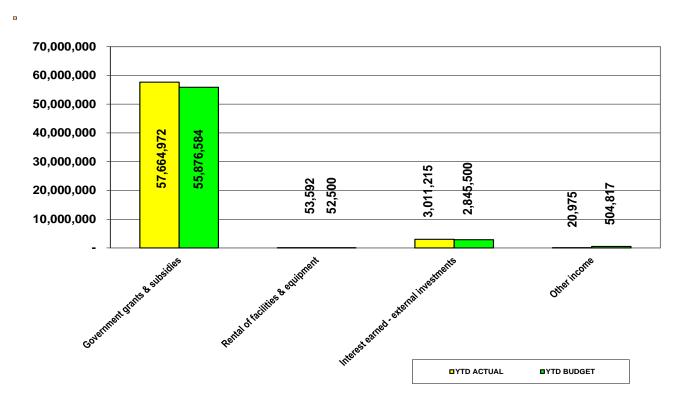
1. <u>FINANCIAL POSITION</u>

STATEMENT OF FINANCIAL POSITION	31 January 2012	Jun-11
	R	R
NET ASSETS AND LIABILITIES		
7.4.4	107 (79 510	06107066
Net Assets	107,678,519	86,187,966
Capital Replacement Reserve	3,208,990	4,411,867
Revaluation Reserve	5,828,305	5,828,305
Accumulated Surplus / (Deficit)	98,641,224	75,947,793
Non-current Liabilities	32,350,388	32,913,606
Long-Term Liabilities	12,251,709	12,814,927
Employee Benefits	20,098,679	20,098,679
Current Liabilities	18,256,740	13,516,295
Current Employee Benefits	4,372,654	5,228,584
Trade Payables	1,890,213	2,267,558
Unspent Conditional Grants and Receipts	10,701,104	4,727,383
Operating Lease Liability	-	-
Current Portion of Long-term Liabilities	1,292,770	1,292,770
POTEAT NIETE AGGETEG AND LIABILITYEG	170 707 (10	
TOTAL: NET ASSETS AND LIABILITIES	158,285,648	132,617,866.71
ACCETTO		
ASSETS		
Non-current Assets	51,075,104	52,185,456
Property, Plant and Equipment	50,463,953	51,574,304
Non-Current Assets Held for Sale	-	-
Investment Property	-	-
Intangible Assets	611,151	611,151
Financial Assets	-	-
Long-term Receivables		-
Nument Assets	107 210 544	90 422 411
Taxes	107,210,544 85,167	80,432,411 1,489,596
Trade Receivables from Exchange Transactions	83,107	1,409,370
Trade Receivables from Non-Exchange Transactions Trade Receivables from Non-Exchange Transactions	1,762,976	2,184,489
Operating Lease Asset	9,383	9,383
Inventory	380,490	370,274
Current Portion of Long-term Receivables	380,490	310,214
Discontinued Operations		344,298
Current Financial Assets		
Term Deposits	2,900,000	6,218 2,900,000
Cash and Cash Equivalents	102,072,528	73,128,152
Cash and Cash Equivalents	102,072,328	13,128,132

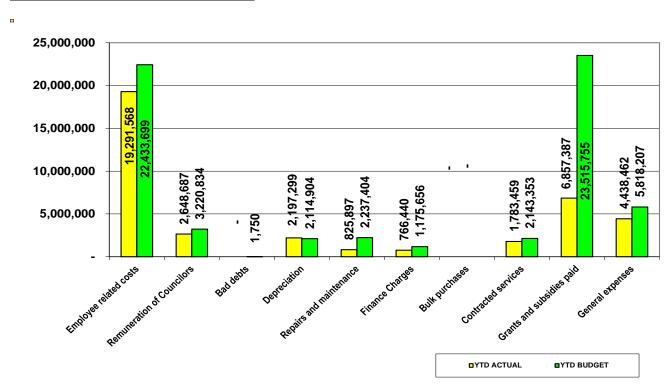
2. <u>FINANCIAL PERFORMANCE</u>

Revenue by Source (YTD):



The positive variance on Grants and Subsidies is mainly due to the receipt of the equitable share allocation in respect of the second quarter of the financial year.

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:

Salaries & Allowances	Actual	Budget	Variance	Var %
	21,940,255	25,654,533	3,714,279	14%
Councillors Remuneration	2,648,687	3,220,834	572,147	18%
Post-Service Benefits	369,083	463,744	94,661	20%
Personnel Remuneration	18,922,485	21,969,955	3,047,470	14%
Employee Related Costs	15,895,838	18,301,214	2,405,376	13%
Social Contributions	2,759,938	3,110,473	350,535	11%
Compulsory Levies	266,709	558,267	291,559	52%

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

Depreciation: The actual depreciation reflected for the financial year is based on true transaction and acquisition date of asset. Assets are depreciated in accordance with GRAP / GAMAP guidelines per asset type and calculated on cost, using the straight line method over the estimated useful life of assets. Asset acquisitions are included in the capital budget and are depreciated as the year progresses.

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:

Grants & Subsidies	Actual	Budget	Variance	Var %
	6,857,387	23,515,755	16,658,368	71%
Internal / Administration	4,271,173	6,001,741	1,730,568	29%
External Beneficiaries	2,586,214	17,514,014	14,927,800	85%
State Funded Grants	1,486,687	10,957,014	9,470,327	86%
Reserve Funded Grants	1,021,650	1,691,667	670,017	40%
Revenue Funded Grants	77,878	4,865,333	4,787,456	98%

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 with the year to date budgeted amount being R116 667. Reflected on the graph is the actual year to date versus the projected budget amount to end January 2012.

Projected Operating Results:

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

Please refer to next page

Revenue & Expenditure per classification	YTD Actual	Estimated	Approved Budget	Projected	Projected
	31 January 2012	Projection: 2011/12	2011/12	Variance R	Variance %
	-	2011/12		K	70
<u>REVENUE BY SOURCE:</u>					
Interest Earned - External Investments	3,011,215	4,878,000	4,878,000	-	0.00%
Interest Earned - Outstanding Debtors	-	-	-	-	
Other	20,975	865,400	865,400	-	0.00%
Rental of Facilities & Equipment	53,592	90,000	90,000	-	0.00%
Income for Agency Services	-	-	-	-	
Government Grants & Subsidies	57,664,972	95,788,430	95,788,430	-	0.00%
Transfers From Reserves	-	-	2,214,680	2,214,680	
Gain on disposal of property plant and					
equipment		80,000	80,000	-	0.00%
Total Revenue:	60,750,753	101,701,830	103,916,510	2,214,680	3.65%
EXPENDITURE PER VOTE:					
Executive and Council	7,718,176	13,347,180	17,241,320	3,894,140	29.18%
Council	4,687,313	7,235,819	8,672,600	1,436,781	
Office of the Municipal Manager	3,030,863	6,111,361	8,568,720	2,457,359	
Finance & Administration	14,084,219	26,077,507	30,354,160	4,276,653	16.40%
Budget & Treasury Office	7,179,692	13,030,289	14,830,090	1,799,801	
Corporate Services	6,904,527	13,047,219	15,524,070	2,476,851	
Planning & Development	11,743,179	36,492,647	46,416,200	9,923,553	27.19%
Planning & Development	5,456,041	14,041,263	14,909,540	868,277	
Technical Services	6,287,138	22,451,384	31,506,660	9,055,276	
Health	2,236,620	3,353,810	3,983,090	629,280	15.80%
Community & Social Services	4	-	-	-	
Public Safety	1,756,280	3,483,382	3,789,840	306,458	8.09%
Housing	1,470,129	3,745,568	4,108,540	362,972	8.83%
Total Expenditure:	39,008,607	86,500,095	105,893,150	19,393,055	18.31%
Transfer to Capital Replacement Reserve	, , , , ,	1,185,000	1,185,000	-	
Prior year Revenue & Expenditure	-		-	-	
NET OPERATING RESULT:- SURPLUS					
/ (DEFICIT)	21,742,147	14,016,735	(3,161,640)	(17,178,375)	

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:

- a) what has been spent to end January 2012; and
- b) what is committed for February 2012:

98% of Vote Printing and Stationery 39 % of Vote Conferences and Seminars

91 % of Vote Accommodation Councillors

67% of Vote Transportation Councillors

99% of Vote Motor Vehicle Usage

34 % of Vote Sundry Expenses

80 % 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.

JANUARY 2012 5 The annual increase for Councilors' was decided in December 2011 and implemented in terms of the remuneration of Public Office Bearers Act, 1998 in respect of the 2011/2012 financial year which has been budgeted for the full year.

As per request from Council, the following votes were increased with the Adjustments budget that was adopted on 25 January 2012:

Council:

- o Printing & stationery
- Subsistence Allowance
- Travel & accommodation Councillors
- o Motor Vehicle Usage
- o Affiliation fees: SALGA this increase was due to SALGA increasing their fees after the budget had been approved.

Committee Services:

No funds were provided in the 2011/2012 budget, however R30 000 was allocated to this unit for a course for the youth co-ordinators.

***** Communication:

o Travel Expenditure - Accommodation

• Finance & Administration:

Expenditure of Finance & Administration is less than the projected budget by 16% 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 and training.

Approved vacant posts of Assistant Accountant, Accountant and Records Manager have to be filled.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses. Shortfalls were corrected with the adjustment budget:

- FMG Capacity building accommodation for finance interns attending courses was more than expected
- ❖ SCM: Consultancy Extra funds required for bank evaluation

Motor Vehicle Pool:

- Motor vehicle repairs there was an increase in the number of vehicles being sent for repairs
- o Motor vehicle fuel Increase in petrol prices

***** Human Resource Management:

- o Employee Wellness Sports trips still to be undertaken
- o Consultant Fees Review all job levels
- o Travel Expenditure Accommodation

***** Office Support Services:

- o Printing & Stationery under budgeted
- o Rental of Equipment under budgeted

• Planning & Development:

Expenditure of Planning & Development is less than the projected budget by 27% primarily in the areas of computer software maintenance and review and implementation of the IDP. Most MSIG Projects have not started yet. R196 750 has been committed for the development of By-Laws.

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

• Spatial Planning

The establishment of a township has yet to start. Invitation to tender for the Environmental Impact Assessment and the Bulk Service Report will occur during the first week of February 2012. Additional funding was requested for the bio-diversity study.

Remedy: Appointment of a consultant for the valuation and transfer of property is in progress and is likely to be completed by mid-February 2012.

GIS

Projects' relating to capturing of water infrastructure data has yet to start. There is a pending case against the consultant.

Remedy: The case has been referred to the District Municipality's lawyers for non-performance.

The following votes will be increased with the adjustments budget:

- ❖ Maintenance Computer Software new programmes purchased
- ❖ Stationery had been under budgeted
- ❖ Accommodation Serving on Spatial Information Committee which has increased the number of meetings held annually

• Local Economic Development

The following additions will be made with the adjustments budget:

- Contribution to Doringsfees
- Contribution towards Maloof Money Cup (already took place)

• Directorate: Infrastructure Services

The following votes will be increased with the adjustments budget due to under budgeting:

- Subsistence
- **❖** Accommodation

• Project Management & Advisory Services

Most of the infrastructure projects have not started and it is estimated that they will be completed on or before end June 2012.

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

The following votes will be increased with the adjustments budget:

- ❖ Magareng refuse truck under budgeted
- DMA electricity self build scheme provision for additional funding by farmers and ESCOM
- ❖ Maloof Skate Park: Ablution facilities Provision of ablution facilities at venue

• Roads Maintenance

The following votes will be increased with the adjustments budget due to under budgeting:

- Overtime
- Nights Out
- Cell phone Allowance
- Motor vehicle usage

• Health:

Expenditure of health is less than the projected budget by 16%.

IWMP awareness programmes are in progress.

The Air Quality Management Plan workshop will take place in February 2012.

Only R50 000 for the maintenance of the recycling project will be needed out of an approved budget of R500 000.

Remedy: Shortfalls and savings are to be corrected with the adjustment budget.

• 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 8% primarily in the areas of maintenance of emergency, radio and office equipment as well as special projects.

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

The following votes will be increased with the adjustments budget:

❖ Security services – there was an increase in the cost of services

❖ Disaster management Forum – under budgeted

• Housing:

Expenditure of housing is less than the budget by 8% 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.

The following votes will be increased with the adjustments budget:

- ❖ Housing Field Workers remuneration
- ❖ Review Housing Chapters Additional funding required for 3 Housing Chapters and 3 Housing Sector Plans
- ❖ Consultancy: Professional services Tender amount more than budget
- ❖ Subsistence amount budgeted inadequate

EXPENDITURE ON SPECIAL PROJECTS PER VOTE:

• Council & Executive

	YTD Actual	Budget	% Spending	Remarks
Council				
Goodwill Fund Projects: Executive Mayor	-	4,000	0.00%	
Commemorative Days	16,609	50,000	33.22%	
11/12: Contribution Maloof Money Cup SA	126,500	-		
Total	143,109	54,000	265.02%	
Communications				
CFS System	-	4,430	0.00%	Amount paid in full - 2 year contract
PAIA Management	-	12,000	0.00%	To be advertised in 2nd quarter
				Branding to be addressed when visual standards manual is
Branding	9,901	20,000	49.50%	completed
Total	9,901	36,430	27.18%	

• Finance & Administration

	YTD Actual	Budget	% Spending	Remarks
Finance: Directorate				
Finanacial System Support (3) LM	434,591	450,000	96.58%	Ongoing
Total	434,591	450,000	96.58%	
Finance: Budget Office				
Capacity Building & BTO Operation	83,068	90,000	92.30%	Ongoing
Total	83,068	90,000	92.30%	

	YTD Actual	Budget	% Spending	Remarks
Information Communication & Technology	,			
Develop IT Governance Framework	-	380,000	0.00%	Tenders have been advertised
Development of ITIL Service Management				
Framework	-	280,000	0.00%	TOR has been developed
Total	-	660,000	0.02%	
	YTD Actual	Budget	% Spending	Remarks
Human Resource Management				
Employee Assistance Programme	3,826	100,000	3.83%	Needs driven
Employee Wellness	427,137	450,000	94.92%	Ongoing
HIV VIP Primer	175,733	200,000	87.87%	Needs driven
Total	606,695	750,000	80.89%	

• Environmental Health

	YTD Actual	Budget	% Spending	Remarks
Environmental Health				
Waste Recycling Project	1,378,905	1,546,000	89.19%	Project in completion phase
Awareness Program - Sanitation, HIV and Enviro				
Days	17,051	50,000	34.10%	Spending according to programmes
Awareness Program IWMP & EMF	3,400	25,000	13.60%	Spending according to programmes
Maint Recycling Project	-	500,000	0.00%	Operation will start in June 2012
Air Quality Management Plan	-	95,000	0.00%	Workshop to take place in February 2012
Total	1,399,356	2,216,000	63.15%	

• Planning & Development

	YTD Actual	Budget	% Spending	Remarks
Planning & Development Directorate				
Dikgatlong Town Plan	-	300,000	0.00%	Project has been advertised, to be awarded soon
Review District Management Plan	-	300,000	0.00%	In consultation phase
Preparation of By-Laws	-	200,000	0.00%	Amount already committed
Establish Water Infrastructure System	-	400,000	0.00%	Project in progress
Total	-	1,200,000	0.00%	
IDP / PMS Management				
IDP Review and Implementation	-	38,660	0.00%	Will be spent in the 3rd quarter
Total	-	38,660	0.00%	

	YTD Actual	Budget	% Spending	Remarks
HOUSING				
Housing Consumer Education	-	22,000	0.00%	In process
Housing HDD Field Workers	45,386	120,600	37.63%	
REV. Housing Chapters	32,832	117,000	28.06%	To start 3rd quarter
Development Housing Strategy	-	19,500	0.00%	Completed in-house savings
Housing Register Contractors	-	40,600	0.00%	In consultation with NHBRC
Total	78,218	319,700	24.47%	

	YTD Actual	Budget	% Spending	Remarks
LED / Tourism				
LED Capacity Building	-	16,000	0.00%	In process - 3rd quarter
LED Social Responsibility / Miners	-	7,000		In process
LED Agency	-	70,000	0.00%	In process
LED Forums	3,935	20,000	19.67%	In process
LED - NCTA Support	135,000	135,000	100.00%	Spending completed
TOUR Business Plan Competition	189,402	270,000		In process
LED Phokwane Vegetable Plant	80,000	90,000	88.89%	In process - awaiting final document
LED Entrepreneur Program	9,800	156,000	6.28%	Awaiting appointment of candidates
LED Bokomotso Dikgatlong	_	80,000		To be completed in 3rd quarter
LED Kgololosego Phokwane	_	150,000		To be completed in 3rd quarter
LED SMME Development	112,335	200,000		In process
LED EXPO	224,837	450,000	49.96%	In process
LED Phokwane vegetable Plant	13,097	60,000		In process
TOUR Marketing Brochure	-	200,000	0.00%	In process - 3rd quarter
TOUR SAN Community Culture Village	150,000	150,000		Spending completed
TOUR Wildebeestkuil Rock Art	100,000	100,000	100.00%	Spending completed
TOUR SMME Registration & Grading	2,877	100,000	2.88%	In process
TOUR Tourism Guide Training	181,680	250,000		In process
TOUR Capacity Building	_	120,000		3rd quarter
TOUR Capacity Building Phokwane	_	100,000		In process
TOUR Product Owners Meeting Grading	52,799	100,000		In process
TOUR Indaba Trade EXPO	4,846	120,000		In process
TOUR Know Your Region Campaign	-	60,000		3rd quarter
TOUR N12 Treasure Route	20,000	20,000		Spending completed
TOUR NCTA Marketing Meetings	-	15,000	0.00%	Awaiting invitations
TOUR Association Meetings	3,248	10,000	32.48%	In process
TOUR Advertising	131	270,000	0.05%	In process
TOUR NAT Tourism Day Celebetrations	10,000	10,000		Spending completed
TOUR PROV Tourism Month Celebration	10,000	10,000	100.00%	Spending completed
TOUR N12 Information Boards	-	100,000	0.00%	3rd quarter
TOUR N12 Promotion	50,000	50,000	100.00%	Spending completed
TOUR Contribution Gariep Festival	100,000	100,000	100.00%	Spending completed
TOUR / LED SMME EXPO	24,748	85,000	29.12%	In process
Total	1,478,735	3,674,000	40.25%	
GIS				
GIS - Capture Water Infrastructure		847,020	0.00%	Tender awarded
Township Establishment	37,500	1.003,160	3.74%	
Total	37,500	1,850,180	2.03%	, , ,
10001	37,500	1,050,180	4.03%	

Please refer to next page

	YTD Actual	Budget	% Spending	Remarks
PROJECT & ADVISORY SERVICES				
EQS 11/12 - Magareng: MNT Water Treatment				
Works	_	300,000	0.00%	Assessment
EQS 11/12 - Magareng: MNT Waste Treatment		200,000	0.007.0	
Works	_	300,000	0.00%	Implementation
EQS 11/12 - Magareng: MNT Electricity Network	-	300,000	0.00%	Procurement
EQS 11/12 - Magareng: MNT Water and Sewer				
Network	8,820	250,000	3.53%	Implementation
EQS 11/12 - Magareng: MNT Street & Stormwater	89,624	1,650,000	5.43%	Procurement
EQS 11/12 - Phokwane: MNT Water Treatment				
Works	236,831	400,000	59.21%	Implementation - estimated completion June 2012
Works	368,540	500,000	73.71%	Procurement - estimated completion April 2012
EQS 11/12 - Phokwane: MNT Electricity Network	165,278	500,000	33.06%	Implementation - estimated completion June 2012
EQS 11/12 - Phokwane: MNT Water and Sewer				
Network	143,500	250,000	57.40%	Implementation - estimated completion June 2012
EQS 11/12 - Phokwane: MNT Street & Stormwater	-	400,000	0.00%	Implementation - estimated completion June 2012
EQS 11/12 - Dikgatlong: MNT Water Treatment				
Works	67,443	550,000	12.26%	Assessment & Procurement
EQS 11/12 - Dikgatlong: MNT Waste Treatment				
Works	2,556	400,000	0.64%	Assessment & Procurement
T00.4442 BH 1 10.77				
EQS 11/12 - Dikgatlong: MNT Electricity Network	-	150,000	0.00%	Assessment & Procurement
EQS 11/12 - Dikgatlong: MNT Water and Sewer	47.000	** 000	25.05.1	
Network EOS 11/12: Service Private Owned Land Rural	17,330	62,000		Assessment & Procurement
`	220,389	1,000,000		Implementation - estimated completion June 2012
EPWP Unallocated	-	9,882,000	0.00%	
10/11: DWA ASSESS W/W TREAMENT WORKS	e0.0e0	244.000	24.050	
	68,260	311,000		Completed
EPWP 11/12 : Bush Clearance	78,452	185,430	42.31%	Completed
RES: DMA 11/12 - Eelectricity Selfbuild Roll Over	1,021,650	1,500,000		Contractor appointed - Complete March 2012
RES 11/12 : Phokwane: Pave Roads	-	1,400,000		Bid adjudication - estimated completion June 2012
REVF 11/12 - SOL: MNT Streets and Stormwater	-	650,000		Implementation - estimated completion June 2012
REVF 11/12 - SOL: MNT Platfontein Sewer	-	100,000	0.00%	Implementation - estimated completion June 2012
REVF 11/12 - Dikgatlong: MNT Water and Sewer				
Network	26,615	238,000	11.18%	Procurement
REVF 11/12 - Dikgatlong: MNT Street &				
Stormwater	51,263	700,000		Procurement
REVF 09/10: 11/12: Phokwane: Pave Roads	-	2,312,000	0.00%	Bid adjudication - estimated completion June 2012
REVF 09/10: 11/12: Magareng Refuse Truck	-	1,350,000	0.00%	Bid stage - nominated bidders - Adjustment Budget
REVF 09/10: 11/12: Dikgatlong: Water Treatment				
Works	-	1,412,000	0.00%	Consultant appointed
REVF 09/10: 11/12: Magareng: Electricity				
Masterplan	-	270,000	0.00%	Consultant appointed
REVF 09/10: 11/12: Dikgatlong: Eelctricity				
MasterPlan	-	300,000	0.00%	Planning - advert postponed to include other requirements
Total	2,566,550	27,622,430	9.29%	

FIRE FIGHTING / DISASTER MANAGEMENT

	YTD Actual	Budget	% Spending	Remarks
FIRE FIGHTING / DISASTER MANAGEMENT.				
Assit: Fire Fighting Equipment Maintenance	6,001	90,000	6.67%	Utilised as per request
Volunteers Training	_	62,500		Training likley to occur during the beginning of the 3rd Quarter
Volunteers Fire Equipment	1,120	49,380		Proucrement likely to occur during the beginning of the 3rd Quarter
Equipment - FF Personnel	-	15,000		Proucrement likely to occur during the beginning of the 3rd Quarter
Disaster Management Volunteers Project	12,544	180,000	6.97%	Expenditure as per request
Total	19,664	396,880	4.95%	

Projected Capital Expenditure Results:

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

Capital Expenditure per vote	YTD Actual	Estimated Projection: 2011/12	Approved Budget 2011/12	Projected Variance R	Projected Variance %
CAPITAL EXPENDITURE PER VOTE:					
Executive and Council	36,366	60,000	60,000	-	0.00%
Council	-	-	-	-	-
Office of the Municipal Manager	36,366	60,000	60,000	-	0.00%
Finance & Administration	380,374	743,428	760,600	17,172	2.26%
Budget & Treasury Office	287,272	322,798	323,600	802	0.25%
Corporate Services	93,102	420,630	437,000	16,370	3.75%
Planning & Development	786,137	1,357,730	1,359,680	-1,950	-0
Planning & Development	19,500	110,680	110,680	1	0.00%
Technical Services	766,637	1,247,050	1,249,000	-1,950	-0.16%
Housing	3,088	37,488	39,400	1,912	0.00%
Health	-	-	-	-	0.00%
Community & Social Services	-	-	-	-	0.00%
Public Safety	-	1,200,000	1,200,000	-	0.00%
Total Capital Expenditure:	1,205,966	3,398,646	3,419,680	17,134	0.50%

Expenditure on capital acquisition is 35% as compared to the full year projected budget, with 0.23% being committed at the period of reporting.

Computer Equipment

• 21% of computer equipment has been acquired to date as compared to the projected capital budget resulting in an under spending of R435 423.

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. Procurement to occur before end of June 2012.

Motor Vehicles

• Procurement of a motor vehicle with a tow bar, caravan and sliding cover for the double cab is complete. A savings of R19 388 has been realised.

Plant & Equipment

• 3% plant & equipment has been acquired to date resulting in an under spending of R1 234 481. Procurement to occur before end of June 2012.

Buildings & Facilities

• 56% of buildings & facilities has been spent to date on alteration and renovations resulting in an under spending of R461 221. Alteration of the recreational hall is in progress.

The following has been requested as additional purchases that will be provided for on the Adjustments Budget:

- **❖** Council Fax & Printer
- ❖ Internal Audit Audit Programmes (Intangible)
- · IT
- o Procurement & installation of VMware Licence (Intangible)
- o Replacement of laptops (Council resolution 27 July 2011)
- o Re-hosting of eVenus Server (Intangible)
- o Auto Cad drawing software (Intangible)
- o Mimecast Unified Email Solutions (Intangible)
- o Hard Drive Capacity additional
- o IT network for new building (Renovation of Recreation Hall)

❖ Project Management & Advisory Services:

- o Unforeseen expenditure incurred with renovation of Recreation Hall
- o Laptop for Transport Official
- ❖ Public Safety Additional amount required for purchase of Fire Fighting Fire Engine
- ***** Housing:
 - o Laptop additional amount required as under budgeted
 - o 3 x White boards
 - o Bookcases without doors additional amount required as under budgeted
 - o Digital Camera additional amount required as under budgeted
 - o Schmidt Hammer; Laser level and Dumpy level as per council resolution

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:

EXTERNAL FUNDING	Balance Fwd	Received	Applied	Balance
Equitable Share	-	59,461,000	53,769,311	5,691,689
Financial Management Grant	-	1,250,000	877,429	372,571
Municipal Systems Improvement Grant	-	1,200,000	-	1,200,000
Municipal Infrastructure Grant	-	-	-	-
DWAF - Sanitation (Mvula Trust)	1,489,217	-	68,260	1,420,957
Expanded Public Works Program Grant	-	-	-	-
NCPA - Housing Accreditation Grant	1,077,953	1,468,196	1,462,555	1,083,594
District Aids Council	114,682	-	-	114,682
NEAR Control Centre	-	-	-	-
Firefighting Equipment	352,364	-	-	352,364
SETA Skills Grant	-	13,436	-	13,436
Vuna Awards	-	-	-	-
NC TOURISM	-	200,000	-	200,000
EPW: Lerato Park	185,421	-	78,452	106,969
Environmental Health Recycling Project	1,427,746	-	1,378,905	48,841
Koopmansfontein Self Build Scheme	80,000	16,000	-	96,000
Total	4,727,383	63,608,631	57,634,910	10,701,104

3. CASH AND INVESTMENT

CASH FLOW REPORT	30-Jun-11	Jan-12
OPERATING FLOWS	(82,575,159)	(45,027,217)
- Salaries, wages and allowances	(39,731,307)	(21,389,034)
- Cash and creditor payments	(55,129,658)	(19,652,579)
- Statutory Payments (incl VAT)	(2,561,407)	-
- Other payments	(122,395)	(10,583,455)
- Revenue receipts	(1,607,683)	-
- Statutory Receipts (incl VAT)	7,376,480	3,274,163
- Capital payments	6,534,246	2,865,041
- Other revenues	2,666,564	458,648
INVESTMENT FLOWS	(11,600,000)	(16,500,000)
Incompany to the design of the second	(96 500 000)	(77,000,000)
- Investments made-OUT	(86,500,000)	(77,000,000)
- Investments redeemed	74,900,000	60,500,000
FINANCING FLOW	96,237,132	63,470,464
- External loans repaid	(1,051,524)	(1,329,658)
- External loans received	-	-
- Utilisation of Overdraft Facility	-	_
- Grants and subsidies	97,288,656	64,800,122
Nett Cash Generated from operating activities	2,061,973	1,943,247
Increase / (Decrease) in investment activities	10,100,000	25,000,000
Nett increase / (Decrease) in cash and cash investments	12,161,973	26,943,247
CASH AND CASH EQUIVALENTS		
Balance at the end of the Year	78,029,281	104,972,528
Balance at the beginning of the Year	65,867,308	78,029,281
Net increase / (Decrease) in cash and cash equivalents	12,161,973	26,943,247

Cash Flow Statement

Cash flow for the period ended 31 January 2012 reflects a positive amount of R26.9m as a result of receiving Equitable Share Grant for second quarter ending 31 December 2011.

Cash Balances:

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

Bank Statement		+	4,976,546
Minus Unreconciled Cheques	3		264,713
Minus Unreconciled ACB			142,605.57
Minus: Outstanding Deposits	S		
Plus: Unreconciled Deposits			
Minus Unreconciled Direct P	ayments		
Salary Payments			
Creditors Payment			
Investments			
Cash Book Balance		+	4,569,228
Adjustment to Bank		-	
Adjusted Cash Book Balance		+	4,569,228
SURPLUS CASH INVESTED			
Absa			25,500,000
Standard Bank			37,000,000
First Rand			11,000,000
Nedcor			24,000,000
Absa [Collateral security -	Due 30 June 2011]		500,000
Standard Bank[Leave reserve	Due 30 June 2011]		2,400,000
Total Cash Investments			100,400,000
Petty Cash float			3,300
Total Cash on Hand			104,972,528

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 was terminated on 01 July 2011 and the balance of R1 019 926 on the Agency Loan Account – Roads has been received in January 2012.

Dikgatlong Municipality is in arrears with an amount of R6 789.89 for free basic electricity and street lights which the District Municipality previously paid to Eskom for Koopmansfontein indigent households.

• 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 31 January 2012 is Department of Safety & Liaison R16 499.19 and Department of Transport, Roads and Public Works R484 606.

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

The DMA has fallen away, transfer of the assets, revenue and expenditure linked to this occurred in October 2011.

5. <u>EXPENDITURE MANAGEMENT</u>

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. Staff annual bonuses have been paid at the end of November 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.

Please refer to next page

PAYMENTS	
Total value of all payments	R 3,546,427
Electronic transfers	140
Cheques issued	20
STORES	
Value of Stores issued	28,478
SALARIES	
Number of salary beneficiaries	153
Councillors	27
Employees	122
Pensioners	4
Total remuneration paid	2,643,020
Councillors	470,044
Employees	2,166,920
Pensioners	6,057

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 December 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 January 2012.

• 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 January 2012, no contract (R200 000+) was awarded by the Bid Adjudication Committee.

For the period of January 2012, no written price quotation (R30 000-R200 000) was awarded by the Acting Municipal Manager.

The value of orders issued for the period ending 31 January 2012 total R287 403.52 (See Annexure "A")

Orders per department

Council and Executive	R12 523.68
Municipal Manager	R11 952.90
Finance	R41 531.72
Administration	R67 628.90
Planning and Development	R125 006.25
Technical Service	R18 474.74
Stores	R10 285.08

• <u>Disposal Management</u>

No disposals took place for the month of January 2012.

<u>Deviations</u>

No deviation was approved by the Acting Municipal Manager

• Issues from Stores

Total orders issued R28 477.67 Issues per department

Council and Executive	R0.00
Municipal Manager	R970.93
Finance	R1 265.32

Administration R13 916.31 Planning and Development R1 757.16 Technical Service R10 567.95

<u>List of accredited service providers</u>

The supplier's database is updated daily and the database is amended to make provision for the MBD4 and MBD9 forms as required by the Auditors General's report.

Internal Provisions:

Council has internal liabilities related to personnel bonuses, performance bonuses, leave, postemployment 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 3rd week of February 2012 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 20 vehicles as part of its routine activities.

Statistical information regarding the year-to-date utility for January 2012 is as follows:

	Vehicle	Vehicle	Year	Registration	Service	License	Year End	Current Km	YTD
	Description	Allocation	Model	Number		expires	Km Reading	Reading	Utility
1	Mercedes Benz	Council	2006	FBDM 1 NC	120,000	9/30/2012	55,526	108,273	52,747
2	Citi Golf	Pool	2005	BSM 014 NC	90,000	4/30/2012	73,975	81,132	7,157
3	Mazda Drifter D/Cab	Pool	2005	BSM 137 NC	210,000	4/30/2012	188,465	199,331	10,866
4	Chevrolet Cruze 1.8 LS	Pool	2010	CBY 226 NC	45,000	11/30/2012	17,529	34,860	17,331
5	Chevrolet Opel Corsa	Disaster Management	2010	CBY 227 NC	30,000	11/30/2012	8,433	19,338	10,905
6	Chevrolet Captiva	Pool	2011	CDM 296 NC	15,000	11/30/2012	68	7,096	7,028
7	Isuzu 2.4	Environmental Health	2006	BVC 305 NC	150,000	7/31/2012	136,339	148,315	11,976
8	Isuzu 2.4	Environmental Health	2006	BTT 339 NC	150,000	4/30/2012	129,226	139,619	10,393
9	Nissan D/Cab	Disaster Management	2006	BTT 376 NC	105,000	4/30/2012	83,245	92,041	8,796
10	Toyota Corolla	Pool	2009	BZP 439 NC	75,000	9/30/2012	44,715	61,721	17,006
11	Toyota Corolla	Pool	2009	BZP 440 NC	60,000	9/30/2012	50,068	51,233	1,165
12	Toyota Condor	Tourism Centre	2001	BLR 461 NC	190,000	6/30/2012	171,370	185,060	13,690
13	Isuzu 2.4	Housing	2009	CBD 761 NC	60,000	2/29/2012	32,138	47,052	14,914
14	Toyota Corolla	Pool	2008	BXL 799 NC	120,000	2/29/2012	97,169	106,278	9,109
15	Nissan LDV	Community Development	2006	BVC 831 NC	120000	7/31/2012	103,365	111,199	7,834
16	Ford Bantam	Finance	2004	BRD 836 NC	90000	1/31/2013	76,985	80,109	3,124
17	Toyota Hilux	PMU	2004	BRF 837 NC	120000	2/29/2012	110,175	117,435	7,260
18	Isuzu KB. 200	Disaster Management	2010	CBY 895 NC	15000	9/30/2012	2,241	7,455	5,214
19	Isuzu KB. 200	Disaster Management	2010	CBY 898 NC	15000	9/30/2012	1,703	7,668	5,965
20	Toyota Condor	PIMSS Centre	2002	BMT 978 NC	160000	2/29/2012	142,110	152,901	10,791
YEA	R TO DATE UTILITY	- FULL FLEET							241,141

Volkswagen Microbus registration number BMG 088NC and Toyota LDV registration number BMT 234 NC has been transferred to Magareng Municipality.

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:

VEHICLE OPERATING COST	ACTUAL	BUDGET	VARIANCE	VAR %
Depreciation: Motor Vehicles	-	299,822	(299,822)	-100.00%
Insurance	4,470	32,083	(27,614)	-86.07%
MV Administration Levy	9,658	9,333	324	3.48%
Fuel	223,998	169,762	54,236	31.95%
Licence	4,026	7,379	(3,353)	-45.44%
Repairs and Maintenance	40,957	26,833	14,124	52.63%
Tyres	8,496	37,683	(29,187)	-77.45%
TOTAL	291,605	582,896	(291,291)	-49.97%

• Motor Vehicle Damage Report

No motor vehicle was damaged for the month of January 2012.

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. <u>FINANCIAL REPORTING AND BUDGETING</u>

Budget Process:

The budget process plan in respect of the 2012/13 financial year has been submitted to the Executive Mayor for approval on 27 July 2011 and has also been given to National Treasury. The strategic planning session is scheduled for 02-03 February 2012 at Christiana. This has the following impact on the budget process plan:

DATE	ACTIVITY
17 February 2012	Returns from Managers re budget due
27 Feb 2012 to 01 Mar 2012	Meet with Managers re budgets submitted
09 March 2012	Completion of draft budget (Budget Office)
15 & 16 March 2012	Draft budget presented to council
23 March 2012	Final Draft budget
16 to 20 April 2012	Review and update budget
03 May 2012	Budget consultation process
30 May 2012	Approval of budget

Adjustment Budget 2011/2012:

The adjustment budget was adopted on 25 January 2012 and will be reported on in the February 2012 report.

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. The District Municipality received a Qualified Audit Opinion for the 2010/11 Financial Year Audit.

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"* to this report.

• Support to Local Municipalities

The Municipal Manager of Magareng Local Municipality requested that a delegate from the District serve on interview panels for the Chief Accountant and SCM Manager posts. The Assistant Director: Finance was tasked. The local municipality also requested assistance with questions to be asked of the candidates – assistance was provided by the HR Manager and Assistant Director: Finance.

9. PERSONNEL

Personnel Attendances:

Personnel attendance in the workplace for January 2012 averages 70%. The reason for the deviations is mainly due to study, annual, sick leave and special three days leave granted by council to all employees.

Attendance trends are summarized as follows:

		Senior	Middle	Supervisory	Clerical
		Management	Management		
Number of Members		1	4	3	17
Leave		10	15	5	84
Sick Leave		0	2	0	5
Courses / Seminar		0	2	0	20
Meetings		0	0	0	0
Family Responsibility		0	1	0	0
Study		0	0	0	0
Maternity Leave		0	0	0	0
Overtime		0	0	0	0
Absent		0	0	0	0
Special Leave (SAMSI	RA)	0	0	0	0
No. of Workdays Atter	nded	11	65	58	210
Total Workdays		21	85	63	319
Percentage attendance	per Group	52%	76%	92%	66%
Average		70%			

Personnel Development:

No training was attended during January 2012.

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 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.

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. The Municipal Finance Management Programme will be completed on 20 April 2012. Therefore, the Internship contract that was to end on 30 March 2012, has been extended to 30 April 2012.

CONCLUSION

According to the results presented above for the period ending 31 January 2012, Council maintains a healthy financial position with respect to its cash and reserves.

DIRECTOR: FINANCE