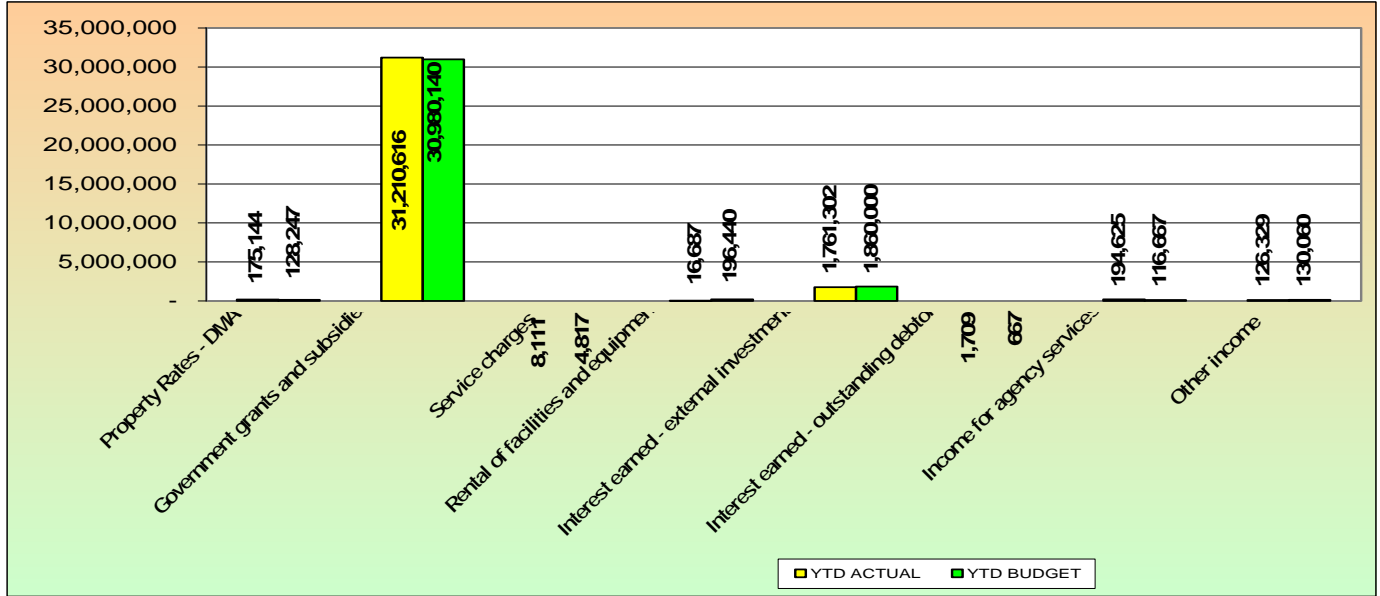


1. FINANCIAL POSITION

FRANCES BAARD DISTRICT MUNICIPALITY			
STATEMENT OF FINANCIAL POSITION	31 October 2010	Jun-10	
	R	R	
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets	76,915,129	65,661,937	
Capital Replacement Reserve	2,563,523	3,652,491	
Revaluation Reserve	5,935,618	6,013,465	
Accumulated Surplus / (Deficit)	68,415,989	55,995,981	
Non-current Liabilities	33,074,523	33,074,523	
Borrowings	14,136,733	14,136,733	
Non-Current Provisions	18,937,790	18,937,790	
Current Liabilities	26,242,406	18,565,463	
Provisions	5,315,275	4,828,161	
Trade Payables	5,634,943	6,063,088	
Unspent Conditional Grants and Receipts	14,162,324	6,544,350	
Operating Lease Liability	-	-	
Current Portion of Long-term Liabilities	1,129,864	1,129,864	
Cash and Cash Equivalents	-	-	
TOTAL: NET ASSETS AND LIABILITIES	136,232,058	117,301,922.40	
<u>ASSETS</u>			
Non-current Assets	45,369,739	45,516,401	
Property, Plant and Equipment	45,358,203	45,504,865	
Non-Current Assets Held for Sale	-	-	
Investment Property	-	-	
Intangible Assets	-	-	
Investments	11,536	11,536	
Long-term Receivables	-	-	
Current Assets	90,862,319	71,785,521	
Taxes	479,689	2,226,349	
Trade Receivables from Exchange Transactions	2,265	491	
Trade Receivables from Non-Exchange Transactions	4,704,007	3,405,873	
Operating Lease Asset	11,954	11,954	
Inventory	297,539	273,545	
Current Portion of Long-term Receivables	-	-	
Cash and Cash Equivalents	85,366,865	65,867,308	
TOTAL: ASSETS	136,232,058	117,301,922.40	

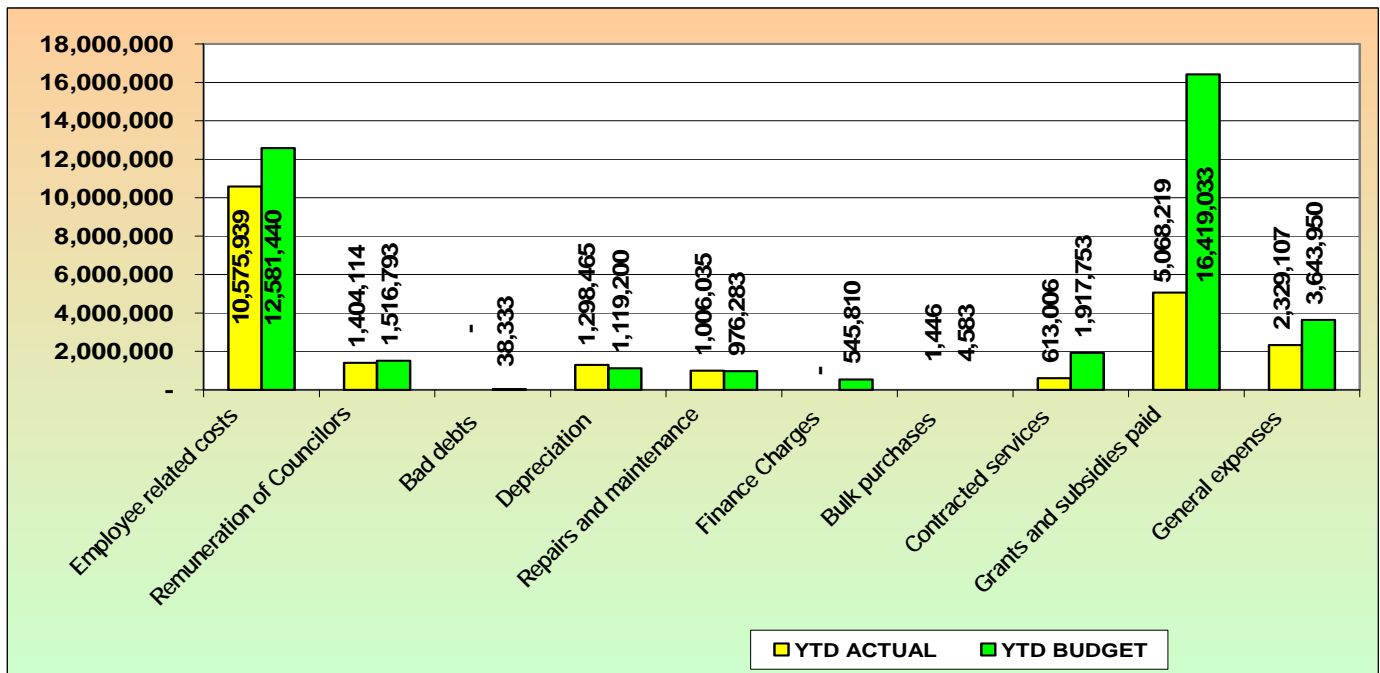
2. **FINANCIAL PERFORMANCE**

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 first four months 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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
	11,980,053	14,098,233	-2,118,180	-7%
Councillors Remuneration	1,404,114	1,516,793	-112,679	-7%
Post-Service Benefits	425,230	464,997	-39,767	-9%
Personnel Remuneration	10,150,709	12,116,443	-1,965,734	-16%
<i>Employee Related Costs</i>	8,627,265	10,054,917	-1,427,651	-14%
<i>Social Contributions</i>	1,381,111	1,793,273	-412,162	-23%
<i>Compulsory Levies</i>	142,332	268,253	-125,921	-47%

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 included in the capital budget are depreciated for the full year, while actual purchases have not occurred accordingly.

Repairs and Maintenance: Apart from standard service contracts, planned or expected maintenance costs have been incurred during this financial year 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.

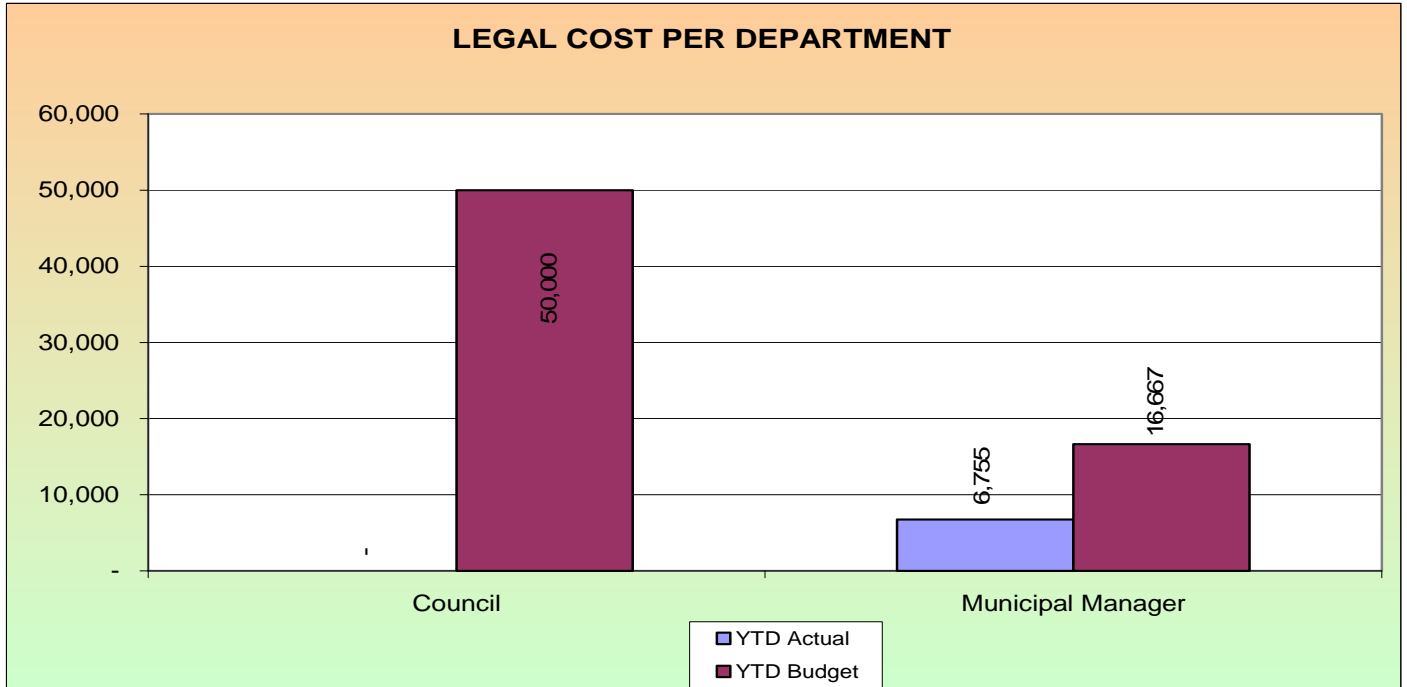
Projects that were not completed during the previous year-end have been rolled over to the new financial year for completion from the accumulated surplus / deficit or applicable unspent grant funding accounts.

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
Grants & Subsidies	5,068,219	16,419,033	-11,350,815	-69%
<i>Internal / Administration</i>	1,459,336	2,990,073	-1,530,737	-51%
<i>External Beneficiaries</i>	3,608,883	13,428,960	-9,820,077	-73%
<i>State Funded Grants</i>	2,861,735	10,671,627	-7,809,891	-73%
<i>Reserve Funded Grants</i>	715,715	2,694,000	-1,978,285	-73%
<i>Revenue Funded Grants</i>	31,432	63,333	-31,901	-50%

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 2010/11 financial year is R 200 000.

Projected Operating Results:

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

Continued on next page

DEPARTMENT FINANCE

MONTHLY REPORT – OCTOBER 2010

Revenue & Expenditure per classification	YTD Actual 31 October 2010	Estimated Projection:	Approved Budget 2010/11	Projected Variance	Projected Variance
<i>REVENUE BY SOURCE:</i>					
Service charges	8,111	14,450	14,450	-	0.00%
Assessment Rates	175,144	384,740	384,740	-	0.00%
Interest Earned - External Investments	1,761,302	5,500,000	5,580,000	(80,000)	-1.43%
Interest Earned - Outstanding Debtors	1,709	9,383	2,000	7,383	369.15%
Other	126,329	378,988	390,180	(11,192)	-2.87%
Rental of Facilities & Equipment	16,687	50,061	589,320	(539,259)	-91.51%
Income for Agency Services	194,625	350,000	350,000	-	0.00%
Government Grants & Subsidies	31,210,616	103,097,420	99,505,000	3,592,420	3.61%
Transfers From Reserves	-	-	8,513,220	(8,513,220)	
Gain on disposal of property plant and equipment	55,000	90,000	90,000	-	0.00%
Total Revenue:	33,549,524	109,875,041	115,418,910	(5,543,869)	-16.52%
<i>EXPENDITURE PER VOTE:</i>					
Executive and Council	5,447,097	14,591,005	17,065,760	(2,474,755)	-16.96%
Council	2,937,709	7,067,347	8,176,740	(1,109,393)	-13.57%
Office of the Municipal Manager	2,509,388	7,523,658	8,889,020	(1,365,362)	-15.36%
Finance & Administration	6,968,668	25,270,714	28,857,310	(3,586,596)	-14.19%
Budget & Treasury Office	2,861,178	13,258,776	14,496,200	(1,237,424)	-8.54%
Corporate Services	4,107,490	12,011,938	14,361,110	(2,349,172)	-16.36%
Planning & Development	7,750,083	44,515,567	58,468,870	(13,953,303)	-31.34%
Planning & Development	2,610,297	10,536,647	14,539,190	(4,002,543)	-27.53%
Technical Services	5,139,786	33,978,919	43,929,680	(9,950,761)	-22.65%
Health	516,870	2,197,218	2,501,870	(304,652)	-12.18%
Community & Social Services	110,464	545,606	1,025,820	(480,214)	-46.81%
Public Safety	648,666	2,700,419	3,695,800	(995,381)	-26.93%
Water Services: Koopmansfontein	8,853	35,973	51,610	(15,637)	-30.30%
Electricity Services: Koopmansfontein	2,370	7,109	13,800	(6,691)	-48.48%
Sanitation Services: Koopmansfontein	285	13,100	26,220	(13,120)	-50.04%
Refuse Removal Services: Koopmansfontein	720	7,660	13,000	(5,340)	-41.08%
Housing	842,255	2,862,070	3,314,620	(452,550)	-13.65%
Total Expenditure:	22,296,331	92,746,442	115,034,680	(22,288,238)	-19.38%
Transfer to Capital Replacement Reserve		2,987,600	2,987,600	-	
Prior year Revenue & Expenditure	-		-	-	
NET OPERATING RESULT:- SURPLUS / (DEFICIT)	11,253,192	14,140,999	(2,603,370)	16,744,369	

EXPENDITURE PER VOTE:

Anticipated expenditure projected per approved business plans and budget for the financial year under review:

- ***Executive and Council:***

- The annual increase for Councilors' is still awaited in terms of the remuneration of Public Office Bearers Act, 1998 in respect of the 2010/2011 financial year which has been budgeted for the full year.

Remedy: The expenditure projections for Executive & Council are likely to change and be based on more realistic projections as the financial year progresses.

- **Finance & Administration:**

New and approved vacant posts;

- Labour Relations Officer and Disaster Management Officers were only filled in August 2010, and
- Chief Archive Clerk and IT Technician were advertised in September 2010.

Remedy: The expenditure projections for Finance & Administration are likely to change and be based on more realistic projections as the financial year progresses.

- **Planning & Development:**

- Most of the MSIG Projects have not started.
- IDP / PMS projects as well as advertising general notices have not started.

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

- **LED & Tourism Projects**

Reasons for variation YTD results that leads to the under spending are:

- The vacant post of Senior LED Officer will only be filled in October 2010.
- Most of the special projects are in the planning phase of implementation.

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

- **Project Management & Advisory Services**

- Projects allocated to Category B municipalities in the new financial year have yet to commence. Expenditure is mainly for ongoing projects from the previous year and other State or Provincial initiatives.
- EPWP incentive grant is not an upfront grant, but rather a grant as reward for employment generated. It therefore can only be claimed once employment has been created. The grant rewards entities R50 per person per day employed once the entity has reached its first FTE (Full Time Equivalent). FTE is equal to 220 days employment created. Thereafter the calculation for the incentive is made.

Remedy: Specifications are being drafted and quotations are being obtained to implement projects.

- **Health:**

- Expenditure of Health Services is less than the budget by 12.18% primarily in the areas of general expenses and special projects.

Remedy: The expenditure projections for Health Services are likely to change and be based on more realistic projections as the financial year progresses.

- **Community & Social Services:**

- Expenditure of Community & Social Services is less than the budget by 46.81% primarily in the areas of salaries and allowances and special projects. Planned activities have been hampered by the public servants strike.

Remedy: The expenditure projections for Community & Social Services are likely to change and be based on more realistic projections as the financial year progresses.

- **Public Safety:**

- Firefighting & Disaster Management projects and unforeseen / emergency contingency projects – unpredictable as per occurrence.

Remedy: The expenditure projections for Fire fighting and Disaster Management are likely to change and be based on more realistic projections as the financial year progresses.

- **Housing:**

Anticipated expenditure projected per approved business plans and budget for the financial year under review, except for the following explanation which mainly contributed to the under expenditure as reflected:

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

Remedy: The expenditure projections for Housing Unit are likely to change and be based on more realistic projections as the financial year progresses.

- **Water and Electricity Services – Koopmansfontein:**

The expenditure projections for Water and Electricity Services are likely to change and be based on more realistic projections as the financial year progresses.

- The under-spending is mainly due to general expenses not utilized fully and is in the process of being spent.

- **Sanitation and Refuse Removal – Koopmansfontein**

The expenditure projections for Sanitation and Refuse Removal are likely to change and be based on more realistic projections as the financial year progresses.

Projected Capital Expenditure Results:

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

Please refer to next page.

DEPARTMENT FINANCE

MONTHLY REPORT – OCTOBER 2010

Capital Expenditure per vote	YTD Actual	Estimated Projection: 2010/11	Approved Budget 2010/11	Projected Variance R	Projected Variance %
<i>CAPITAL EXPENDITURE PER VOTE:</i>					
Executive and Council	17,095	113,124	117,600	-4,476	-3.81%
Council	6,280	90,000	90,000	-	0.00%
Office of the Municipal Manager	10,815	23,124	27,600	-4,476	-16.22%
Finance & Administration	251,669	1,387,669	1,392,500	-4,831	-0.35%
Budget & Treasury Office	247,116	339,116	342,000	-2,884	-0.84%
Corporate Services	4,553	1,048,553	1,050,500	-1,947	-0.19%
Planning & Development	272,251	945,933	949,500	-3,567	-0
Planning & Development	26,542	46,933	50,500	-3,567	-7.06%
Technical Services	245,708	899,000	899,000	-	0.00%
Housing	6,279	6,279	12,000	-5,722	0.00%
Health	-	-	-	-	0.00%
Community & Social Services	-	-	-	-	0.00%
Public Safety	491,405	503,391	516,000	-12,610	-2.44%
Water Services: Koopmansfontein	-	-	-	-	0.00%
Total Capital Expenditure:	1,038,698	2,956,395	2,987,600	-31,205	-1.04%

The following capital items have been procured for the year to date:

Asset Acquisitions		1,038,698
Computer	Council & Executive	6,168.00
Security Door	Council & Executive	789.46
Step Ladder	Council & Executive	789.46
Printer	Planning & Development	7,390.50
Upgrade Building - Alterations	Infrastructure Services	166,640.11
Air Conditioners Replacement	Infrastructure Services	21,192.00
Building - Parking Area Upgrade	Project Management Services	57,762.06
Computer	Housing	4,116.50
Digital Camera	Housing	2,162.00
Chair High Back	Council & Executive	1,576.95
Laptop	Finance & Administration	17,116.30
Printer Portable	Finance & Administration	4,552.64
Printer Portable	Planning & Development	17,060.00
Cabinet Filling	Planning & Development	872.81
4 x High back chair	Council & Executive	6,280.00
Printer	Council & Executive	1,491.18
Light delivery vehicles	Finance & Administration	229,999.98
Computer	Planning & Development	8,609.65
3 x Motor Vehicles	Public Safety	369,824.57
Fire Suppression System	Public Safety	114,189.59
Paving	Project Management Services	114.12

Variances based on actual expenditure trends will be analysed in the November report.

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	-	31,824,108	28,419,331	3,404,777
Financial Management Grant	-	1,000,000	377,034	622,966
Municipal Systems Improvement Grant	511,947	2,500,000	-	3,011,947
Municipal Infrastructure Grant	99,596	1,800,000	1,689,474	210,122
DWAF - Sanitation (Mvula Trust)	3,275,455	-	144,000	3,131,455
NCPA - Housing Accreditation Grant	-	1,634,607	578,863	1,055,744
District Aids Council	19,596	-	1,914	17,682
NEAR Control Centre	-	-	-	-
Firefighting Equipment	239,206	-	-	239,206
Eradication of Bucket System	-	-	-	-
SETA Skills Grant	-	19,875	-	19,875
Vuna Awards	1,500,000	-	-	1,500,000
NC TOURISM	-	50,000	-	50,000
EPW: Lerato Park	316,959	-	-	316,959
Environmental Health Recycling Project	581,591	-	-	581,591
Total	6,544,350	38,828,590	31,210,616	14,162,324

3. **CASH AND INVESTMENT**

Please refer to next page.

CASH FLOW REPORT**30-Jun-10****Oct-10****OPERATING FLOWS****(87,860,971) (19,155,873)**

- Salaries, wages and allowances	(33,364,052)	(12,452,479)
- Cash and creditor payments	(71,947,006)	(15,033,687)
- Statutory Payments (incl VAT)	(2,608,019)	(556,956)
- Other payments	(649,234)	-
- Revenue receipts	-	-
- Statutory Receipts (incl VAT)	8,656,230	3,876,245
- Capital payments	6,215,892	2,920,640
- Other revenues	5,835,217	2,090,364

INVESTMENT FLOWS**1,800,000 (23,000,000)**

- Investments made-OUT	(62,300,000)	(30,000,000)
- Investments redeemed	64,100,000	7,000,000

FINANCING FLOW**86,283,932 42,155,430**

- External loans repaid	-	-
- External loans received	-	-
- Utilisation of Overdraft Facility	-	-
- Grants and subsidies	86,283,932	42,155,430

Nett Cash Generated from operating activities**222,961 -443**

Increase / (Decrease) in investment activities

(4,800,000) 19,500,000

Nett increase / (Decrease) in cash and cash investments**-4,577,039 19,499,557****CASH AND CASH EQUIVALENTS**

Balance at the end of the Year	65,867,308	85,366,865
Balance at the beginning of the Year	70,444,347	65,867,308
Net increase / (Decrease) in cash and cash equivalents	-4,577,039	19,499,557

Cash Flow Statement

Cash flow for the period ended 31 October 2010 reflects a positive amount of R19.4m as the Equitable Share Grant was received in advance for the quarter ending on 30 September 2010.

Cash Balances:

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

Bank Statement	+	892,595
Outstanding Payments		-286,676
Plus Unreconciled Deposits	-	
Minus Outstanding Deposits		-43054.4
Minus Unreconciled Deposits	-	700
Project payments		
Salary Payments		
Creditors Payment		
Investments		
Cash Book Balance	+	563,565
Adjustment to Bank	-	
Adjusted Cash Book Balance	+	563,565

** None > 3 Months*

SURPLUS CASH INVESTED

Absa	34,500,000
Standard Bank	-
First Rand	23,000,000
Nedcor	24,500,000
Absa [Collateral security - Due 30 June 2011]	500,000
Standard Bank [Leave reserve Due 30 June 2011]	2,300,000
Total Cash Investments	84,800,000

Petty Cash float 3,300

Total Cash on Hand	85,366,865
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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 five 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,
- Consumer debtors at Koopmansfontein for the rendering of water, sanitation and refuse services.
- Assessment Rates Debtors.

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 account is behind with their subsidy payment in terms of the prescripts of the service level agreement which will be followed up after the submission of monthly report to them on or before 15th of each month.

- ***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.

- ***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 October 2010 is SALGA R26 142.12, Business Connexion R4 477.11 and H P O Duvenhage R1 783-58 (requested road to be bladed).

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

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

The supply of water services at Koopmansfontein started in December 2004 and the first account to consumers was submitted in February 2005. About 90% of the people have been registered as indigent and therefore receive the 6kl free basic water services as per Council's indigent policy.

Most of the residents' water consumption is well managed within the 6kl free basic water allocation. The outstanding debtors for more than 90 days will be dealt with in terms of the approved Debt Collection Policy of Council whereby the water consumption will be restricted to 6kl of water only until such time that the full outstanding debt has been settled. The outstanding debt that is in the 90days + zone for the month of October 2010 is R251.62.

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

The sanitation and refuse removal services started on 01 July 2010. Most of the sanitation and refuse services are well managed. The outstanding debtors for more than 90 days will be dealt with in terms of the approved Debt Collection. The outstanding debt that is in the 90days + zone for the month of October 2010 is R34.20.

- ***Property Rates***

Council has adopted a Property Rates Policy which has also been implemented as from 01 July 2009. The challenge being experienced due to the many subdivisions of property is that we have difficulty in obtaining addresses to which statements need to be posted. The issue is being addressed and has gone through the tender process and a debt collecting company will be appointed in November 2010 for collection of outstanding debt. And as progress is made, it will be reported on as soon as the information is available from the Deeds Office. Outstanding debt that is in the 90days + zone amounts to R109 451.56 as at 31 October 2010.

5. EXPENDITURE MANAGEMENT

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

Salary Payment:

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

Salary increases for staff have been implemented at the end of July 2010.

Trade Creditors:

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

PAYMENTS

Total value of all payments **R 7,958,461**

Electronic transfers	185
Cheques issued	59

STORES

Value of Stores issued	55,561
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SALARIES

Number of salary beneficiaries **206**

Councillors	25
Employees	177
Pensioners	4

Total remuneration paid 2,766,836

Councillors	322,099
Employees	2,438,800
Pensioners	5,938

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 August 2010:

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.

- *Training of Supply Chain Management Officials*

All junior officials and officials from Phokwane Municipality received training on Supply Chain Management for Municipalities. Invitations to other Category B municipalities to nominate officials were sent in advance, however, there was no attendance.

- *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 October 2010, no contract (R200 000+) was awarded by the Bid Adjudication Committee.

For the period of October 2010, three written price quotation (R30 000-R200 000) were awarded by the Municipal Manager.

- Printer: Bytes Documents – R59 995.00
- Fleet Tracking Device: Altech Netstar – R73 831.28
- Stationary: MG Trading – R49 967.10

The value of orders issued for the period ending 31 October 2010 total R685 357.58
(See Annexure “A”)

Orders per department

Council and Executive	R73 977.99
Municipal Manager	R30 667.84
Finance	R84 730.53
Administration	R115 213.85
Planning and Development	R107 231.84
Technical Service	R33 867.74
Road Agency	R117 541.85
Stores	R122 125.94

- Disposal Management

One vehicle was disposed off in accordance with a council resolution for R55 000.00 including VAT.

- Deviations

No deviation was approved by the Municipal Manager.

- Issues from Stores

Total orders issued total R55 561.25

Issues per department

Council and Executive	R727.35
Municipal Manager	R229.19
Finance	R1 359.50
Administration	R33 059. 57
Planning and Development	R874.02
Technical Service	R2 934.13
Roads Agency	R16 377.53

- List of accredited service providers

The supplier's database is updated daily.

Internal Provisions:

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

ASSET AND RISK MANAGEMENT**Insurance:**

All Council assets are adequately insured with Alexander Forbes over a 3 year period. The insurance portfolio / costing was reviewed and implemented in July 2010.

Asset Inventory:

TAT I-Chain Asset Management System has been implemented. There are still challenges regarding the printing of inventory lists that needs attention. The next asset stock take is schedule for 08 to 12 November 2010

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, and is in progress of finalization (signing off). 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 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 18 vehicles as part of its routine activities.

Statistical information regarding the year-to-date utility for October 2010 is as follows:

Please refer to next page.

	Vehicle Description	Vehicle Allocation	Year Model	Registration Number	Service	License expires	Year End Km Reading	Current Km Reading	YTD Utility
1	Nissan LDV	Community Development	2006	BVC 831 NC	105,000	2011/07/31	86,004	93,007	7,003
2	Toyota Hilux	PMU	2004	BRF 837 NC	110,000	2011/02/28	95,234	99,729	4,495
3	Toyota LDV 4x4	Environmental Health	2002	BMT 234 NC	145,000	2011/01/31	136,151	140,071	3,920
4	Isuzu 2.4	Environmental Health	2006	BTT 339 NC	120,000	2011/04/30	105,954	115,770	9,816
5	Isuzu 2.4	Environmental Health	2006	BVC 305 NC	135,000	2011/07/31	117,266	123,529	6,263
7	Ford Bantam	Finance	2004	BRD 836 NC	90,000	2011/01/31	74,027	74,909	882
8	Toyota Condor	PIMSS Centre	2002	BMT 978 NC	135,000	2011/02/28	121,812	130,623	8,811
9	Toyota Condor	Tourism Centre	2001	BLR 461 NC	170,000	2011/06/30	150,667	160,812	10,145
10	Toyota Corolla	Pool	2009	BZP 439 NC	45,000	2011/09/30	19,615	30,612	10,997
11	Toyota Corolla	Pool	2009	BZP 440 NC	45,000	2011/09/30	25,228	36,818	11,590
12	Toyota Corolla	Office Support	2004	BRF 721 NC	210,000	2011/02/28	198,362	203,221	4,859
13	Isuzu 2.4	Housing	2009	CBD 761 NC	30,000	2011/02/28	5,907	17,394	11,487
14	Chevrolet Cruze 1.8 LS	Pool	2010	CBY 226 NC	15,000	2011/11/30	20	556	536
15	Chevrolet Opel Corsa 1.	Disaster Management	2010	CBY 227 NC	15,000	2010/11/30	19	425	406
16	Toyota Corolla	Pool	2008	BXL 799 NC	90,000	2011/02/28	78,387	87,645	9,258
17	Volkswagen Microbus	Pool	2001	BMG 088 NC	135,000	2011/09/30	126,676	132,813	6,137
18	Mazda Drifter D/Cab	Pool	2005	BSM 137 NC	175,000	2011/04/30	158,143	165,218	7,075
19	Citi Golf	Pool	2005	BSM 014 NC	75,000	2011/04/30	62,440	66,479	4,039
20	Nissan D/Cab	Disaster Management	2006	BTT 376 NC	75,000	40663	64,557	72,475	7,918
21	Mercedes Benz	Council	2006	FBDM 1 NC	45,000	40816	36,254	39,590	3,336
YEAR TO DATE UTILITY - FULL FLEET									128,973

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	-	135,933	(135,933)	-100.00%
Insurance	11,463	15,000	(3,537)	-23.58%
MV Administration Levy	1,243	1,167	76	6.51%
Fuel	30,261	93,333	(63,072)	-67.58%
Licence	2,295	1,993	302	15.13%
Repairs and Maintenance	6,593	12,373	(5,780)	-46.71%
Tyres	-	4,420	(4,420)	-100.00%
TOTAL	51,855	264,220	(212,365)	-80.37%

- *Motor Vehicle Damage Report*

The front spoiler rubber of vehicle registration BMG 088 NC was damaged. The driver was transporting community members from Koopmansfontein and surrounding areas to Barkly West for a community awareness programme. The incident has been reported to the asset management unit.

7. FINANCIAL REPORTING AND BUDGETING

Budget Process:

The budget process plan in respect of the 2010/11 financial year has been submitted to the Executive Mayor for approval on 26 July 2010.

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 2010

The Annual Financial Statements for the year ended 30 June 2010 was submitted to the Audit Committee on 30 August and to the Auditor General on 31 August 2010 for Auditing.

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*

No support was rendered to local Municipalities for the month of October 2010. Meetings were held with Magareng and Phokwane Municipality on 19 October 2010 to discuss financial and other support.

9. PERSONNEL

Personnel Attendances:

Personnel attendance in the workplace for October 2010 averages 77%. The reason for the deviations is mainly due to, conference and courses, annual, family, sick and study leave.

Attendance trends are summarized as follows:

Please see next page

	Senior Management	Middle Management	Supervisory	Clerical
Number of Members	1	4	3	17
Leave	1	2	6	28
Sick Leave	0	0	3	6
Courses / Seminar	9	9	0	50
Meetings	0	1	0	4
Family Responsibility	0	0	0	2
Study	0	0	0	2
Maternity Leave	0	0	0	0
Overtime	0	0	0	0
Absent	0	0	0	0
Special Leave (SAMSRA)	0	0	0	0
No. of Workdays Attended	11	72	54	286
Total Workdays	21	84	63	378
Percentage attendance per Group	52%	86%	86%	76%
Average	77%			

Personnel Development:

No training was attended by the finance personnel for the month of October 2010.

11. INTERNSHIP PROGRAMME

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

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

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

All Interns are assisting with the year end process. They have assisted with the scheduled asset stock take.

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

A training schedule has been drawn up. It is envisaged that they be exposed to all functions within a municipality. All Interns are attending the Municipal Finance Management Programme and they have completed the MFMA DVD learning programme.

CONCLUSION

According to the results presented above for the period ending 31 October 2010, Council maintains a healthy financial position with respect to its cash and reserves.

DIRECTOR: FINANCE