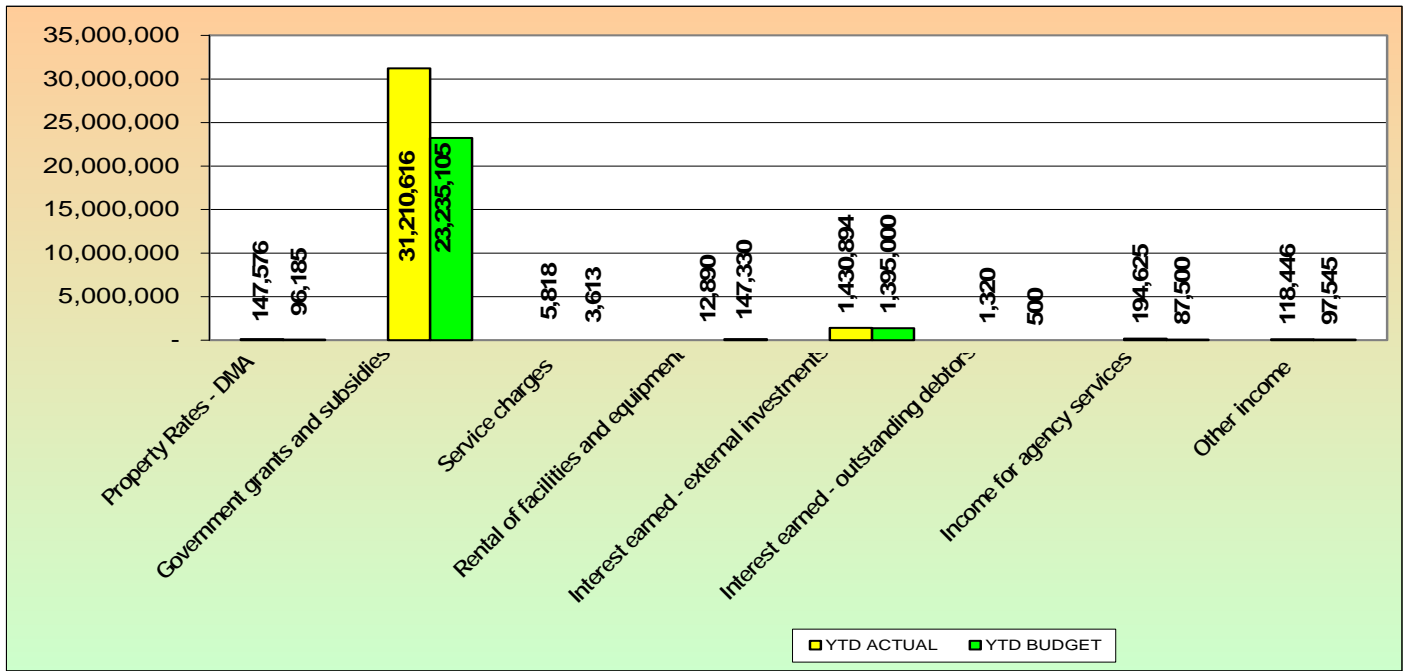


1. FINANCIAL POSITION

FRANCES BAARD DISTRICT MUNICIPALITY			
STATEMENT OF FINANCIAL POSITION	30 September 2010 R	Jun-10 R	
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets	81,779,566	65,661,937	
Capital Replacement Reserve	3,372,129	3,652,491	
Revaluation Reserve	5,955,079	6,013,465	
Accumulated Surplus / (Deficit)	72,452,358	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	23,919,130	18,565,463	
Provisions	5,315,275	4,828,161	
Trade Payables	4,811,667	6,063,088	
Unspent Conditional Grants and Receipts	12,662,324	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	138,773,219	117,301,922.40	
<u>ASSETS</u>			
Non-current Assets	44,912,095	45,516,401	
Property, Plant and Equipment	44,900,560	45,504,865	
Non-Current Assets Held for Sale	-	-	
Investment Property	-	-	
Intangible Assets	-	-	
Investments	11,536	11,536	
Long-term Receivables	-	-	
Current Assets	93,861,123	71,785,521	
Taxes	465,200	2,226,349	
Trade Receivables from Exchange Transactions	1,859	491	
Trade Receivables from Non-Exchange Transactions	3,493,829	3,405,873	
Operating Lease Asset	11,954	11,954	
Inventory	318,363	273,545	
Current Portion of Long-term Receivables	-	-	
Cash and Cash Equivalents	89,569,918	65,867,308	
TOTAL: ASSETS	138,773,219	117,301,922.40	

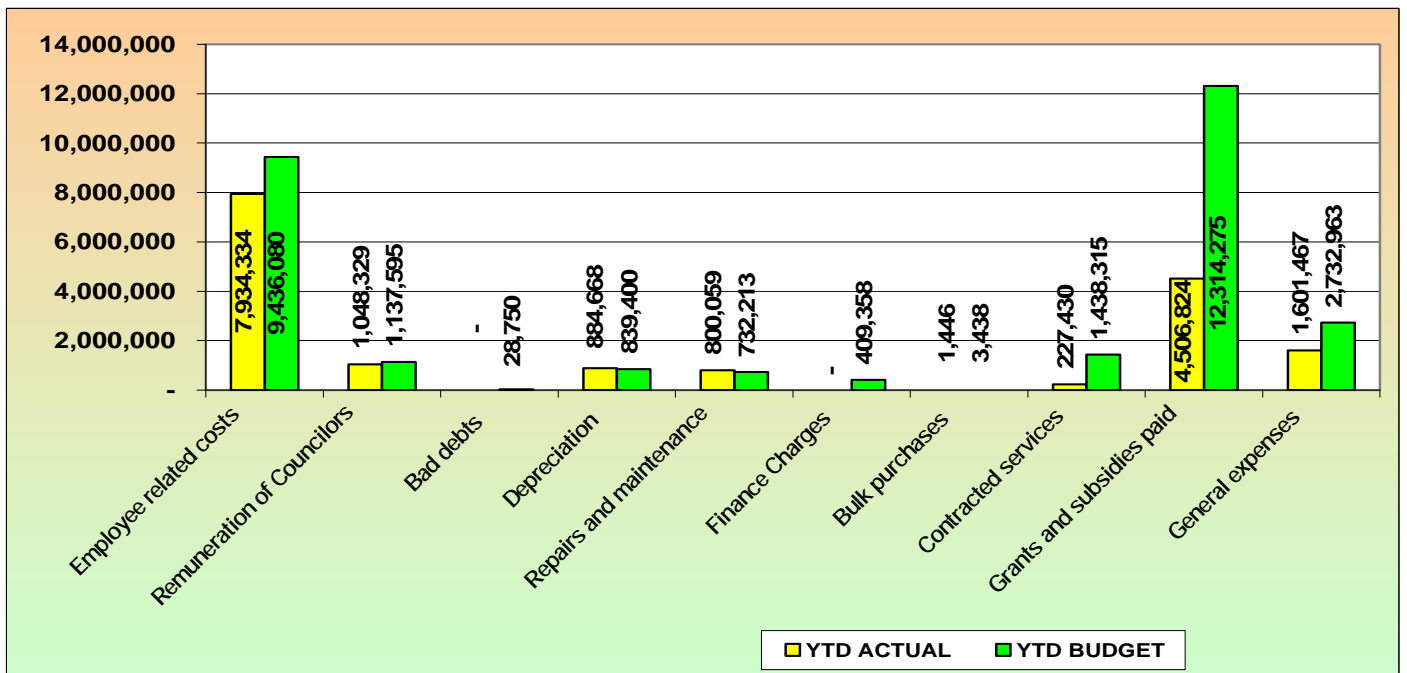
2. **FINANCIAL PERFORMANCE**

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>
	8,982,663	10,573,675	-1,591,012	-7%
Councillors Remuneration	1,048,329	1,137,595	-89,266	-8%
Post-Service Benefits	318,922	348,748	-29,825	-9%
Personnel Remuneration	7,615,412	9,087,333	-1,471,921	-16%
<i>Employee Related Costs</i>	6,485,318	7,541,188	-1,055,870	-14%
<i>Social Contributions</i>	946,028	1,326,083	-380,054	-29%
<i>Compulsory Levies</i>	184,065	220,063	-35,997	-16%

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.

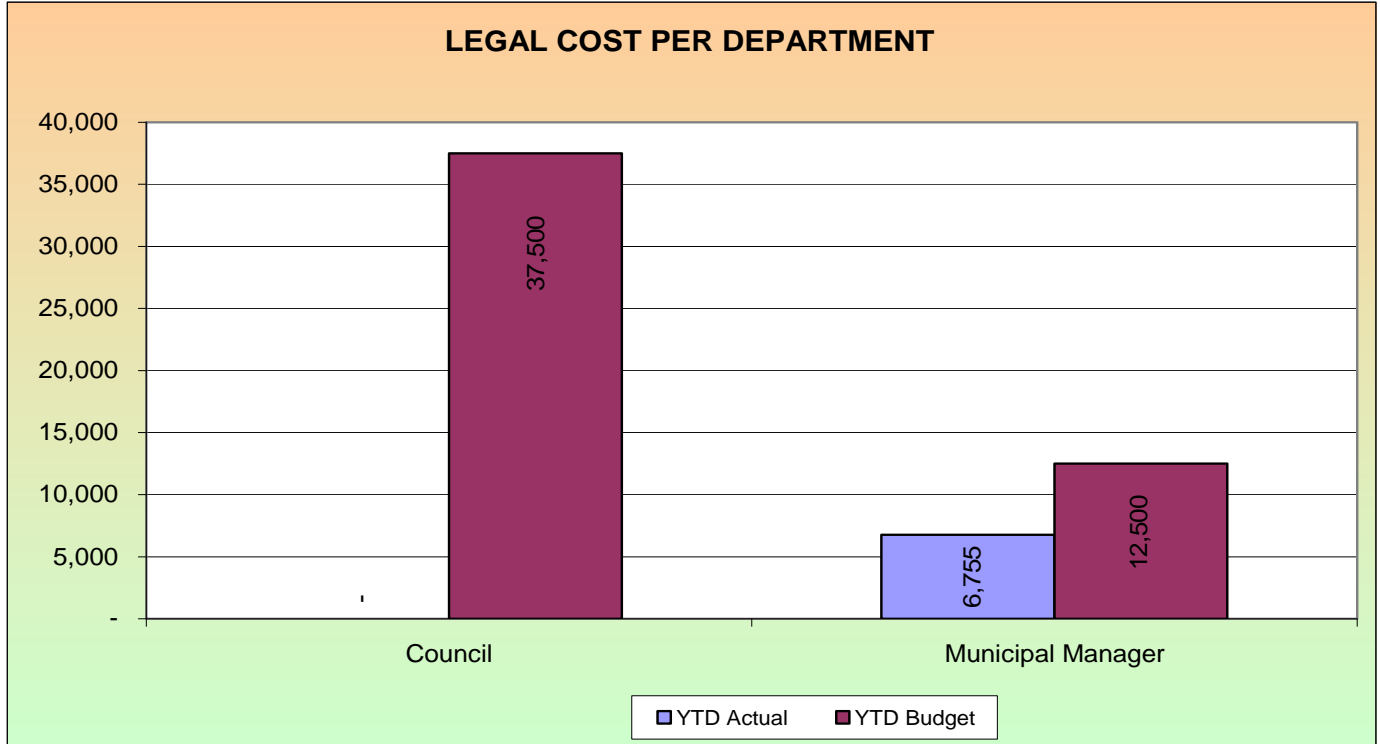
Projects that were not completed during the previous year-end have been rolled over to the new financial year for completion from the accumulated surplus / deficit or applicable unspent grant funding accounts.

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	4,506,824	12,314,275	-7,807,451	-63%
<i>Internal / Administration</i>	1,131,634	2,242,555	-1,110,921	-50%
<i>External Beneficiaries</i>	3,375,190	10,071,720	-6,696,530	-66%
<i>State Funded Grants</i>	2,743,135	8,003,720	-5,260,585	-66%
<i>Reserve Funded Grants</i>	600,623	2,020,500	-1,419,877	-70%
<i>Revenue Funded Grants</i>	31,432	47,500	-16,068	-34%

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 – SEPTEMBER 2010

Revenue & Expenditure per classification	YTD Actual 30 September 2010	Estimated Projection:	Approved Budget 2010/11	Projected Variance	Projected Variance
<u>REVENUE BY SOURCE:</u>					
Service charges	5,818	14,450	14,450	-	0.00%
Assessment Rates	147,576	384,740	384,740	-	0.00%
Interest Earned - External Investments	1,430,894	5,500,000	5,580,000	(80,000)	-1.43%
Interest Earned - Outstanding Debtors	1,320	9,383	2,000	7,383	369.15%
Other	118,446	500,000	390,180	109,820	28.15%
Rental of Facilities & Equipment	12,890	77,341	589,320	(511,979)	-86.88%
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	-	90,000	90,000	-	0.00%
Total Revenue:	33,122,185	110,023,334	115,418,910	(5,395,576)	-16.29%
<u>EXPENDITURE PER VOTE:</u>					
Executive and Council	3,970,612	14,266,676	17,065,760	(2,799,084)	-19.62%
Council	2,206,094	6,606,793	8,176,740	(1,569,947)	-19.20%
Office of the Municipal Manager	1,764,518	7,659,883	8,889,020	(1,229,137)	-13.83%
Finance & Administration	5,127,134	25,113,439	28,857,310	(3,743,871)	-14.91%
Budget & Treasury Office	2,041,080	13,589,136	14,496,200	(907,064)	-6.26%
Corporate Services	3,086,054	11,524,303	14,361,110	(2,836,807)	-19.75%
Planning & Development	6,349,084	44,444,001	58,468,870	(14,024,869)	-31.56%
Planning & Development	1,815,137	10,382,790	14,539,190	(4,156,400)	-28.59%
Technical Services	4,533,948	34,061,211	43,929,680	(9,868,469)	-22.46%
Health	429,821	2,301,567	2,501,870	(200,303)	-8.01%
Community & Social Services	105,368	540,901	1,025,820	(484,919)	-47.27%
Public Safety	414,482	2,412,795	3,695,800	(1,283,005)	-34.72%
Water Services: Koopmansfontein	5,705	30,785	51,610	(20,825)	-40.35%
Electricity Services: Koopmansfontein	1,330	5,322	13,800	(8,478)	-61.44%
Sanitation Services: Koopmansfontein	285	13,100	26,220	(13,120)	-50.04%
Refuse Removal Services: Koopmansfontein	720	8,380	13,000	(4,620)	-35.54%
Housing	600,015	2,788,982	3,314,620	(525,638)	-15.86%
Total Expenditure:	17,004,556	91,925,948	115,034,680	(23,108,732)	-20.09%
Transfer to Capital Replacement Reserve	-	2,987,600	2,987,600	-	
Prior year Revenue & Expenditure	-	-	-	-	
NET OPERATING RESULT:- SURPLUS / (DEFICIT)	16,117,629	15,109,786	(2,603,370)	17,713,156	

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:**

The following new and approved vacant posts have not been filled accordingly:

- 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:**

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

- 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 (R10 207 000) 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 with 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 1.92% 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 29.57% primarily in the areas 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 – SEPTEMBER 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	9,324	113,124	117,600	-4,476	-3.81%
Council	-	90,000	90,000	-	0.00%
Office of the Municipal Manager	9,324	23,124	27,600	-4,476	-16.22%
Finance & Administration	21,669	1,387,669	1,392,500	-4,831	-0.35%
Budget & Treasury Office	17,116	339,116	342,000	-2,884	-0.84%
Corporate Services	4,553	1,048,553	1,050,500	-1,947	-0.19%
Planning & Development	235,700	945,933	949,500	-3,567	-0
Planning & Development	17,933	46,933	50,500	-3,567	-7.06%
Technical Services	217,767	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	7,391	503,391	516,000	-12,610	-2.44%
Water Services: Koopmansfontein	-	-	-	-	0.00%
Total Capital Expenditure:	280,362	2,956,395	2,987,600	-31,205	-1.04%

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

Asset Acquisitions		280,362
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	151,732.61
Air Conditioners Replacement	Infrastructure Services	21,192.00
Building - Parking Area Upgrade	Project Management Advisory Service	44,842.86
Computer	Housing	4,116.50
Digital Camera	Housing	2,162.00
Chair High Back	Council & Executive	1576.95
Laptop	Finance & Administration	17116.3
Printer Portable	Finance & Administration	4552.64
Printer Portable	Planning & Development	17060
Cabinet Filling	Planning & Development	872.81

Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from October 2010.

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	1,000,000	-	1,511,947
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	37,328,590	31,210,616	12,662,324

3. CASH AND INVESTMENT

Please refer to next page

CASH FLOW REPORT**30-Jun-10****Sep-10**

OPERATING FLOWS	(87,860,971)	(12,100,320)
- Salaries, wages and allowances	(33,364,052)	(9,068,210)
- Cash and creditor payments	(71,947,006)	(10,443,685)
- Statutory Payments (incl VAT)	(2,608,019)	(513,901)
- Other payments	(649,234)	(2,985)
- Revenue receipts	-	-
- Statutory Receipts (incl VAT)	8,656,230	3,790,703
- Capital payments	6,215,892	2,504,077
- Other revenues	5,835,217	1,633,681
INVESTMENT FLOWS	1,800,000	(25,000,000)
- Investments made-OUT	(62,300,000)	(30,000,000)
- Investments redeemed	64,100,000	5,000,000
FINANCING FLOW	86,283,932	39,302,930
- External loans repaid	-	-
- External loans received	-	-
- Utilisation of Overdraft Facility	-	-
- Grants and subsidies	86,283,932	39,302,930
Nett Cash Generated from operating activities	222,961	2,202,610
Increase / (Decrease) in investment activities	(4,800,000)	21,500,000
Nett increase / (Decrease) in cash and cash investments	-4,577,039	23,702,610
 CASH AND CASH EQUIVALENTS		
Balance at the end of the Year	65,867,308	89,569,918
Balance at the beginning of the Year	70,444,347	65,867,308
Net increase / (Decrease) in cash and cash equivalents	-4,577,039	23,702,610

Cash Flow Statement

Cash flow for the period ended 30 September 2010 reflects a positive amount of R23.7m 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 RECONCILIATION**September-10**

Bank Statement	+	3,418,569
Outstanding Payments		-648,966
Plus Unreconciled Deposits	-	
Minus Outstanding Deposits		
Minus Unreconciled Payments	-	-2,985
Project payments		
Salary Payments		
Creditors Payment		
Investments		
Cash Book Balance	+	2,766,618
Adjustment to Bank	-	
Adjusted Cash Book Balance	+	2,766,618
<i>* None > 3 Months</i>		

SURPLUS CASH INVESTED

Absa	36,500,000
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	86,800,000

Petty Cash float 3,300

Total Cash on Hand 89,569,918

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 30 September 2010 is SALGA R26 142.12, Business Connexion R4 097.33 and H P O Duvenhage R1 783-58 (requested road to be scraped).

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 September 2010 is R71.03.

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

The sanitation, sewerage and refuse removal services started on 01 July 2010. Most of the sanitation, sewerage 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. There is no outstanding debt that is in the 90days + zone for the month of September 2010.

- ***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 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 R90 226.28 as at 30 September 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 5,379,795**

Electronic transfers	199
Cheques issued	40

STORES

Value of Stores issued	39,919
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SALARIES

Number of salary beneficiaries **185**

Councillors	25
Employees	156
Pensioners	4

Total remuneration paid 2,707,272

Councillors	310,076
Employees	2,391,258
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 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*

No training for the month of September 2010.

- *Demand Management*

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

- *Acquisition Management*

For the period of September 2010, two contracts (R200 000+) were awarded by the Bid Adjudication Committee.

- Dikgatlong Water Demand Strategy - SSI Engineering: R781 907.76
- Blading of roads - Namakwaland Construction - R0.16 per square meter

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

- Website design - Kalima Graphics design: R70 000.00
- Cartridges - CEOS Technologies: R51 414.00
- Printer - MVM Digital Solutions: R40 781.50

The value of orders issued for the period ending 30 September 2010 total R1 589 779.11
(See Annexure “A”)

Orders per department

Council and Executive	R118 837.48
Municipal Manager	R104 505.45
Finance	R279 305.46
Administration	R222 021.85
Planning and Development	R512 493.47
Technical Service	R120 105.88
Road Agency	R67 458.97
Stores	R165 050.55

- Disposal Management

No disposals

- Deviations

One deviation was approved by the Municipal Manager:

Council Vehicles - Premier Auto: R599 824.56

Total orders issued: R39 919.41

Issues per department

Council and Executive	R0.00
Municipal Manager	R672.90
Finance	R1915.83
Administration	R18 019.44
Planning and Development	R1898.77
Technical Service	R4800.22
Roads Agency	R12 612.25

- 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 from 1 July 2010 to 30 June 2013. 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.

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 September 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	2010/07/31	86,004	91,086	5,082
2	Toyota Hilux	PMU	2004	BRF 837 NC	100,000	2011/02/28	95,234	99,001	3,767
3	Toyota LDV 4x4	Environmental Health	2002	BMT 234 NC	145,000	2011/01/31	136,151	139,959	3,808
4	Isuzu 2.4	Environmental Health	2006	BTT 339 NC	120,000	2011/04/30	105,954	113,825	7,871
5	Isuzu 2.4	Environmental Health	2006	BVC 305 NC	135,000	2010/07/31	117,266	121,585	4,319
7	Ford Bantam	Finance	2004	BRD 836 NC	90,000	2011/01/31	74,027	74,646	619
8	Toyota Condor	PIMSS Centre	2002	BMT 978 NC	135,000	2011/02/28	121,812	128,858	7,046
9	Toyota Condor	Tourism Centre	2001	BLR 461 NC	160,000	2011/06/30	150,667	158,848	8,181
10	Toyota Corolla	Pool	2009	BZP 439 NC	30,000	2010/09/30	19,615	27,954	8,339
11	Toyota Corolla	Pool	2009	BZP 440 NC	45,000	2010/09/30	25,228	34,377	9,149
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	14,882	8,975
13	Toyota Corolla	Pool	2008	BXL 799 NC	90,000	2011/02/28	78,387	85,956	7,569
14	Volkswagen Microbus	Pool	2001	BMG 088 NC	135,000	2010/09/30	126,676	131,847	5,171
15	Mazda Drifter D/Cab	Pool	2005	BSM 137 NC	175,000	2011/04/30	158,143	164,132	5,989
16	Citi Golf	Pool	2005	BSM 014 NC	75,000	2011/04/30	62,440	65,293	2,853
17	Nissan D/Cab	Disaster Management	2006	BTT 376 NC	75,000	2011/04/30	64,557	71,170	6,613
18	Mercedes Benz	Council	2006	FBDM 1 NC	45,000	2010/09/30	36,254	38,673	2,419
YEAR TO DATE UTILITY - FULL FLEET									102,629

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	-	101,950	(101,950)	-100.00%
Insurance	11,463	11,250	213	1.89%
MV Administration Levy	1,243	875	368	42.02%
Fuel	30,261	70,000	(39,739)	-56.77%
Licence	2,295	1,495	800	53.51%
Repairs and Maintenance	6,209	9,280	(3,071)	-33.09%
Tyres	-	12,105	(12,105)	-100.00%
TOTAL	51,471	206,955	(155,484)	-75.13%

- *Motor Vehicle Damage Report*

No vehicles were damaged for the period of September 2010.

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"* and *"C"* to this report.

- *Support to Local Municipalities*

Phokwane Municipality requested assistance from FBDM Support unit.

On 22 September 2010 the support unit assisted with the balancing of debtors on the old financial system and extraction of reports the new financial system.

Namakoi Municipality

Assistance was rendered to Namakoi Municipality with regards to Financial Policies.

9. PERSONNEL

Personnel Attendances:

Personnel attendance in the workplace for September 2010 averages 89%. The reason for the deviations is mainly due to, conference and courses, annual, family, sick, study leave and special leave for SAMSRA games.

Attendance trends are summarized as follows:

Please refer to next page

	Senior Management	Middle Management	Supervisory	Clerical
Number of Members	1	4	3	17
Leave	1	3	4	22
Sick Leave	0	1	0	5
Courses / Seminar	2	0	0	0
Meetings	0	2	0	0
Family Responsibility	0	0	0	0
Study	0	0	0	0
Maternity Leave	0	0	0	10
Overtime	0	0	0	5
Absent	0	0	0	0
Special Leave (SAMSRA)	0	0	0	0
No. of Workdays Attended	18	78	59	294
Total Workdays	21	84	63	336
Percentage attendance per Group	86%	93%	94%	88%
Average	89%			

Personnel Development:

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

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 30 September 2010, Council maintains a healthy financial position with respect to its cash and reserves.

DIRECTOR: FINANCE

SEPTEMBER 2010