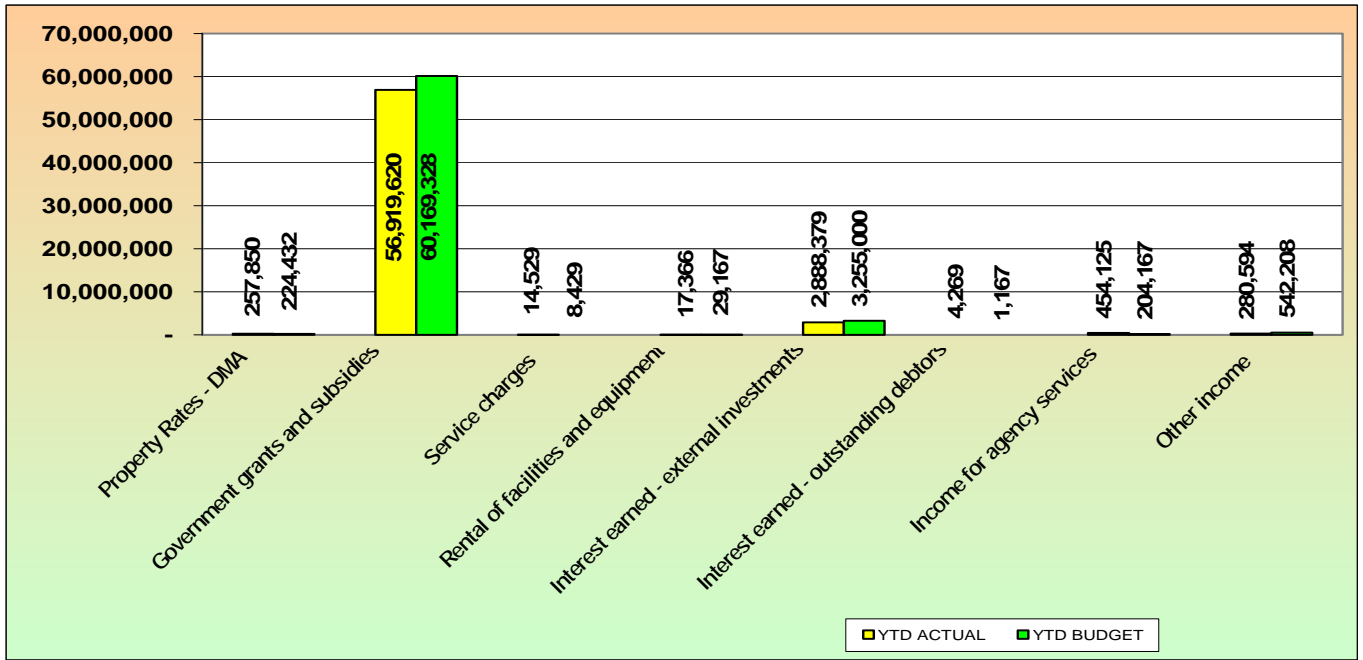


1. FINANCIAL POSITION

<b>FRANCES BAARD DISTRICT MUNICIPALITY</b>			
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>31 January 2011 R</b>	<b>Jun-10 R</b>	
<b><u>NET ASSETS AND LIABILITIES</u></b>			
<b>Net Assets</b>	<b>86,664,877</b>	<b>65,661,937</b>	
Capital Replacement Reserve	2,144,830	3,652,491	
Revaluation Reserve	5,877,232	6,013,465	
Accumulated Surplus / (Deficit)	78,642,815	55,995,981	
<b>Non-current Liabilities</b>	<b>33,699,002</b>	<b>33,074,523</b>	
Borrowings	14,761,212	14,136,733	
Non-Current Provisions	18,937,790	18,937,790	
<b>Current Liabilities</b>	<b>25,828,913</b>	<b>18,565,463</b>	
Provisions	2,751,717	4,828,161	
Trade Payables	4,412,747	6,063,088	
Unspent Conditional Grants and Receipts	17,228,821	6,544,350	
Operating Lease Liability	-	-	
Current Portion of Long-term Liabilities	1,435,628	1,129,864	
Cash and Cash Equivalents	-	-	
<b>TOTAL: NET ASSETS AND LIABILITIES</b>	<b>146,192,792</b>	<b>117,301,922.40</b>	
<b><u>ASSETS</u></b>			
<b>Non-current Assets</b>	<b>44,671,944</b>	<b>45,516,401</b>	
Property, Plant and Equipment	44,654,191	45,504,865	
Non-Current Assets Held for Sale	-	-	
Investment Property	-	-	
Intangible Assets	-	-	
Investments	17,754	11,536	
Long-term Receivables	-	-	
<b>Current Assets</b>	<b>101,520,848</b>	<b>71,785,521</b>	
Taxes	1,242,494	2,226,349	
Trade Receivables from Exchange Transactions	2,070	491	
Trade Receivables from Non-Exchange Transactions	6,302,374	3,405,873	
Operating Lease Asset	11,954	11,954	
Inventory	401,068	273,545	
Current Portion of Long-term Receivables	-	-	
Cash and Cash Equivalents	93,560,887	65,867,308	
<b>TOTAL: ASSETS</b>	<b>146,192,792</b>	<b>117,301,922.40</b>	

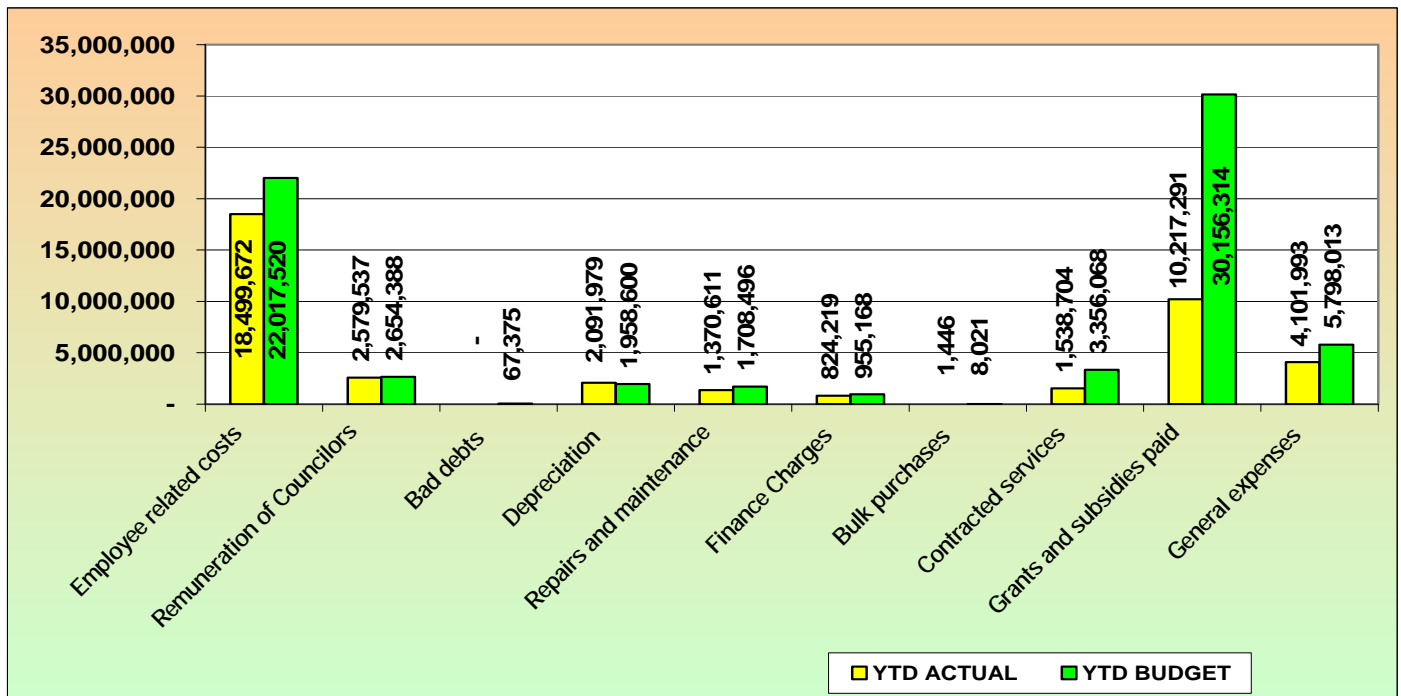
2. **FINANCIAL PERFORMANCE**

**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>
	<b>21,079,209</b>	<b>24,671,908</b>	<b>-3,592,699</b>	<b>-7%</b>
Councillors Remuneration	2,579,537	2,654,388	-74,852	-3%
Post-Service Benefits	770,494	813,744	-43,250	-5%
Personnel Remuneration	17,729,178	21,203,776	-3,474,598	-16%
<i>Employee Related Costs</i>	15,016,734	17,643,477	-2,626,743	-15%
<i>Social Contributions</i>	2,452,119	3,035,031	-582,912	-19%
<i>Compulsory Levies</i>	260,326	525,268	-264,943	-50%

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

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

**Repairs and Maintenance:** Apart from standard service contracts, planned or expected maintenance costs 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.

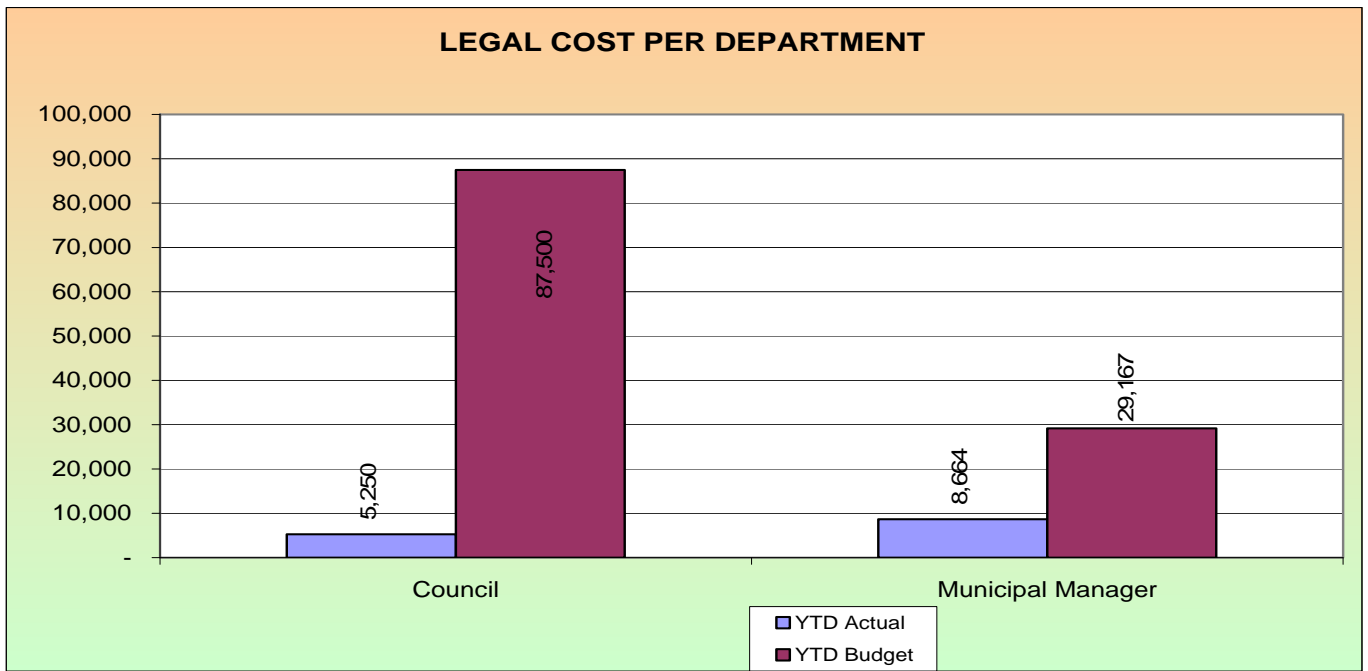
Progress on actual expenditure on infrastructure and development projects, in comparison with the budget, is:

**Grants & Subsidies**

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
	<b>10,217,291</b>	<b>30,156,314</b>	<b>-19,939,023</b>	<b>-66%</b>
<i>Internal / Administration</i>	2,405,912	5,309,375	-2,903,463	-55%
<i>External Beneficiaries</i>	7,811,379	24,846,939	-17,035,560	-69%
<i>State Funded Grants</i>	6,722,993	19,930,173	-13,207,181	-66%
<i>Reserve Funded Grants</i>	1,056,954	4,797,833	-3,740,879	-78%
<i>Revenue Funded Grants</i>	31,432	118,932	-87,500	-74%

**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:

*Please refer to next page*

Revenue & Expenditure per classification	YTD Actual 31 January 2011	Estimated Projection:	Approved Budget 2010/11	Projected Variance	Projected Variance
<b><i>REVENUE BY SOURCE:</i></b>					
Service charges	14,529	14,450	14,450	-	0.00%
Assessment Rates	257,850	384,740	384,740	-	0.00%
Interest Eamed - External Investments	2,888,379	5,500,000	5,580,000	(80,000)	-1.43%
Interest Earned - Outstanding Debtors	4,269	7,318	2,000	5,318	265.90%
Other	280,594	481,019	929,500	(448,481)	-48.25%
Rental of Facilities & Equipment	17,366	29,769	50,000	(20,231)	-40.46%
Income for Agency Services	454,125	454,125	350,000	104,125	29.75%
Government Grants & Subsidies	56,919,620	97,681,220	99,505,000	(1,823,780)	-1.83%
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%
<b>Total Revenue:</b>	<b>60,891,732</b>	<b>104,642,641</b>	<b>115,418,910</b>	<b>(10,776,269)</b>	<b>-17.70%</b>
<b><i>EXPENDITURE PER VOTE:</i></b>					
<b>Executive and Council</b>	<b>9,113,949</b>	<b>15,245,497</b>	<b>17,065,760</b>	<b>(1,820,263)</b>	<b>-11.94%</b>
Council	5,014,614	7,434,040	8,176,740	(742,700)	-9.08%
Office of the Municipal Manager	4,099,335	7,811,458	8,889,020	(1,077,562)	-12.12%
<b>Finance &amp; Administration</b>	<b>13,310,008</b>	<b>28,508,506</b>	<b>28,857,310</b>	<b>(348,804)</b>	<b>-1.22%</b>
Budget & Treasury Office	6,468,178	14,577,743	14,496,200	81,543	0.56%
Corporate Services	6,841,830	13,930,763	14,361,110	(430,347)	-3.00%
<b>Planning &amp; Development</b>	<b>15,049,742</b>	<b>46,326,260</b>	<b>58,468,870</b>	<b>(12,142,610)</b>	<b>-26.21%</b>
Planning & Development	4,570,075	11,934,385	14,539,190	(2,604,805)	-17.92%
Technical Services	10,479,666	34,391,876	43,929,680	(9,537,804)	-21.71%
Health	842,317	2,159,687	2,501,870	(342,183)	-13.68%
Community & Social Services	125,387	660,970	1,025,820	(364,850)	-35.57%
Public Safety	1,289,585	2,567,333	3,695,800	(1,128,467)	-30.53%
Water Services: Koopmansfontein	17,870	30,635	51,610	(20,975)	-40.64%
Electricity Services: Koopmansfontein	8,109	13,901	13,800	101	0.73%
Sanitation Services: Koopmansfontein	1,995	3,420	26,220	(22,800)	-86.96%
Refuse Removal Services: Koopmansfontein	720	1,234	13,000	(11,766)	-90.51%
Housing	1,465,769	2,917,116	3,314,620	(397,504)	-11.99%
<b>Total Expenditure:</b>	<b>41,225,451</b>	<b>98,434,560</b>	<b>115,034,680</b>	<b>(16,600,120)</b>	<b>-14.43%</b>
Transfer to Capital Replacement Reserve	-	2,987,600	2,987,600	-	
Prior year Revenue & Expenditure	-	-	-	-	
<b>NET OPERATING RESULT:- SURPLUS / (DEFICIT)</b>	<b>19,666,281</b>	<b>3,220,482</b>	<b>(2,603,370)</b>	<b>5,823,852</b>	

***EXPENDITURE PER VOTE:***

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

- ***Executive and Council:***

- Expenditure of Council and Executive was less than the budget by 11.94% primarily in the areas of consultancy, councillor training, legal services, special projects, incentive bonus and special projects of the youth unit.
- The annual increase for Councilors' was decided in December 2010 and implemented 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:** Savings realized have been corrected with the adjustment budget.

- **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:** Savings realized have been corrected with the adjustment budget.

**Planning & Development:**

- Most of the MSIG Projects have not started.
- IDP / PMS projects as well as advertising general notices have not started and are likely to commence in the third quarter of the financial year.

**Remedy:** Savings realized have been corrected with the adjustment budget.

- **LED & Tourism Projects**

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

- The vacant post of Senior LED Officer was filled on 03 January 2011.
- 29 % of the budget on special projects has been spent as compared to the full year projected budget.
- A Council resolution is awaited for the Kgolosego project in Phokwane. The budgeted amount for the project is R90 000.

**Remedy:** Savings realized have been corrected with the adjustment budget.

- **Project Management & Advisory Services**

- Projects allocated to Category B municipalities are well in progress and will be fully implemented by end of the financial year. Expenditure is mainly for ongoing projects from the previous year and other State or Provincial initiatives.
- Awaiting the purchasing of Land for the development of cemetery at Koopmansfontein, rezoning is in progress.
- 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:** Most projects will be completed by the end of the financial year.

- **Health:**

- Expenditure of Health Services is less than the budget by 13.68% primarily in the areas of general expenses and special projects.

**Remedy:** Savings realized have been corrected with the adjustment budget.

- **Community & Social Services:**

- Expenditure of Community & Social Services is less than the budget by 35.57% primarily in the areas of salaries and allowances and special projects. Planned activities have been hampered by the public servants strike. The salary and allowances of the community development officer is paid from the budget of the Housing unit.

**Remedy:** Savings realized have been corrected with the adjustment budget.

- **Public Safety:**

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

**Remedy:** Savings realized have been corrected with the adjustment budget.

- **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 the next page*

## DEPARTMENT FINANCE

JANUARY 2011

Capital Expenditure per vote	YTD Actual	Estimated Projection: 2010/11	Approved Budget 2010/11	Projected Variance R	Projected Variance %
<b><i>CAPITAL EXPENDITURE PER VOTE:</i></b>					
<b>Executive and Council</b>	<b>79,108</b>	<b>102,522</b>	<b>117,600</b>	<b>-15,078</b>	<b>-12.82%</b>
Council	68,293	80,907	90,000	-9,093	-
Office of the Municipal Manager	10,815	21,615	27,600	-5,985	-21.68%
<b>Finance &amp; Administration</b>	<b>291,714</b>	<b>1,363,442</b>	<b>1,392,500</b>	<b>-29,058</b>	<b>-2.09%</b>
Budget & Treasury Office	247,116	339,116	342,000	-2,884	-0.84%
Corporate Services	44,598	1,024,326	1,050,500	-26,174	-2.49%
<b>Planning &amp; Development</b>	<b>372,799</b>	<b>937,548</b>	<b>949,500</b>	<b>-11,952</b>	<b>-0</b>
Planning & Development	29,048	38,548	50,500	-11,952	-23.67%
Technical Services	343,751	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	506,022	519,200	-13,178	-2.54%
Water Services: Koopmansfontein	-	-	-	-	0.00%
<b>Total Capital Expenditure:</b>	<b>1,241,304</b>	<b>2,915,813</b>	<b>2,990,800</b>	<b>-74,987</b>	<b>-2.51%</b>

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

<b>Asset Acquisitions</b>		<b>1,241,304</b>
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	168,512.18
Air Conditioners Replacement	Infrastructure Services	21,192.00
Building - Parking Area Upgrade	Project Management Services	153,446.32
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	369,824.55
Fire Suppression System	Public Safety	111,382.57
Laptop	Council & Executive	9,385.96
Printer	Council & Executive	52,627.19
Printer	Finance & Admin	35,773.25
Cabinet Filling	Planning & Development	1,359.65
Computer	Finance & Admin	427.17
Sewer System Upgrade	Planning & Development	600.00
Binding Machine	Planning & Development	1145.9
Security Camera Replacement	Planning & Development	2807.02

Expenditure on capital acquisition is 44% as compared to the full year projected budget, with 2.95% being committed at the period of reporting.

**Computer Equipment**

- 18% of computer equipment has been acquired to date as compared to the projected capital budget resulting in an under spending of R783 937. Projects such as acquisition of servers, UPS Radio Network and computer replacements are likely to be implemented during the third quarter of the financial year.

**Furniture and Fittings**

- 15% of the furniture and fittings have been acquired to date as compared to the projected capital budget resulting in an under spending to the value of R63 265. Most furniture and fittings will be procured during the third quarter of the financial year.

**Motor Vehicles**

- All budgeted fleet vehicles have been purchased to date with only the repair of the caravan that is still outstanding.

**Plant & Equipment**

- 28% of plant & equipment have been purchased to date as compared to the projected capital budget resulting in an under spending of R289 821. The moving of the telephone system has gone out on tender and service provider is likely to be appointed in the third quarter of the financial year.

**Buildings & Facilities**

- 41% of buildings & facilities have been purchased to date resulting in an under spending of R495 460. A project such as upgrading of the sewer system and alteration to the recreational hall still has to take place during the financial year.

**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:

*Please refer to next page.*

<b>EXTERNAL FUNDING</b>	<b>Balance Fwd</b>	<b>Received</b>	<b>Applied</b>	<b>Balance</b>
Equitable Share	-	57,283,108	50,131,206	7,151,902
Financial Management Grant	-	1,000,000	493,616	506,384
Municipal Systems Improvement Grant	511,947	1,000,000	-	1,511,947
Municipal Infrastructure Grant	99,596	5,100,000	4,063,675	1,135,921
DWAF - Sanitation (Mvula Trust)	3,275,455	-	261,700	3,013,755
NCPA - Housing Accreditation Grant	-	2,772,608	1,422,442	1,350,166
District Aids Council	19,596	-	4,914	14,682
NEAR Control Centre	-	362,500	362,500	-
Firefighting Equipment	239,206	-	-	239,206
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	-	129,567	452,024
Koopmansfontein Self Build Scheme	-	16,000	-	16,000
<b>Total</b>	<b>6,544,350</b>	<b>67,604,091</b>	<b>56,919,620</b>	<b>17,228,821</b>

### 3. CASH AND INVESTMENT

#### **CASH FLOW REPORT**

30-Jun-10

Jan-11

#### **OPERATING FLOWS**

**(87,860,971)**      **(40,493,297)**

- Salaries, wages and allowances	(33,364,052)	(23,738,931)
- Cash and creditor payments	(71,947,006)	(25,539,465)
- Statutory Payments (incl VAT)	(2,608,019)	(1,601,573)
- Other payments	(649,234)	-
- Revenue receipts	-	-
- Statutory Receipts (incl VAT)	8,656,230	4,411,161
- Capital payments	6,215,892	3,802,358
- Other revenues	5,835,217	2,173,153

#### **INVESTMENT FLOWS**

**1,800,000**      **(30,501,173)**

- Investments made-OUT	(62,300,000)	(58,001,173)
- Investments redeemed	64,100,000	27,500,000

#### **FINANCING FLOW**

**86,283,932**      **71,688,050**

- External loans repaid	-	(1,329,604)
- External loans received	-	-
- Utilisation of Overdraft Facility	-	-
- Grants and subsidies	86,283,932	73,017,653

#### **Nett Cash Generated from operating activities**

**222,961**      **693,579**

Increase / (Decrease) in investment activities      (4,800,000)      27,000,000

#### **Nett increase / (Decrease) in cash and cash investments**

**-4,577,039**      **27,693,579**

#### **CASH AND CASH EQUIVALENTS**

Balance at the end of the Year	65,867,308	93,560,887
Balance at the beginning of the Year	70,444,347	65,867,308
<b>Net increase / (Decrease) in cash and cash equivalents</b>	<b>-4,577,039</b>	<b>27,693,579</b>

**Cash Flow Statement**

Cash flow for the period ended 31 January 2011 reflects a positive amount of R27.6m as the Equitable Share Grant was received in advance for the quarter ending 31 December 2010.

**Cash Balances:**

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

Bank Statement	+	1,078,127
Outstanding Payments		183,515
Plus Unreconciled Deposits	-	(4,054.33)
Minus Outstanding Deposits		
Minus Unreconciled Deposits	-	
Project payments		
Salary Payments		
Creditors Payment		
Investments		
<b>Cash Book Balance</b>	<b>+</b>	<b>1,257,587</b>
Adjustment to Bank	-	
<b>Adjusted Cash Book Balance</b>	<b>+</b>	<b>1,257,587</b>

*\* None > 3 Months*

**SURPLUS CASH INVESTED**

Absa	33,500,000
Standard Bank	5,000,000
First Rand	27,000,000
Nedcor	24,000,000
Absa [Collateral security - Due 30 June 2011]	500,000
Standard Bank [Leave reserve Due 30 June 2011]	2,300,000
<b>Total Cash Investments</b>	<b>92,300,000</b>

Petty Cash float 3,300

<b>Total Cash on Hand</b>	<b>93,560,887</b>
---------------------------	-------------------

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 15<sup>th</sup> 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 January 2011 is Department of Safety & Liaison R1 186.19, SALGA R47 029.61 and H P O Duvenhage R1 783-58 (requested road to be bladed).

Debts are continuously monitored and reviewed and adequate controls are in 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 January 2011 is R179.12

- ***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 January 2011 is R138.75 including VAT.

- ***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 Revco Revenue Consulting (PTY) Ltd has been appointed on 01 November 2010 to assist with data search and verification of all debtor information and collection of outstanding debt as from 01 July 2009. As progress is made, information will be reported on as received

from Revco Revenue Consulting (PTY) Ltd. Outstanding debt that is in the 90days + zone amounts to R151 672.66 as at 31 January 2011.

## 5. EXPENDITURE MANAGEMENT

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

### Salary Payment:

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

Salary increases 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.

*Please refer to next page.*

#### **PAYMENTS**

Total value of all payments **R 4,112,687**

Electronic transfers	113
Cheques issued	32

#### **STORES**

Value of Stores issued	23,251
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#### **SALARIES**

Number of salary beneficiaries **194**

Councillors	25
Employees	165
Pensioners	4

**Total remuneration paid 2,688,417**

Councillors	422,726
Employees	2,259,753
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*

No training was received during the month of January 2011.

- *Demand Management*

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

- *Acquisition Management*

For the period of January 2011, 1 contract was awarded by the Bid Adjudication Committee.

- o Project Manager for recycling projects: SSI Engineers – R174 971.40 VAT inclusive.

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

The value of orders issued for the period ending 31 January 2011 total R530 446.22.

*(See Annexure “A”)*

**Orders per department**

Council and Executive	R17 077.51
Municipal Manager	R5 218.85
Finance	R12 356.56
Administration	R178 771.67
Planning and Development	R37 238.71
Technical Service	R246 655.37
Road Agency	R24 226.10
Stores	R8 901.45

- Disposal Management

No disposal took place during the month of January 2011.

- Deviations

One deviation was approved by the Municipal Manager.

- o The assessment of electrical installations and issuing of a compliance certificate: Mooks Electrical - R228 000 including VAT.

- Issues from Stores

Total orders issued total R23 250.92

**Issues per department**

Council and Executive	R46.85
Municipal Manager	R490.00
Finance	R1 177.66
Administration	R3 311.99
Planning and Development	R3 086.14
Technical Service	R1 801.42
Roads Agency	R12 154.35

- 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 asset stock take took place from 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 20 vehicles as part of its routine activities.

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

*Please refer to next page.*

DEPARTMENT FINANCE

JANUARY 2011

	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	7/31/2011	86,004	95,324	9,320
2	Toyota Hilux	PMU	2004	BRF 837 NC	110,000	2/28/2011	95,234	102,112	6,878
3	Toyota LDV 4x4	Environmental Health	2002	BMT 234 NC	145,000	1/31/2011	136,151	141,010	4,859
4	Isuzu 2.4	Environmental Health	2006	BTT 339 NC	135,000	4/30/2011	105,954	121,148	15,194
5	Isuzu 2.4	Environmental Health	2006	BVC 305 NC	135,000	7/31/2011	117,266	127,020	9,754
7	Ford Bantam	Finance	2004	BRD 836 NC	90,000	1/31/2011	74,027	75,630	1,603
8	Toyota Condor	PIMSS Centre	2002	BMT 978 NC	135,000	2/28/2011	121,812	134,072	12,260
9	Toyota Condor	Tourism Centre	2001	BLR 461 NC	170,000	6/30/2011	150,667	165,003	14,336
10	Toyota Corolla	Pool	2009	BZP 439 NC	45,000	9/30/2011	19,615	36,462	16,847
11	Toyota Corolla	Pool	2009	BZP 440 NC	45,000	9/30/2011	25,228	41,732	16,504
12	Isuzu 2.4	Housing	2009	CBD 761 NC	30,000	2/28/2011	5,907	23,073	19,954
13	Chevrolet Cruze 1.8LS	Pool	2010	CBY 226 NC	15,000	11/30/2011	20	7,303	7,283
14	Chevrolet Opel Corsa 1.	Disaster Management	2010	CBY 227 NC	15,000	11/30/2010	19	704	685
15	Toyota Corolla	Pool	2008	BXL 799 NC	105,000	2/28/2011	78,387	91,201	12,814
16	Volkswagen Microbus	Pool	2001	BMG 088 NC	150,000	9/30/2011	126,676	136,662	9,986
17	Mazda Drifter D/Cab	Pool	2005	BSM 137 NC	180,000	4/30/2011	158,143	173,694	15,551
18	Citi Golf	Pool	2005	BSM 014 NC	75,000	4/30/2011	62,440	68,690	6,250
19	Nissan D/Cab	Disaster Management	2006	BTT 376 NC	75,000	4/30/2011	64,557	76,204	11,647
20	Mercedes Benz	Council	2006	FBDM 1 NC	45000	40816	36,254	42,792	6,538
<b>YEAR TO DATE UTILITY - FULL FLEET</b>									<b>198,263</b>

**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	-	237,883	(237,883)	-100.00%
Insurance	11,463	26,250	(14,787)	-56.33%
MV Administration Levy	6,628	2,042	4,587	224.65%
Fuel	149,223	163,333	(14,110)	-8.64%
Licence	2,817	3,488	(671)	-19.25%
Repairs and Maintenance	25,642	21,653	3,989	18.42%
Tyres	22,815	20,510	2,305	11.24%
<b>TOTAL</b>	<b>218,589</b>	<b>475,160</b>	<b>(256,571)</b>	<b>-54.00%</b>

• **Motor Vehicle Damage Report**

No vehicle was damaged for the month of January 2011.

- *Motor Vehicle Tracker System*

A new vehicle tracker system was installed on 22 December 2010 in all council's pool vehicles by Altech Netstar. An information session will be held to communicate the processes in February 2011.

## 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. Auditing by the Auditor General is completed and the Frances Baard District Municipality obtained an **Unqualified Audit Report with no matters of emphasis** from the Office of the Auditor General.

## 8. MFMA IMPLEMENTATION OVERSIGHT

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

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

- *Support to Local Municipalities*

The Supply Chain Management office assisted Phokwane Municipality with specifications for Banking Services in January 2011.

## 9. PERSONNEL

### *Personnel Attendances:*

Personnel attendance in the workplace for January 2011 averages 64%. The reason for the deviations is mainly due to, conference and courses, annual leave.

Attendance trends are summarized as follows:

*Please refer to next page.*

	Senior Management	Middle Management	Supervisory	Clerical
<b>Number of Members</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>18</b>
Leave	10	16	0	120
Sick Leave	0	0	0	15
Courses / Seminar	0	1	0	22
Meetings	0	1	0	0
Study leave	0	0	0	0
Maternity Leave	0	0	0	0
Family Responsibility	5	0	0	0
Overtime	0	0	0	0
Absent	0	0	0	0
Special Leave (SAMSRA)	0	0	0	0
<b>No. of Workdays Attended</b>	<b>6</b>	<b>66</b>	<b>42</b>	<b>221</b>
<b>Total Workdays</b>	<b>21</b>	<b>84</b>	<b>42</b>	<b>378</b>
<b>Percentage attendance per Group</b>	<b>29%</b>	<b>79%</b>	<b>100%</b>	<b>58%</b>
<b>Average</b>	<b>64%</b>			

**Personnel Development:**

No training was attended by the finance personnel.

**11. INTERNSHIP PROGRAMME**

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

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

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

All Interns have assisted with the year end process for the 2009/2010 financial year. They have assisted with the scheduled asset stock take.

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

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

**CONCLUSION**

According to the results presented above for the period ending 31 January 2011, Council maintains a healthy financial position with respect to its cash and reserves.

**DIRECTOR: FINANCE**