

NAMAKWA DISTRICT MUNICIPALITY



MID YEAR BUDGET ASSESSMENT REPORT FOR THE 2022/23 FINANCIAL YEAR

Table of Contents

Table of Contents2

Glossary3

Section 1 – Introduction4

Section 2 – Report of the Executive Mayor.....6

Section 3 – Financial Performance8

Section 4 – Progress on resolving problems identified in the 2021/22 Annual report.....18

Section 5 – Recommendations.....19

Section 6 – Municipal Manager’s quality certification.....20

Section 7 – Conclusion21

Glossary

Adjustment budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

MBRR – Local Government: Municipal Finance Management Act (56/2003):
Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principal piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MTREF – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Vote – One of the main segments into which a budget.

Section 1 - Introduction

1.1 Purpose

To inform Council of progress made in the implementation of the budget and performance outcomes in respect of the first six months of the 2022/23 financial year, and to recommend whether an adjustments budget is necessary.

1.2 Legal requirements

In terms of section 72 of the Municipal Finance Management Act, the accounting officer must by 25 January of each year assess the performance of the Namakwa District Municipality for the first half of the financial year taking into account the following:

- The monthly financial performance statement referred to in section 71 of the Municipal Finance Management Act;
- The municipality's service delivery performance as per approved Service Delivery and Implementation Plan (SDBIP);
- The past year's annual report, and progress on resolving problems identified in the annual report;
- The performance of every municipal entity under the sole control of the municipality

The mid-year report must also include explanations of:

- Any material variances from the municipality's projected revenue by source and expenditure vote;
- Any variances from the Service Delivery and Implementation Plan (SDBIP);
- Any remedial corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the approved budget;
- A projection of the relevant municipality's revenue and expenditure for the rest of the financial year and revision from the initial projections.

In terms of section 71 of the Municipal Finance Management Act the following information must be taken into account when assessing the financial performance of the Namakwa District Municipality:

- Actual revenue per source
- Actual expenditure per vote
- Actual capital expenditure per vote
- The amount of any allocations received and the expenditure on those allocations.

The focus of the mid-year report is to assess the Namakwa District Municipality's performance during the first half of the financial year based on the approved budget and service delivery plans in respect of the 2022/23 financial year.

Section 2 - Report of the Executive Mayor

As part of the review and performance assessment process the accounting officer must make recommendations as to whether an adjustment budget is necessary based on the following considerations:

An adjustment budget:

- Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- May appropriate additional revenues that have become available over and above the anticipated in the annual budget, but only to revise or accelerate spending on programmes already budgeted for;
- May within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- May authorise the utilization of projected savings in one vote towards spending under another vote;
- May authorise the spending of funds that were unspent at the end of the past financial year where the under spending could not reasonably have been foreseen at the time to include projected roll-over when the annual budget for the current year was approved by the council;
- May correct errors in the annual budget;
- May provide for any other expenditure within a prescribed framework.

When an adjustment budget is tabled, it must be accompanied by:

- An explanation of how the adjustment budget impacts on the annual budget;
- A motivation of any material changes to the annual budget;
- An explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years;
- Any other supporting documentation that may be prescribed.

2.1 Assessment

Considering the above-mentioned legislative requirements for submission of an adjustment budget as the projected interim operating and capital results for the financial year under review, the following is deemed necessary to consider for an adjustment budget:

1. Inclusion of R 500 000 received from the Office of the Premier for the HIV/AIDS council;
2. Inclusion of R 550 000 budget for the Green Sebenza Phase 2 internship project from the South African National Biodiversity Institute (SANBI);

3. Possible amendment to the Fuel and Oil budget of the municipality due to the fact that the current year expenditure is already at 92.92% of the initial approved budget;
4. Possible amendment to the Subsistence and Travel budget of the Municipality, including councillors, due to the fact that the current year expenditure is already at 53.91% of the initial approved budget;
5. Income provision for the sale of identified fleet of the municipality;
6. Budget provision for the replacement of the Mayoral vehicle in line with the applicable government gazette;
7. Capital budget provision for the printers taken out on a finance lease. No cash outflow for the municipality. This budget provision avoids unauthorised expenditure at the end of the financial year;
8. Amendment to the budget provision for the current service and interest costs for the medical aid benefit as well as the long service award benefit in line with the latest actuarial valuation done in August 2022. Note that this is a non-cash item;
9. Utilization of savings in votes towards spending under other votes.

2.2 Past Years Annual Report

The Namakwa District Municipality has tried to adhere on the layout and quality according to the meaning and purpose of the referred legislation.

2.3 Municipal Entity Performance

Not applicable as the council does not participate in any municipal entity as prescribed in chapter 10 of the Municipal Finance Management Act.

2.4 Conclusion

The mid-year budget and performance assessment indicates that:

- (a) An adjustments budget for 2022/23 will be required;

Section 3 - Financial Performance

3.1 Monthly budget statements

The tables included in section 3 are from the section 71 December in-year monthly budget statements. The full year forecasts have not yet been revised. The revised forecasts will be finalised as part of the adjustment budget process and inform the adjustments that are tabled for Council approval.

3.1.1 Table C1: s71 Monthly Budget Statement Summary

DC6 Namakwa - Table C1 Monthly Budget Statement Summary - M06 December

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	616	1 548	1 548	40	417	774	(357)	-46%	1 548
Transfers and subsidies	60 408	67 862	67 862	18 608	43 283	49 796	(6 513)	-13%	67 862
Other own revenue	4 635	10 691	10 691	132	2 429	5 346	(2 917)	-55%	10 691
Total Revenue (excluding capital transfers and contributions)	65 659	80 101	80 101	18 780	46 128	55 915	(9 787)	-18%	80 101
Employee costs	39 670	47 152	47 040	6 659	23 468	23 546	(78)	-0%	47 040
Remuneration of Councillors	3 972	4 448	4 448	375	2 213	2 224	(11)	-0%	4 448
Depreciation & asset impairment	1 438	1 489	1 465	-	-	741	(741)	-100%	1 465
Finance charges	68	167	157	12	72	79	(6)	-8%	157
Inventory consumed and bulk purchases	137	194	194	8	70	97	(27)	-27%	194
Transfers and subsidies	436	220	543	68	516	243	273	113%	543
Other expenditure	19 631	28 338	28 150	3 054	11 911	14 070	(2 159)	-15%	28 150
Total Expenditure	65 352	81 998	81 998	10 175	38 251	40 999	(2 748)	-7%	81 998
Surplus/(Deficit)	308	(1 896)	(1 896)	8 605	7 878	14 916	(7 039)	-47%	(1 896)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	217	217	-	-	217	(217)	-100%	217
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	308	(1 679)	(1 679)	8 605	7 878	15 133	(7 256)	-48%	(1 679)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	308	(1 679)	(1 679)	8 605	7 878	15 133	(7 256)	-48%	(1 679)
Capital expenditure & funds sources									
Capital expenditure	609	450	450	18	98	225	(127)	-57%	450
Capital transfers recognised	58	217	217	-	-	108	(108)	-100%	217
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	551	233	233	18	98	117	(19)	-16%	233
Total sources of capital funds	609	450	450	18	98	225	(127)	-57%	450
Financial position									
Total current assets	10 101	8 000	8 000	-	20 749	-	-	-	8 000
Total non current assets	6 114	6 859	6 859	-	6 212	-	-	-	6 859
Total current liabilities	8 983	5 716	5 716	-	8 840	-	-	-	5 716
Total non current liabilities	18 680	23 636	23 636	-	21 907	-	-	-	23 636
Community wealth/Equity	(11 448)	(14 493)	(14 493)	-	(3 787)	-	-	-	(14 493)
Cash flows									
Net cash from (used) operating	5 070	249	249	8 356	9 989	9 218	(771)	-8%	249
Net cash from (used) investing	(616)	(450)	(450)	(18)	(98)	(225)	(127)	57%	(450)
Net cash from (used) financing	(119)	(160)	(160)	-	238	(80)	(318)	397%	(160)
Cash/cash equivalents at the month/year end	9 145	6 169	6 169	-	19 275	15 444	(3 831)	-25%	8 784
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	178	145	96	47	31	25	918	-	1 439
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

3.1.2 Table C2: Monthly Budget Statement – Financial Performance (standard classification)

This table reflects the operating budget in the standard classifications which are the Government Finance Statistics Functions and Sub-functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures used by the different institutions.

The main functions are Governance and administration; Community and public safety; Economic and environmental services. It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3.

DC6 Namakwa - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
1										
Revenue - Functional										
<i>Governance and administration</i>		62 198	72 064	72 064	18 780	44 763	51 259	(6 496)	-13%	72 064
Executive and council		3 455	5 724	5 724	1 369	3 128	3 989	(862)	-22%	5 724
Finance and administration		58 743	66 340	66 340	17 410	41 635	47 269	(5 634)	-12%	66 340
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		472	357	357	-	292	303	(11)	-4%	357
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		222	107	107	-	42	53	(11)	-21%	107
Housing		250	250	250	-	250	250	-	-	250
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 990	7 897	7 897	-	1 074	4 570	(3 496)	-77%	7 897
Planning and development		2 990	3 106	3 106	-	1 074	2 174	(1 101)	-51%	3 106
Road transport		-	804	804	-	-	402	(402)	-100%	804
Environmental protection		-	3 988	3 988	-	-	1 994	(1 994)	-100%	3 988
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	65 659	80 318	80 318	18 780	46 128	58 132	(10 004)	-16%	80 318
Expenditure - Functional										
<i>Governance and administration</i>		42 351	54 357	54 357	7 792	26 814	27 179	(365)	-1%	54 357
Executive and council		17 583	18 574	18 574	3 305	10 814	9 287	1 527	16%	18 574
Finance and administration		23 844	34 820	34 820	4 350	15 446	17 310	(1 864)	-11%	34 820
Internal audit		924	1 164	1 164	137	554	582	(28)	-5%	1 164
<i>Community and public safety</i>		11 961	11 140	11 140	1 340	5 888	5 570	318	6%	11 140
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		5 870	4 724	4 724	584	2 584	2 362	222	9%	4 724
Housing		859	1 249	1 249	175	731	625	106	17%	1 249
Health		5 232	5 167	5 167	581	2 573	2 583	(10)	0%	5 167
<i>Economic and environmental services</i>		9 455	14 670	14 670	820	4 559	7 335	(2 776)	-38%	14 670
Planning and development		7 975	9 173	9 173	609	3 440	4 686	(1 146)	-25%	9 173
Road transport		-	804	804	(62)	(2)	402	(404)	-101%	804
Environmental protection		1 479	4 694	4 694	274	1 121	2 347	(1 227)	-52%	4 694
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		1 584	1 830	1 830	224	991	915	75	8%	1 830
Total Expenditure - Functional	3	65 352	81 998	81 998	10 175	38 251	40 999	(2 748)	-7%	81 998
Surplus/ (Deficit) for the year		308	(1 679)	(1 679)	8 605	7 878	15 133	(7 266)	-48%	(1 679)

3.1.3 Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

The operating expenditure budget is approved by Council at the municipal vote level. The municipal votes reflect the organisational structure of the municipality which is made up of: Executive & Council; Corporate Services; Financial Services; Planning & Development; Environmental Health Services and Roads Services.

DC6 Namakwa - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Municipal Manager		3 455	5 724	5 724	1 369	3 128	3 989	(862)	-21.6%	5 724
Vote 02 - Manager: Corporate Services		1 232	1 282	1 282	121	657	631	27	4.2%	1 282
Vote 03 - Manager: Economic Development		3 240	7 344	7 344	-	1 324	4 418	(3 094)	-70.0%	7 344
Vote 04 - Manager: Environment Health		222	107	107	-	42	53	(11)	-21.3%	107
Vote 05 - Manager: Finance		52 357	55 916	55 916	17 285	38 886	42 058	(3 172)	-7.5%	55 916
Vote 06 - Manager: Roads		-	804	804	-	-	402	(402)	-100.0%	804
Vote 07 - Manager: Municipal Support Unit		5 153	9 162	9 162	4	2 092	4 581	(2 489)	-54.3%	9 162
Total Revenue by Vote	2	65 659	80 318	80 318	18 780	46 128	56 132	(10 004)	-17.8%	80 318
Expenditure by Vote	1									
Vote 01 - Municipal Manager		18 507	19 737	19 737	3 442	11 368	9 869	1 499	15.2%	19 737
Vote 02 - Manager: Corporate Services		10 280	14 910	14 910	2 638	7 381	7 455	(74)	-1.0%	14 910
Vote 03 - Manager: Economic Development		11 899	16 204	16 204	1 187	5 897	8 102	(2 205)	-27.2%	16 204
Vote 04 - Manager: Environment Health		11 102	10 633	10 633	1 259	5 542	5 317	225	4.2%	10 633
Vote 05 - Manager: Finance		7 352	8 279	8 279	849	3 823	4 140	(316)	-7.6%	8 279
Vote 06 - Manager: Roads		-	804	804	(62)	(2)	402	(404)	-100.5%	804
Vote 07 - Manager: Municipal Support Unit		6 212	11 431	11 431	862	4 242	5 715	(1 474)	-25.8%	11 431
Total Expenditure by Vote	2	65 352	81 998	81 998	10 175	38 251	40 999	(2 748)	-6.7%	81 998
Surplus/ (Deficit) for the year	2	308	(1 679)	(1 679)	8 605	7 878	15 133	(7 256)	-47.9%	(1 679)

Unauthorised expenditure by year end would occur either for the municipality as a whole if the adjusted budget for 'Total Expenditure by Vote' or if any of the individual budgets for any specific vote/s were overspent.

The only two departments that shows overspending at this point in time are Municipal Manager, Environmental Health and Finance.

- **Department – Municipal Manager** overspending is due to the audit fees budget already at 74% spent as the audit fees for the 2021/22 regulatory audit has been completed and all expenditure till December 2022 paid.
- **Department – Environmental Health** overspending is due to the underbudgeting for overtime as well as acting allowance. Furthermore, the travel component of EHPs budget already 63% spent.

3.1.4 Table C4: Monthly Budget Statement – Financial Performance (revenue and expenditure)

DC6 Namakwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 212	1 262	1 262	121	657	631	27	4%	1 262
Interest earned - external investments		616	1 548	1 548	40	417	774	(357)	-46%	1 548
Interest earned - outstanding debtors		54	71	71	6	29	35	(7)	-19%	71
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		133	-	-	-	135	-	135	#DIV/0!	-
Transfers and subsidies		60 408	67 862	67 862	18 608	43 283	49 796	(6 513)	-13%	67 862
Other revenue		3 236	9 359	9 359	4	1 608	4 680	(3 072)	-66%	9 359
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		65 659	80 101	80 101	18 780	46 128	55 915	(9 787)	-18%	80 101
Expenditure By Type										
Employee related costs		39 670	47 152	47 040	6 659	23 468	23 546	(78)	0%	47 040
Remuneration of councillors		3 972	4 448	4 448	375	2 213	2 224	(11)	0%	4 448
Debt impairment		(56)	-	-	-	-	-	-	-	-
Depreciation & asset impairment		1 438	1 489	1 465	-	-	741	(741)	-100%	1 465
Finance charges		68	157	157	12	72	79	(6)	-8%	157
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		137	194	194	8	70	97	(27)	-27%	194
Contracted services		9 648	17 894	17 752	689	5 184	8 900	(3 717)	-42%	17 752
Transfers and subsidies		436	220	543	68	516	243	273	113%	543
Other expenditure		10 030	10 344	10 398	2 355	6 727	5 170	1 558	30%	10 398
Losses		9	-	-	-	-	-	-	-	-
Total Expenditure		65 352	81 998	81 998	10 175	38 251	40 999	(2 748)	-7%	81 998
Surplus/(Deficit)		308	(1 896)	(1 896)	8 605	7 878	14 916	(7 039)	(0)	(1 896)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	217	217	-	-	217	(217)	(0)	217
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		308	(1 679)	(1 679)	8 605	7 878	15 133			(1 679)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		308	(1 679)	(1 679)	8 605	7 878	15 133			(1 679)
Atributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		308	(1 679)	(1 679)	8 605	7 878	15 133			(1 679)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		308	(1 679)	(1 679)	8 605	7 878	15 133			(1 679)

Revenue by Source:

The municipality acknowledges the under recovery of income in certain segment as at 31 December 2022. However certain factors need to be considered:

- 1) A portion of the investment income is derived from the municipality's BOE investment which sees return on investment realised at the end of the 2021/22 financial year. During the year, the interest is capitalised against the investment and not receipted against income on a monthly basis. Other investment income is derived from regular equitable share investments. Interest rates have slowly recovered after the severe part of the Covid-19 pandemic which negatively affected our investment income expectations;
- 2) Due to delay in the receipt of draw-down funds from the Department of Environmental Affairs, the income derived from this department is currently zero for the 2022/23 financial year. Management resolved the outstanding issues such as COIDA and the project commenced in January 2023.

Expenditure by type:

The municipality acknowledges the under-expenditure as at 31 December 2022. However certain factors need to be considered:

- 1) Provisional depreciation will be processed in January 2023 for the first 6 months and then on a monthly basis at the end of the financial year.
- 2) Due to delay in the receipt of draw-down funds from the Department of Environmental Affairs, the contracted services budget cannot be spent for the Work for Water project. The project commenced in January 2023 and the expectation is that expenditure can now take place.

3.1.5 Table C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)

DC6 Namakwa - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	Budget Year 2022/23								
		2021/22	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Municipal Manager		--	--	--	--	--	--	--	--	--
Vote 02 - Manager: Corporate Services		--	--	--	--	--	--	--	--	--
Vote 03 - Manager: Economic Development		--	--	--	--	--	--	--	--	--
Vote 04 - Manager: Environment Health		--	--	--	--	--	--	--	--	--
Vote 05 - Manager: Finance		--	--	--	--	--	--	--	--	--
Vote 06 - Manager: Roads		--	--	--	--	--	--	--	--	--
Vote 07 - Manager: Municipal Support Unit		--	--	--	--	--	--	--	--	--
Total Capital Multi-year expenditure	4,7	--	--	--	--	--	--	--	--	--
Single Year expenditure appropriation	2									
Vote 01 - Municipal Manager		124	18	18	--	13	9	4	50%	18
Vote 02 - Manager: Corporate Services		199	140	140	18	84	70	14	20%	140
Vote 03 - Manager: Economic Development		5	72	72	--	--	36	(36)	-100%	72
Vote 04 - Manager: Environment Health		124	3	3	--	--	2	(2)	-100%	3
Vote 05 - Manager: Finance		157	217	217	--	--	108	(108)	-100%	217
Vote 06 - Manager: Roads		--	--	--	--	--	--	--	--	--
Vote 07 - Manager: Municipal Support Unit		--	--	--	--	--	--	--	--	--
Total Capital single-year expenditure	4	609	450	450	18	98	225	(127)	-57%	450
Total Capital Expenditure		609	450	450	18	98	225	(127)	-57%	450
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		480	375	375	18	98	188	(80)	-48%	375
Executive and council		124	18	18	--	13	9	4	50%	18
Finance and administration		356	357	357	18	84	179	(94)	-53%	357
Internal audit		--	--	--	--	--	--	--	--	--
<i>Community and public safety</i>		124	3	3	--	--	2	(2)	-100%	3
Community and social services		--	--	--	--	--	--	--	--	--
Sport and recreation		--	--	--	--	--	--	--	--	--
Public safety		58	--	--	--	--	--	--	--	--
Housing		--	--	--	--	--	--	--	--	--
Health		65	3	3	--	--	2	(2)	-100%	3
<i>Economic and environmental services</i>		--	--	--	--	--	--	--	--	--
Planning and development		--	--	--	--	--	--	--	--	--
Road transport		--	--	--	--	--	--	--	--	--
Environmental protection		--	--	--	--	--	--	--	--	--
<i>Trading services</i>		--	--	--	--	--	--	--	--	--
Energy services		--	--	--	--	--	--	--	--	--
Water management		--	--	--	--	--	--	--	--	--
Waste water management		--	--	--	--	--	--	--	--	--
Waste management		--	--	--	--	--	--	--	--	--
<i>Other</i>		5	72	72	--	--	36	(36)	-100%	72
Total Capital Expenditure - Functional Classification	3	609	450	450	18	98	225	(127)	-57%	450
Funded by:										
National Government		--	217	217	--	--	108	(108)	-100%	217
Provincial Government		58	--	--	--	--	--	--	--	--
District Municipality		--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Entities, etc.)		--	--	--	--	--	--	--	--	--
Transfers recognised - capital		58	217	217	--	--	108	(108)	-100%	217
Borrowing	6	--	--	--	--	--	--	--	--	--
Internally generated funds		551	233	233	18	98	117	(19)	-16%	233
Total Capital Funding		609	450	450	18	98	225	(127)	-57%	450

Currently there is 21.68% expenditure with regard to the capital budget of R 450 000. The low % spending is due to procurement process not yet completed for the laptops. The tender has already been awarded and the municipality awaiting delivery.

3.1.6 Table C6: Monthly Budget Statement - Financial Position

DC6 Namakwa - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		9 145	6 169	6 169	8 865	6 169
Call investment deposits		-	-	-	10 410	-
Consumer debtors		955	1 831	1 831	730	1 831
Other debtors		-	-	-	744	-
Current portion of long-term receivables		-	-	-	-	-
Inventory		-	-	-	-	-
Total current assets		10 101	8 000	8 000	20 749	8 000
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		45	46	46	45	46
Investments in Associate		-	-	-	-	-
Property, plant and equipment		5 714	6 556	6 556	6 066	6 556
Biological		-	-	-	-	-
Intangible		355	257	257	101	257
Other non-current assets		-	-	-	-	-
Total non current assets		6 114	6 859	6 859	6 212	6 859
TOTAL ASSETS		16 215	14 859	14 859	26 961	14 859
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		31	80	80	-	80
Consumer deposits		8	-	-	246	-
Trade and other payables		3 780	2 806	2 806	7 510	2 806
Provisions		5 163	2 830	2 830	1 084	2 830
Total current liabilities		8 983	5 716	5 716	8 840	5 716
Non current liabilities						
Borrowing		14	240	240	45	240
Provisions		18 666	23 396	23 396	21 862	23 396
Total non current liabilities		18 680	23 636	23 636	21 907	23 636
TOTAL LIABILITIES		27 663	29 352	29 352	30 747	29 352
NET ASSETS	2	(11 448)	(14 493)	(14 493)	(3 787)	(14 493)
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(11 550)	(14 493)	(14 493)	(4 020)	(14 493)
Reserves		102	-	-	233	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(11 448)	(14 493)	(14 493)	(3 787)	(14 493)

3.1.7 Table C7: Monthly Budget Statement - Cash Flow

DC6 Namakwa - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates							-			
Service charges							-			
Other revenue	10 138	12 452	12 452	(508)	1 881	6 228	(4 348)	-70%	12 452	
Transfers and Subsidies - Operational	58 019	67 862	67 862	18 608	43 283	33 931	9 352	28%	67 862	
Transfers and Subsidies - Capital	119	217	217	-	-	108	(108)	-100%	217	
Interest	616	1 618	1 618	46	445	809	(364)	-45%	1 618	
Dividends							-			
Payments										
Suppliers and employees	(63 318)	(81 524)	(81 524)	(9 710)	(35 032)	(31 668)	3 364	-11%	(81 524)	
Finance charges	(68)	(157)	(157)	(12)	(72)	(79)	(6)	8%	(157)	
Transfers and Grants	(436)	(220)	(220)	(68)	(516)	(110)	406	-369%	(220)	
NET CASH FROM/(USED) OPERATING ACTIVITIES		5 070	249	249	8 356	9 989	9 218	(771)	-8%	249
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE				-	-	-	-			
Decrease (increase) in non-current receivables				-	-	-	-			
Decrease (increase) in non-current investments	-	-	-	-	-	-	-		-	
Payments										
Capital assets	(616)	(450)	(450)	(18)	(98)	(225)	(127)	57%	(450)	
NET CASH FROM/(USED) INVESTING ACTIVITIES		(616)	(450)	(450)	(18)	(98)	(225)	(127)	57%	(450)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans				-	-	-	-			
Borrowing long term/refinancing	-	-	-	-	-	-	-		-	
Increase (decrease) in consumer deposits				-	238		238	#DIV/0!		
Payments										
Repayment of borrowing	(119)	(160)	(160)	-	-	(80)	(80)	100%	(160)	
NET CASH FROM/(USED) FINANCING ACTIVITIES		(119)	(160)	(160)	-	238	(80)	(318)	397%	(160)
NET INCREASE/ (DECREASE) IN CASH HELD		4 334	(361)	(361)	8 338	10 129	8 913			(361)
Cash/cash equivalents at beginning:	4 811	6 531	6 531	11 153	9 145	6 531			9 145	
Cash/cash equivalents at month/year end:	9 145	6 169	6 169		19 275	15 444			8 784	

The above table shows the actual cash and cash equivalents movement in the municipality.

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What are the net funds available or funding shortfall?

Therefore, the municipality portrays a cash and investments balance of R 19 275 000 at the end of the mid-year assessment as at 31 December 2022.

3.1.8 Debtors Information

3.1.8.1 Debtors Age Analysis as at 31 December 2022

DC6 Namakwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	HT Code	Budget Year 2022/23									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts I,Lo Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1 Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	115	112	89	41	26	20	626	-	990	613	-	-
Interest on Aneer Debtor Accounts	1810	6	5	5	4	4	4	392	-	421	405	-	-
Recoverable unauthorised, irregular, trifling and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	56	27	2	2	1	1	(1)	-	89	3	-	-
Total By Income Source	2600	178	145	96	47	31	25	918	-	1 439	1 021	-	-
2021/22 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	107	107	83	34	19	19	163	-	532	235	-	-
Commercial	2300	2	2	2	2	2	2	392	-	403	397	-	-
Households	2400	68	36	11	11	10	5	363	-	585	389	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	178	145	96	47	31	25	918	-	1 439	1 021	-	-

From the above table it is noted that the main portion of debt is owed by households. The municipality has implemented certain recovery procedures to recover these outstanding debts.

3.1.8 Creditors Information

3.1.8.1 Creditors Age Analysis as at 31 December 2022

DC6 Namakwa - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

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

The municipality is in a good position with regard to paying all creditors within the 30 days as required by the Municipal Finance Management Act.

Section 4 - Progress on resolving problems identified in the 2021/22 Annual Report

4.1 Introduction

Comments made by the Auditor General in his Audit Report which have also been highlighted and/or included in the Annual Report are addressed in this section.

4.2 Shortcomings and recommendations to address shortcomings

4.2.1 Performance issues raised in the Audit Report included in the Annual Report

4.2.1.1 Predetermined Objectives

Compliance with laws and regulation

The accounting officer of the municipality assessed the performance of the municipality during the first half of the financial year and this report is also included in the submission to the Executive Mayor on 25 January 2023.

The municipality took into account the service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan as required by section 72(1)(a)(ii) of the MFMA.

Please refer to the Mid-year Performance assessment report that is also to be tabled to the Executive Mayor on 25 January 2023.

Section 5 - Recommendations

5.1 Motivations

5.1.1 Adjustment Budget

As required by section 72(3) of the MFMA, an adjustments budget is needed to deal with items listed in section 28(2) of the MFMA. The adjustments budget will have to at a minimum take into account changes in the national and provincial adjustments budgets; effects of implementation of the capital programme; unforeseen and unavoidable expenditure; adjustments required to the revenue and expenditure estimates.

RECOMMENDATION:

That:


- (1) An adjustments budget for 2022/23 be prepared and approved by no later than 28 February 2023;
- (2) All the necessary adjustments proposed in this report must be included in the adjustment budget to follow this mid-year budget and performance assessment.

Section 6 - Municipal manager's quality Certification

I ...**CHRISTIAAN FORTUIN**....., municipal manager of Namakwa District Municipality, hereby certify that the mid-year budget and performance assessment have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, specifically with regard to section 72 of the Municipal Finance Management Act

Print Name **CHRISTIAAN FORTUIN**

Municipal manager of Namakwa District Municipality DC6)

Signature : 

Date : 25 January 2023

Section 7 - Conclusion

Therefore, based on the financial evaluation as well as the performance evaluation for the first 6 months of the financial year, the Namakwa District Municipality has complied with the requirements as stated in section 72 of the Municipal Finance Management Act.



Ons verwysing/Our reference: Artikel 72 verslag

Navrae/Enquiries: R Datadin / CJ Fortuin

MFMA: ARTIKEL 72 VERSLAG – NAMAKWA DISTRIKSMUNISIPALITEIT

Hiermee bevestig ek, Merwin John Cloete, Uitvoerende Burgemeester van Namakwa Distriksmunisipaliteit dat die half-jaarlikse begroting verslag op 25 Januarie.....2023 aan my voorgele is soos vereis deur Artikel 72(1)(b)(i) van die Munisipale Finansiële Bestuurswet.

.....
MJ CLOETE
UITVOERENDE BURGEMEESTER