capital projects being done according to the planning and that the capital budget being adjusted to accommodate the projects amendments.

That the budget being reviewed to align and accommodate operating projects not originally provided in the budget.

Revenue enhancement as well as Expenditure cost containment measures still needs to be prioritized in order to improve the Municipalities Cashflow position the following financial years.

**Part II-Non-Financial Performance Information**

## 1. Purpose

### 2. Legislative Requirements

- (a) The Service Delivery and Budget Implementation Plan is defined in terms of Section 1 of the Local Government: Municipal Finance Management Act, 56 of 2003, and the format is described by the Municipal Finance Management Act, 56 of 2003 Circular 13.
- (b) Section 41(1) (e) of Local Government: Municipal Systems Act, 32 of 2000, prescribes that a process must be established of regular reporting to Council.
- (c) This report is a requirement in terms of Section 52(d) of the Municipal Finance Management Act, 56 of 2003, which provide for:
- The Executive Mayor, to submit to council within 30 days of the end of each quarter, a report on the implementation of the budget and financial state of affairs of the municipality
  - The accounting officer, while conducting the above, must take into account:
    - Section 71 Reports
    - Performance in line with the Service Delivery and Budget Implementation Plans

### 3. Background to the format and monitoring of the Service Delivery and Budget Implementation Plan

#### 3.1 Format

- (a) The municipality's Service Delivery and Budget Implementation Plan consist of a Top Layer (Outcomes) as well as a Departmental Plan (Outputs) for each individual department.
- (b) For purpose of reporting, the Top Layer Service Delivery is used to report to council and community on the organisational performance of the municipality.
- (c) The Top Layer Service Delivery measures the achievement of performance indicators with regards to the provision of basic services as prescribed by Section 10 of Local Government: Municipal Planning and Performance Regulations of 2001, National Key Performance Areas and Planning Statement detailed in the Integrated Development Plan Mid-year and the Service Delivery and Budget Implementation Plan Mid-year. The Top Layer Service Delivery and Budget Implementation Plan Mid-year was approved by the Executive Mayor on the 28 July 2020.
- (d) The Departmental Service Delivery and Budget Implementation Plan third quarter measure the achievement of performance indicators that have been determined with regard to operational service delivery within each department and have been aligned with the Top Layer Service Delivery and Budget Implementation Plan through activities and tasks. The Departmental Service Delivery and Budget Implementation Plans have been approved by the Municipal Manager.
- (e) The Quarterly Performance Assessment Report is structured to report on the six (6) Municipal Key Performance areas
- (f) The overall assessment of actual performance against targets set for the key performance indicators as documented in the Service Delivery and Budget Implementation Plan is illustrated in terms of the following assessment methodology:

| Colour | Category                                   | Explanation   |
|--------|--|---|
|        | Key Performance Indicator Not Yet Measured | KPI's with no targets or actual results for the selected period |
|        | Key Performance Indicator Not Met          | Actual vs. target less than 75%                                 |
|        | Key Performance Indicator Almost Met       | Actual vs. target between 76% and 99%                           |
|        | Key Performance Indicator Met              | Actual vs. target 100% achieved                                 |
|        | Key Performance Indicator Well Met         | Actual vs. target more than 101% and less than 150% achieved    |
|        | Key Performance Indicator Extremely Met    | Actual vs. target more than 151% achieved                       |
|        | Key Performance Indicator Not Reported On  | Key Performance Indicators planned for but no progress provided |



### 3.2 Monitoring

This is the last time the municipality uses manual system to monitor performance, as it has acquired an electronic web-based system that will:

- (a) quarterly be updated with actual performance
- (b) Close every third month on the 06th for update of the previous quarter month's actual performance as a control measure to ensure that performance is updated and monitored on a quarterly month's actual performance as a control measure to ensure that performance is updated and monitored on a monthly basis.
- (c) Have no access available to a quarter's performance indicators after closure of the system. This is to ensure that the level of performance is consistent for a period in the various levels at which reporting takes place.
- (d) Ensure departments motivate to the Municipal Manager should they require the system to be re-opened once the system is closed.
- (e) Ensure the system provides management information in graphs and indicates actual performance against targets. The graphs provide a good indication of performance progress and where corrective action is required.
- (f) Ensure system requires key performance indicator owners to update performance comment for each actual result captured, which provides a clear indication of how the actual was calculated/ reached and serves as part of the portfolio of evidence (POE) for auditing purposes.
- (g) In terms of Section 46(1)(a)(iii) of the MSA the Municipality reflect annually in the Annual Performance Report on measures taken to improve performance, in other words targets not achieved. The system utilised requires corrective actions to be captured for targets not achieved

### 4. Overall Performance of the Municipality

| Municipality          | Key Performance Areas |                            |                        |                      |  |                      |
|-----------------------|-----------------------|----------------------------|------------------------|----------------------|--|----------------------|
|                       | Basic Services        | Local Economic Development | Institutional Capacity | Financial Management | Good Governance, Transparency and Accountability | Public Participation |
| KPI Not Met           | 47                    | 7                          | 12                     | 7                    | 3  | 1                    |
| KPI Almost Met        | 20                    | 0                          | 0                      | 8                    | 4  | 0                    |
| KPI Met               | 106                   | 8                          | 8                      | 41                   | 48   | 12                   |
| KPI Well Met          | 21                    | 0                          | 0                      | 1                    | 0  | 0                    |
| KPI Extremely Well Me | 13                    | 5                          | 0                      | 0                    | 0  | 0                    |
| KPI Not Reported On   | 11                    | 0                          | 0                      | 3                    | 3  | 18                   |
| <b>Total</b>          | <b>218</b>            | <b>20</b>                  | <b>20</b>              | <b>60</b>            | <b>58</b>  | <b>31</b>            |

For the period under review, **407** targets we to be achieved, of these targets **77** were not met, **32** targets were almost met, **223** targets were met, **22** targets were well met, and **18** targets were extremely met. **35** targets were not reported on as per requirement because the departments did not submit completed and valid progress report on their departmental service delivery and budget implementation plans.

## 5. Actual Departmental Performance and Corrective Measures that will be Implemented

### 5.1 Department of the Office of The Municipal Manager

#### 5.1.1 Summary of Results: Key Performance Area 5 – Good Governance, Transparency and Accountability

|                        |           |
|------------------------|-----------|
| Target Not Met         | 3         |
| Target Almost Met      | 1         |
| Target Met             | 38        |
| Target Well Met        | 0         |
| Target Extremely Met   | 0         |
| Target Not Reported On | 3         |
| <b>Total</b>           | <b>45</b> |

#### 5.1.1 Summary of Results: Key Performance Area 6 – Public Participation

|                        |           |
|------------------------|-----------|
| Target Not Met         | 4         |
| Target Almost Met      | 0         |
| Target Met             | 7         |
| Target Well Met        | 0         |
| Target Extremely Met   | 0         |
| Target Not Reported On | 19        |
| <b>Total</b>           | <b>32</b> |

#### 5.1.2 Summary of Key Results; Key Performance Area 1-Basic Services

|                        |          |
|------------------------|----------|
| Target Not Met         | 0        |
| Target Almost Met      | 0        |
| Target Met             | 1        |
| Target Well Met        | 0        |
| Target Extremely Met   | 0        |
| Target Not Reported On | 0        |
| <b>Total</b>           | <b>1</b> |

#### 5.1.3 Departmental Overall Performance for the Quarter ending 31 March 2021

|                        |           |
|------------------------|-----------|
| Target Not Met         | 4         |
| Target Almost Met      | 1         |
| Target Met             | 51        |
| Target Well Met        | 0         |
| Target Extremely Met   | 0         |
| Target Not Reported On | 21        |
| <b>Total</b>           | <b>77</b> |

#### 5.1.4 Review Comments

For the period under review, **77** targets were to be achieved, of these targets **4** were not met, **51** targets were met, **21** targets were not reported on as per requirement because the divisions did not submit progress report on their divisional implementation of their service delivery and budget implementation plans.

**3** of these **21** targets were from the Municipal Manager's scorecard, information of which was supposed to be received from other departments. **11** were from the Office of the Speaker and **7** were from the Office of the Executive Mayor.

Given the above, the percentage performance of the Office of the Municipal Manager is at **66%**, according to the evaluation criteria on **3.1** above, the performance is unsatisfactory as it is below the required minimum of **100%**.

### 5.2 Department of Corporate Services

#### 5.2.1 Summary of Results: Key Performance Area 3-Institutional Capacity

|                        |           |
|------------------------|-----------|
| Target Not Met         | 12        |
| Target Almost Met      | 0         |
| Target Met             | 8         |
| Target Well Met        | 0         |
| Target Extremely Met   | 0         |
| Target Not Reported On | 0         |
| <b>Total</b>           | <b>20</b> |

### 5.2.2 Summary of Results: KPA 5 – Good Governance, Transparency and Accountability

|                        |           |
|------------------------|-----------|
| Target Not Met         | 0         |
| Target Almost Met      | 3         |
| Target Met             | 10        |
| Target Well Met        | 0         |
| Target Extremely Met   | 0         |
| Target Not Reported On | 0         |
| <b>Total</b>           | <b>13</b> |

### 5.2.3 Departmental Performance

|                        |           |
|------------------------|-----------|
| Target Not Met         | 12        |
| Target Almost Met      | 3         |
| Target Met             | 18        |
| Target Well Met        | 0         |
| Target Extremely Met   | 0         |
| Target Not Reported On | 0         |
| <b>Total</b>           | <b>33</b> |

### 5.2.4 Review Comment

For the period under review, **33** targets were to be achieved, of these targets **12** were not met, 3 targets were almost met, and **18** targets were met. The percentage performance of the Department of Corporate Services is at **54%**, according to the evaluation criteria on **3.1** above, the performance is unsatisfactory as it is below the required minimum of **100%**.

## 5.3 Department of Treasury Services

### 5.3.1 Summary of Results: Key Performance Area 4- Financial Management

|                        |           |
|------------------------|-----------|
| Target Not Met         | 5         |
| Target Almost Met      | 8         |
| Target Met             | 35        |
| Target Well Met        | 1         |
| Target Extremely Met   | 0         |
| Target Not Reported On | 7         |
| <b>Total</b>           | <b>56</b> |

### 5.3.2 Review Comments

For the period under review, **56** targets were to be achieved, of these targets **5** were not met, **8** targets were almost met, **35** targets were met, **1** target was well met, and **0** target was extremely met. **7** targets were not reported on as per requirement because the divisions did not submit progress reports on their divisional implementation of their service delivery and budget implementation plans.

These **7** targets are from the Chief Financial Officer's scorecard. Given the above, the percentage performance of the Department of Treasury Services is at **64%**, according to the evaluation criteria on **3.1** above, the performance is unsatisfactory as it is below the required minimum of **100%**.

## 5.4 Department of Development Planning and Social Security

### 5.4.1 Summary of Results: Key Performance Area 1- Basic Services

|                        |           |
|------------------------|-----------|
| Target Not Met         | 3         |
| Target Almost Met      | 3         |
| Target Met             | 24        |
| Target Well Met        | 6         |
| Target Extremely Met   | 5         |
| Target Not Reported On | 8         |
| <b>Total</b>           | <b>49</b> |

#### 5.4.2 Summary of Results: Key Performance Area 2-Local Economic Development

|                        |           |
|------------------------|-----------|
| Target Not Met         | 7         |
| Target Almost Met      | 0         |
| Target Met             | 8         |
| Target Well Met        | 0         |
| Target Extremely Met   | 5         |
| Target Not Reported On | 0         |
| <b>Total</b>           | <b>20</b> |

#### 5.4.3 Departmental Performance

|                        |           |
|------------------------|-----------|
| Target Not Met         | 10        |
| Target Almost Met      | 3         |
| Target Met             | 32        |
| Target Well Met        | 6         |
| Target Extremely Met   | 10        |
| Target Not Reported On | 8         |
| <b>Total</b>           | <b>69</b> |

#### 5.4.4 Review Comments

For the period under review, **69** targets were to be achieved, of these targets **10** were not met, 3 targets were almost met, and **32** targets were met, **6** targets were well met, and **10** targets were extremely met, 8 targets were not reported on. The percentage performance of the Department of Development Planning is at **67%**, according to the evaluation criteria on **3.1** above, the performance is unsatisfactory as it is below the required minimum of **100%**.

All the 8 targets not reported on are on the Director's Scorecard for the Top-Layer Service Delivery and Budget Implementation Plan.

#### 5.5 Department of Engineering Services

##### 5.5.1 Summary of Results: Key Performance Area 1- Basic Service

|                        |           |
|------------------------|-----------|
| Target Not Met         | 7         |
| Target Almost Met      | 8         |
| Target Met             | 41        |
| Target Well Met        | 1         |
| Target Extremely Met   | 0         |
| Target Not Reported On | 3         |
| <b>Total</b>           | <b>60</b> |

#### 5.2 Review Comments

For the period under review, **108** targets were to be achieved, of these targets **37** were not met, 9 targets were almost met, **40** targets were met, and **14** targets were well met, and **8** targets were extremely met. **0** targets were not reported on as per requirement because the divisions did not submit progress report on their divisional implementation of their service delivery and budget implementation plans.

Given the above, the percentage performance of the Department of Engineering Services is at **57%**, according to the evaluation criteria on **3.1** above, the performance is unsatisfactory as it is below the required minimum of **100%**.

#### 6. Performance Information Implications

It is very concerning that those 263 targets of the **399** targets have been achieved and **35** targets have not been reported on. The **263** targets met translates into a **65%** overall performance of the municipality. The implication is that the municipality's budget would not have been spent in accordance with the approved Service Delivery and Budget Implementation Plan, which is a legal transgression that would lead to an audit finding non-provision of service delivery to communities.

### 6.3 Recommendations

It is recommended that:

1. Departments meet required timelines for submission in order to ensure that proper review and assurance processes are followed before reports are submitted to council committees and council;
2. Management to provide first line of review and assurance before reports and POEs are submitted to the Office of the Municipal Manager;
3. APAC meetings to be held around the week of the 21<sup>st</sup> in order to submit correct, complete, accurate and valid reports to its meetings;
4. After the issuance of audit findings, necessary corrections be made and POEs updated accordingly to ensure that previous audit findings are addressed, and the audit opinion of the municipality is improved; and
5. That a total migration to automation be finalised, to ensure that approved indicators and targets are reported on throughout the reporting period, in order to ensure that inconsistencies are dealt with, given the covid-19 protocols, POEs to be uploaded on the system and reviewed online.