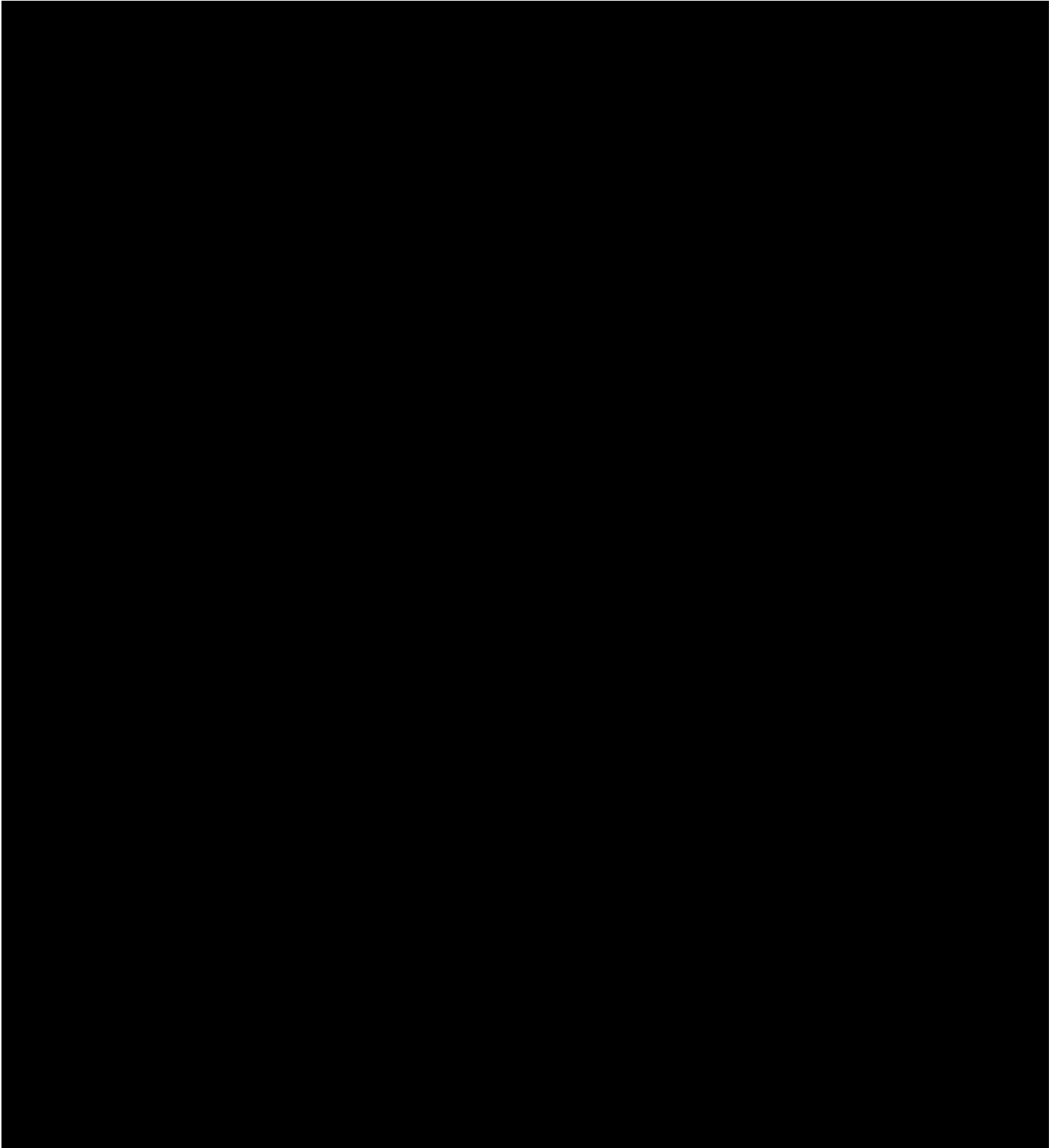
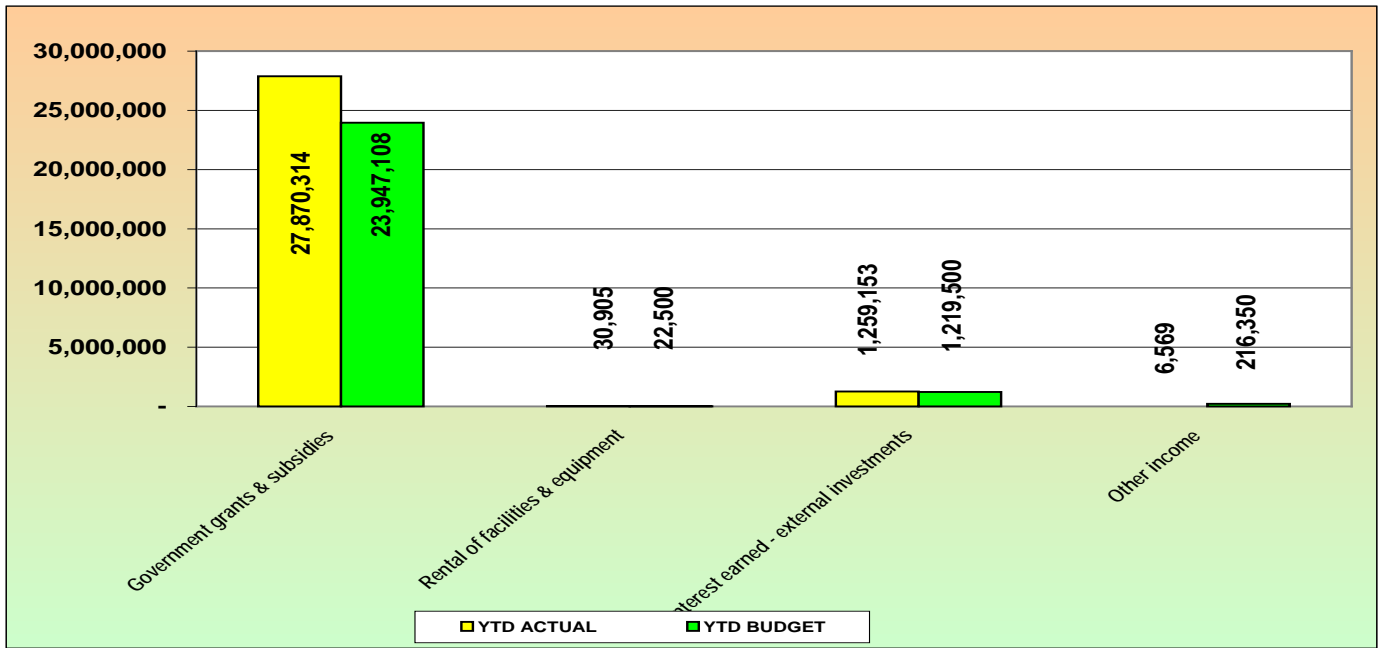


1. FINANCIAL POSITION



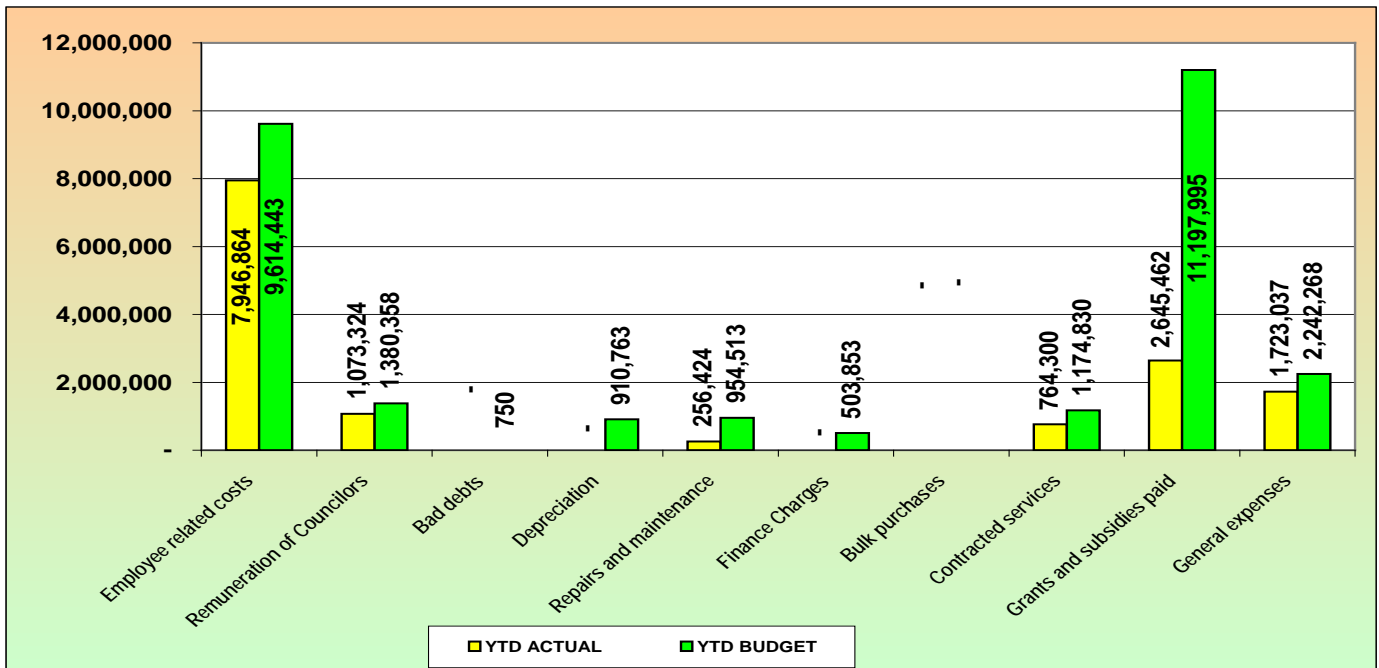
2. **FINANCIAL PERFORMANCE**

Revenue by Source (YTD):



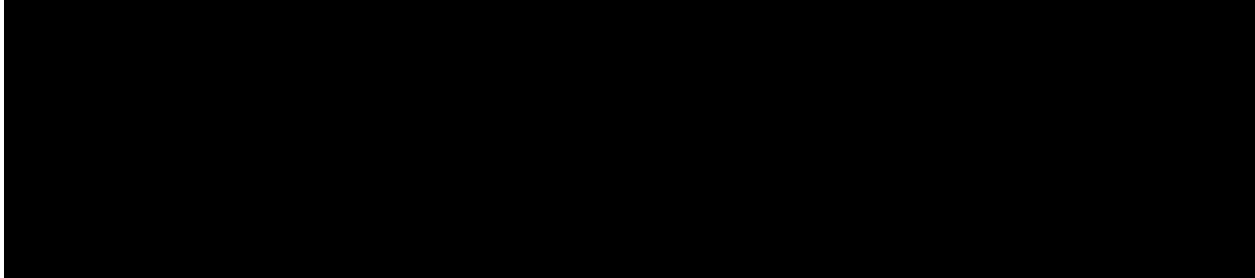
The positive variance on Grants and Subsidies is mainly due to receiving equitable share grant in advance for the first quarter ending 30 September 2011.

Expenditure per classification (YTD):



For this financial year, expenditure is restricted to necessary activities per approved budget & service delivery plans, operating expenditure limit approved by Council and money that we realistically expect to collect. Adequate controls are in place to ensure that overspending does not occur.

Salaries: A summary of the actual salaries paid versus the approved budget allocation is as follows:



The positive variance on budgeted remuneration is due mainly to the budgeted number of vacancies on the staff structure not filled accordingly.

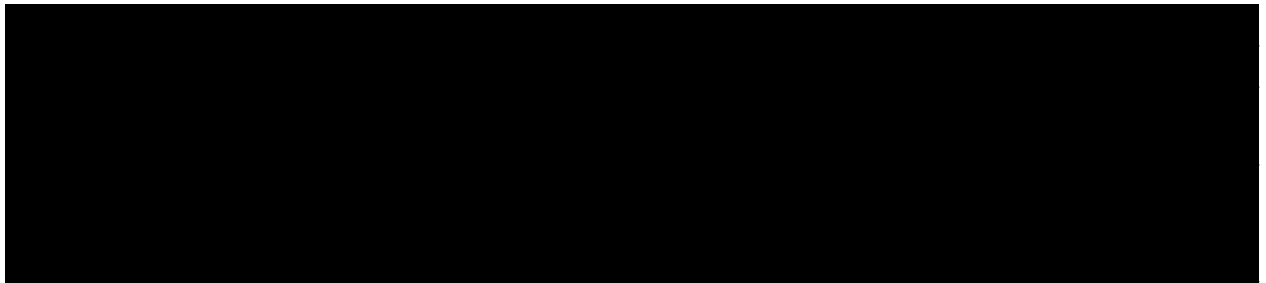
Depreciation: Currently there is no movement on depreciation, a service provider has been appointed to assist with the unbundling of the assets to get the fair value of the assets so as to comply with GRAP. The information is being downloaded on the financial system and will be reported on in due course.

Repairs and Maintenance: Apart from standard service contracts, planned or expected maintenance costs incurred during this financial year are mainly in the area of computer software licenses renewal.

Grants and Subsidies: All project payments, whether capital infrastructure or community development in nature, whether funded internally or externally, are included.

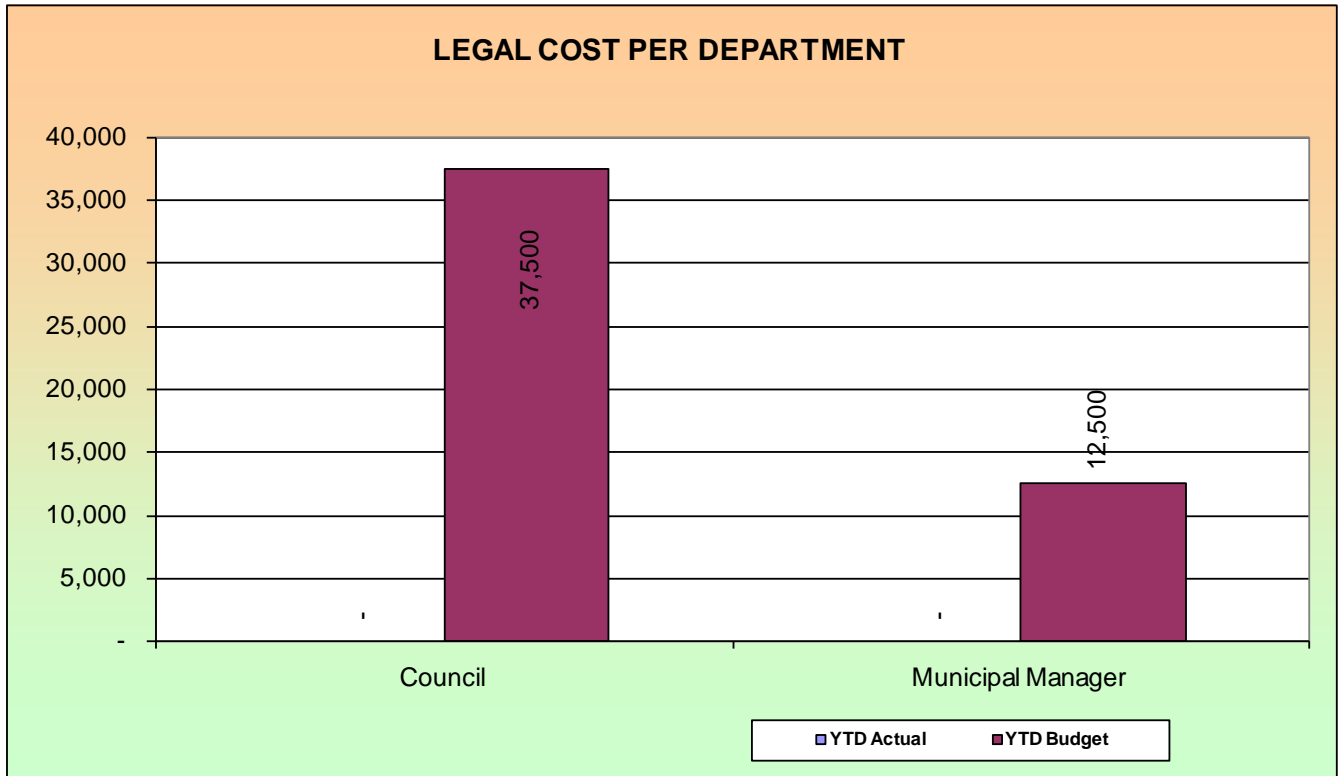
Projects that were not completed during the previous year-end have been rolled over to the new financial year for completion from the accumulated surplus / deficit or applicable unspent grant funding accounts.

Progress on actual expenditure on infrastructure and development projects, in comparison with the budget, is:



General Expenses: Actual expenses are expected to increase as planned activities per service delivery and budget plans gain momentum.

Legal Costs per Department: A summary of the actual legal costs paid versus the approved budget is as follows:

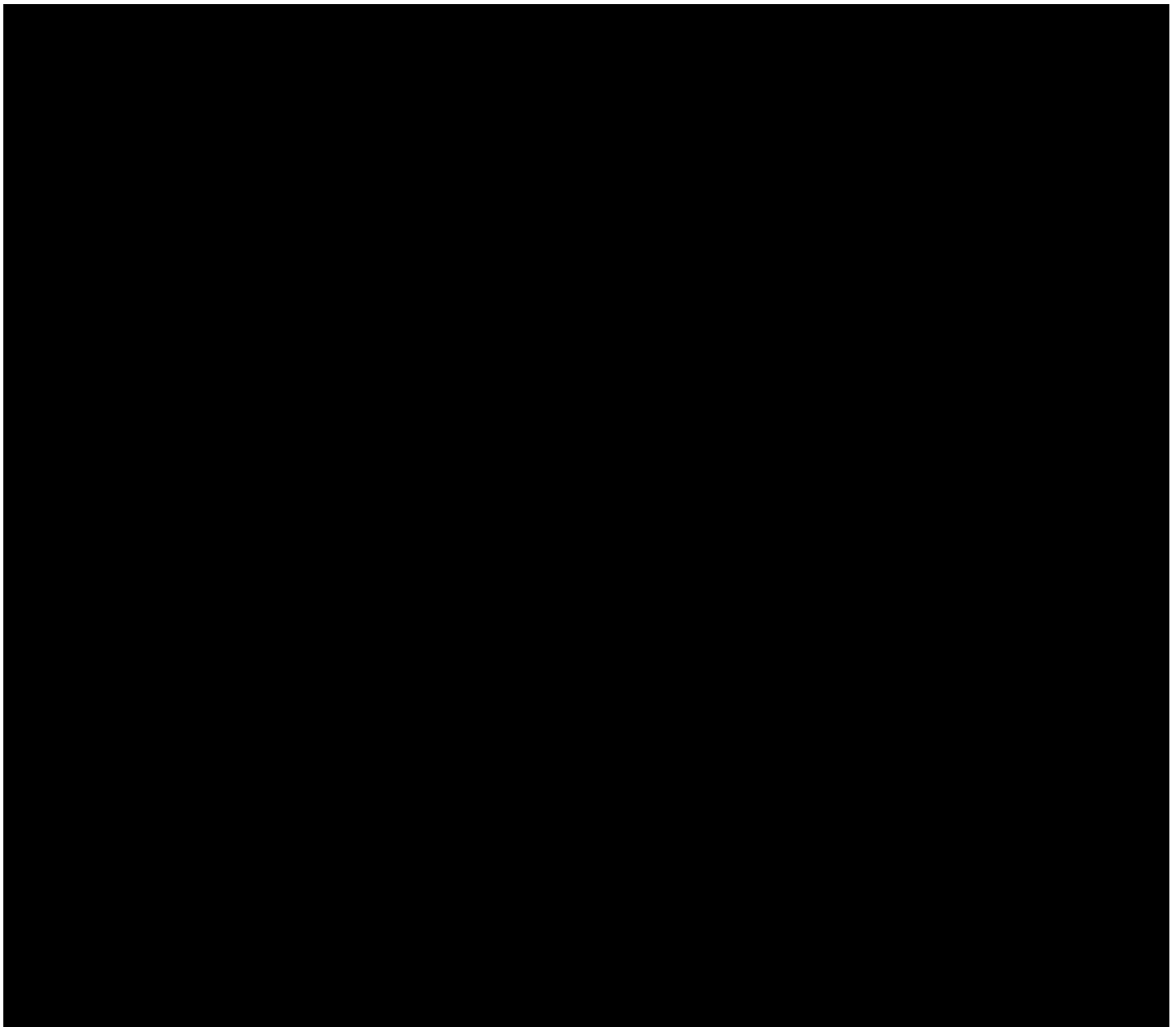


The actual spending on legal costs reflects mainly for spending needs identification. The total budget allocation for the 2011/12 financial year is R 200 000.

Projected Operating Results:

Explanation regarding any significant projected positive or negative variances more than 10% versus the approved budget:

Please refer to next page

***EXPENDITURE PER VOTE:***

Interim results per approved business plans and budget for the financial year under review:

- ***Executive and Council:***

There is serious concern regarding spending trends. Should this continue, funds will be exhausted well before the end of the financial year. Depicted below is an indication of what has been spent during the second month of the financial year and what is committed for September 2011:

98% of Vote Printing and Stationery
38 % of Vote Conferences and Seminars
43 % of Vote Accommodation Councillors

46% of Vote Transportation Councillors
72% of Vote Motor Vehicle Usage
25 % of Vote Sundry Expenses
26 % of Vote Entertainment – Council

Please note that as per direction from National Treasury, the current budget is based on an increase of 6% of spending capacity on the previous financial years' budget. Although an Adjustments Budget may be passed mid-year, it should be borne in mind that this may only realise should there be savings within Council's vote and only applies to the operational budget.

- **Finance & Administration:**

Expenditure of finance & administration is less than the projected budget by 22.77% primarily in the areas of interest on external loan; audit fees; maintenance of software, buildings, office equipment grounds & fencing; development of IT governance & service management framework; computer software; Employee Assistance Programme; advertising recruitment; relocation costs; training and property rates.

Approved vacant posts of assistant accountant, accountant and records manager still has to be filled.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses.

- **Planning & Development:**

Expenditure of planning & development is less than the projected budget by 28.04% primarily in the areas of computer software maintenance and review and implementation of the IDP.

Most MSIG Projects have not started yet.

Remedy: Most of the special projects are in the planning phase of implementation.

- **Spatial Planning**

The under spending is primarily in the area of consulting and general expenses.

Remedy: Appointment of a consultant for the valuation and transfer of property is in progress and is likely to be completed by mid-November 2011.

- **GIS**

Projects' relating to capturing of water infrastructure data and the establishment of a township has yet to start. These projects are in the tender process of implementation.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses.

- **Project Management & Advisory Services**

Most of the infrastructure projects have not started as yet.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses.

- **Health:**
Expenditure of health is less than the projected budget by 18.72%.
Most of the special projects are in the planning phase of implementation.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses.

- **Community & Social Services:**
No expenditure relating to community development will be reported on as there is no budget relating to community & social service activities.
- **Public Safety:**
Expenditure of public safety is less than the projected budget by 16.25% primarily in the areas of maintenance of emergency, radio, & office equipment as well as special projects.
- **Housing:**
Expenditure of housing is less than the budget by 15.18% primarily in the areas of consultancy and special projects.

Remedy: Expenditure of the housing unit is limited to the actual revenue received year-to-date.

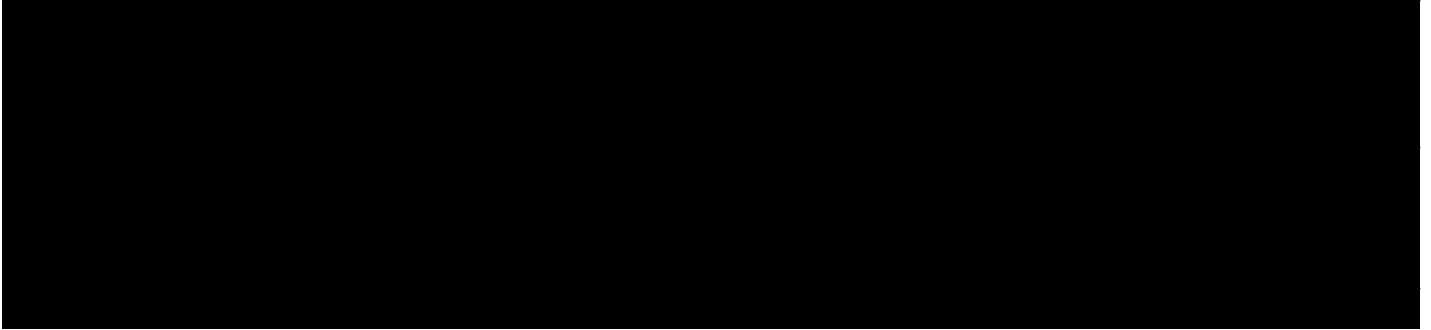
EXPENDITURE ON SPECIAL PROJECTS PER VOTE:

- **Council & Executive**



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- Finance & Administration

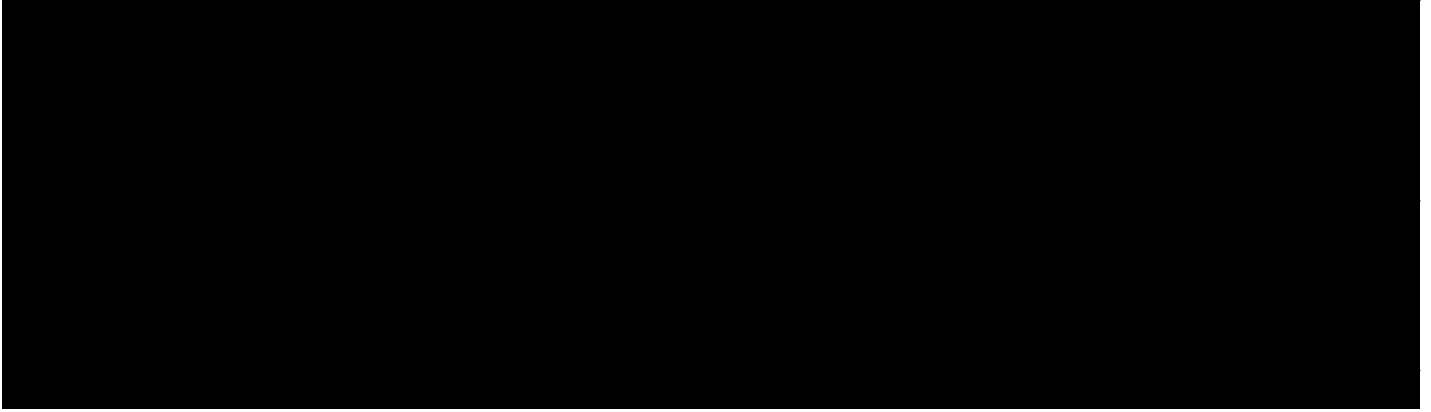


- Environmental Health

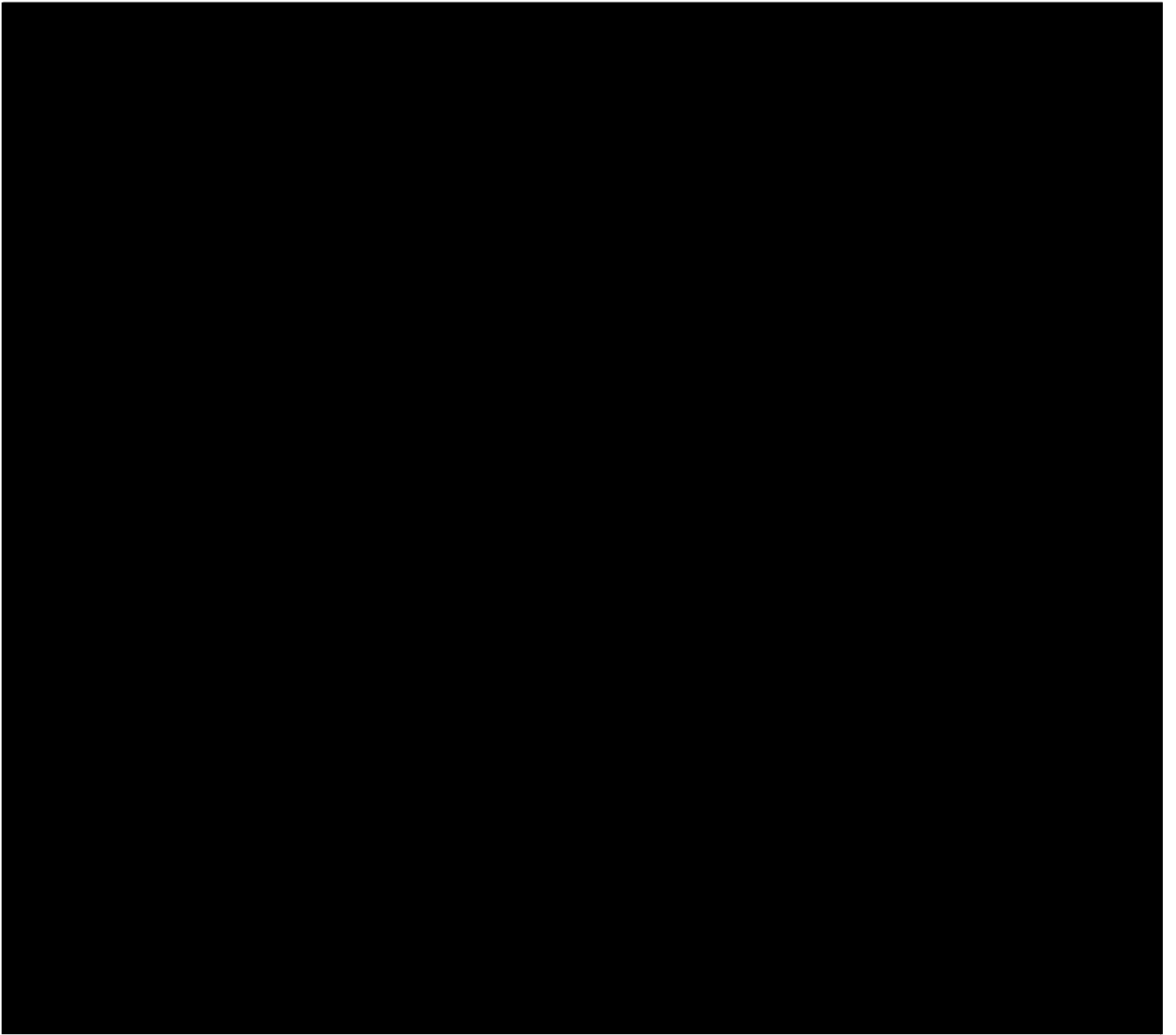


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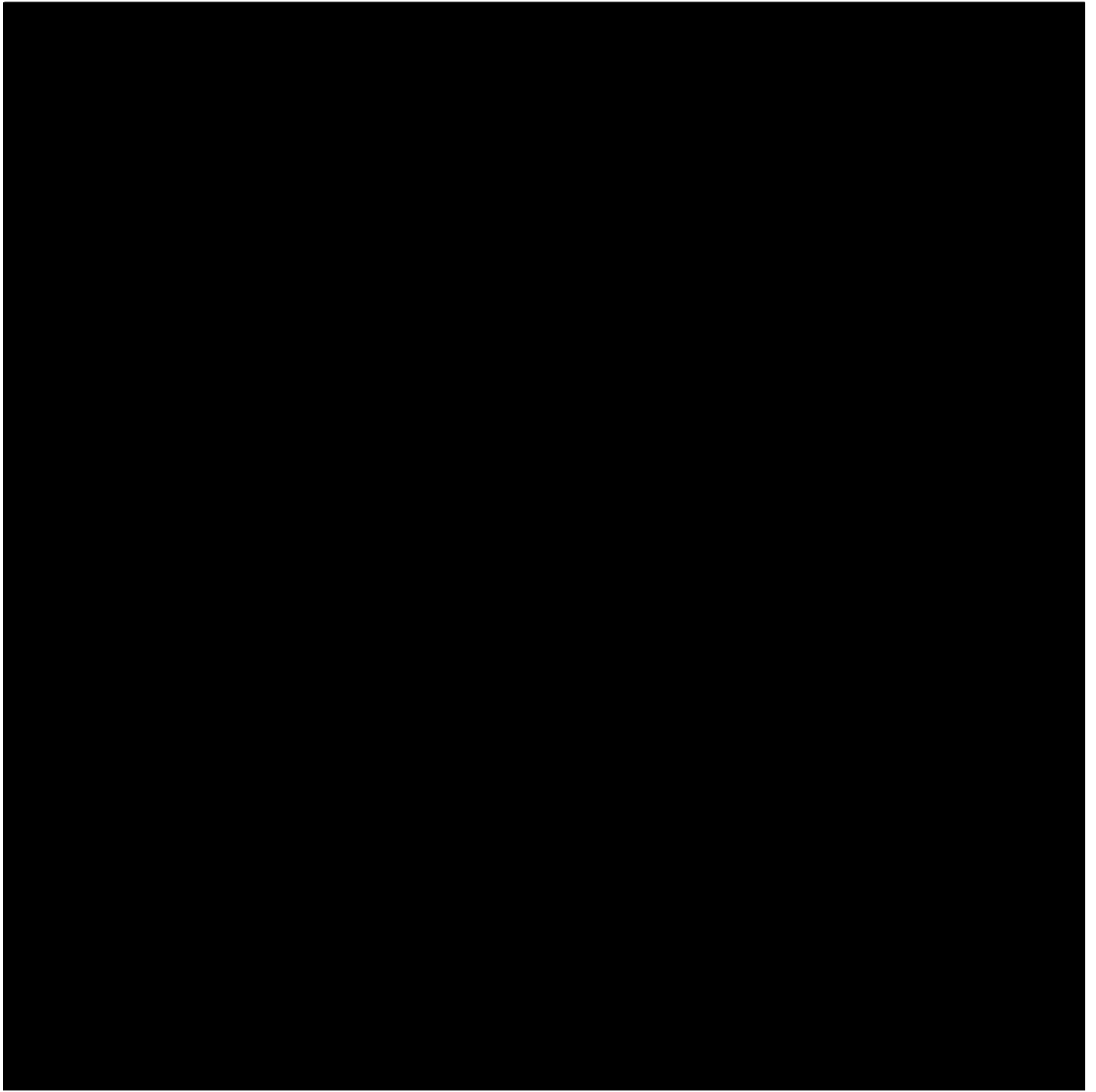
- Planning & Development



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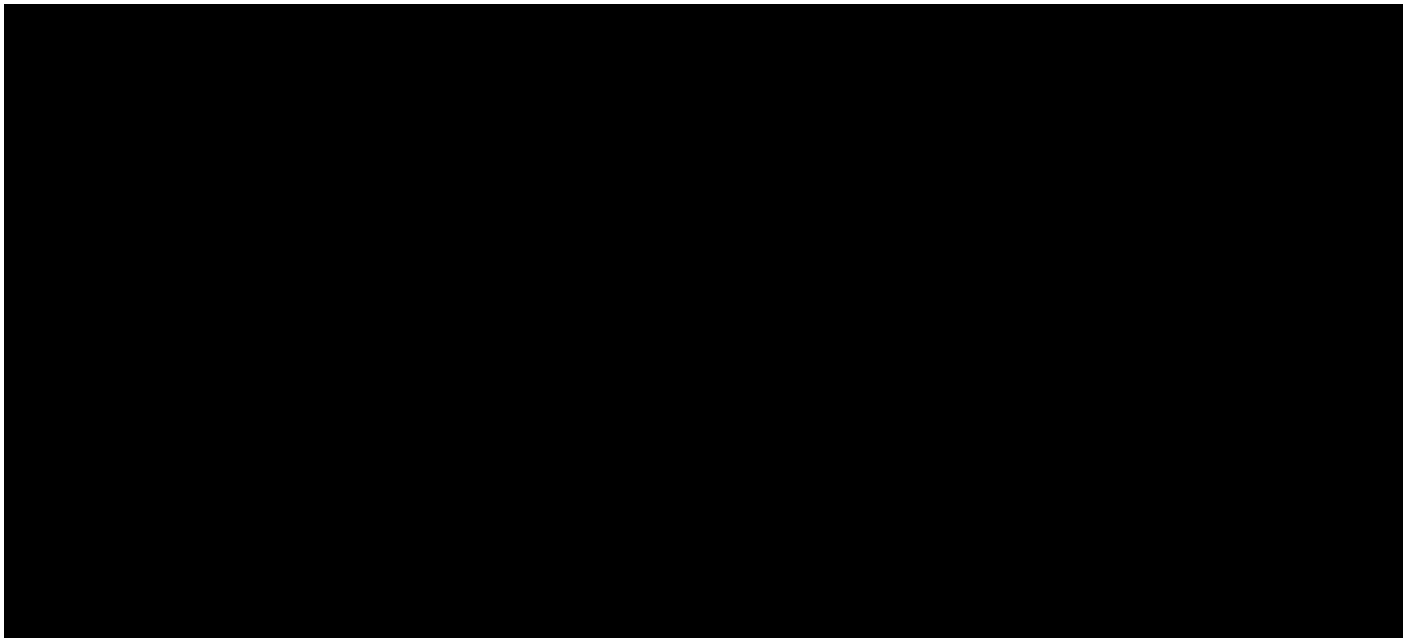
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FIRE FIGHTING / DISASTER MANAGEMENT**Projected Capital Expenditure Results:**

A detailed projection of capital expenditure per vote as well as variances reflected in rand value and / or percentage follows:



Expenditure on capital acquisition is 16% as compared to the full year projected budget, with 9.13% being committed at the period of reporting.

Computer Equipment

- 8% of computer equipment has been acquired to date as compared to the projected capital budget resulting in an under spending of R503 246.

Office Equipment

- No office equipment has been acquired to date resulting in an under spending of R4 400.

Furniture and Fittings

- 5% of the furniture and fittings have been acquired to date as compared to the projected capital budget resulting in an under spending to the value of R58 802.

Motor Vehicles

- 37% of the motor vehicles have been acquired to date as compared to the projected capital budget resulting in an under spending to the value of R303 862.

Plant & Equipment

- No plant & equipment has been acquired to date resulting in an under spending of R1 266 600.

Buildings & Facilities

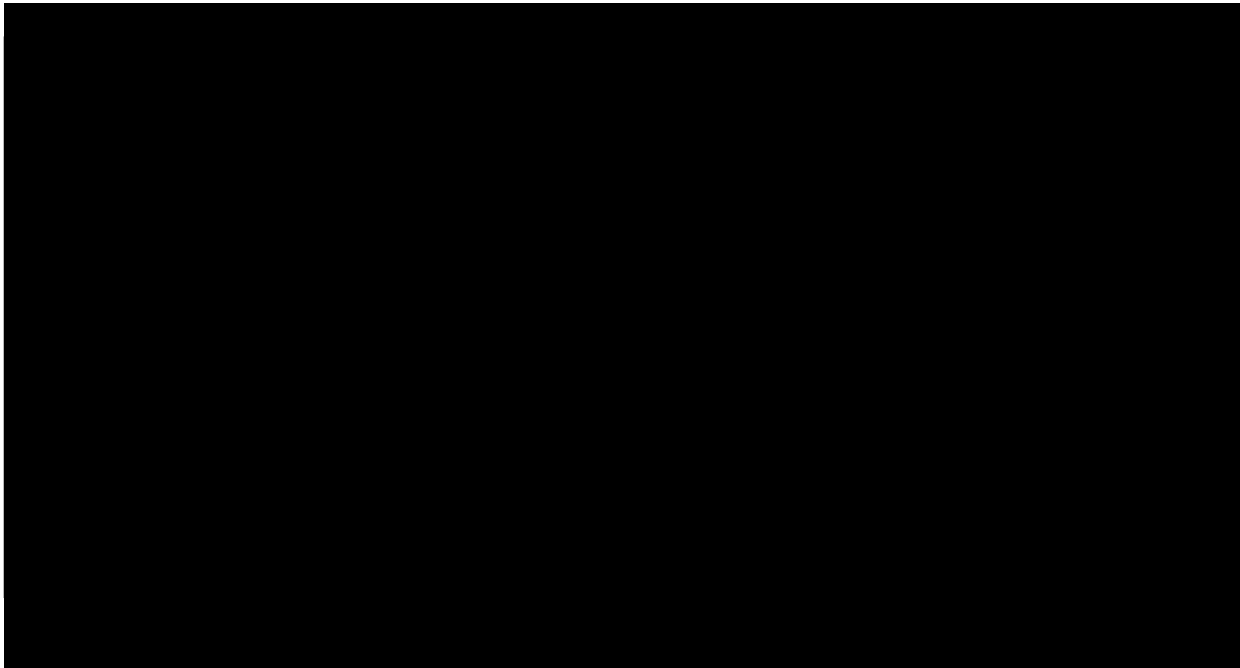
- 7% of buildings & facilities has been spent to date on alteration and renovations resulting in an under spending of R1 053 000. Alteration of the recreational hall is in progress.

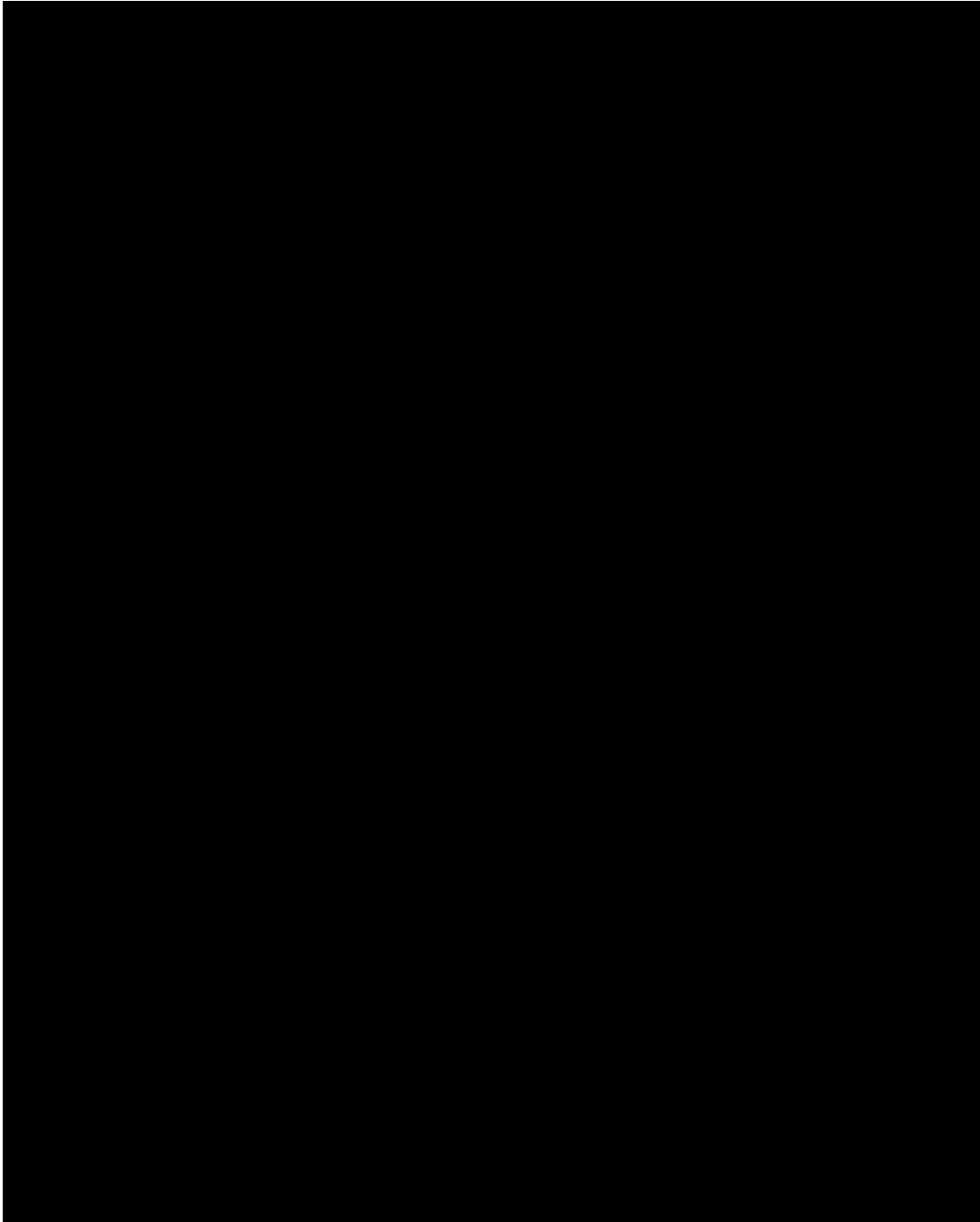
Grant Funding:

External funding account balances reflect transfers to revenue adequate to cover the relevant operating or capital expenditure for which the funds have been received.

Grant funding is reflected as unspent grants where relevant, with revenue transferred to the income statement as expenditure is incurred.

A summary of grant fund movements is set out below:

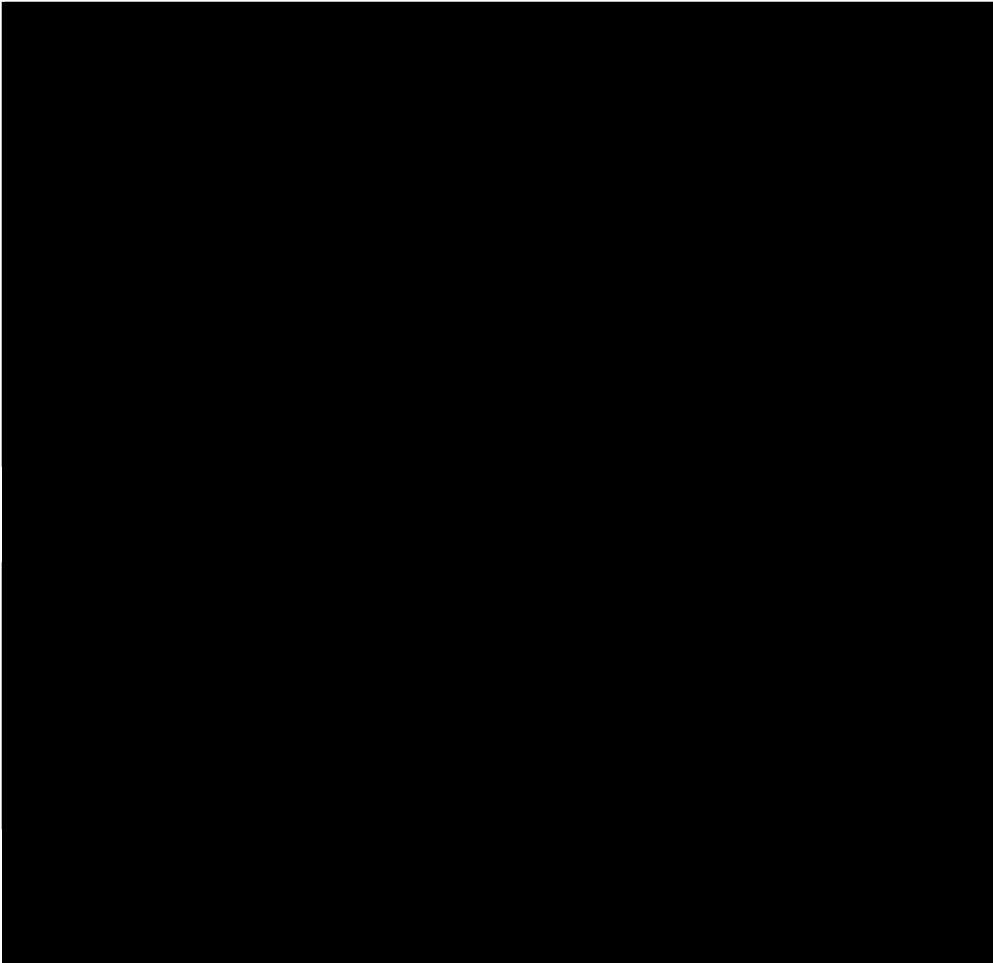


3. CASH AND INVESTMENT**Cash Flow Statement**

Cash flow for the period ended 30 September 2011 reflects a positive amount of R20m as a result of receiving Equitable Share Grant in advance for the first quarter ending 30 September 2011.

Cash Balances:

The following bank and investment balances were held at the reporting date:



Surplus cash is invested at approved banking institutions in accordance with current cash and investment policy.

4. REVENUE AND DEBT COLLECTION MANAGEMENT**• *Sundry Debtors:***

Council's debtors consist of three main groups, namely:

- Provincial or Local government bodies for services rendered to or on behalf of these bodies,
- Ex-employees entitled to post-service benefits,
- Other entities by way of service delivery for which costs are to be recovered.

Matters reported below are in respect of debts outstanding in excess of 90 days on the effective reporting date.

- ***Provincial and Local Government - Department of Roads***

The roads agency function has been terminated on 01 July 2011 and the balance on the Agency Loan Account – Roads is R1 019 926. The matter has been followed up with the Department of Roads & Public Works.

- ***Post-Service Benefits***

Debtors are being managed in terms of the approved credit control policy. No significant difficulties are evident at present. Management of these debtors has improved with the aggressive application of the credit control policy. A large portion of the post-service benefits will be recovered from Department of Roads and Public Works and the matter will be finalized in due course.

- ***Sundry Debtors***

No difficulties are experienced due to the fact that strict credit control procedures are applied in terms of Council's Credit Control Policy. The only outstanding debts reflected for more than 90 days as at 30 June 2011 is Department of Safety & Liaison R5 014.14 and H P O Duvenhage R1 783-58 (requested road to be bladed). HPO Duvenhage's account will be transferred to Department of Roads and Public Works.

Debts are continuously monitored and reviewed and adequate controls are in place according to approved policies.

The DMA has fallen away, however transfer of the assets, revenue and expenditure linked to this will occur within the second quarter of this financial year. Hence we have reflected information in this report.

- ***Water Service Debtors – Koopmansfontein***

The outstanding debt that is in the 90days + zone for the month of September 2011 is R958.48.

- ***Sanitation and Refuse Debtors – Koopmansfontein***

The outstanding debt that is in the 90days + zone for the month of September 2011 is R514.95 including VAT.

- ***Property Rates***

Outstanding debt that is in the 90days + zone amounts to R165 627.58 as at 30 September 2011.

5. EXPENDITURE MANAGEMENT

The expenditure section continued to administer, manage, assess and improve creditors, salaries and sundry payments subject to internal prescriptions.

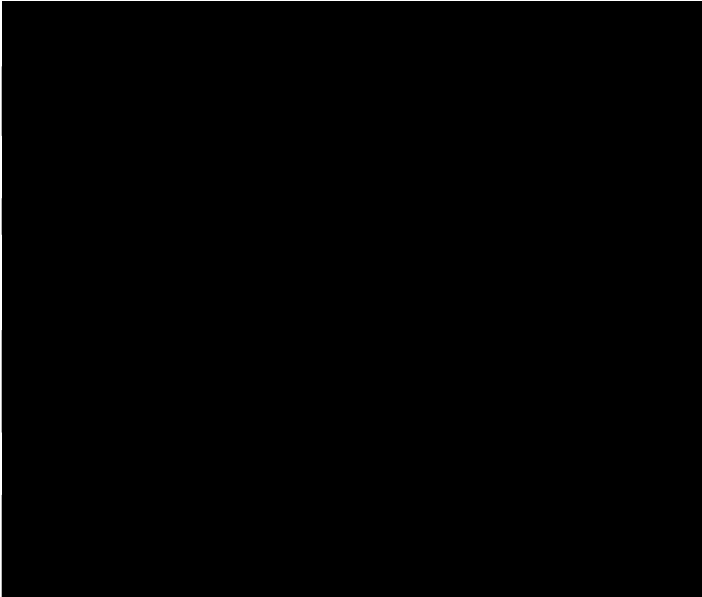
Salary Payment:

Salary payments are under adequate control and take place according to approved policies and agreement in terms of the Bargaining Council.

Salary increases of 6.08% for staff have been implemented in August 2011 back-dated from July 2011.

Trade Creditors:

Council purchases and payments to creditors are under adequate control. There are no orders and invoices that are more than 30 days old and unpaid.



Expenditure controls are continuously being re-evaluated and tightened up to allow closer monitoring of daily purchases, order transactions and the extension of budgetary control over departmental activities.

Supply Chain Management:

Although council adopted a new procurement policy effective from 1 January 2008 a number of issues still impact negatively on the effective implementation of the mentioned policy. The following are some of the issues that still need attention in order to ensure full compliance as stipulated in the policy:

- The development and implementation of a new centralized procurement procedure has started and is in line with the SCM policy. Monitoring is on an ongoing basis and as problems arise, they will be dealt with.
- Amendment and procedures with regard to the tender committee system (Specification, Evaluation and Adjudication Committees) still needs attention. Monitoring is on an ongoing basis and as problems arise, they will be dealt with.
- Putting systems in place to monitor and report on supply chain management as required per approved policy has started as from 1 April 2008. Monitoring is on an ongoing basis and as problems arise, they will be dealt with.

As Council reserves its right to maintain oversight over the implementation of the Supply Chain Management Policy and is empowered to make Supply Chain policy within the ambit of the applicable legislation, the following is hereby reported as stipulated in the SCM policy for the period July 2011.

Implementation of the Approved Supply Chain Management Policy:

The approved Supply Chain Management Policy of 30 November 2005 as amended on 27 November 2007 is implemented and is maintained by all relevant role players as from 01 April 2008.

Implementation of the Supply Chain Management Process.

- Supply Chain Management Training

No training was provided or attended by supply chain personnel for the month of September 2011.

- Demand Management

Bids and quotations were invited in accordance with the Supply Chain Management Policy. Bid documents used were customised, standard bid documents prescribed by National Treasury. All preconditions were enforced during the opening of bids including the verification on Tax Clearance Certificates issued by SARS.

- Acquisition Management

For the period of September 2011, four contracts (R200 000+) were awarded by the Bid Adjudication Committee.

- Building alterations: Mojalefa Trading – R668 736.17
- Water Service Infrastructure: Thomason Consulting – R917 890.00
- Construction of 22.58 km power line: Bafana Bafana Electrical – R2 140 991.80
- Project manager for refurbishment of sand filters at Barkly West water treatment works: Thomason Consulting – R249 375.00

For the period of September 2011, no written price quotation (R30 000-R200 000) was awarded by the Acting Municipal Manager.

The value of orders issued for the period ending 30 September 2011 total R2 847 019.78 (*See Annexure “A”*)

Orders per department

Council and Executive	R40 098.54
Municipal Manager	R10 064.14
Finance	R32 489.47
Administration	R32 827.32
Planning and Development	R101 472.06
Technical Service	R2 630 068.25

- Disposal Management

No disposals took place for the month of September 2011.

- Deviations

No deviation was approved by the Acting Municipal Manager.

- Issues from Stores

Total orders issued R29 700.14

Issues per department

Council and Executive	R0.00
Municipal Manager	R689.77
Finance	R2 961.85
Administration	R14 456.45
Planning and Development	R2 220.23
Technical Service	R9 371.84

- List of accredited service providers

The supplier's database is updated daily.

Internal Provisions:

Council has internal liabilities related to personnel bonuses, performance bonuses, leave, post employment health care, pension and long service awards provisions. These liabilities are adequately provided for and are included under Provisions in the Statement of Financial Position and these provisions are properly backed by cash reserves where applicable.

ASSET AND RISK MANAGEMENT

Insurance:

All Council assets are adequately insured with Alexander Forbes over a 3 year period. The insurance portfolio / costing was reviewed and implemented in July 2011.

Asset Inventory:

TAT I-Chain Asset Management System has been implemented. The next asset stock take is scheduled for October 2011 as per requirement of Councils' Asset Management Policy.

Information Backup:

All shared data on the internet system (*O & P drives only*) is backed up on the server with a further daily tape backup kept on the premises. System users are responsible for ensuring that data backup and maintenance is carried out with regard to their specific usage. General ledger and associated financial system data is backed up on the network server tape system.

The implementation and use of the new “e-Venus” financial system has started on 1 July 2009 with minor hiccups, but the problems identified are being attended to. A daily backup is done as well as a day end procedure to integrate the day’s transactions.

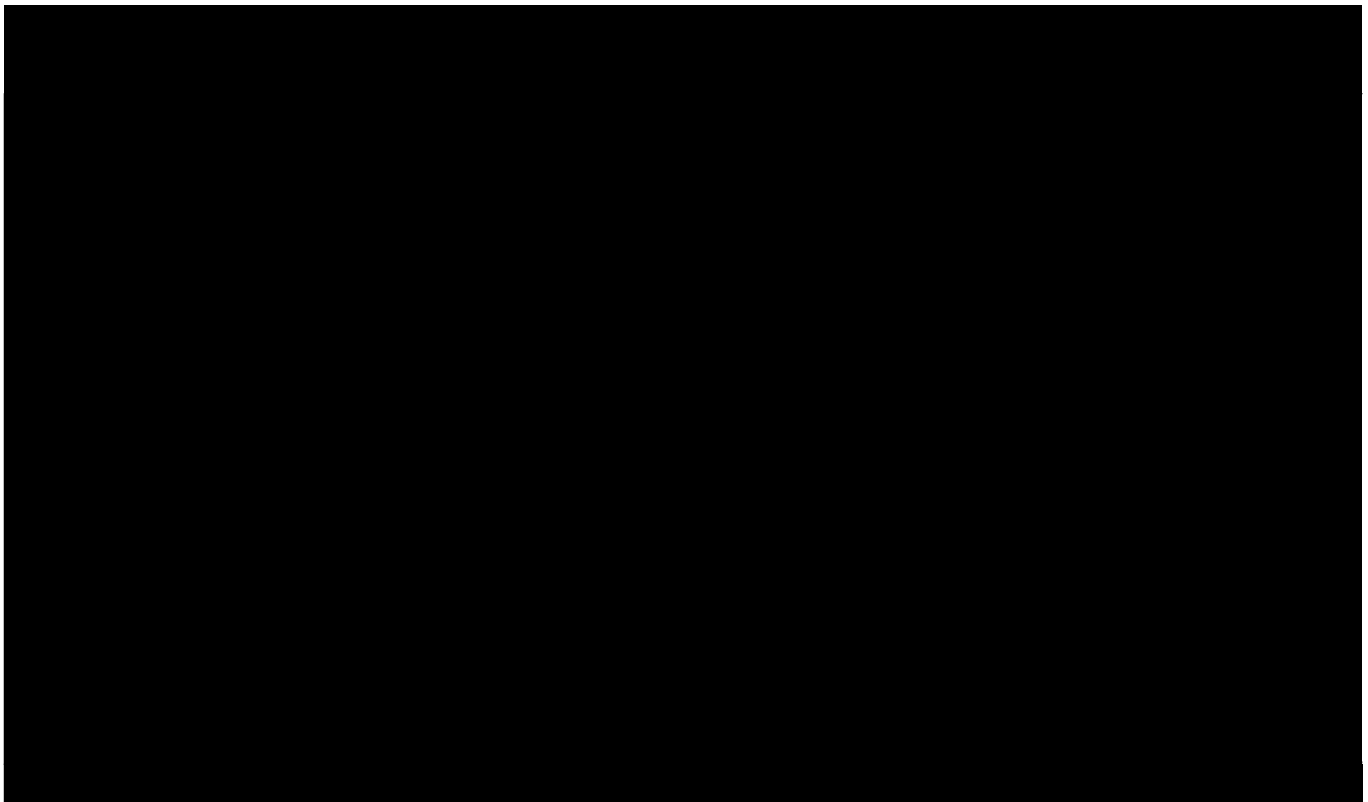
A monthly calendar (on the last working day of each month) and financial (a few days after month end to accommodate financial transactions pertaining to the month closed) backup and integration including closing of votes and opening thereof in the new month is done.

The Blueprint System has been fully implemented. The system is an aid to managing projects. Monitoring is enhanced and implementation of projects is accelerated. Because each project has been allocated with different vote numbers, each manager will be responsible for monitoring and reporting on the progress of projects within the ambit of his/her department. This is a total deviation as to the management of projects in the past.

Motor Vehicles - Utilization Statistics:

Council operates a pool of 21 vehicles as part of its routine activities.

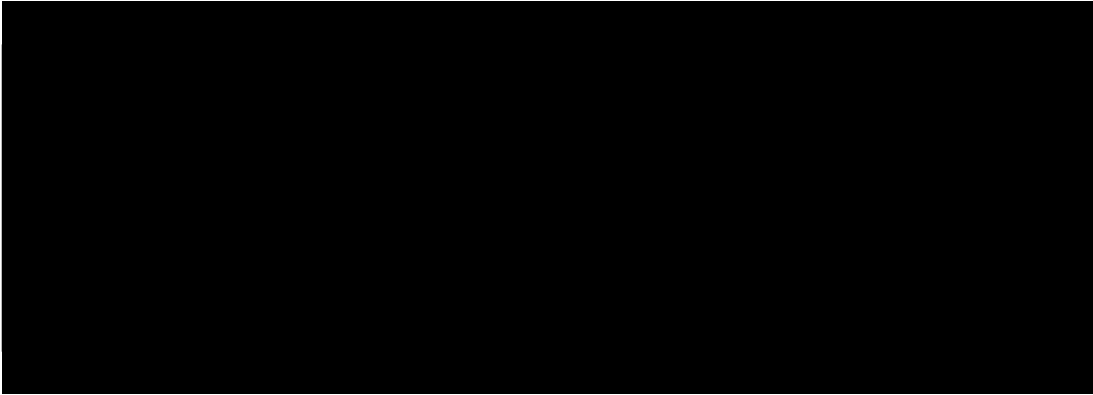
Statistical information regarding the year-to-date utility for September 2011 is as follows:



Toyota corolla registration number BZP 440 NC is in for gearbox repair and Toyota corolla registration number BXL 799 NC was involved in an accident and is also in for repairs.

Motor Vehicle: Operating Cost

The actual operating costs of Council motor vehicles incurred for the year to date as required in terms of the newly adopted motor vehicle fleet policy are set out below:



- ***Motor Vehicle Damage Report***

No motor vehicle was damaged for the month of September 2011.

Motor Vehicle Tracker System

A new vehicle tracker system was installed on 22 December 2010 in all council's pool vehicles by Altech Netstar. A presentation of the system by Altech was done during the joint management meeting held on 18 February 2011. All staff has been briefed about the system.

7. FINANCIAL REPORTING AND BUDGETING***Budget Process:***

The budget process plan in respect of the 2011/12 financial year has been submitted to the Executive Mayor for approval on 27 July 2011 and has also been given to National Treasury.

Monthly Reporting

Monthly financial reporting as per DoRA and MFMA requirements to Council, National & Provincial Departments and other stakeholders have been adequately adhered to for the month under review.

Financial Statements for the Year-ended 30 June 2011

The Annual Financial Statements for the year ended 30 June 2011 was submitted to the Audit Committee and to the Auditor General on 31 August 2011 for Auditing. Audit Committee meeting took place on 29 August 2011 to review and give input on the submission of the 2010/11 Financial Statements. It is expected that the Draft Audit Report will be provided during November 2011.

8. MFMA IMPLEMENTATION OVERSIGHT

Council's progress on the implementation of the MFMA proceeds according to set targets and due dates determined for a medium capacity municipality.

A comprehensive oversight report on the progress of implementation and compliance per MFMA requirements is attached as *Annexure "B" and "C"* to this report.

- *Support to Local Municipalities*

No support was rendered to local municipalities.

9. PERSONNEL

Personnel Attendances:

Personnel attendance in the workplace for September 2011 averages 83%. The reason for the deviations is mainly due to study, annual, family responsibility and sick leave.

Attendance trends are summarized as follows:



Personnel Development:

No training was attended during the month of September 2011.

11. INTERNSHIP PROGRAMME

As per National Treasury regulations, five Finance Interns were appointed (four on 15 February 2010 and one on 01 March 2010). The aim of the programme is to capacitate Finance graduates to eventually be able to fill CFO and other financial posts in municipalities. Their appointment is for a period of 24 to 36 months depending on completion of the programme.

They are being assisted in completing a personal development plan (PDP) and a Portfolio of Evidence (POE) as per NT guidelines. Meetings are held regularly with Interns to discuss their progress and problems they may experience.

A training schedule has been drawn up. It is envisaged that they be exposed to all functions within a municipality.

All Interns have assisted with the year end process for the 2010/2011 financial year. They have assisted with the scheduled asset stock take.

Various financial reconciliations have to be done on an ongoing basis and the Interns have been given this task with various personnel responsible for these reconciliations, as their mentors.

All Interns are attending the Municipal Finance Management Programme and they have completed the MFMA DVD learning programme.

CONCLUSION

According to the results presented above for the period ending 30 September 2011, Council maintains a healthy financial position with respect to its cash and reserves.

DIRECTOR: FINANCE