

Section 52d for the quarter ending 30 June 2022-23 with Annexure A-D

(9/1/3/6)

Cluster : Finance
Portfolio: Financial Management

1. PURPOSE

The purpose of the report is to reflect the financial position of the Municipality for the quarter ending June 2023.

2. OBJECTIVE

The objective of this report is to assist Council to exercise their oversight function to:

- a) Make rational decisions about the allocation of resources;
- b) Assess the current provision of services, as well as the sustainability of future service delivery;
- c) Assess how officials have discharged their accountability responsibilities;
- d) Ensure transparency in respect of the municipality's financial position and operating results;
- e) Assess the performance of the municipality measured against preset targets and objectives;
- f) Inform Council on how cash and other liquid resources were obtained and utilized;
- g) Assess whether financial resources were administered in accordance with legislative and regulatory requirements; and
- h) Promote comparative information for prior periods and actual results against budgeted or planned results;

3. LEGISLATIVE REQUIREMENTS:

In terms of section 52(d) of the MFMA, the Mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state affairs of the municipality.

- Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

4. BACKGROUND

Financial reports are the primary means of communicating financial information to other interested parties. These reports are made accessible to the Executive for additional management and financial information that helps it carries out its planning, decision-making and control responsibilities, and therefore has the ability to determine the form and content of such additional information to meet its own needs.

Governance is built around the responsibilities of accountability and oversight requiring a culture of transparency and regular reporting. More detailed financial reporting to the Council will facilitate an environment in which potential or real

financial problems are reported in time and in an appropriate manner to allow the council to remedy the situation.

5. DISCUSSIONS

The discussions below are broadly categorized under items of financial position (balance sheet), items of financial performance (income statement) and cash flow, as well as other information of key importance such as Asset Management and MFMA Compliance.

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Annexures

- A. Bank Reconciliation
- B. Withdrawal Statements
- C. Form D
- D. Cost Containment Report

a) Current Assets
Debtors Management and Credit Control Status for the Quarter ending June.

The debtor's book balance of the municipality as attached in annexure A is R 8 680 196 less bad debts impairment R 954 100 resulting to R 7 726 096.

DC42 Sedibeng - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		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			
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200													
Trade and Other Receivables from Exchange Transactions - Electricity	1300													
Receivables from Non-exchange Transactions - Property Rates	1400													
Receivables from Exchange Transactions - Waste Water Management	1500													
Receivables from Exchange Transactions - Waste Management	1600													
Receivables from Exchange Transactions - Property Rental Debtors	1700													
Interest on Arrear Debtor Accounts	1810													
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820													
Other	1900	141						7 586	954	8 680	8 540			954
Total By Income Source	2000	141						7 586	954	8 680	8 540			954
2021/22 - totals only		5947	0	0	0	0	0	1541830	1074136	2 622	2 616	0		959576
Debtors Age Analysis By Customer Group														
Organs of State	2200	141						7 586	954	8 680	8 540			954
Commercial	2300													
Households	2400													
Other	2500													
Total By Customer Group	2600	141						7 586	954	8 680	8 540			954

Notes

Material increases in value of debtors' categories compared to previous month to be explained

Bad debts = amounts actually written off in the month

Total by Income Source must reconcile with Total by Customer Group

Bank reconciliation

Annexure "C1 – 4" indicate the bank reconciliations prepared for the month of June 2023 with the detail on the bank and cash book balances.

The Council has four operating bank accounts Account to be reported on namely:

- Two Primary bank accounts, and
- Two License bank accounts

Council is operating four primary accounts. Bank reconciliations are completed monthly within three working days after the end of each month.

The cashbook shows a favorable balance of R 29 516 084 as at end of June.

b) Current Liabilities

Creditors' Age Analysis

Annexure "D" represents the creditors' age analysis of R 202 700 408 payable to the creditors in June 2023. An amount of R 49 056 015 is due payable to the licensing authority.

DC42 Sedibeng - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

Description	NT Code	Budget Year 2022/23										Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total			
R thousands													
Creditors Age Analysis By Customer Type													
Bulk Electricity	0100												
Bulk Water	0200												
PAYE deductions	0300												
VAT (output less input)	0400	510										510	395
Pensions / Retirement deductions	0500												
Loan repayments	0600												
Trade Creditors	0700												
Auditor General	0800												
Other	0900	23 288	16 708	15 467						146 727	202 190	215 053	
Total By Customer Type	1000	23 798	16 708	15 467						146 727	202 700	215 449	

Notes

Material increases in value of creditors' categories compared to previous month to be explained

c) Net Assets
Reserves

The balance sheet of Council is broadly distinguished into “Assets” (what Council owns) and “Liabilities” (what Council owes) as per Generally Accepted Accounting Principles (GRAP). The difference between assets and liabilities is referred to as the “Net Assets.”

The net assets of Council are primarily composed of reserves that Council has built up over the years. The nature of these reserves is that they are ring-fenced for specific use only (non-distributable reserves), as determined by accounting standards. It must be noted that reserves comprise of mostly accounting book-entries and are non-cash transactions. This implies that the reserves on the face of the financial statements do not equate to cash held as investments by Council.

As required by prescribed accounting standards (GRAP 01), only provisions are shown separately on the face of the Statement of Financial Position. All reserves are “ring-fenced” as internal reserves within the Accumulated Surplus. Ring-fenced reserves are as follows:

- Assets fair value reserve
- Government grant reserve (GGR)

These reserves not supported by cash but are only used for book entry purposes for the phasing in of increased depreciation charges as a result of the full implementation of GRAP 17.

According to GRAP standards, the GGR is created when the municipality receives government grants for the acquisition and/or construction of fixed assets. Once the conditions of the capital grant have been met, the funds are recognized as “revenue” (non-cash) on the statement of financial performance. This “revenue” recognized is then in turn transferred out of the Accumulated Surplus to the GGR on the Statement of Net Assets in order to offset the future depreciation of the property, plant and equipment in question. Hence, the reserve is committed solely for this purpose and cannot be utilized for any other purpose. This is referred to as the non-distributable portion of the reserves. Council must note that these are all non-cash entries.

The purpose of these reserves is to promote community equity and facilitate budgetary control by ensuring that sufficient funds (non-cash) are set aside on the accounting books to offset the future depreciation charges (non-cash) that will be incurred over the estimated useful life of the item of property, plant and equipment financed from government grants, public contributions or a (non-cash) surplus arising from the revaluation of property, plant and equipment.

Council must note that these are all non-cash entries performed only for compliance purposes in line with accounting standards prescribed by the Accounting Standards Board (ASB) and enforced by the Office of the Accountant-General.

d) Cash Flow

See Annexures “B,” “C1- 4,” “E”

Essentially, the cash flow statement is concerned with the flow of physical cash in and cash out of the municipality as we collect monies owed by debtors and pay out monies due to creditors.

Annexure “E” is Council’s cash flow statement which indicates the movements on the main bank accounts. The incoming receipts amount to R 38 510 662 outgoing payments were made to the amount of R 63 727 680. Taking into account the opening cashbook balance, this left a favorable closing balance of R 45 579 967 as end of June 2023 period, which shows a decrease margin from last month’s closing balance.

The cost coverage formula =
$$\frac{\text{(All available cash at the end of the period in the cashbook) + (investments at hand less Provisions)}}{\text{Monthly fixed operating expenditure}}$$

$$\text{The cost coverage formula} = \frac{=R (29\ 516\ 084) + R0}{R\ 34\ 368\ 582}$$

$$= \underline{0.85\ \text{TIMES}}$$

The cost coverage of the municipality indicates 0.85 monthly fixed operating expenditure and shows that the cash flow of the municipality is unfavorable. Our cash formula on hand must cover at least until end of March 2023 as the next equitable share allocation is in March 2023. The formula does not take into consideration the contingent assets and liabilities whereby if taken into consideration this will indicate that the municipality is having a liquidity problem as identified in the AG reports of 2020/2021 as well as 2021/22.

Monthly Budget Statement - Cash Flow		April-June		
Description	YearTD actual	YearTD actual	YearTD actual	YearTD actual
R thousands	0			0
CASH FLOW FROM OPERATING ACTIVITIES	0			0
Receipts	0			0
Property rates	0.00			0.00
Service charges	0.00			0.00
Other revenue				
Transfers and Subsidies - Operational	490 807 301.53	518 559 749.47		552 889 329.49
Transfers and Subsidies - Capital	96 316 809.48	96 316 809.48		100 048 809.48
Interest	-			-
Dividends	2 629 995.39	3 090 317.36		3 539 399.17
Payments	-			-
Suppliers and employees	-			-
Finance charges	533 515 197.32	565 435 649.19	-	628 377 029.48
Transfers and Grants	-			-
NET CASH FROM/(USED) OPERATING ACTIVITIES	56 238 909.08	52 531 227.12		28 100 508.66
CASH FLOWS FROM INVESTING ACTIVITIES	-			-
Receipts	-			-
Proceeds on disposal of PPE	-			-
Decrease (increase) in non-current receivables	-			-
Decrease (increase) in non-current investments	-			-
Payments	-			-
Capital assets	-			-
NET CASH FROM/(USED) INVESTING ACTIVITIES	855 017.04	873 804.78	-	949 075.58
	855 017.04	873 804.78	-	949 075.58
CASH FLOWS FROM FINANCING ACTIVITIES	-			-
Receipts	-			-
Short term loans	-			-
Borrowing long term/refinancing	-			-
Increase (decrease) in consumer deposits	-			-
Payments	-			-
Repayment of borrowing	-			-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-			-
NET INCREASE/ (DECREASE) IN CASH HELD	55 383 892.04	51 657 422.34		27 151 433.08
Cash/cash equivalents at beginning:	18 428 534.24	18 428 534.24		18 428 534.24
Cash/cash equivalents at month/year end:	73 812 426.28	70 085 956.58		45 579 967.32

e. Grant allocations and expenditure:

Equitable Share

First tranche of Equitable Share for 2022/23 amounting to R 115 180 110 was received in month of July and second tranche of R 97 192 000 in December and R 81 338 000 March.

Financial Management Grant (FMG):

Received R 1 400 000 in August .Expenditure incurred of R 647 289 for the quarter under review, FMG Interns were involved in the following activities during the month as part of their training rotation plan:

- One intern in income and budget section
- One intern in Expenditure section

One interns in Supply Chain Management
 One intern in office of the Municipal Manager

The interns have attended CPMD training as part of the internship agreement with National Treasury.

Rural Roads Assets Management Grant

First tranche of R 1 842 000 received in August, Expenditure incurred of 543 579 for the Quarter under review.

HIV/Aids

Allocation received in January R 4 629 009 and in March R4 810 800 expenditure incurred for the Quarter under review is R 2 021 652.

Extended Public Works Projects

First tranche of R 321 000 received in August, second tranche of 578 000 received November and R 384 000 in February.
 Expenditure incurred for the Quarter amount to R 285 315.

YOUTH CENTRES (National Youth Development Agency)

Allocation received in May R 2 940 000, Expenditure incurred for the for the quarter amount to R 1 386 429.

Aerotropolis Grant

Roll over amount received R1 140 435 Expenditure incurred for the quarter amount to R 821 609.

Grant payments to Local Municipalities:

No grant payments were scheduled for local municipalities for the month of February.

Grants schedule for the Quarter ending 31 June

Description	Original Budget	Adjustment Budget	Grants tranche received for the month	Total Grants Received July to date	Total Grants Spent July to date	Actual April-June	Balance	Comment
RAMS	2 606 000	0	-	2 606 000	2 605 037	543 579	963	Interns Stipend
FMG	1 400 000	0	0	1 400 000	1 400 000	647 289	0	Interns Stipend
EPWP	1 283 000	0	384 000	1 283 000	1 254 497	285 315	28 503	Expenditure incurred for EPWP grants programs managed by SPED
HIV&AIDS	12 027 000	12 900 000	0	10 824 299	8 130 285.59	2 021 652	3 896 714	Payment of salaries
Aerotropolis sector	0	1 140 435	0	1 140 435	1 021 949	821 609	118 486	Utilised to conduct feasibility study on the aerotropolis in the sedibeng Region
Org Plus	0	250 000	0	250 000	0	0	250 000	Procurement of system
Boipatong Monument	2 940 000	0	2 940 000	2 940 000	1 386 429	1 386 429	1 553 571	Salaries and Security Services
Total	20 256 000	14 290 435	3 324 000	20 443 734	15 798 198	5 705 871	5 848 237	

6.2 Financial Performance

Financial performance shows the results of operations for the given period. It lists sources of revenue and expenses. The statement measures the performance of Council for a given period of time. Surplus or deficit is used to measure financial performance and directly related to the measurement of revenue and expenditure for the reporting period.

Operating expenses are incurred in the course of conducting normal Council business. They are classified by function such as employee related costs, general expenses, finance charges and contributions to provisions.

a) Actual revenue and expenditure

Represents the organizational Operating Revenue and Expenditure which illustrates that R 103 316 782 was generated in revenue for the quarter ending 31 March 2023. Revenue received to date is at 90.80%.

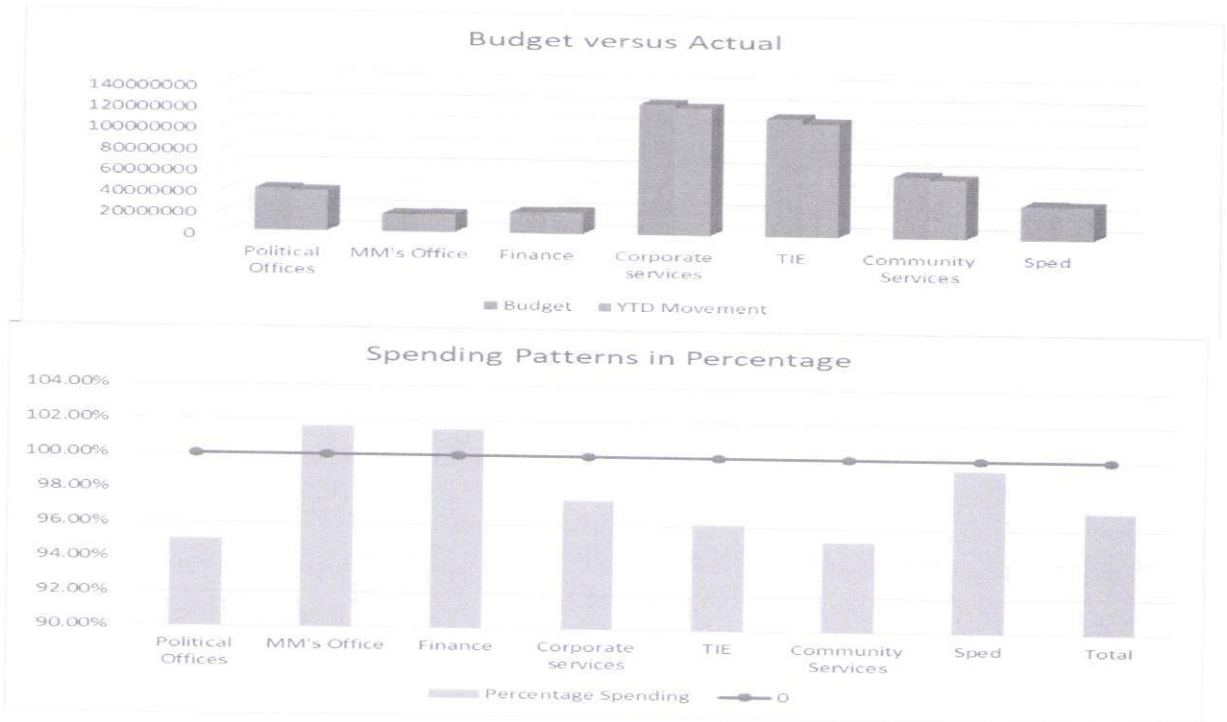
R 99 836 801 utilized for the quarter ending 31 March 2023, and expenditure is at 65.45%. Benchmark for the quarter under review is at 75%.

Revenue

Revenue	Cluster	Budget	YTD Movement	Unspend Budget	Percentage Spending	
13003985100000000000	Finance	-290230701	-290185539.7	-45161.32	99.98%	100.00%
14003985100000000000	Corporate services	-749418	-784052.57	34634.57	104.62%	100.00%
15003985100000000000	TIE	-78767163	-70170161.81	-8597001.19	89.09%	100.00%
16003985100000000000	Community Services	-16119262	-12062983.83	-4056278.17	74.84%	100.00%
17003985100000000000	SPED	-3456154	-3050202.6	-405951.4	88.25%	100.00%
	Total	-389322698	-376252940.5	-13069757.51	96.64%	100.00%

Expenditure

Expenditure	Cluster	Budget	YTD Movement	Unspend Budget	Percentage Spending	0
11003985200000000000	Political Offices	39744999	37772019.4	1972979.6	95.04%	100.00%
12003985200000000000	MM's Office	16522103	16787419.22	-265316.22	101.61%	100.00%
13003985200000000000	Finance	19679254	19971349.06	-292095.06	101.48%	100.00%
14003985200000000000	Corporate services	122743397	119669630.4	3073766.65	97.50%	100.00%
15003985200000000000	TIE	111041115	106754270.7	4286844.33	96.14%	100.00%
16003985200000000000	Community Services	57969125	55195219.43	2773905.57	95.21%	100.00%
17003985200000000000	Sped	31068793	30892648.73	176144.27	99.43%	100.00%
	Total	398768786	387042556.9	11726229.14	97.06%	100.00%



Intervention measures:

The Supply Chain Management Unit together with Financial Management both serve on the Contract Management Committee chaired by Corporate Services: Legal & Support to monitor contractual obligations and performance management of service providers.

Cost Containment measures are still in place to cut down on expenditure. Refer to the graphs above;

7. Pro-Rata Capital Comparative Analysis (Budget vs. Actual)

The Capital expenditure and Revenue sources. Capital expenditure amounted to R 161 354 for month of September and budget of R 2 445 413 was funded internally for various moveable assets such as furniture & equipment, computers & printers and vehicles.

The spending analysis on own fixed assets as at the end of June 2023 is shown in the table below:-

Capital Expenditure		Budget	YTD Movement	Unspend Budget	Percentage Spending	Benchmark Percentage
10006460020000000000	PPE COST FURN & OFF IU COST ACQUISITION	279 250	179 250.00	100 000.00	64.19%	100.00%
10006470020000000000	PPE COST COMP EQUIP IU COST ACQUISITION	1 540 544	1 405 178.78	135 365.22	91.21%	100.00%
10006471420000000000	PPE COST ICT INFRASTR COST ACQUISITION	100 372	16 969.74	83 402.26	16.91%	100.00%
10006420420000000000	PPE COST TRANSP OWN IU COST ACQUISITION	223 074	204 231.32	18 842.68	91.55%	100.00%
		2 143 240	1 805 629.84	337 610.16	84.25%	100.00%

The indication for capital projects is that all expenses is funded internally for the various components of assets as per the above table.

Asset Management

A scheduled year-end asset stock takes place and during this stock-take the physical condition and location of assets were verified in order to ensure completeness and accuracy of the fixed asset register. Currently, asset verification stock take takes place twice a year.

Financial position of the Municipality

Municipality has liquidity problems whereby the current liabilities exceed current assets. The municipality is grants dependent and the only source of revenue are minor tariffs charges and equitable share.

DC42 Sedibeng - Table C6 Monthly Budget Statement - Financial Position - M12 June

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands						
ASSETS	1					
Current assets						
Cash		18 423	6 961	20 232	30 213	20 232
Call investment deposits		6	-	798	849	798
Consumer debtors		-	-	-	-	-
Other debtors		8 000	1 245	1 316	7 726	1 316
Current portion of long-term receivables						
Inventory		(0)	362	-	-	-
Total current assets		26 429	8 569	22 346	38 788	22 346
Non current assets						
Long-term receivables						
Investments						
Investment property						
Investments in Associate						
Property, plant and equipment		88 483	70 186	80 262	81 379	80 262
Biological		1 222	687	587	711	587
Intangible		4 895	4 914	4 895	4 895	4 895
Other non-current assets						
Total non current assets		94 600	75 787	85 744	86 985	85 744
TOTAL ASSETS		121 029	84 356	108 090	125 773	108 090
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		135	117	135	199	135
Trade and other payables		199 129	182 287	202 105	202 700	202 105
Provisions		-	-	-	-	-
Total current liabilities		199 265	182 404	202 241	202 900	202 241
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		30 332	28 872	30 332	29 906	30 332
Total non current liabilities		30 332	28 872	30 332	29 906	30 332
TOTAL LIABILITIES		229 597	211 275	232 573	232 806	232 573
NET ASSETS	2	(108 568)	(126 920)	(124 483)	(107 033)	(124 483)
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(108 568)	(109 741)	(108 568)	(107 033)	(108 568)
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(108 568)	(109 741)	(108 568)	(107 033)	(108 568)
<i>References</i>						

1. Material variances to be explained in Table SC1
2. Net assets must balance with Total Community Wealth/Equity

check balance

- -17 179 272 -15 914 828

- -15 914 828

9. Monitoring of Compliance

Policy Governance of Municipal Finance and MFMA Compliance

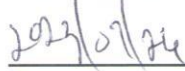
As part of improving Sedibeng District Municipality's MFMA reporting module, the project plan report indicates our compliance to the requirements as outlined per the MFMA for the financial year 1 July 2022 to 30 June 2023, which has been divided into timeframes of reporting: Annually, Quarterly, Monthly & Ad-hoc.

RECOMMENDED:

THAT the Section 52d report for the quarter ending 30 June 2023 be considered as prescribed by the Local Government: Municipal Finance Management Act, 56 1of 2003.



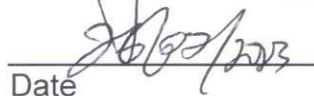
MR. X MALINDI
ACTING CHIEF FINANCIAL OFFICER



Date



MR. M MATHE
MUNICIPAL MANAGER



Date

BANK RECONCILIATION AS AT**30 June 2023****MAIN BANK ACCOUNT NEDBANK : 1152944835****33215020590000000000**

CASH BOOK
BALANCE AS AT **01-Jun-23** **R** **5 988 673.36**

PLUS : INCOME RECEIVED **R** **4 518 186.44**

TRANSFER TO STANDARD	0.00
SUNDRY INCOME	4 780.00
AMBULANCE FEES	0.00
INVESTMENTS WITHDRAWN	0.00
DIRECT BANKINGS FROM PROVINCIAL & NATIONAL	2 927 000.00
OTHER DIRECT BANKINGS	150 990.55
TRANSFERS RECEIVED	1 000 000.00
INTEREST	402 539.39
LICENCE INCOME	32 876.50
LESS: RD CHEQUES / (re deposit)	0.00

MINUS : EXPENDITURE **R** **-7 417 901.60**

ORDER PAYMENTS	-20 160.00
SUNDRY PAYMENTS	-2 954 647.08
SALARIES	-4 087 447.51
YEAR END PAYMENT	0.00
INVESTMENTS MADE	0.00
BANK ERROR	0.00
DIRECT BANK EXPENDITURE	-355 647.01

CASHBOOK BALANCE
AS AT **30-Jun-23** **R** **3 088 958.20**

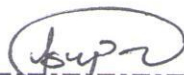
PLUS: CHEQUE/ELE CANCELLED FOLLOWING MONTH	0.00
PLUS: Receipts updated following month	0.00
LESS: CHEQUE/ELE CANCELLED PREVIOUS MONTH	0.00

REVISED BALANCE
AFTER CANCELATIONS **R** **3 088 958.20**

PLUS: OUTSTANDING CHEQUES	R	-
MINUS: OUTSTANDING DEPOSITS	R	-2 566.92
PLUS: UNCASHED ELE'S	R	-
PLUS: Receipts updated following month		
PLUS : DEPOSITS NOT YET LINKED	R	-

BANK BALANCE AS
AT **30-Jun-23** **R** **3 086 391.28**

PREPARED BY :



DATE : 2023-07-03

REVIEWED BY :



DATE : 2023/07/01

BANK RECONCILIATION AS AT 30 June 2023

STANDARD BANK - MAIN BANK ACCOUNT : 21777667

GL VOTE NUMBER - 33215020010ZZZZZZZWD

**CASH BOOK BALANCE
AS AT**

01-Jun-23

R 1 122 570.55

PLUS : INCOME RECEIVED

R 65 032 005.94

SURPLUS (DEFICIT)	0.00
SUNDRY INCOME	0.00
AMBULANCE SUBSIDY ARREARS	0.00
INVESTMENTS WITHDRAWN	0.00
DIRECT BANKINGS FROM PROVINCIAL & NATIONAL	0.00
OTHER DIRECT BANKINGS	25 987.57
LICENCE TRANSFER	65 000 000.00
INTEREST	6 018.37
LICENCE INCOME	0.00
LESS: RD CHEQUES / (re deposit)	0.00

MINUS : EXPENDITURE

R -52 903 222.92

ORDER PAYMENTS	-2 047 456.17
SUNDRY PAYMENTS	-29 129 032.36
SALARIES	-21 726 653.39
ACTUAL PAYMENT (BILLING)	0.00
INVESTMENTS MADE / TRANSFERS	0.00
BANK ERROR	0.00
DIRECT BANK EXPENDITURE	-81.00

**CASHBOOK BALANCE
AS AT**

30-Jun-23

R 13 251 353.57

PLUS: CHEQUE/ELE CANCELLED FOLLOWING MONTH	0.00
Less/plus: Receipts updated/not from previous month	0.00
LESS: RECEIPTS PREVIOUS MONTH	0.00

**REVISED BALANCE AFTER
CANCELATIONS**

R 13 251 353.57

PLUS: OUTSTANDING CHEQUES	R -
MINUS: OUTSTANDING DEPOSITS	R -
PLUS: UNCASHED ELE'S	R -
PLUS: DEPOSITS NOT YET LINKED	R -

BANK BALANCE AS AT

30-Jun-23

R 13 251 353.57

PREPARED BY :



DATE : 2023-07-03

REVIEWED BY :



DATE : 2023/07/03

BANKRECONCILIATION AS AT 30/Jun/2023

LICENSING BANK ACCOUNT NEDBANK: 1152944606

GL VOTE NUMBER - 33215020690000000000

CASH BOOK BALANCE

AS AT

1/Jun/2023

R

47 034 600.69

PLUS : INCOME RECEIVED

R

19 903 583.38

LICENCE INCOME	19 903 583.38
FUEL SALES	0.00
LESS: RD CHEQUES	0.00

MINUS : EXPENDITURE

R

-58 282 615.74

TRANSFER TO MAIN ACCOUNT	-58 000 000.00
BANK CHARGES	-11 802.22
BANK CHARGES CARD FEES	-270 813.52
BANK COST	0.00

CASHBOOK BALANCE

AS AT

30/Jun/2023

R

8 655 568.33

PLUS: OUTSTANDING CHEQUES	R	-
MINUS: OUTSTANDING DEPOSITS	R	-
PLUS : DEPOSITS NOT YET LINKED	R	-

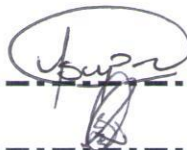
BANK BALANCE AS AT

30/Jun/2023

R

8 655 568.33

PREPARED BY :



DATE : 2023-07-03

REVIEWED BY :

DATE : 2023/07/03

BANKRECONCILIATION AS AT 30/Jun/2023

LICENSING BANK ACCOUNT STANDARD: 21781494

GL VOTE NUMBER - 33215020190000000000

CASH BOOK BALANCE
AS AT 1/Jun/2023 R 5 474 354.17

PLUS : INCOME RECEIVED R 7 045 863.58

LICENCE INCOME	7 016 362.02
INTEREST	29 501.56
LESS: RD CHEQUES	0.00

MINUS : EXPENDITURE R -8 000 015.00

TRANSFER TO MAIN ACCOUNT	-8 000 000.00
BANK CHARGES	-15.00
BANK CHARGES CARD FEES	0.00
BANK COST	0.00

CASHBOOK BALANCE
AS AT 30/Jun/2023 R 4 520 202.75

PLUS: OUTSTANDING CHEQUES	R	-
MINUS: OUTSTANDING DEPOSITS	R	-
PLUS : DEPOSITS NOT YET LINKED	R	-

BANK BALANCE AS AT 30/Jun/2023 R 4 520 202.75

PREPARED BY :



DATE: 2023-07-03

REVIEWED BY :



DATE: 2023/07/03

MFMA - WITHDRAWAL FROM MUNICIPAL BANK ACCOUNTS
SECTION 11(4) & 74(1)

ANNEXURE B

Name of Municipality:	Sedibeng District
Municipal Demarcation Code:	DC42
Financial year:	2022/23
Responsible official:	Masechaba Magalefa
Contact details:	(016)450-3056
Quarter:	Q4 April - June

Primary bank account refers to any banks account as defined in terms of Section 8 of the MFMA.

	Consolidated	Bank 3 Nedbank 1152944835	Bank 4 Nedbank 1152944606	Bank 5 STANDARD BANK 21777667	Bank 6 STANDARD BANK 21781494
Bank:					
Account number:					
Bank reconciliation/s compiled and attached	Yes				
Month:	April	April	April	April	April
Opening cash book balance at beginning of month	72,872,216	28,953,451	37,512,143	1,080,834	5,325,788
Add Receipts for month	28,090,394	6,786,174	21,170,912	14,064	119,245
Less Payments for month	36,918,071	30,574,581	6,343,424	66	-
Closing cash book balance at end of month	64,044,539	5,165,044	52,339,631	1,094,832	5,445,032
GL Account Balance					
Payments for the month	36,918,071	30,574,581	6,343,424	66	-
Less Recoveries	-	-	-	-	-
Add Non cash items (for the period)	-	-	-	-	-
Add Commitments (for the period)	-	-	-	-	-
Less Input VAT (for the period)	-	-	-	-	-
Less Accruals at end of month	-	-	-	-	-
Add Accruals at beginning of month	-	-	-	-	-
Total	36,918,071	30,574,581.31	6,343,424.00	66.00	-
Actual capital expenditure for the month	-	245,608	-	-	-
Actual operating expenditure for the month	36,232,898	36,232,898	-	-	-
Section 11(4) expenditure	-	-	-	-	-
Total	36,232,898	36,478,506	-	-	-
a) to defray expenditure appropriated in terms of an approved budget:	36,232,898	36,478,506	-	-	-
b) to defray expenditure authorised in terms of section 26(4):	-	-	-	-	-
<i>S26(4) - until a budget for the municipality is approved in terms of subsection (1), funds for the requirements of the municipality may, with the approval of the MEC for finance in the province, be withdrawn from the municipality's bank account in accordance with subsection (5)</i>					
Was any payment made in terms of (b) Yes/No	No				
c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1):	-	-	-	-	-
<i>S29(1) - the mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget</i>					
Was any payment made in terms of (c) Yes/No	No				
d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section:	-	-	-	-	-
<i>S12(2) - a municipality may in terms of section 7 open a separate bank account in the name of the municipality for the purpose of a relief, charitable, trust or other fund</i>					
Was any payment made in terms of (d) Yes/No	No				
e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including -	-	-	-	-	-
i) money collected by the municipality on behalf of that person or organ of state by agreement; or (VAT, motor vehicle licensing)	-	20,527,453	-	-	-
ii) any insurance or other payments received by the municipality for that person or organ of state:	-	-	-	-	-
Was any payment made in terms of (e) Yes/No	No				
f) to refund money incorrectly paid into a bank account:	-	-	-	-	-
Was any payment made in terms of (f) Yes/No	No				
g) to refund guarantees, sureties and security deposits: (refund of consumer deposits)	-	-	-	-	-
Was any payment made in terms of (g) Yes/No	No				
h) for cash management and investment purposes in accordance with section 13: (inter-bank transactions)	-	-	-	-	-
Was any payment made in terms of (h) Yes/No	No				
i) to defray increased expenditure in terms of section 31, or	-	-	-	-	-
<i>S31 Shifting of funds between multi-year appropriations</i>					
Was any payment made in terms of (i) Yes/No	No				
j) for such other purposes as may be prescribed, (making guarantees, store purchases, petty cash, loan repayments, leave payout, provisions)	-	R 0	-	-	-
Was any payment made in terms of (j) Yes/No	Yes	Yes	Yes	Yes	
Specify	10 856.71 was paid out in form of petty cash to different department within the municipality for the month of April				

MFMA - WITHDRAWAL FROM MUNICIPAL BANK ACCOUNTS
SECTION 11(4) & 74(1)

Name of Municipality:
Municipal Demarcation Code:
Financial year
Responsible official:
Contact details
Quarter

Sedibeng District	Please select from List supplied
DC42	Please select from List supplied
2022/23	
Masechaba Magalefa	Enter official's name
(016) 450-3056	
Q3 Jan - March	Please select from List supplied

Primary bank account refers to any banks account as defined in terms of Section 8 of the MFMA.

Bank:	Consolidated	Primary Bank Account	Bank 2	Bank 3	Bank 4
Account number:		Nedbank 1152944835	Nedbank 1152944606	STANDARD BANK 21777667	STANDARD BANK 21781494
Bank reconciliation/s compiled and attached	Yes	Yes	Yes	Yes	Yes
Month:	May	May	May	May	May
Opening cash book balance at beginning of month					
Add Receipts for month	64,044,539	5,165,044	52,339,631		
Less Payments for month	58,193,436	33,063,161	25,073,104	1,094,832	5,445,032
Closing cash book balance at end of month	62,617,776	32,239,531	30,378,134	27,834	29,337
GL Account Balance	59,620,200	5,988,674	47,034,601	96	15
Payments for the month				1,122,571	5,474,354
Less Recoveries	62,617,776	32,239,531	30,378,134	96	15
Add Non cash items (for the period)	-	-	-		
Add Commitments (for the period)	-	-	-		
Less input VAT (for the period)	-	-	-		
Less Accruals at end of month	-	-	-		
Add Accruals at beginning of month	-	-	-		
Total	62,617,776	32,239,531	30,378,134	96.00	15.00
Actual capital expenditure for the month					
Actual operating expenditure for the month	18,788	18,788			
Section 11(4) expenditure	29,965,611	31,015,743			
Total	29,984,399	31,034,531			
a) to defray expenditure appropriated in terms of an approved budget:	29,984,399	31,034,531			
b) to defray expenditure authorised in terms of section 26(4); S26(4) - until a budget for the municipality is approved in terms of subsection (1), funds for the requirements of the municipality may, with the approval of the MEC for finance in the province, be withdrawn from the municipality's bank account in accordance with subsection (5)					
Was any payment made in terms of (b) Yes/No	No	No	No		
c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1); S29(1) - the mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.					
Was any payment made in terms of (c) Yes/No	No	No	No		
d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section; S12(2) - a municipality may in terms of section 7 open a separate bank account in the name of the municipality for the purpose of a relief, charitable, trust or other fund					
Was any payment made in terms of (d) Yes/No	No	No	No		
e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including -					
i) money collected by the municipality on behalf of that person or organ of state by agreement, or (VAT, motor vehicle licensing)		19,099,720			
ii) any insurance or other payments received by the municipality for that person or organ of state.					
Was any payment made in terms of (e) Yes/No	No	No	Yes		
f) to refund money incorrectly paid into a bank account; Was any payment made in terms of (f) Yes/No	No	No	No		
g) to refund guarantees, sureties and security deposits; (refund of consumer deposits)					
Was any payment made in terms of (g) Yes/No	No	No	No		
h) for cash management and investment purposes in accordance with section 13; (inter-bank transactions)					
Was any payment made in terms of (h) Yes/No	No	No	No		
i) to defray increased expenditure in terms of section 31; or S31 Shifting of funds between multi-year appropriations					
Was any payment made in terms of (i) Yes/No	No	No	No		
j) for such other purposes as may be prescribed, (making guarantees, store purchases, petty cash, loan repayments, leave payout, provisions)					
Was any payment made in terms of (j) Yes/No	Yes	Yes	Yes	Yes	
Specify					
	R4 770.25 was paid out in Month of May.				

(Handwritten signature)

**MFMA - WITHDRAWAL FROM MUNICIPAL BANK ACCOUNTS
SECTION 11(4) & 74(1)**

Name of Municipality:
Municipal Demarcation Code:

Sedibeng District Please select from List supplied
DC42 Please select from List supplied

Responsible official:
Financial year
Contact details
Quarter

Masechaba Magalefa Enter official's name
2022/23
016 450 3056 Enter contact information
Q3 Jan - March Please select from List supplied

Primary bank account refers to any banks account as defined in terms of Section 8 of the MFMA.

Bank:	Consolidated	Primary Bank Account	Bank 2	Bank 3	Bank 4
Account number:		Nedbank	Nedbank	STANDARD BANK	STANDARD BANK
Bank reconciliation/s compiled and attached		1152944835	1152944606	21777667	21781494
Month:	Yes	Yes	Yes		
	June	June	June	June	June
Opening cash book balance at beginning of month					
Add Receipts for month	59,620,199	5,988,673	47,034,601	1,122,571	5,474,354
Less Payments for month	96,499,639	4,518,186	19,903,583	65,032,006	7,045,864
Closing cash book balance at end of month	126,603,755	7,417,902	58,282,616	52,903,223	7,045,864
GL Account Balance	29,516,083	3,088,958	8,655,568	13,251,353	8,000,015
Payments for the month					
Less Recoveries	126,603,755	7,417,902	58,282,616	52,903,223	8,000,015
Add Non cash items (for the period)	-	-	-	-	-
Add Commitments (for the period)	-	-	-	-	-
Less Input VAT (for the period)	-	-	-	-	-
Less Accruals at end of month	-	-	-	-	-
Add Accruals at beginning of month	-	-	-	-	-
Total	126,603,755	7,417,902	58,282,616	52,903,223.00	8,000,015.00
Actual capital expenditure for the month	75,271	75,271			
Actual operating expenditure for the month	41,888,058	39,963,351			
Section 11(4) expenditure					
Total	41,963,329	40,038,622			
a) to defray expenditure appropriated in terms of an approved budget:					
b) to defray expenditure authorised in terms of section 26(4); S26(4) - until a budget for the municipality is approved in terms of subsection (1), funds for the requirements of the municipality may, with the approval of the MEC for finance in the province, be withdrawn from the municipality's bank account in accordance with subsection (5)					
Was any payment made in terms of (b) Yes/No	No	No	No		
c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1); S29(1) - the mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.					
Was any payment made in terms of (c) Yes/No	No	No	No		
d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section; S12(2) - a municipality may in terms of section 7 open a separate bank account in the name of the municipality for the purpose of a relief, charitable, trust or other fund					
Was any payment made in terms of (d) Yes/No	No	No	No		
e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including - i) money collected by the municipality on behalf of that person or organ of state by agreement; or (VAT, motor vehicle licensing) ii) any insurance or other payments received by the municipality for that person or organ of state;			19,799,241		
Was any payment made in terms of (e) Yes/No	No	No	Yes		
f) to refund money incorrectly paid into a bank account;					
Was any payment made in terms of (f) Yes/No	No	No	No		
g) to refund guarantees, sureties and security deposits; (refund of consumer deposits)					
Was any payment made in terms of (g) Yes/No	No	No	No		
h) for cash management and investment purposes in accordance with section 13: (inter- bank transactions)					
Was any payment made in terms of (h) Yes/No	No	No	No		
i) to defray increased expenditure in terms of section 31; or S31 Shifting of funds between multi-year appropriations					
Was any payment made in terms of (i) Yes/No	No	No	No		
j) for such other purposes as may be prescribed. (making guarantees, store purchases, petty cash, loan repayments, leave payout, provisions)					
Was any payment made in terms of (j) Yes/No	Yes	Yes	Yes	Yes	
Specify					

R 5 470 petty cash was paid out in month of June



Date	Payee	Amount in R	Description and Purpose (including section reference e.g. sec 11(f))	Authorised by (name)
30-06-23	Gauteng Provincial Government Road & Transport	20 527 452.57	money collected by the municipality on behalf of that person or organ of state by agreement;	Mr. M Mathe Municipal Manager
13-07-23	Gauteng Provincial Government Road & Transport	19 099 719.50	money collected by the municipality on behalf of that person or organ of state by agreement;	Mr. M Mathe Municipal Manager
TOTAL		39 627 172.07		

D

Instructions for completing this report:

The Accounting Officer must include information motivating the non-budgetted withdrawals, action taken to rectify the breach and identify how funding will be sourced through an Adjustments Budget. This motivation can be an additional report to council or incorporated into the table above by inserting additional space.

This report must be tabled in Council within 30 days after the end of each quarter where a withdrawal occurs.

Withdrawals that must be reported each quarter:

- Section 11(b) - Expenditure authorised by the MEC for finance in terms of section 26 (4) when a municipality has failed to approve a budget by 30 June;
- Section 11(c) - Unforeseeable and unavoidable expenditure authorised by the mayor in terms of section 29 (1);
- Section 11(d) - Payments from a trust, charitable or relief fund without budget appropriation in terms of section 12(4);
- Section 11(e) - Payments to a person or organ of state of money received by the municipality on behalf of that person or organ of state, including
 - money collected by the municipality on behalf of that person or organ of state by agreement; or
 - any insurance or other payments received by the municipality for that person or organ of state;
- Section 11(f) - Refund money incorrectly paid into a bank account;
- Section 11(g) - Refund guarantees, sureties and security deposits;
- Section 11(h) - Payments for cash management and investment purposes in accordance with section 13;
- Section 11(i) - To defray increased expenditure on a multi-year capital project in terms of section 31;
- Section 11(j) - Payments for such other purposes as may be prescribed from time-to-time.

Distribution:

- Table this report in a full council meeting, including additional motivation on action taken to rectify within 30 days after the end of each quarter (section 11(4))
- Submit a copy to the relevant National Treasury, provincial treasury and the Auditor-General

**SEDIBENG DISTRICT MUNICIPALITY COST CONTAINMENT REPORT FOR
THE QUARTER ENDING 30 JUNE 2022/23**

(5/1/1) (2022/23)

Cluster: Finance
**Portfolio: Financial Management
& Budgets**

1. PURPOSE

The purpose of the report is to table before the Committee the 4th quarter cost containment report in terms of Section 62(1) (a) and 95(a) of the MFMA.

2. BACKGROUND

Sections 62(1)(a) and 95(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality or municipal entity is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the key principles being promoted are that elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are prudently utilised to ensure value for money is achieved. This will necessitate council policies to be aligned with the spirit and intent of the regulations, promoting the concept of cost vs benefits at all levels in the municipality and municipal entities, and to ensure that such savings can be better utilised towards improvements in service delivery

Municipalities and municipal entities must disclose cost containment measures in their in-year budget reports, and annual costs savings in their annual reports. These reports must be submitted to Council for review and resolution. This measure is to enhance transparency and local accountability.

The MCCR therefore provide a framework that is consistent with the provisions of the MFMA and other government pronouncements. The effective implementation of the MCCR is the responsibility of the municipal council, board of directors of municipal entities, municipal accounting officer and accounting officers of municipal entities. It is also intended to ensure that municipalities and municipal entities achieve value for money in utilising public resources to deliver municipal services. The MCCR applies to all officials and councillors.

DISCUSSION

The Annual Budget for the 2023 financial year was drawn up taken into consideration the cost containment regulations. The tables below will indicate the current spending patterns for the period under review where the benchmarking percentage will be at 25% per quarter.
Detail expenses per class

Annexure D: Total Cost Savings Disclosure in the In-Year and Annual Report
Detail expenses per class

Cost Containment In-Year Report Measures	Budget	Q1	Q2	Q3	Q4	Total	Percentage Saving	Benchmark Amount	Savings Amount Q1	Savings Amount Q2	Savings Amount Q3	Savings Amount Q4
Use of consultants & Professional fees	3 383 285.00	1 357 218.15	934 402.23	144 185.00	1 127 621.27	3 563 426.65	-5.32%	R3 383 285.00	-835 314.90	337 501.02	759 672.25	-442 000.02
Travel and subsistence	126 990.00	10 656.87	27 062.78	11 397.96	16 590.54	65 708.15	48.26%	R126 990.00	15 689.38	-716.53	13 444.54	32 864.46
Domestic accommodation	179 182.00	35 177.22	12 077.79	64 210.16	21 620.87	133 086.04	25.73%	R179 182.00	-3 240.97	19 858.46	-8 546.16	38 024.63
Sponsorships, events and catering	1 266 032.00	229 237.33	156 038.98	219 615.59	464 655.64	1 069 547.54	15.52%	R1 266 032.00	-18 283.08	78 915.27	78 799.91	57 052.36
Other related expenditure items	84 651 366.00	11 885 027.33	15 283 793.62	23 107 070.27	20 028 108.05	70 303 999.27	16.95%	R84 651 366.00	9 669 928.42	4 747 162.13	-1 287 099.77	1 217 375.95
Total	89 606 855.00	13 517 316.90	16 413 375.40	23 546 478.98	21 658 596.37	75 135 767.65	16.15%	R89 606 855.00	8 828 778.85	5 182 720.35	-443 729.23	903 317.38

Description	Budget	Curr Mth Exp	Commitment	YTD Movement	Unspent Budget	Perc	% saving/variance	Benchmark Amount	Savings Amount
Subtotal : employee related cost	292 011 798.00	25 064 239.79	0.00	288 837 241.69	3 174 556.31	98.91	1.09	R292 011 798.00	R3 174 556.31
Subtotal : remuneration of councillors	14 805 450.00	1 151 887.22	0.00	14 514 598.77	290 851.23	98.03	1.97	R14 805 450.00	R290 851.23
Subtotal : outsource services	33 457 264.00	5 594 828.03	5 800.00	28 585 297.55	4 871 966.45	85.43	14.57	R33 457 264.00	R4 871 966.45
Subtotal : contractors	5 290 949.00	300 187.00	67 593.96	2 242 059.62	3 048 889.38	42.37	57.63	R5 290 949.00	R3 048 889.38
Subtotal : operational cost	30 695 517.00	4 368 760.97	5 200.00	28 799 436.85	1 896 080.15	93.82	6.18	R30 695 517.00	R1 896 080.15
Subtotal : inventory	3 951 224.00	377 057.05	28 859.48	3 495 191.20	456 032.80	88.45	11.55	R3 951 224.00	R456 032.80
Subtotal : operating leases	2 901 901.00	366 534.59	0.00	2 656 313.00	245 588.00	91.53	8.47	R2 901 901.00	R245 588.00
Subtotal : consultant and prof services	3 383 285.00	1 060 996.27	0.00	3 563 426.65	-180 141.65	105.32	-5.32	R3 383 285.00	-R180 141.65
Subtotal : transfers & subsidies	13 310 000.00	670 674.40	247 603.15	9 357 469.43	3 952 530.57	70.30	29.70	R13 310 000.00	R3 952 530.57
Subtotal : depreciation & amortisation	11 489 150.00	785 760.48	0.00	8 422 904.00	3 066 246.00	73.31	26.69	R11 489 150.00	R3 066 246.00
TOTAL : EXPENDITURE	411 296 538.00	39 740 925.80	355 056.59	390 473 938.76	20 822 599.24	94.93	5.07	R411 296 538.00	R20 822 599.24

3. ALIGNMENT WITH COUNCIL STRATEGIES

This report is aligned to the cost containment regulation and policies

4. FINANCIAL IMPLICATIONS

The overall cost saving for the 4th quarter is at 5.07%

5. LEGAL IMPLICATIONS

Good governance and compliance with cost containment regulations

RECOMMENDED

1. THAT the report be noted for information purposes



ACTING CHIEF FINANCIAL OFFICER
MR. X MALINDI

2023/07/26
DATE



MUNICIPAL MANAGER
MR. M MATHE

26/07/2023
DATE