

General Compliance - Approved Budget

Municipality:

Insert the municipality name

Annexure B: High level Assessment of the Approved Budget:

2019/20

Table 1: General Compliance - Approved Budget

No.	Key Focus Areas	Yes/No / N/A	Comments (If required)
1	1.1 Was the Approved Budget and related documents submitted to Provincial Treasury within 10 working days after approval? (Printed and electronic copies)	Yes	
	1.2. Did the municipality upload the data strings for the adopted budget (ORGB) to the LG portal?	Yes	
	1.3. Did the municipality upload the IDP project detail data strings (PROR) to the LG portal?	Yes	
	1.4. Were the submitted Schedule A1 (pdf or electronic) extracted directly from the system?	Yes	
	1.5. Did the submitted Schedule A1 (schedule tabled in Council) reflect the same figures as those reflected in the submitted datastrings?	Yes	
2	Has the municipality prepared the Original Budget as per the prescribed format and content as stipulated in the MBRR? - Schedule A of MBRR?		
	Part 1 – Annual Budget		
	- Table of contents	Yes	
	- Mayors report	Yes	
	- Resolutions	Yes	
	- Executive summary	Yes	
	- Annual Budget tables (Fully completed as per prescribed Schedule A format)	Yes	
	Part 2 – Supporting Documentation		
	Explanations or descriptions of the following are required only where applicable:		
	- Overview of annual budget process	Yes	
	- Overview of alignment of annual budget with Integrated Development Plan	Yes	
	- Measurable performance objectives and indicators	Yes	
	- Overview of budget-related policies	Yes	
	- Overview of budget assumptions	Yes	
	- Overview of budget funding	Yes	
	- Expenditure on allocations and grants programmes	Yes	
	- Allocations and grants made by the municipalities	Yes	
	- Councillor and board member allowances and employee benefits	Yes	
	- Monthly targets for revenue, expenditure and cash flow	Yes	
	- Annual budgets and service delivery and budget implementation plans- internal departments	Yes	
	- Annual budgets and service delivery agreements - municipal entities and other external mechanisms	N/A	
	- Contracts having future budgetary implications	Yes	
	- Capital expenditure details	Yes	
	- Legislation compliance status	Yes	
	- Other supporting documents	Yes	
	- Annual budgets of municipal entities attached to the municipalities' annual budget	N/A	
	- Municipal Manager's quality certification	Yes	
3	Has the municipality submitted a signed budget locking certificate within 10 working days certifying that the 2019/20 Approved Budget has been locked within the municipality's financial system? • MFMA Circular 71 requires that the budget locking certificate must be submitted together with all approved budget related documents within 10 working days as per Section 24(3) of MFMA read together with regulation 20(1) of MBRR.	Yes	
4	Was the Approved Budget and related documents placed on the municipal website within 5 working days of approval in terms of Section 75 of the MFMA?	Yes	
5	Did the municipality submit a Council resolution/proof indicating that PT's comments were tabled together with the Approved Budget as requested in the Tabled Budget Assessment Letter?	Yes	
6	If the municipality has a municipal entity, was a consolidated budget prepared?	N/A	
7	Did the municipality formally respond to PT's Assessment Letter on 2019/20 Tabled Budget?	Yes	
8	Does the Approved Budget include a list of approved capital projects?	Yes	
9	Is Table SA36 fully populated and reflects GPS Coordinates, IDP goal codes etc. in the 2019/20 Approved Budget?	Yes	

No.	Key Focus Areas	Yes/No / N/A	Comments (If required)
10	Have Service Level Standards been approved with the budget by the Council as per MFMA Circular No. 75?	Yes	
11	Have all new allocations as per the DoRA, and the Provincial Gazette for 2019/20 Estimates been included in the 2019/20 Approved Budget?	Yes	
12	Is the 2019/20 Approved Budget funded? (as per Provincial Treasury's assessment)	Funded	
13	Alignment of IDP Strategic Objectives to Budget:		
	• Does the 'Total Revenue' budget for IDP strategic objectives in Table SA4 reconcile to 'Total Operating Revenue in Table A4?	Yes	
	• Does the 'Total operating expenditure' for the IDP strategic objectives in Table SA5 reconcile to 'Total operating expenditure in Table A4?	Yes	
	• Does 'Total capital expenditure' for IDP strategic objectives in Table SA6 reconcile to 'Total capital expenditure in Table A5?	Yes	

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Table 2: Budgeted Financial Performance - Operating Revenue and Expenditure - (Table A4)

Description	Tabled Budget 2019/20	Approved Budget 2019/20	Increase/ (Decrease)	mSCOA (ORGB) 2019/20	Comments
R thousand					
Revenue By Source					
Property rates	25 904	25 904	-		
Service charges - electricity revenue	39 617	40 776	1 159		Nersa approved 13.07% increase where on the tabled Budget 9.47% was used
Service charges - water revenue	-	-	-		
Service charges - sanitation revenue	-	-	-		
Service charges - refuse revenue	2 506	2 506	-		
Rental of facilities and equipment	124	124	(0)		
Interest earned - external investments	13 587	13 587	-		
Interest earned - outstanding debtors	337	337	0		
Dividends received	-	-	-		
Fines, penalties and forfeits	871	871	-		
Licences and permits	579	579	0		
Agency services	2 346	2 346	(0)		
Transfers and subsidies	96 321	96 416	95		
Other revenue	1 000	1 161	161		
Gains on disposal of PPE	-	-	-		
Total Revenue (excluding capital transfers and contributions)	183 192	184 606	1 415		
Expenditure By Type					
Employee related costs	68 526	67 114	(1 412)		Certain positions were frozen due to exceeding 40% mentioned in Circular 71
Remuneration of councillors	10 825	10 825	0		
Debt impairment	206	206	-		
Depreciation & asset impairment	8 923	8 923	-		
Finance charges	135	135	0		
Bulk purchases	36 064	37 270	1 206		13.07% was also applied to bulk purchases approved by Nersa
Other materials	1 868	1 868	(0)		
Contracted services	10 655	10 655	(0)		
Transfers and subsidies	2 941	7 692	4 751		Included in Transfers was Indigent Support, Cost of Free Basic Services and Rebates
Other expenditure	48 341	45 365	(2 976)		Expenditure was reduced because the rebates was moved from Other Expenditure to Transfers
Loss on disposal of PPE	-	-	-		
Total Expenditure	188 484	190 052	1 569		
Total Revenue (excluding capital transfers and contributions)	183 192	184 606	1 415		
Total Expenditure	188 484	190 052	1 569		
Surplus/(Deficit)	(5 292)	(5 446)	(154)		

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Table 3: Budgeted Capital Expenditure by Functional classification and funding - (Table A5) & R&M/Renewals/Upgrading - (Table SA1, A9 and SA34(b),(c)&(e))

Description	Tabled Budget 2019/20	Approved Budget 2019/20	Increase/ (Decrease)	mSCOA (ORGB) 2019/20	Comments
Capital Expenditure - Functional					
Governance & administration	3 215	3 215	0		
Executive and council	530	530	0		
Finance and administration	2 685	2 685	-		
Internal audit	-	-	-		
Community & public safety	10 800	13 530	2 730		
Community and social services	7 800	7 600	(200)		
Sport and recreation	3 000	5 930	2 930		Due to an objection on the Awarding of the Project MM decided to move the R2 930 000.00 budgeted in 2018/2019 to add to 2019/2020 because the project hasn't been awarded
Public safety	-	-	-		
Housing	-	-	-		
Health	-	-	-		
Economic & environmental services	61 467	66 767	5 300		
Planning and development	28 627	28 627	0		
Road transport	32 840	38 140	5 300		2 new Projects have been introduced on the Final Budget for ward 7 amounting to R1 million and Upgrade of Stafford Street amounting to R3 million and the Construction of Street lights
Environmental protection	-	-	-		
Trading services	11 000	15 050	4 050		
Energy sources	800	800	0		
Water management	-	-	-		
Waste water management	-	-	-		
Waste management	10 200	14 250	4 050		An additional amount of R4 million was added to the Landfill Site
Other	-	-	-		
Total Capital Expenditure - Functional	86 482	98 562	12 080		
Funded by:					
National Government	23 340	23 340	-		
Provincial Government	-	-	-		
District Municipality	-	-	-		
Other transfers and grants	-	-	-		
Transfers recognised - capital	23 340	23 340	-		
Borrowing	-	-	-		
Internally generated funds	63 142	75 222	12 080		Additional projects were added which resulted in the increase of Internal Funds. i.e Stafford Street, New Project in Ward 7 and an additional amount added to Landfill Site
Total Capital Funding	86 482	98 562	12 080		
Repairs and maintenance (Table SA34(c))	7 725	7 725	-		
Renewal of existing assets (Table SA34(b))	20 500	23 800	3 300		
Upgrading of existing assets (Table SA34(e))	-	3 000	3 000		An amount was allocated to Upgrade of existing assets for the Project Stafford Street, as it is required that municipalities assets be upgraded
Total Renewal and upgrading of Existing Assets	20 500	26 800	6 300		

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Table 4: Budgeted Cash Flow - (Table A7)

Description	Tabled Budget 2019/20	Approved Budget 2019/20	Increase/ (Decrease)	mSCOA (ORGB) 2019/20	Comments
R thousand					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	25 904	22 774	(3 130)	-	A correct calculation was applied of 86% collection rate was applied on the approved budget whereas as in the Tabled budget we had incorrectly stated that it was 100%
Service charges	42 123	42 673	551	-	
Service charges - electricity revenue (Table SA30)	39 617	40 368	751	-	
Service charges - water revenue (Table SA30)	-	-	-	-	
Service charges - sanitation revenue (Table SA30)	-	-	-	-	
Service charges - refuse revenue (Table SA30)	2 506	2 305	(200)	-	
Other revenue	4 919	5 080	161	-	
Rental of facilities and equipment (Table SA30)	124	124	(0)	-	
Fines, penalties and forfeits (Table SA30)	871	871	-	-	
Licences and permits (Table SA30)	579	579	0	-	
Agency services (Table SA30)	2 346	2 346	(0)	-	
Other revenue (Table SA30)	1 000	1 161	161	-	
Government - operating	96 321	96 416	95	-	
Government - capital	23 340	23 340	-	-	
Interest	13 924	13 924	0	-	
Interest earned - external investments (Table SA30)	13 587	13 587	-	-	
Interest earned - outstanding debtors (Table SA30)	337	337	0	-	
Dividends	-	-	-	-	
Payments					
Suppliers and employees	(185 202)	(173 097)	12 105	-	
Employee related costs (Table SA30)	(58 526)	(71 114)	(12 588)	-	Certain positions were frozen due to exceeding 40% mentioned in Circular 71
Remuneration of councillors (Table SA30)	10 825	10 825	(0)	-	
Bulk purchases (Table SA30)	(44 967)	(67 270)	(22 303)	-	13.07% was also applied to bulk purchases approved by Nersa
Other materials (Table SA30)	1 868	1 868	0	-	
Contracted services (Table SA30)	(10 655)	(10 655)	-	-	
Other expenditure (Table SA30)	(45 341)	(45 341)	-	-	Expenditure was reduced because the rebates was moved from Other Expenditure to Transfers
Other Cash Flows/Payments (Table SA30)	-	-	-	-	
Finance charges	(206)	(135)	71	-	
Transfers and Grants	(2 941)	(7 692)	(4 751)	-	Included in Transfers was Indigent Support, Cost of Free Basic Services and Rebates
NET CASH FROM/(USED) OPERATING ACTIVITIES	18 183	23 284	5 102	-	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	-	
Decrease (Increase) in non-current debtors	-	-	-	-	
Decrease (Increase) other non-current receivables	-	-	-	-	
Decrease (Increase) in non-current investments	-	-	-	-	
Payments					
Capital assets	(86 482)	(98 562)	(12 080)	-	Additional Projects have been Introduce in the Final Inputs of the Approved Budget
NET CASH FROM/(USED) INVESTING ACTIVITIES	(86 482)	(98 562)	(12 080)	-	
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	
Payments					
Repayment of borrowing	(135)	-	135	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(135)	-	135	-	
NET INCREASE/ (DECREASE) IN CASH HELD	(68 434)	(75 278)	(6 843)	-	
Cash/cash equivalents at beginning:	164 834	84 682	(80 152)	-	
Cash/cash equivalents at year end:	96 400	9 404	(86 995)	-	

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Table 5 - Cash backed reserves/accumulated surplus reconciliation - (Table A8)

Description	Tabled Budget 2019/20	Approved Budget 2019/20	Increase/ (Decrease)	Comments
R thousand				
Cash and investments available				
Cash/cash equivalents at the year end	96 400	9 404	(86 995)	
Other current investments > 90 days			-	
Non current assets - Investments			-	
Cash and investments available:	96 400	9 404	(86 995)	
Applications of cash and investments				
Unspent conditional transfers	200	200	-	
Unspent borrowing	-	-	-	
Statutory requirements			-	
Other working capital requirements	(23 099)	(21 666)	1 433	
Other provisions		7 177	7 177	In the population of the draft budget provisions were not budgeted for and was advised by
Long term investments committed	-	-	-	
Reserves to be backed by cash/investments		9 743	9 743	In the population of the draft budget provisions were not budgeted for and was advised by
Total Application of cash and investments:	(22 899)	(4 546)	18 353	
Surplus(shortfall)	119 299	13 950	(105 349)	

