

# Ugu District Municipality

CONSCIDATED ADJUSTICATIS BUDGET AVIAGAS

**TABLE OF CONTENTS** 

No.	Description TABLE OF CONTENTS	Page No.
1.	Vision and Mission	1
2.	Executive Summary	2-9
3.	Adjustments Budget Summary (Opex and Capex)	10-15
4.	Grant Roll Over Approval Letters	16-26
5.	PT Engagement Letters	27-33
6.	Debt Collection & Cost Containment Strategy	34-43
7.	Financial Turnaround Plan	44-64
8.	Expenditure Payment Policy	65-81
9.	Water Services Turnaround Strategy	
10.	Financial recovery Plan	82-88
11.	Council Resolution	
12.	The Adjustment Budget	
12.1	Table B1 – Adjustment budget summary	89
12.2	Table B2 – Adjustment budget financial performance	90
12.3	Table B3 - Adjustment budget financial performance	91
12.4	Table B4 – Adjustment budget financial performance	92
12.5	Table B5 – Adjustment capital expenditure budget by vote and finding	93
12.6	Table B6- Adjustment budget financial position	94
12.7	Table B7 – Adjustment budget cash flow	95
12.8	Table B8 – Cash backed reserves/accumulated surplus reconciliation	96
12.9	Table B9 – Asset Management	97-99
12.10	Table B10 – Basic service delivery measurement	100
12.11	Other supporting tables	101-130
13.	South Coast Tourism	131-166
14.	Ugu South Coast Development Agency	167-176
15.	Supporting documentation	
15.1	Budget Policy	177-218
15.2	Virement Policy	219-226
15.3	Free Water Services Policies	227-231
15.4	Credit control and debt collection policy	232-248
15.5	Indigent support policy	249-256
15.6	Water and Sanitation Tariff Policy	257-270
15.7	Cash, Banking and Investment Policy	271-286
15.8	Borrowing Policy	287-298
15.9	Funding and reserves Policy	299-309
15.10	Supply Chain Management Policy	310-383
15.11	Asset Management Policy	384-406
16.	Quality Certificate	407

### <u>Vision</u>

By 2035 Ugu District Municipality will provide adequate access to basic services in an efficient and sustainable manner, enhancing the quality of its citizens in an inclusive progressive economy.

### Mission

To ensure all our communities have access to quality drinking water, decent sanitation, sustainable economic opportunities underpinned by the active participation of our citizens in exemplary government.

### mpokophelo

okudinisekisa ukuthi yonke imphakathi ithela autanzi ahlanzekile okupfuiza, izindlu zangasese ezinloribhekile, amathuba ezomnotho asimemi asekelwe ukubandakanyeka kwezakhamuzi zethu ngendlefa efanele kuhulumeni oyisibonelo.

### EXECUTIVE SUMMARY REPORT

### 1. BACKGROUND

The Annual Budget 2019/2020 was adopted by Council on the 30th May 2019 in accordance with Chapter 4 of the Municipal Finance Management Act and its regulations. The management had taken the following into consideration on compilation of the annual budget:

- The Integrated Development Plan of the municipality as reviewed for the next five year period.
- The National and Provincial Developmental Priorities and the municipality's contribution to the achievements of national targets.
- The Financial Recovery Plan and Back to Basics strategy adopted in May 2013.
- The adopted Budget Related policies and by-laws of the municipality.
- The allocations and conditions in the Division of Revenue Act of 2019.

When the annual budget 2019/2020 was prepared, the municipality had consulted the Provincial Treasury in terms of section 23(1)(b) of the Municipal Finance Management Act. During the engagement, the provincial treasury had indicated that the budget of the municipality was not funded. The management had considered the comments from provincial treasury and responded accordingly and incorporated the same in the budget documents that was submitted to council for approval.

In response to the comments by provincial treasury, the management made all the necessary attempts to cut down the current years budget to a minimum that is required to provide the basic services to the community, however the outstanding debt that was carried over from the previous financial year remained a challenge. The management then developed a strategy to approve cash collection which was the only option available to deal with the old outstanding debt.

Unfortunately, the cash collection strategy has taken longer to yield positive results, hence the National Treasury has issued a directive that the municipality must revised its annual budget in terms of Section 28 of the MFMA before the mid-term assessment is performed.

The municipality has undertaken the following approached to adjust its budget:

### Current year budget 2019/2020

All the non-core projects have been cancelled (i.e. Local Economic Development Programmes, SALGA game, Mayoral bursary, etc.)

Some expenditure relating to the core function of the municipality have been reduced to the minimum that is required to provide the basic services to the communities (i.e. Bulk water, electricity cost, etc.)

All the internally funded capital projects have been cancelled or delayed until the financial status of the municipality has stabilised. These projects include Oslo Beach phase 3 administration building.

### Outstanding Creditors balance from the previous financial year

The municipality had committed R428 million from the previous financial year. Unfortunately, the municipality does not have much options to deal with this commitment, except to improve cash collections and reduce the current expenditure to a bear minimum that is required to provide the basic services to the community

### 1.1 IMPLEMENTATION OF THE 2019/2020 BUDGET

The financial results of all operations for the first quarter are summarised on the S71 reports.

In the first quarter of the financial year, the municipality has raised a total revenue of R308 661 869 from services charges compared to the projected revenue of R387 513 625 for the same period. This constitutes a shortfall of R78 851 756 from the projected revenue. Despite the shortfall, the management remains confident that the municipality will realise its targeted revenue at the end of the year based on the turnaround strategy that is being implemented. It is upon this background that the management decided to not to adjust the projected revenue in the adjustments budget.

The actual expenditure on the following items has exceeded the projections during the first quarter of the current financial year:

- Employee related costs = 21%
- Contracted services = 48%

### Employee related cost

The municipality has spent more than the projected expenditure on the employee related cost during the first quarter of the current financial year due to the following reasons;

• The overtime claims from the previous financial year were delayed and paid in the current financial year due to the budget constrains and cash flow challenges that were experienced in the previous financial year.

### Contracted services

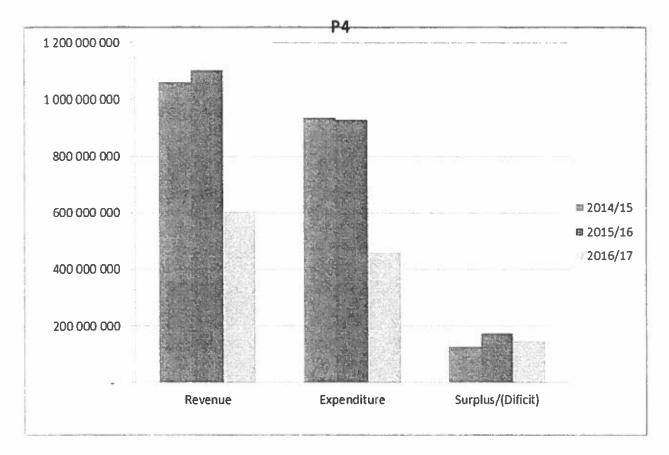
The major contributor to the over-expenditure on this expenditure type, is the Emergency services. The over-expenditure on this line item is caused by the ageing infrastructure. Unfortunately, the municipality had limited resource to provide for repairs and maintenance of the existing infrastructure in the original budget due to the competing demands to roll out new infrastructure in the previously disadvantaged areas.

Unauthorised expenditure would be taken into consideration during adjustments budget. All deviations from the normal supply chain processes have been approved by the accounting officer. Monthly reports have been submitted to the Portfolio Committee, Executive Committee and Council. In line with the adopted procedure on dealing with Unauthorised, Irregular, Fruitless and Wasteful (UIF&W) expenditure, the register of UIF&W expenditure is submitted monthly to Internal Audit for investigation in terms of S32 of the MFMA. The provisions of the MFMA have been considered in as far as they apply in the implementation of the annual budget.

### 1.2. FINANCIAL PERFORMANCE OVERVIEW

### **REVENUE vs. EXPENDITURE**

	2015/16	2016/17	2017/18	2018/19	2019/20
REVENUE	1 103 611 113	1 056 105 900	1 065 167 742	1 062 077 004	308 661 869
EXPENDITURE	928 949 390	972 073 145	1 057 952 458	881 534 646	258 624 444
SURPLUS / DEFICIT	174 661 723	84 032 755	7 215 284	180 542 358	50 037 425



The municipality has maintained an operating surplus over the past 3 years and for the first quarter of the current financial year. However, the performance in the first quarter has been an increase in revenue and expenditure compared to the same period in the last financial year. The increase is revenue is caused by tariff increase that was approved by council in May 2019. There was also a slight improvement in collection resulting from the implementation of the new debt collection strategy.

The total expenditure for the first quarter of the current financial year has increased by 10.23% compared to the same period last year. The increase in expenditure is due the CPI increase.

Please refer to further analysis of revenue and expenditure below:

### Service Charges: Water

Water sales is seasonal commodity. It is slow during the first quarter of the financial year and it is expected to pick-up during the second quarter. The seasonal fluctuations in water revenue is attributed to Ugu being a holiday destination and most people move to the coast during the Summer and Easter Holidays. The meter readings for the month of September 2019 would only be invoiced in October 2019, hence the revenue that was earned in the month of September is not included in this report. The incorrect data in the billing system resulted to incomplete billings and this had a negative effect in our collections. However, the revenue that was projected in the original budget will not be adjusted as the service provider is currently on site, assisting with the cleansing of data in the billing module.

### **Interest Earned – Outstanding Debtors**

In the current financial year, the municipality has started to charge interest on outstanding debtors in terms of its amended policy.

### **Remuneration of Councillors**

The position of the mayor has been vacant for the first quarter of the current financial year. This vacancy was caused by resignation of the previous mayor in May 2019, hence there were savings in the councillor's allowances.

### Depreciation

Depreciation of fixed assets is a non-cash line item and no transactions were processed for the first quarter of the financial year due to the challenges relating to the implementation of the assets module. Therefore, the savings of the total allocation for depreciation has no effect on the adjustments budget.

### **Finance Charges**

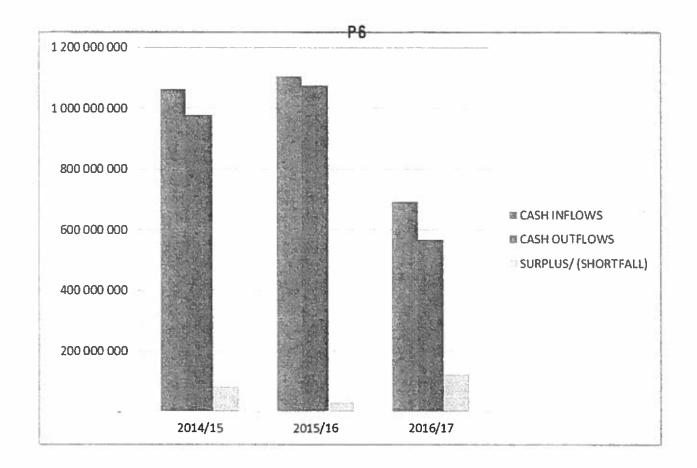
The current savings on the finance cost is caused by the misallocation of the finance cost transactions in the general ledger. All the misallocations will be identified and corrected during the data cleansing process that is ongoing.

### Other Materials

In terms of MSCOA, Repairs and Maintenance is split between Other expenditure and Contracted services. For the first quarter, the municipality has overspent by 48% against the budget on Contracted services.

### 1.3. CASH FLOWS

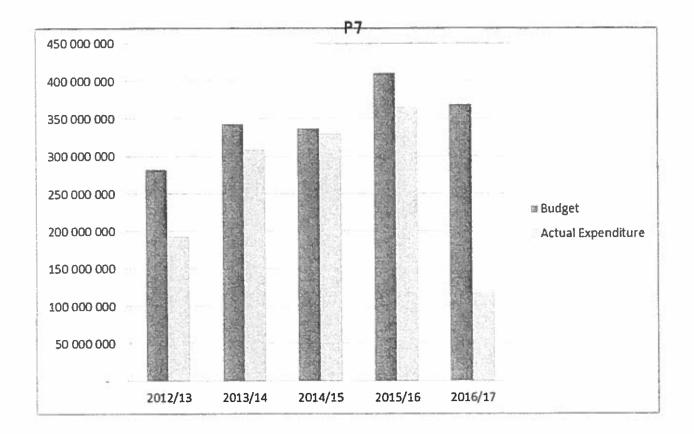
	2015/16	2016/17	2017/18	2018/19	2019/20
CASH INFLOWS	1 105 832 667	1 020 237 506	1 004 865 840	1 113 904 000	492 481 000
CASH OUTFLOWS SURPLUS/	1 076 121 223	1 096 341 123	831 074 031	1 631 343 000	378 245 000
(SHORTFALL)	29 711 444	-76 103 617	173 791 809	-517 439 000	114 236 000



The municipality has made improvements of 21.63% in cash inflows in the first quarter of the current financial year compared to the same period last year, however the related cash outflows has escalated by 13.13% for the same periods comparatively. Although the cash inflows appears positive, there is a contribution from unspent conditional grants on the cash available at the end of September 2019.

### 1.4. CAPITAL EXPENDITURE

	2015/16	2016/17	2017/18	2018/19	2019/20
Budget	410 867 218	368 557 000	362 059 975	301 162 595	286 804 518
Actual Expenditure	365 259 666	318 845 695	290 548 713	252 869 729	57 783 253
% spent	88.90%	86.51%	80.25%	83.96%	20.15%



The municipality has spent 20.15% of its capital budget in the first quarter of the current financial year compared to 23.47% that was spent during the same period last year. The management committee is closely monitoring the implementation of the capital budget on a monthly basis, however, in the first quarter the committee has been focusing more on the implementation of the grant funded projects.

### 1.5. IMPACT OF THE NATIONAL AND PROVINCIAL ADJUSTMENTS BUDGET

The municipality has been allocated the following grants from National/Provincial governments, most of which are rollovers from the previous financial year:

Shared legal services grant

= R1 000 000

Disaster recovery grant

= R20 237 000

District Growth and Development Summit =

R 116 663

### 1.6. 2019/2020 ADJUSTMENTS BUDGET

Regulation 23(3) of the Municipal Budgeting and Reporting Regulations states that if a national or provincial treasury allocates or transfers additional revenues to the municipality, the mayor of the municipality must table an adjustments budget to Council as per S28(2)(b) of the MFMA to appropriate these additional revenues.

The decline in the revenues also requires the municipality to adjust its expenditure estimates downwards to ensure that the operating surplus is maintained. It is also critical for the municipality to re-allocate funds from slow moving projects to other projects in order to reach the acceptable expenditure levels as well as to avoid unauthorised expenditure.

The municipality has appropriated the additional grant income of R21,3m in the adjustments budget. The municipality has also decreased its budget on the following items to cater for cater for its annual budget that is currently unfunded:

- Bulk water purchases
- Repairs and maintenance
- · Other operational expenses; including
  - > Local Economic Development projects
  - ➤ Disaster Management projects
  - > Special projects (mayoralty)
  - ➤ Electricity
  - ➤ Fuel and Oil
  - > Subscriptions and memberships
  - > Performance management system
  - > Flags and signage
  - > Training and work-study
  - > Meetings and logistics
  - > Travel and accommodation
  - ➤ Advertising, and
  - ➤ Telephone
- Capital budget (internally funded)

## 1.7. ANNUAL REPORT 2017/2018 CHALLENGES AND PROGRESS IN RESOLVING THE PROBLEMSTHAT WERE IDENTIFIED IN THE ANNUAL REPORT

The Annual Report 2017/2018 did specifically identify key challenges and constraints experienced; the following focal areas of municipal performance were highlighted:

NO.	KEY CHALLENGES	PROGRESS MADE	CONSTRAINTS
1.	There were delays in some projects, which resulted in motivations for rollover submissions to the National Treasury as per the Division of Revenue Act. The outcomes of the requests for rollovers are still awaited.	were approved and expenditure is ongoing. Current year spending is being closely monitored to	None.
2.	Lack of capacity to review the Spatial Development Framework (SDF) and the Land Use Management System (LUMS).	identified for outsourcing. Provincial Cogta has also	
3.	The creation of job opportunities through LED initiatives remains very challenging		limits the participation of
4.	Consistently recorded increase in HIV prevalence.		

Management confirms that all of the 2017/2018 municipal performance focal areas, continued to receive adequate time, energy and attention.

	UGU DISTRICT MUNICIPALITY	ANNUAL BUDGET		Revised budget
	ANNUAL BUDGET 2019/2020		ustment	2019/2020
REVENUE				
Grants and Subsidies		792 199 971	-7 205 308	784 994 663
	Equitable share	462 844 000		462 844 000
	Municipal Infrastructure Grant	241 038 000		241 038 000
	Water Services Infrastructure Grant	50 000 000		50 000 000
	Finance Management Grant	1 865 000		1 865 000
	Expanded Public Works Programme	4 523 000		4 523 000
	Rural Roads Management System	2 821 000 550 000		2 821 000
	Development Planning Shared Services Grant	550 000	116 663	550 000
	District Growth and Development Summit Disaster Recovery Grant (New)	0	20 237 000	116 663 20 237 000
	Shared Legal Services Grant (New)	0	1 000 000	1 000 000
	Unreconciled amount (to be corrected in the	U	1 000 000	1000000
	Adjustment budget	28 558 971	-28 558 971	0
Service Charges	rajastireite pauber	714 454 762	20 000 072	714 454 762
	Water	581 217 852		581 217 852
	Sanitation	133 236 910		133 236 910
		200 200 020		200 200 510
Other Income		7 399 768		7 399 768
	Interest on invetsments	3 237 937		3 237 937
	Interest on overdue accounts	1 136 871		1 136 871
	Rental and other income	3 024 960		3 024 960
Total Revenue		1 514 054 501		1 506 849 193
				<u> </u>
EXPENDITURE				
Employee related costs		383 967 773		383 967 773
	Basic Salaries and Wages	246 226 133		246 226 133
	Pension and UIF Contributions	34 100 454		34 100 454
	Medical Aid Contributions	17 994 300		17 994 300
	Overtime	28 356 839		28 356 839
	Performance Bonus	1 183 201		1 183 201
	Motor Vehicle Allowance	12 894 273		12 894 273
	Cellphone Allowance	1 521 758		1 521 758
	Housing Allowances	2 797 987		2 797 987
	Other benefits and allowances	32 550 015		32 550 015
	Payments in lieu of leave	4 624 745		4 624 745
	Long service awards	1 718 068		1 718 068
	Post-retirement benefit obligations	0		0
I				
Remuneration of councillors		14 091 118		14 091 118
	Remuneration of councillors	14 091 118		14 091 118
le total		_		_
Debt impairment	maket to a	0		0
	Debt impairment			0
Flactor shares		4 027 064		4 057 004
Finance charges	Pinaman ahayana	1 857 094	0	
	Finance charges	1 857 094		1 857 094
Depreciation & asset impairment		EO 240 277	0	EO 240 377
Depreciation & asset impairment	Depreciation of Bronouts, Blant 9, Environment	50 349 377	0	
	Depreciation of Property, Plant & Equipment Lease amortisation	43 956 839		43 956 839 0
	Other Capital asset impairment	6 392 538		6 392 538
	Depreciation resulting from revaluation of PPE	0 332 330		0 332 338
	Depression resulting from revaluation of FFE			U
Bulk purchases		130 625 000	-30 780 000	99 845 000
fami assenses	Electricity Bulk Purchases		-50 / 60 000	33 043 000
	Water Bulk Purchases	130 625 000	-30 780 000	99 845 000
	or the transfer of the second blade	130 023 000	50 750 000	33 043 000
Repairs and Maintainance		88 769 000	-5 000 000	83 769 000
	Repairs and Maintanance	88 769 000	-5 000 000	
	compacts with triming and the	30 703 000	5 000 000	03 703 000

	UGU DISTRICT MUNICIPALITY	ANNUAL BUDGET		Revised budget
	ANNUAL BUDGET 2019/2020	2019/2020	adjustment	2019/2020
Contracted services		205 812 190	-4 550 000	201 262 190
	Security Services	28 510 000	-880 000	27 630 000
	Cleaning & Hygiene Services	2 320 000		2 320 000
	Other contracted services	94 004 740		94 004 740
	Poverty alleviation 386 women			0
	Maintanance of Building Facilities	2 500 000		1 500 000
	VTs Contractors  Vehicle Maintenance	2 550 000		2 550 000
	Disaster Risk Assessment	14 000 000		13 000 000
	Internal Audit Outsourced	1 600 000 570 000		1 600 000 300 000
	Annual Financial Statements and Audit issues	6 000 000		
	Mscoa Implementation	1 000 000		1 000 000
	External mSCOA Workshops	304 000		304 000
	Cleaning of rivers	0		0
	Cleaning of Wetlands	0		0
	Legal fees	2 900 000	-200 000	2 700 000
	VIPs Toilets	15 000 000		15 000 000
	Mobile Chemical Toilet Clearance	2 700 000		2 700 000
	Consulting Chemist	8 350 000	-1 000 000	7 350 000
	Laboratory Consumables	1 000 000		1 000 000
	Water Tankers	1 000 000		1 000 000
	Feasibility Study Legal Shared Services	0		0
	Revenue Management & Enhancemant	4 813 200		4 813 200
	Municipal running costs Accounting and			0
	Banking Services	1 173 000		1 173 000
	Revenue Management Services	5 837 250		5 837 250
	Information Communication Technology Municipal	5 480 000		5 480 000
	Insurance Services	4 200 000		4 200 000
Transfers and subsidies		18 723 363	0	18 723 363
	Ugu South Coast Tourism	13 341 956		13 341 956
	South Coast Development Agency	5 381 408		5 381 408
Other Expenditure		299 141 906	-38 360 503	260 781 403
	Audit fees	5 407 500		5 407 500
	Specialised Audit	650 000		650 000
	General expenses	142 170 250	-24 740 503	117 429 747
	Environmental Management Programmes	2 600 000	-600 000	2 000 000
	Local Economic Development Programmes:			0
	SMME'S	500 000		Ð
	CoOperative Development Programme	500 000		
	Cultural and Heritage Development Programme	100 000		0
	Arts Development Programme Agricultural Development Programme	100 000		
	Mining Development Programme	500 000 300 000		
	Manufacturing Development Programme	350 000		
	Tourism Development Programme	0.000		0
	Disaster Management Programme	ŭ		0
	Fire & Rescue Services	1 000 000		1 000 000
	Response to Disaster	2 000 000		
	Uniform and Protective Clothing	200 000		200 000
	Disaster Education and Training	500 000	-400 000	100 000
	Municipal Health Programmes	1 000 000	-750 000	250 000
	Special Programmes			0
	Rights of the child programmes	100 000		50 000
	Gender Development Programmes	220 000		120 000
	Elderly Development Programmes	200 000		150 000
	Disability Programmes	200 000		
	HIV/AIDS Development Programme	300 000		
	Youth Development Initiatives	1 500 000	-1 000 000	500 000

# Draft Capital Adjustments Budget 2019/2020

SDBIP	OTHER DEPARTMENTS	2019/2020	Capital Opex	Capital Exp	adjustment	Revised budget
CS011a	Water tanker trucks, VTS trucks & Tib's	1				ii.
CS011a	Light delivery vehicles incl. of double cabs	1				12
CS011a	Sedans vehicles					
CS023a	Oslo Beach phase 3	15 000 000:00			14 700 000.00	300 000.00
CS025A	ICT Infrastructure9 Servers2 UPSTape Library for DR	3 600 000:00				3 600 000.00
C5023a	Standby furniture, microwaves, fridges, beds	250 000:00				250 000.00
CS023a	Building Refurbishments & fencing of various sites (OHS)	5 000 000.00			4 000 000.00	1 000 000.00
CS023E	Fire equipment for Ugu Vehicles	150 000.00				150 000.00
CS074A	Fire equipment and Maintenance	200 000:00			200 000:00	٠
BTO78	mSCOA System Implementation	1 500 000.00			200 000:00	1 000 000:00
IED88-EMS55	Air Quality Mobile Monitoring Station - Analysers	500 000.00			200 000:00	,
OMM100	Property Transferss	200 000:00				500 000.00
	TOTAL OTHER DEPTS - INTERNAL FUNDS	27 000 000.00		27 000 000.00	20 200 000:00	6 800 000.00
						P1
	WATER					2
WS/PMU13	Murchison Pump Station (Opex)	1 186 611.29	1 186 611.29			1 186 611.29
WS/PMU13	Murchison Pump Station (Capex)	16 865 388.71				16 865 388.71
WS/PMU13	Southern Mains Replacement (Opex)	4 000 000.00	4 000 000.00			4 000 000.00
WS/PMU13	Southern Mains Replacement (Capex)	90 300 000:00				90 300 000 00
WS/PMU15	Vulamehlo Cross-Border Water Scheme (Opex)	8 000 000:00	8 000 000 00			8 000 000.00
WS/PMU15	Vulamehlo Cross-Border Water Scheme (Capex)					
WS/PMU11	Msikaba and Surrounds Water Supply Scheme (Opex)	1 500 000.00	1 500 000.00			1 500 000.00
WS/PMU11	Msikaba and Surrounds Water Supply Scheme (Capex)	8 500 000.00				8 500 000.00
WS/PMU6	Umtamvuna Water works Extension (Opex)	9 500 000.00	9 500 000.00			9 500 000.00
WS/PMU6	Umtamvuna Water works Extension (Capex)	•				
WS/PMU9	Umzimkhulu Bulk Water Augmentation scheme (Opex)	1 000 000:00	1 000 000:00			1 000 000.00
WS/PMU9	Umzimkhulu Bulk Water Augmentation scheme (Capex)	11 000 000:00				11 000 000.00
WS/PMU2	Maphumulo Water supply (Opex)	1 000 000:00	1 000 000.00			1 000 000:00
WS/PMU2	Maphumulo Water supply (Capex)	4 000 000:00				4 000 000.00
WS/PMU4	KwaXolo Bulk water Supply (Opex)	3 000 000:00	3 000 000:00			3 000 000.00
WS/PMU4	KwaXolo Bulk water Supply (Capex)	17 000 000.00				17 000 000.00

WS/PMU7	Harding Weza Regional Bulk Water Supply(Dam) (Opex)	2 000 000:00	5 000 000.00			2 000 000:00
WS/PMU7	Harding Weza Regional Bulk Water Supply(Dam) (Capex)					
WS/PMU18	Kwanyuswa Water Scheme - Phase 3 (AFA) MIS 194753 (Opex)					•
WS/PMU18	Kwanyuswa Water Scheme - Phase 3 (AFA) MIS 194753 (capex)	5 000 000.00				\$ 000 000.00
	TOTAL WATER (MIG)	186 852 000.00	34 186 611.29	152 665 388.71	•	186 852 000.00
ws/wat/cap/5	Scada and telemetry upgrade (Opex)	150 000.00	150 000.00			150 000.00
ws/wat/cap/5	Scada and telemetry upgrade (Capex)	24 850 000.00				24 850 000.00
ws/wat/cap/7	Non-revenue water reduction (Opex)	150 000.00	150 000.00			150 000.00
ws/wat/cap/7	Non-revenue water reduction (Capex)	24 850 000.00				24 850 000.00
	TOTAL WSIG	50 000 000:00	300 000.00	49 700 000.00	-	50 000 000.00
WS/WAT/CAP/2	M&E Replacement of aged infrastructure	9 000 000 000			6 000 000.00	3 000 000.00
WS/WAT/CAP/40	WS/WAT/CAP/40 Bhobhoyi WTW clarifier No.1 Bridge refurbishment	1 000 000:00			200 000:00	200 000.00
WS/WAT/CAP/41	WS/WAT/CAP/41 Umthavuna WTW Clarifier No.1 surface screeding	00.000 009				600 000.00
WS/WAT/CAP/42	WS/WAT/CAP/42 Umthavuna WTW Clarifier No.1 bridge refurbishment	00.000 009				600 000.00
	TOTAL WATER - INTERNAL FUNDS	11 200 000.00		11 200 000.00	6 500 000.00	4 700 000.00
						P1
	TOTAL WATER BUDGET	248 052 000.00		213 565 388.71	6 500 000.00	241 552 000.00
	SANITATION					
WS/PMU26	Bhobhoyi/Mkholombe Sanitation (Opex)	200 000.00	200 000.00			200 000:00
WS/PMU26	Bhobhoyi/Mkholombe Sanitation (Capex)					Pri
WS/PMU12	Umzinto Slum Clearance: Farm Isonti Low cost Housing Water and Sanitation	2 500 000.00	2 500 000.00			2 500 000.00
WS/PMU12	Umzinto Slum Clearance: Farm Isonti Low cost Housing Water and Sanitation Scheme(Capex)	Scheme(Capex)				2.
WS/PMU22	Pennington (Opex)	3 000 000 000	3 000 000.00			3 000 000:00
WS/PMU22	Pennington (Capex)	16 950 000.00				16 950 000.00
WS/PMU19	Malangeni Low Cost Housing Project (Opex)	2 000 000:00	2 000 000.00			2 000 000:00
WS/PMU19	Malangeni Low Cost Housing Project (Capex)	8 000 000 000				8 000 000 00
WS/PMU25	Masinenge/uVongo Sanitation Project (Opex)	2 000 000:00	2 000 000.00			2 000 000.00
WS/PMU25	Masinenge/uVongo Sanitation Project (Capex)	7 000 000 000				7 000 000.00
WS/PMU31	Harding Sanitation Scheme: Phase 3 (Opex)					ા
WS/PMU31	Harding Sanitation Scheme: Phase 3 (Capex)	2 536 000.00				2 536 000.00
	TOTAL SANITATION (MIG)	44 186 000.00	9 700 000.00	34 486 000.00	•	44 186 000.00
					]22	

5 150 000.00	1 000 000.00	6 150 000.00	50 336 000.00		298 688 000,00			
4 850 000.00	500 000.00	5 350 000.00	5 350 000.00	SARGE COLORS	32 050 000.00			32,058,000,00
		11 500 000.00	45 986 000.00		286 551 388.71	199 579.00	53 550.00	286 894 517,70
					44 186 611.29			
10 000 000:00	1 500 000.00	11 500 000.00	55 686 000.00		330 738 000.00	199 579.00	53 550.00	330 991 129.00
ws/san/cap/1 M&E Replacement of aged infrastructure	ws/san/cap/35 Scottburgh WWTW PST 1 bridge	TOTAL SANITATION - INTERNAL FUNDS	TOTAL SANITATION BUDGET		TOTAL UGU BUDGET	TOURISM	DEVELOPMENT AGENCY	CONSOLIDATED BUDGET
ws/san/cap/1	ws/san/cap/35							

254 501 388.71 199 579.00 53 550.00 254 754 517.71

# UGU DISTRICT MUNICIPALITY MUNICIPAL INFRASTRUCTURE GRANT 2019/2020 ALLOCATION

				00000	0/ [
DETAILS		201//102	5018/5019	0707/6107	№ Increase
National MiG Allocation		245 479 000	235 889 000	241 038 000	-3.91%
Vat Recovered MIG					
Less : Allocated Expenditure		245 479 000	235 889 000	241 038 000	-3.91%
Capital - Sanitation					
Infrastructure Projects	Capex - Sanitation	53 269 420	52 351 838	49 586 000	-1.72%
Capital - Water		189 800 000	173 536 162	176 452 000	-8.57%
Infrastructure Projects	Capex – Water	189 800 000	173 536 162	176 452 000	-8.57%
Operational - Grants		6 246 580	000 005 6	15 000 000	52.08%
Vulamehlo VIP's	Opex - Conditional Grants	0			P
Umzumbe VIP's	Opex - Conditional Grants	0			15
Ezingoleni VIP's	Opex - Conditional Grants	0			
uMuziwabantu VIP's	Opex - Conditional Grants	0			
Hibiscus Coast VIP's	Opex - Conditional Grants	2 000 000	000 005 6	15 000 000	800.06
General Operational Expenditure ( Prog. Mgt Costs ) Opex - Conditional Grants	Opex - Conditional Grants	1 246 580	0		-100.00%
AVAILABLE		0	0		0.00%



Private Bag X115, Pretoria, 0001. Enquiries: Selio Mashaba Tel: (012) 315 5183 Fax: (012) 395 6553 email: entire mashaba Tel: (012) 315 5183 Fax: (012) 395 6553

Ref: DC21/44

Mr D D Naidoo The Municipal Manager Ugu Municipality P O Box 33 PORT SHEPSTONE 4240

Dear Mr Naidoo

### APPLICATION FOR ROLL OVER OF UNSPENT CONDITIONAL GRANTS FOR THE 2018/19 FINANCIAL YEAR

Your letter dated 19 August 2019 refers.

Approval is hereby granted in terms of section 22(2) of the 2018 Division of Revenue Act, (Act No. 1 of 2018) (DoRA) to retain an amount of R20.2 million allocated to your municipality in the 2018/19 financial year through the DoRA. This approval is in respect of the Municipal Disaster Recovery Grant.

The National Treasury in assessing your roll over request used the criteria set out in Circular 94 of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) as a guide for the consideration of the roll over submission by your municipality.

The approval amount of R20.2 million is for the following projects:

- Gamaiakhe WWT KL070001
- Melville WWTW KL070002
- St Helens Rock KL070003
- Port Shepstone No. 2 Sewerage Pump stations KL070004
- Port Shepstone 10 and 11 KL070005
- Uvongo WWtw KL070007
- Sewer street river crossing KL070010; and
- Nkonka KL070027

The National Treasury advises your municipality to adjust your grant income projections according to section 28 of the Municipal Finance Management Act, (Act No. 56 of 2003) by passing a municipal adjustments budget. In this regard, please take note of the requirements of section 23(1) of the Municipal Budget and Reporting Regulations (Government gazette No. 32141 dated 17 April 2009) which provides for dates by which a Municipal Council should pass an adjustments budget.

All approved roll overs must be reported on a separate reporting template which will be issued by National Treasury. Further, all monthly roll over reports must also be copied to your respective provincial departments (provincial treasury and provincial local government department).

NB: This process only covers the 2018 DoRA allocated amounts.

Kind regards,

MALIJENG NGQALENI

DEPUTY DIRECTOR-GENERAL: INTERGOVERNMENTAL RELATIONS

Pate: 21/10/2019

CC: Office of the Auditor-General

J. K. Lanker



145 Chief Albert Luthuli Street 8th Floor, Treasury House Private Bag X9082 Pietermaritzburg 3200 Tel: 033 897 4200 - Fax: 033 342 4662

### OFFICE OF THE HEAD OF DEPARTMENT

Date:

10 October 2019

Enquiries:

Mr F. Cassimjee

Our Ref:

11/6/13/8(DC21)-2019

THE MUNICIPAL MANAGER UGU DISTRICT MUNICIPALITY PO BOX 33 PORT SHEPSTONE 4240

FAX NO: 039 682 1720

Dear Mr. Naidoo

### APPROVAL OF ROLLOVER REQUEST

Having consulted with the transferring department, the Department of Cooperative Governance and Traditional Affairs has indicated that they have no objection with the approval of the rollover of the Unspent Funds as per the attached letter dated 30 September 2019. In light of this, approval is hereby granted in terms of Section 9(2) of the KwaZulu-Natal Appropriation Act, 2018 to retain an amount of R 116 663.00 allocated to your municipality. This approval is in respect of the following Grant/s:

District Growth and Development Summit - R 116 663.00

Provincial Treasury advises the municipality to adjust the grant income projections for these grants according to Section 28 of the Municipal Finance Management Act by passing the Adjustments Budget. In this regard please note the requirement of Regulation 23(3) of Municipal Budget and Reporting Regulations which provides for dates by which a municipal council should pass an Adjustments Budget.

Yours fait

Mr. L S Magagula

**HOD: Provincial Treasury** 

Cc. Chief Director: Public Finance

Chief Director: Municipal Finance

Director: Municipal Finance (Specialist)



Tel. +27 33 3962119 Postal. Private Bag X 9078, Pletermaritzburg, 3200 Office. Netalle Buiking, 330 Lengelibelein Street, Pletermaritzburg 2201

### OFFICE OF THE HEAD OF DEPARTMENT: STRATEGIC PLANNING, MONITORING AND EVALUATION

Enquiries: L. HERMAN My Reference: Date: 30/09/2019
Imibuzo: Informba Yami: E-mail: liga\_ben=aux@uneconta\_acv\_ca Usuku: Datum:

Grant Ref: 2018DG&D\_SUMMIT1

TO

The Head of Department

Provincial Treasury P.O. Box 3613

**PIETERMARITZBURG** 

3200

ATTENTION: Mr L.S. Magaguia

SUBJECT: SUPPORT FOR ROLL-OVER REQUESTS: UGU DISTRICT MUNICIPALITY - DISTRICT GROWTH AND DEVELOPMENT SUMMIT

The Department of Cooperative Governance and Traditional Affairs hereby supports the request for the roll-over of grant funding as follows:

1. Roll-over from 2017/18 Financial Year.

A) District Growth and Development Summit
 Grant amount: R800 000.00
 Amount for Roll-over: R116 663,00 as at 30 June 2019

When completed, please forward a copy of your letter to Ugu District Municipality for our record purposes.

Yours faithfully

MR B.W. KIDLOYU

CHIEF FINANCIAL OFFICER

Department of Cooperative Governance and Traditional Affairs

Date: 30 September 2019

UGU District Municipality (Registration number DC21) Annual Finacial Statements for the year ended June 30, 2019

### Notes to the Annual Finacial Statements

Figures in Rand	2019	2018 Restated*
14. Long-term liabilities	,	
At amortisad cost		
Annuity Loune The everage annuity louns period varying from 1 to 13 (2018: 1 to 13) years	85,038,926	108,499,00
NIG St (1986) 1880 Verying from 2.65% to 11.51% (2019) 2.65% to 44.5444		
per annum. Annuity loans are not secured		
Refer to Appendix "A" for more detail on external loans.		
Non-extremt Habilities		
At amortised cost	60,837,218	84,028,340
Surrent Biblides		
At amortised cost	24,199,707	22,472,868
5. Payables from exphange transactions		
Trade payables	222,190,041	68.265.666
Other creditors	86,516,331	74,848,916
Staff bonuses	76,333,868 13,953,188	64,575,451 13,918,820
	397,992,368	211,591,581
8. VAT payable		
ex refunde payables	45,558,550	9,547,913
7. Consumer deposits		
Veter	21,683,801	21,084,868
uarantees held in lieu of water deposits	-	481,980
o interest is peid on customer the water deposits held.		
Unspent conditional grams and receipts		
nspent conditional grants and receipts comprises of:		
repent conditional grants and receipts		
sactor Management Grant	20,237,000	
nspent grants 18 rowth Development Summit	1,000,000	
American Section of American Contract of the Section of the Sectio	116,663	116,683
	21,363,683	116,883
overnent during the year		
signce at the beginning of the year	118,663	400,000
dditions during the year come recognition during the year	758,180,000	714,236,000
anise toerdinment from riff this label.	(734,943,009)	(714,519,337)
	21,353,683	116,683

PO Box 33, Port Shapatone 4240 Kwa Zuki-Natai South Africa

.

4004

26 Connor Street Tel: (036) 668 5861 Fax: (039) 682 1720

Ugu Distrik Munisipaliteit

Ugu District Municipality

Ugu Umasipala Wesifunda

### OFFICE OF THE MUNICIPAL MANAGER

Enquires: Ms F Mbill 039 688 5861

16 July 2019

Mr T.T. Tubane
Head of Department
KZN Department of Cooperative Governance and Traditional Affairs
330 Langalibalele Street
Pletermentzburg
3201

Email: thendo.tubene@kznconia.dov.za

Dear Mr Tubane

### REQUEST FOR ROLLOVER OF UNSPENT DISTRICT GROWTH AND DEVELOPMENT STRATEGY GRANT

The Ugu District Municipality received a Growth and Development Strategy grant funding from your department amounting to R300 000 towards the end of the 2017/2018 Financial Year.

The grant was approved in order to hold a District Growth and Development summit as well as a district lekgotta, with all EXCOs and Amakhosi.

The latter was overtaken by events when it was postponed, and we wish to redirect the remaining funds to popularise the strategy further as indicated below:

PARK RYNIE: (030) 876 1333

PORT SHEFSTONE: (039) 688 6700

OSLO BEACH: (039) 586 5830

HARDING: (039) 433 1563

ACTIVITY	MILESTONE	FINANCE NEEDED
7011111	Flyers (to be developed and circulated)	R 8 000
Communication	Radio advertisements	R20 000
	Newspaper advertisements	R15 000
	Organised agriculture x 4	R 2 500
	Chamber of business x 4	R 2 500
Stakeholder	Amakhosi	R 2 500
engagements	Informal sector x 4	R 2 500
	Religious fraternity	R 2 500
Printing of the strategy		R50 000
TOTAL		R105 500

The District municipality confirms the availability of R116 662 in the DGDS vote. This is hereby requesting a rollover of the funds to the 19/20 Financial Year.

Yours faithfully

D D NAIDOO

MUNICIPAL MANAGER



145 Chief Albert Luthuli Street 8th Floor, Treasury House Private Bag X9082 Pietermaritzburg 3200 Tel: 033 897 4200 - Fax: 033 342 4662

### OFFICE OF THE HEAD OF DEPARTMENT

Date:

16 October 2019

Enquiries:

Mr F. Cassimice

Our Ref:

11/6/13/8(DC21)-2019

THE MUNICIPAL MANAGER UGU DISTRICT MUNICIPALITY PO BOX 33 PORT SHEPTONE 4240

FAX NO: 039 682 1720

Dear Mr. Naidoo

### APPROVAL OF ROLLOVER REQUEST

Having consulted with the transferring department, the Department of Cooperative Governance and Traditional Affairs has indicated that they have no objection with the approval of the rollover of the Unspent Funds as per the attached letter dated 03 October 2019. In light of this, approval is hereby granted in terms of Section 9(2) of the KwaZulu-Natal Appropriation Act, 2018 to retain an amount of R 1 000 000.00 allocated to your municipality. This approval is in respect of the following Grant/s:

Shared Legal Services—R 1 000 000.00

Provincial Treasury advises the municipality to adjust the grant income projections for these grants according to Section 28 of the Municipal Finance Management Act by passing the Adjustments Budget. In this regard please note the requirement of Regulation 23(3) of Municipal Budget and Reporting Regulations which provides for dates by which a municipal council should pass an Adjustments Budget.

Yours faithf

Mr. L S Magagula

**HOD: Provincial Treasury** 

Cc.

Chief Director: Public Finance

Chief Director: Municipal Finance

Director: Municipal Finance (Specialist)



Department:
Cooperative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL

Tel. +27 33 3852119
Postal. Private Bag X 9078, Platermartizburg, 3200
Office. Netzla Building, 330 Langalibalele Street,
Platermartizburg 3201

of the same and the sale

### OFFICE OF THE HEAD OF DEPARTMENT: STRATEGIC PLANNING, MONITORING AND EVALUATION

Enquiries: L. HENMAN My Reference: Date: 03/10/2019
Imibuzo: Inkomba Yemt: E-mail: Has henman@iczacogta.nov.za Usuku: Date: Usuku: Date: 03/10/2019
Navrae: My Verwysing:

Grant Ref: 2018SLSC1

TO

The Head of Department

Provincial Treasury P.O. Box 3613

**PIETERMARITZBURG** 

3200

ATTENTION: Mr L.S. Magaguia

SUBJECT: SUPPORT FOR ROLL-OVER REQUESTS: UGU DISTRICT MUNICIPALITY - SHARED LEGAL SERVICES

The Department of Cooperative Governance and Traditional Affairs hereby supports the request for the rollover of grant funding as follows:

- 1. Roll-over from 2018/19 Financial Year.
  - A) Shared Legal Services

Grant amount: R1 000 000.00

Amount for Roll-over: R1 000 000.00 as at 30 June 2019

When completed, please forward a copy of your letter to Ugu District Municipality for our record purposes.

Yours faithfully

MR 8 W. NDLOVU

CHIEF FINANCIAL OFFICER

Department of Cooperative Governance and Traditional Affairs

Date: 03 October 2019

PO Bax 23, Port Shopstone 4240 Kura Zufu-Mata) South Africe

28 Comer Street Tal: (036) 622 6704 Pant (030) 882 1729

ugu Distrik Kunisipaliteit

Ugu District Municipality

Ugu Umasipala Wesifunda

### OFFICE OF THE MUNICIPAL MANAGER

Engulment CO Malabo

Our not usurses some

28 August 2019

MR LIONEL PIENAAR THE CHIEF DIRECTOR MUNICIPAL GOVERNANCE AND ADMINISTRATION DEPARTMENT: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS PROVINCE OF KWAZULU NATAL PRIVATE BAG X 9078 PIETERMARITZBURG 3204

Fer email; ilonel.pienear@kznoogia.gov.za

Door Mr Pleasar

APPLICATION FOR THE ROLL-OVER OF THE GRANT FOR THE APPOINTMENT OF A SERVICE PROVIDER TO UNDERTAKE A FEASIBILITY STUDY ON A VIABLE MODEL DISTRICT LEGAL

Ugu District Municipality received a great funding amounting to R 1 000 000.00 from your department for the above feasibility study in the 2018/19 financial year.

The municipality advertised this tender in the local newspaper dated 3 May 2019. The tender bristing was acheduled for 9 May 2019.

The muricipality in consultation with CoGTA and discussions with our counterparts at King Cetahawo District cancelled the tender briefing on the morning of the echeduled date.

We then discussed the way forward to implement the resolution of the last meeting in March 2018 on this metter, that is to appoint from our panel of attorneys. The reason for the cancellation was due to the fact that there have been very lengthy delays in the sitting of our Bid Committees. We were of the view that the process will be finalised quicker if we take the appointment of the service provider through our penal of

As an example of the delay we note that our Panel was advertised in February 2018 and at the time of the decision we were awaiting the evaluation of the panel bide, it is as a result of the aforementioned that we were of the view that the Panel of Attorneys tender will be finalized far aconer than that of the Shared Legal Sarvices. PARK RYKID: (138) 976 1339 POKT BREPSTONE: (138) 389 8700

CORLO REACH: (MS) COR DOCK HATERING: (MSS) 435 1862

24 HOUR CUSTOMER CARE CENTRE: (039) 688 5830 MANTIATOR TO

The panel of attorney's bids were evaluated in June 2019, it is unfortunate that at the process of evaluation was only finalised effer the expiry of the tender validity of the panel of attorneys bid with no proper extension prior to the expiry. We have since advised our SCM that the municipality is not allowed in award an invalid tender.

In July 2019 we met with CoGTA to discuss the status on the matter where we advised them of the above developments. In the same meeting we discussed an alternative whereby the service provider may be sourced from those firms on our detabase on a quotation basis as this would be quicker than re-advertising the feasibility study tender.

In August 2019 we were informed its SCM that it was impossible to appoint through our database on a quotation basis.

The Municipality has resolved re-advertising the shared legal services tender in order to appoint the service provider. Considering the above this letter serves as a formal request and application for the roll-over of the above-mantioned grant funding to the not financial year 2019/2020

We humbly request that our office favourably considers our request as the whole District, including its four (4) Municipalities will be nest from this feasibility study.

For more information kindly contact the Legal Services Manager, life N Missrabo via email: Normbi-Missrabothusu gov.zn or 039 636 6369.

Yours faltifully

MR M DLAMINI CHIEF FINANCIAL OFFICER

MR DD NAIDOO MUNICIPAL MANAGER



# BILATERAL ENGAGEMENT ON THE 2019/20 SPECIAL ADJUSTMENTS BUDGET OF THE UGU DISTRICT MUNICIPALITY

**DATE: 29 OCTOBER 2019.** 

### **AGENDA**

Item	Topic	Responsibility
1.	Meeting Formalities	Chairperson
	1.1 Opening and Welcome	(KZN PT)
	1.2 Apologies	
	1.3 Circulation of Attendance Register	
	1.4 Adoption of Agenda	
2.	<ul> <li>2019/20 Special Adjustments Budget Presentation by the Municipality</li> <li>Adjustments made to the 2019/20 Approved Budget</li> <li>Funding Position of the 2019/20 Special Adjustments Budget (Tables B7&amp; B8)</li> <li>Funding Plan</li> </ul>	MM/CFO
3	Funding assessment of the 2019/20 Special Adjustments Budget  o Findings on the 2019/20 Special Adjustments Budget  o Funding Assessment – Tables B7 & B8  o Assessment of the Funding Plan	KZN PT
4.	Closure	Chairperson (KZN PT)

# Annexure A: High level Assessment of the 2019/20 Adjustments Budget

Table 1: General Commissors - 2019/20 Adjustments Budget

No.	Key Focus Areas	Yes/No/ N/A	Comments (If required)
1	Has the Adjustment Budget been tabled and submitted using: - Schedule B Municipal Adjustments Budget Version 6.3? Format as per the Municipal Budget and Reporting Regulations (MBRR)		
2	Has the municipality prepared the Adjustments Budget in the prescribed format and included the content as stipulated in the MBRR - Schedule B of the MBRR?		
	Part 1 – Adjustments Budget		Strains although the public strains are proposed by the strain of the Line Lander Colory Million Line.
	- Table of contents		
	- Mayors report		
	- Resolutions - Executive summary		
	Adjustment Budget tables (Fully completed as per the prescribed Schedule B format)		
	Part 2 – Supporting Documentation	1075	<b>在</b> 中的一种一个一种的一种
	Explanations or descriptions of the following are required only where applicable:		
	- Adjustments to budget assumptions		PROPERTY OF THE PROPERTY OF TH
	- Adjustments to budget funding		
	- Adjustments to expenditure on allocations and grant programmes	-	
_	<ul> <li>Adjustments to allocations or grants made by the municipality</li> <li>Adjustments to councillors and board member allowances and employee benefits</li> </ul>		
	- Adjustments to Service Delivery and Budget implementation Plan		
_	- Adjustments to capital expenditure		
_	- Other supporting documentation		
	- Municipal Manager's quality certification		
	Has the municipality		
3	Has the municipality published the Adjustments Budget on the municipal website in accordance with MFMA Section 75(1)(a)?		
4	Does the Schedule B reconcile to the related mSCOA data string (ADJB) submitted?		
5	Does the Original Budget on Schedule 8 reconcile to the Original Budget on Schedule A?		
6	Have all allocations as per DoRA and Provincial Estimates been included in the Adjustments Budget?		
7	Have the major errors and issues identified in the approved 2019/20 Original Budget and the assessment of the Mid-Year Budget Performance and Assessment Report been corrected in the Adjustments Budget? (Including addressing funding position concern raised on the 2019/20 Original Budget for those municipalities that did not already table an Adjustments Budget)		
8	Is the 2019/20 Adjustments Budget Funded according to Regulation 22 of the MBRR?		
9	Adjustments Budget Summary  To ensure accuracy of the information captured in the columns, verify the following:		
	<ol> <li>Prior Adjustment - Must be completed only if a previous adjusted budget had been approved in the same year.</li> </ol>		
	Accumulated Funds — Additional cash-backed accumulated funds/ unspent funds (MFMA Section 18(1)(b) and Section 28(2)(e)), identified after the Original Budget was approved and after the Annual Financial Statements were audited.		
	Multi-Year Capital – Increase of funds approved under MFMA Section 31?	10	
	Unforeseen/Unavoidable – Adjustments approved in accordance with MFMA     Section 29?		
	S. National and Provincial Government – Adjustments to transfers from National and Provincial Government.		
	6. Other Adjustments – Adjustments proposed to be approved including revenue under-collection (MFMA Section 28(2)(a)) and additional revenue appropriation on existing programmes (MFMA Section 28(2)(b)) projected savings (MFMA Section 28(2)(d)) and error correction (MFMA Section 28(2)(f)).		;

Table 2: Adjustments Budget Fina	ILIZI FELIVIN	INDICO - Opera			
Description R thousand	Original Budget	Section 71 Report (YTD Actual)	Adjusted Budget	(Decrease) (Original vs. Adjusted Budget)	Comments
Revenue By Source		97210745			
Property rates	-	SPACE I		-	
Service charges - electricity revenue	-	三季 李宗	_	-	
Service charges - water revenue	581 218	107 060	581 218	-	
Service charges - sanitation revenue	133 237	35 957	133 237	_	
Service charges - refuse revenue		ALTERNATION .	-	-	
Placeholder for the former service charges - other line	740	223	740	<del>-</del>	
Rental of facilities and equipment	3 238	3 056	3 238	-	3.0
Interest earned - external investments	1 137	(1)	1 137		
Interest earned - outstanding debtors Dividends received	1 137	AND STATE OF	- 101		
Fines, penalties and forfeits	8	MARKET AND THE	8	_	
Licences and permits	500	THE PARTY NAMED	500		V 12 " V
Agency services		55 (20 Late 1)	-		
Transfers and subsidies	555 095	462 388	547 890	(7 205)	This adjustment is in line with the Provincial Treasury's recommendations in the 2019/20
Other revenue Gains on disposal of PPE Total Revenue (excluding capital transfers and contributions) Expenditure By Type	1 778	.614 360	1 778 - 1 269 745	(7 205)	Approved Budget feedback letter dated 16 July 2019, wherein the municipality was advised to ensure that the budgeted amount for Transfers and subsidies agree to the 2019 Division of Revenue Act (DoRA) and the Provincial allocations gazette No. 2062 dated 28 March 2019. The municipality also adjusted this line item for 2016/19 approver rollovers, which amounted to R21.3 million. The following 2018/19 Unspent conditional grants were approved to be rolled over to the 2019/20 financial year:  R20.2 million for Municipal Disaster Recovery Grant  R1 million for Shared Legal Services Grant  R116 663 for District growth and development summit grant
Employee related costs	383 968	151 707	383 968	12	
Remuneration of councillors	14 091	2 823	14 091	-	
Debt impairment		#C3/E01/	-		<u>, ≅ N 4</u>
Depreciation & asset impairment	50 349	<b>亿.33331</b>	50 349	-	
Finance charges	1 857	4.230	1 857	-	
Bulk purchases	130 625	32.816	99 845		During the engagements held on 15 October 2019, 22 October 2019 and 24 October 2019, the municipality indicated that they anticipate a saving under this line item as they will be implementing strict controls to curb water losses.
Other materials	11 268	- 2 4 176	11 268	14.500	The second section of the design of the design of the second section of the section of th
Contracted services	205 812	76 139	201 262		The municipality attributed this downward adjustment to the implementation of Cost cutting measures in order to ensure that the current year budget is funded.
Transfers and grants	18 723	<b>到班特别</b>	18 723		
Other expenditure	376 642	94 463	333 282	(43 361	The municipality attributed this downward adjustment to the implementation of Cost cutting measures in order to ensure that the current year budget is funded.
Loss on disposal of PPE	-	4.6400000000000000000000000000000000000		10	., X _ 0 0 0 0 0 0 2
Total Expenditure	1 193 337	366 384	1 114 646	(78 691	
Total Revenue (excluding capital transfers	1 276 950	614 360	1 269 745	(7 205	)
and contributions)	1 193 337	366 384	1 114 646	(78 691	3
Total Expenditure		COCK CONTRACTOR		<u> </u>	*I
Surplus/(Deficit)	83 613	247 976	155 098	71 485	
		THE R. P. LEWIS CO., LANSING			

Municipality: UguDistrect Municipality

Upgrading of existing assets

(Table SB18(e)

Table 3: Adjustments Budget Capital Expenditure by Standard classification and funding - (Table B5) & R&M/Renewals - (Table SB1, B9 and SB18(b)(c)) Increase/ Adjusted Section 71 Original Budget (Decrease) Budget Report (Original vs. OTD R thousand Adjusted Actual) Budget) Capital Expenditure (19 709) The municipality attributed this downward adjustment to the implementation of Cost 26 500 3 526 388 6 800 Governance and administration cutting measures in order to ensure that the current year budget is funded. 500 Executive and council 500 (19 700) 26 000 3 526 388 6 300 Finance and administration Internal audit Community and public safety Community and social services Sport and recreation -Public salety Housing Health (500) Refer to the comment above. 753 1 290 253 Economic and environ, services 1.290 253 253 Planning and development Road transport (500) 500 Environmental protection (11 850) Refer to the comment above. 859 442 247 701 259 551 **Trading services** Energy sources 769 183 207 065 (6 500) 213 565 Water management (5 350) Waste water management 45 986 90 259 40 636 Waste management 234 (32 050) Refer to the comment above Total Capital Expenditure - Standard 254 755 286 805 4 387 354 Funded by: 237 105 237 105 855.546 National Government Provincial Government (25) -District Municipality Other transfers and grants (7) 237 105 Transfers recognised - capital 237 105 855.514 Public contributions & donations Borrowing 17 650 (32 050) Refer to the comment above. 49 700 3 546 678 internally generated funds (32 050) 254 755 Total Capital Funding 286 805 4 402 192 SAL MAN (5 000) Refer to the comment above. 83 769 Repairs and maintenance 88 769 45 956 (Table SB18(c) 129 686 129 686 2 822 328 Renewal of existing assets (Table B9 & SB18(b))

(367 191)

Table 4: Adjustments Budgets Cash Flo	w & Cash da	ckea reserve	5/accumulate	eo surpius re	Scottchianoti - (Lapie D. a Do)
Description I thousand	Original Budget	Section 71 Report (YTD Actual)	Adjusted Budget	Increase/ Decrease (Original vs. Adjusted Budget)	Comments
CASH FLOW FROM OPERATING ACTIVITIES				Dungery	
Zanafista		Santa Santa	_		
Property rates, penalties & collection charges	-	-	-	-	
Service charges	429 356	436	584 094		The municipality has attributed the upward adjustment on this line item to the incorrect budgeting during the Approved Budget process.
Other revenue	3 643		3 025	(618)	The municipality has attributed the downward adjustment on this line Item to the incorrect budgeting during the Approved Budget process.
Government - operating	487 603	186 581	472 603	(15 000)	This adjustment is in line with the Provincial Treasury's recommendations in the Approved Budget feedback letter dated 16 July 2019, where in the municipality was advised to ensure that the budgeted amount for this line item is in line with the 2019 DoRA and the Provincial allocations gazette No. 2062 dated 28 March 2019.
Government - capital	276 038	CONTRACT!	291 038	15 000	Refer to the comment above.
Interest	4 284		4 168	(116)	The municipality has attributed the downward adjustment on this line item to the incorrect budgeting during the Approved Budget process.
Dividends	-	1000000	-		
Payments		<b>公司</b>			
Suppliers and employees	(800 511)	(359 785)	(1 043 726)	(243 215)	The municipality has attributed the upward adjustment on this line item to the incorrect budgeting during the Approved Budget process.
Finance charges	(1 857)	(4 230)	(1 857)		
Transfers and Grants	(18 723)	<b>医野猪类</b>	(18 723)		
NET CASH FROM(USED) OPERATING ACTIVITIES	379 833	(176 997)	290 621	(89 213)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE Decrease (Increase) in non-current debtors	618	-	334	(284)	The municipality has attributed the downward adjustment on this line item to the incorrect budgeting during the Approved Budget process.
Decrease (increase) other non-current rec.  Decrease (increase) in non-current invest.	-	2785 (24)	-	-	
Payments Capital assets	(352 741)	-	(254 755)	97 987	This adjustment is in line with the adjustments made in Table B5.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(352 123)	2760	(254 420)	97 703	
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts		Salvani (2)			
Short term loans	-	Chapte -	_		
Borrowing long term/refinancing	-	1,322,514	-	-	
Increase (decrease) in consumer deposits	881	(21 759)	475	(406)	The municipality has attributed the downward adjustment on this line item to the incorrect budgeting during the Approved Budget process
Payments	(24 305)	(24 200)	(24 305)	_	
Repayment of borrowing NET CASH FROM/(USED) FINANCING ACTIVITIES	(23 424)		(23 830)	(406	)
NET INCREASE/ (DECREASE) IN CASH HELD	4 286	(220 195)	12 370	8 084	The municipality has budgeted R12.4 million for the Net increase in cash held during the 2019/20 Adjustments Budget process. This Indicates that the cash receipts for 2019/20 are sufficient to cover the budgeted expenditure and the budgeted cash requirements. The municipality is advised closely monitor the budget implementation to ensure that there is no Unauthorised expenditure.
Cash/cash equivalents at beginning:	51 909	(252)	62 593	10 684	This adjustment is in line with the 2018/19 Unaudited Annual Financial Statements.
Cast/cash equivalents at month/year end:	56 195	(220 448)	74 963	18 768	
Cash backed reserves/accumulated surplus red	conciliation			1	
Cash and investments available	ER 40F	(220 440)	74 963	18 768	
Cash/cash equivalents at the year end Other current investments > 90 days	56 195 (51 909)	(220,448)	74 963	-	

Description R thousand	Original Budget	Section 71 Report (YTD Actual)	Adjusted Budget	Increase/ Decrease (Original vs. Adjusted Budget)	Comments
Non current assets - Investments	-	111111111111111111111111111111111111111	-	-	
Cash and investments available:	4 286	(220 448)	74 963	70 677	
Applications of cash and investments		Ent a			
Unspent conditional transfers	2 264		24 962		The municipality budgeted for Unspent conditional transfers amount of R25 million, which is in line with the 2018/19 unaudited AFS.
Unspent borrowing	-	321 St.	-	-	
Statutory requirements	7 454	//////////////////////////////////////	(0)	(7 454)	
Other working capital requirements 4-	(8 158)		396 658	404 816	The municipality budgeted R396.7 million for Other working capital requirements, which does not agree to Provincial Treasury's recalculation of R270.3 million. This difference was caused by the fact that Consumer debtors and Trade & other creditors were overstated in Table B6. The budgeted Debtors are R329.1 million as per Table B6, which does not agree to Provincial Treasury's recalculated amount of R187.2 million resulting in the difference of R141.9 million. The budgeted Creditors are R665.5 million as per Table B6, which does not agree to Provincial Treasury's recalculated amount of R423.5 million resulting in the difference of R242 million. The municipality should correctly budget for balance sheel items in Table B6 in order to reflect a realistic cash position in Table B8.
Other provisions	2 450	000000	8 611	6 161	
Long term investments committed	-	NASTANCE.	-	=_	
Reserves to be backed by cash/investments	-	18672	-	-	
Total Application of cash and investments:	4 010	ANTENNA.	430 230	426 220	
Surplus(shortfall)	276	(220 448)	(355 267)	(355 543)	Based on the Cash shortfall of R355.3 million, your municipality's 2019/20 Adjustments Budget appears to be Unfunded

Table 5: Transfers and Grants Rece Description	Original Budget	Section Repor	nt	Adjusted Budget	Increase/ (Decrease)	Comments
R thousand		Actua			(Original vs. Adjusted Budget)	
RECEIPTS:		18/73	311			
Operating expenditure		11111	7			
National Government	472 053	12073	-	472 053	-	
Local Government Equitable Share	462 844	100	-	462 844	-	
Finance Management Grant (FMG)	1 865	Sec.	_	1 865		
Expanded Public Works Programme Integrated Grant (Municipality)	4 523		-	4 523	_	
Rural Roads Asset Management	2 821	1	-	2 821	-	
	-	TANK	-	-	-	
	-	44.T-15	10	-	-	
Provincial Government	550	Date of	, E.	550	-	
Development Planning Shared Services	550	Jak.	-	550	-	
apital expenditure		100	100			<u> </u>
National Government	291 038	200		291 038	-	
Municipal Infrastructure Grant (MIG)	241 038	34	-	241 038	-	
Water Services Infrastructure Grant	50 000	Shelp!	3	50 000	-	<u></u>
	-	2112	1 /	-	-	
Provincial Government	-	1000	-	_	-	
	-	Physical Control	-	-	_	
	_	1.54	-	-	-	



UGU DISTRICT MUNICIPALITY
STRATEGY ON COLLECTION
OF OLD DEBT, FUNDING PLAN
FOR OUTSTANDING
CREDITORS, COST
CONTAINMENT MEASURES

### INTRODUCTION:

The following strategy has been developed to address among other issues the following: -

- The unfunded 2019/20 budget
- Payment of outstanding creditors carried over from the previous year
- Cashflow challenges/Revenue Collection
- Cost Containment Measures as per regulations NOTICE 317of 2019: Local Government: Municipal Finance Management Act, 2003 Municipal Cost Management Regulations, 2019

The current 2019/20 budget has been adjusted to reflect a fully funded budget in accordance with the MFMA, as per the attached budget and supporting documentation, the 2019/20 budget shows a revised surplus of R87 million (2019/20 original budget = R1 million surplus).

To address the payment of outstanding creditors the municipality has identified the outstanding debt book (R591 million) as a primary source of income. This exercise is envisaged to span over 18-24 months. Further, the municipality needs to simultaneously enhance its revenue collection to ensure financial viability. The revenue collection strategy appearing hereunder is expected to talk to both these matters.

To ensure that service delivery is not negatively impacted upon cost containment measures as per the relevant legislation will be implemented to restrict and control all non-essential expenditure as per the municipal cost containment strategy.

### **DEBT COLLECTION STRATEGY**

No	Issue	Solution	Timeframe
1	INSTITUTIONAL ARRANGEMENTS	Appointment of a formal ACTING Manager Revenue from INTERNALLY (Supervisors in Revenue)	Immediately
	COLLAPSE IN REVENUE		MM
		This internal recruitment is motivated due to support	
		being received and knowledge already in place regarding processes and weaknesses.	
		To be FULLY compensated	
2		Implement the latest Revenue Collection Plan and the	On
		Credit Control and Debt Collection Policy	appointment of Acting
		Monitor the implementation of the above through with	Revenue
		weekly progress reports submitted to Manco	Manager
			Acting CFO
			Acting
			Manager
			Revenue
			Task Team
3		Put together a support structure for revenue in the form of a Task Team compromising of;	Immediately
		Acting Manager Revenue (chair)	MM

	1	14	
		Manager Cash Management	
		Manager Budget	
		Manager FMSS	
		Manager Customer Relations	
		Manager ICT	
		Manager HR	!
		Water Services Manager	
		Other support staff	
		The role of this task team is to support the Acting	
		Manager and to hold sessions regarding implementation	
		of support required and strategy	
4		Internal communication to ALL Revenue Management Staff giving direction on the process forward.	Upon appointment of Acting
		HR to work on a process / training / workshop on staff	Revenue
		morale improvement at all levels in Revenue	Manager
			MM
			Acting CFO
			Acting
			Manager
			Revenue
5		Revenue and Cash Management to meet weekly with	Weekly –
		Financial Management Systems weekly to discuss system	ongoing
		related issues (sage)	
6	1	Review the latest Revenue Collection Plan, if needed after	31 December
		implementation monitoring	2019
7		A schedule of roadshows should be developed, and should	November
		include Councillors, to educate the public about the	2019
		importance of paying for services. The Speaker of the	
1		Council to deploy the relevant Councillors to the	Acting CFO
		Roadshows.	Acting
		These roadshows should specifically target the areas that	Manager:
		are not paying their accounts. This will also assist in	Revenue
		efforts to collect correct customer contact details	The Speaker
			Manager
		A separate allocation in the adjustment budget will be	Public
		required for compensation to Revenue Staff that will be	Participation
		attending the roadshows after hours and weekends.	. attrospection
		Encourage customers to pay their accounts via all social	
		and other media platforms available to the municipality,	
		including the municipality's website.	
		including the municipality 5 website.	
		1	I .

8	Delays in issuing of disconnection notices and letters of demand	Ensure timeous billing and sending of invoices to customers	Ongoing Acting
		Prioritisation of payment for Windeed, Inside data and Post office invoices	Manager Revenue Managerial
		Hand delivery of notices and letters of demand	Task Team
		Invite customers to submit their email addresses for statement to be delivered quickly	
9	Low revenue collection rate	Attending to customer queries within the determined turnaround time to ensure that debt owing reflects	Ongoing
		accurately and advise customers accordingly	MM Acting CFO
		Ensure that adequate resources required to intensify collections are available at all times (e.g. Revenue and	Acting Manager
		Technical staff, Roadworthy vehicles, meter stock, keys to disconnect meters)	Revenue Managerial Task Team
		Prioritize collection from Departmental, Municipal and Business accounts	30 November 2019
		Prioritise household debt by focusing on one critical area at a time	Acting CFO Acting Manager
		Offer debt settlement incentives to customers classified as households and have metered properties	Revenue Managerial Task Team
		Offer waiver of penalties on water availability accounts if capital debt is settled in full	
10	Refresh Customer Profile information	Refresh the Credit Bureau report that showed customer financial profiles from highly collectable to those that	Immediately
		write-offs should be considered. This report also assisted with verification of our Indigent Register. This project comes with training of internal staff on how to chase the highly collectable debt.	Acting CFO Acting Manager: Revenue
		Data Cleansing – This report will also assist in updating customer contact details that are current as at the date of the report	
		Approach provincial departments (CoGTA, PT) to provide the municipality with a once-off grant to fund this project	

11	Illegal Connections	Regularize unauthorized connected customers so that we can start collecting revenue from them	Immediately
			Acting
		Strict steps to be taken against customers that unlawfully reconnect their water supply after disconnection	Manager: Revenue
			WSA
12	No handover of overdue accounts	Engage Legal Services to deal with the accounts that have been handed over.	30 November 2019
		Advertise for a panel of service providers to perform debt collection on handed over accounts.	Acting CFO Acting
		Collection on handed over accounts.	Manager:
			Revenue
			Manager:
			Legal Services
			Manager: HR
			Manager:
			SCM

### **REVENUE COLLECTION PROJECTIONS (to follow shortly)**

### MUNICIPAL COST CONTAINMENT STRATEGY

The municipality has already devised and is implementing the above strategy as adopted by Council. The promulgation of the above as regulations gives the municipality further ammunition to implement this without much hinderance. The municipality identified the following cost drivers which in some instances were removed whilst others were reviewed and reduced.

- Reduction in personnel costs
- Review of all fleet costs
- Non-attendance of SALGA Games
- Non-performance of duplicated functions with local municipalities
- Outsourcing of services
- Moratorium on catering
- Review of overtime
- Attendance of conferences and meetings
- Telephones and internet usage
- Printing and stationery (paperless)
- Allowances
- Hiring of water tankers
- Donations and sponsorships

### FINANCIAL VIABILITY

Ugu District Municipality in dealing with its financial challenges has tried to adopt a holistic approach to ensure continued financial stability and the capacity to deliver on its core mandate of water and sanitation. It has therefore prepared and Council has adopted the following strategies/plans to give effect to this holistic objective. Accordingly, the municipality is currently implementing the following: -

- Financial Turnaround Plan
- Revenue Collection Strategy/Plan
- Water Services Turnaround Strategy
- Expenditure, Payments and Financial Management Documents Policy

The implementation of the above plans together with the specific deliverables contained in the beginning of this document should yield positive results requisite for the financial stability of this municipality. We are vigorously pursuing a timeframe of ensuring a financially viable municipality by the end of the 2020/21 financial year.



### **Comprehensive Report**

Fri, Nov 1, 2019 at 12:21:39 PM

Batch Name Imported Status IGT01112019 Created

Multiple Consolidated Yes No

**Total Transactions** Total Value

776,457.24

Beneficiary Code

From Account

**UGU CONDITIONAL GRANT ACCTO Account** 

**CALL ACCOUNT - 4067570008** 

OUNT - 4077551917

From Account Branch

Code

634926

To Account Branch

Code

634926

From Account Description

3 - TRSF CALL

To Account Description 3 - TRSF GRANT

Amount

776,457.24

Frequency

Adhoc

Date

2019-11-01

**Beneficiary Payment** Confirmation

None

PC Tran No.

Internal User Confirmation

None

Immediate Interbank

Payment

Additional Confirmation None

**Additional Comments** 

Important Notice for Payments: To view cut-off times click here.

No reversals can be done on payments.



### OFFICE OF THE GENERAL MANAGER: TREASURY INTERNAL MEMORANDUM

TO:	Mr. DD NAIDOO - MUNICIPAL MANAGER
CC:	SJ VAN ROOYEN: ACTING CFO
FROM:	ZL CELE: ACCOUNTANT CASH MANAGEMENT
DATE:	01 NOVEMBER 2019
SUBJECT:	TRANSFER OF FUNDS: INTER COMPANY ACCOUNTS
FILE NO.	5/8/3/1

### 1. PURPOSE

To obtain the Municipal Managers approval to transfer funds from various Accounts to the Call Account and from the Call Account to the Various Accounts for payment of suppliers and/or salaries.

### 2. LEGAL / STATUTORY REQUIREMENTS

None

### 3. BACKGROUND & RATIONALE

To ensure that interest income is maximised all surplus funds are transferred to the call account to earn interest at a higher rate than the cheque accounts and only transferred back to the cheque accounts when needed for payment.

### 4. FINANCIAL IMPLICATIONS

This transaction will have financial implication on money leaving the bank accounts of the municipality and a reduction in the liabilities of the municipality.

5.	_	-	-	-	_	-	-	_		_		-	_	-	-	-
_		_									_	- 4	_		ч	
_					88	111	4		 			- 1		НΝ	-	_

That the Municipal Manager approves the transfer of R776 457.24 from the Grant account to Call account.	it
UBMITTED BY:	
L CELE	
CCOUNTANT: CASH MANAGEMENT	
NDORSED BY:	
J VAN ROOYEN	
CTING CHIEF FINANCIAL OFFICER	
PPROVED / DISAPPROVED BY:	
D NAIDOO UNICIPAL MANAGER	

Choose name from list - Supporting Table SA25 Budgeted monthly revenue and expenditure	ble SA25 Budgeted monthly re	venue and expend	kure										
Description	Budget Year 2019/20			Medium Term	Revenue and E	Medium Term Revenue and Expenditure Framework	work						
R thousand	July	August	Sept.	October	November	December	January	February	March	April N	May Ju	June	Budget Year 2019/20
Revenue By Source													
Service charges - water revenue	23 347 395	14 164 748		27 027 313 27 027 313	9 091 984	21 676 048	23 735 811	32 153 109	33 744 922	33 744 922	33 744 922	301 759 367	581 217 852
Service charges - sanitation revenue	6 786 557	7 173 063	8 442 085	8 442 085 8 442 085	3 638 166	8 002 258	8 496 450	14 258 919	11 064 086	11 064 086	11 064 086	34 805 070	133 236 910
Budgeted Revenue	30 133 952	30 133 952 21 337 811		35 469 398 35 469 398	12 730 150	29 678 306	32 232 261	46 412 028	44 809 007	44 809 007	44 809 007	336 564 437	714 454 762
		:					:			!			
	Actual Re	Actual Revenue Collected					Proje	Projected Revenue Collection	offection				
Service charges - water revenue	16 190 145	16 747 072	19 066 103	19 066 103 26 728 520	26 728 520	27 500 000	27 500 000	27 500 000	26 700 000	26 700 000	26 700 000	26 700 000	294 760 359
Service charges - sanitation revenue	7 428 597	8 691 602	8 694 242	8 694 242 8 271 480	8 271 480	8 500 000	8 500 000	8 500 000	8 300 000	8 300 000	8 300 000	8 300 000	100 057 402
	INT BER ET	12 619 743 95 674 77 750 345 35 000 000	27 760 345	35 000 000	35 000 000	35 000 000 35	AG OUD AF	35 000 000	35,000,000	CONTROL OF	15 000 000	35 000 000	394 R17 761

# FINANCIAL TURNAROUND PLAN 2018/19

# 3 SEPTEMBER 2018



### BACKGROUND

The Ugu District Municipality is currently facing fiscal difficulties which are beginning to place pressure on service delivery. The result of this will be the compromised performance of the of the functions and mandate. It is therefore imperative that the Municipality improve its financial management systems in respect of expenditure and revenue, and to determine the most cost-effective way of resolving its financial challenges.

# **OBJECTIVE OF THE FINANCIAL RECOVERY PLAN**

address the identified financial problems. The Plan includes the austerity measures which addresses The key objective of the Financial Recovery Plan is to identify priority areas of intervention that will expenditure issues and strategies of addressing these over the short and medium term.

The success of this Plan requires that all stakeholders fully commit to its implementation



## **EMPLOYEE RELATED COSTS**

Priority Area	Priority Area Programme / Action Plan Project	Action Plan	( <b>P</b> )	Responsibility
Operational Expenditure Management	Overtime Costs	Review overtime policy Monthly analysed overtime costs Investigate alternatives Overtime restricted to emergency or critical work Develop and review overtime management plan and Overtime reduction strategy in line with the status quo of infrastructure and expenditure to reduce overtime expenditure by 30% Aggregate consolidated costs of emergency contractors and overtime costs to quantify total spend. Appoint an independent business modelling	Approved overtime policy Reduced overtime costs	GMWS GMCS HR Manager CFO



specialist for an independent overview of the

current water services business model

## **EMPLOYEE RELATED COSTS**

The state of the s	Responsibility	GM CS		HR Manager		All HOD's										
	KP!	Reduced	Employee Costs													
	Action Plan	Control the ex-gratia payments	Control availability allowances and all other non-	statutory allowances	Moratorium for all employment – for critical posts	to be motivated to MANCO (Recruitment	prioritized)	Time audit by Section Managers	Focus on statutory training	Stop Acting Allowance – only on motivation for	critical positions	Vehicle Allowances – change AA rate to Dept of	Transport rate	Internship costs reduced	In-service training (investigate whether we should	continue with payment)
	Priority Area Programme / Action Plan Project	Employee	Costs													
- 34	Priority Area	Operational	Expenditure	Management	1											



### ICT RELATED COSTS

Responsibility	ICT Manager	Administration and Auxiliary Services Manager	ICT Manager	Administration and Auxiliary Services Manager	ICT Manager SCM Manager
KPJ	Reduced Telephony Costs	Reduced SMS Costs Reduced Cellphone costs	ICT Licencing Costs		Reduced Internet ICT Manager and Network SCM Manage Costs
Action Plan	Reduction on telephone costs SMS costs	Cellphone allocations review	Cut non-core systems and SLA's	No new systems	review network costs review internet costs costs to be cut by consolidating the service
Programme / Action Plan	Telephony Costs		Software Licensing		Internet costs and Network Costs (WAN)
Priority Area	Operational Expenditure	Management			

Municipality

## FLEET RELATED COSTS

			the second of the second or second o	PLDs/molphylpudatesplants-underjouenderstrettespera
Priority *Area	Programme / Action Plan Project	Action Plan	IKPI	Responsibility
Operational Expenditure Manageme nt	Toll Road fees reduction	Water Services and fleet Coordinators to closely monitor Toll Road usage with assistance from ABSA Quarterly analysed toll road fees costs submitted to Manco and Portfolio Committee	Reduced Toll Road fees	Fleet Manager All Managers
	Vehicle	No engine refurbishment without necessary motivation	Reduced Vehicle	Fleet Manager
	and Repair	prices	Repairs	SCM Manager
	COSTS	vehicles can be serviced in-house		
		Investigate fleet and maintenance costs, with analysed report submitted		
		Analysis of old vehicles, trip authorisations, miscellaneous costs etc.		
		Purchase of new vehicles as per the fleet replacement plan, and dispose old vehicles – savings costs associated with old		
		vehicles		
		Fully functional mobile workshop for WS		
		Fit for Purpose Vehicles and Plant / Machinery		
No.		Area based equipment for moving of machinery to various		

sites swiftly

## FLEET RELATED COSTS

Priority Area	riority Area Programme / Action Plan	Action Plan	KPI Reduced Fuel	Responsibility GMWS
Operational Expenditure	ruel Costs	Maximum usage of tracker system – continued monitoring of Tracker system	costs	
Management		Monitor daily exception reports		GMCS
		Wiscellaneous Card – look at usage trends and cap limits		CFO
		Only core function standby duty vehicles to be		
		allocated for after hour use.		Manager Fleet
		Staff appointed to a work station are not to be		,
		allowed vehicles to travel home.		6
		All outstanding electricity connections to be		
		finalised to reduce fuel costs (Generator use of		
		fuel)		
		List of Electricity connections required to be		
		prepared and submitted to MM for engagement		
		with Eskom		•



# DISASTER MANAGEMENT RELATED COSTS

Project Disaster Expenditure Stock Management Allocat allocat emerg only at disaste	mme/ tr ency tion tions for encies pproved nager er)	Control food parcels  Basic training to be conducted in-house	Reduced costs for Emergency Stock	Manager Disaster Manager
· -			Costs	Disaster



ugu District Municipality

# MUNICIPAL OPERATIONS RELATED COSTS

Priority Area	Programme / Action Plan   Project	Action Plan	KPI	Responsibility
Operational Expenditure Management	Catering	No catering to be provided for any meetings or workshops	No Catering costs incurred	All HOD's All Managers
	Electricity Usage in	Create awareness for reduced electricity usage Consequences for officials that leave lights on	Electricity cost reduction	Manager Administration
	offices	overnight No unauthorised appliances		and Auxiliary Services
				All HOD's All Managers
	Electricity at Plants -	Core Contractors Prioritised	No interest charges for Eskom	GMWS
	ESKOM	No interest charges incurred on late payments for ESKOM and bulk water purchases (Umgeni)	and Umgeni accounts due to	CFO
	Bulk Water Purchases		late payment	Manager Expenditure

# MUNICIPAL OPERATIONS RELATED COSTS

	1		
Responsibility	Manager Administration and Auxiliary Services All Managers	Manager SCM CFO	All HOD's MM
(G)	Printing costs reduction	Monthly overall Municipal expenditure Report to MANCO Reduced General	Reduced S & T claims Reduced Accommodation expenditure
Action Plan	Pin code allocation review Usage review by building	Priority expenditure committee to be established and meet weekly Manager SCM to screen each REQ before approving for Purchase Order	Moratorium on attendance except for compulsory statutory purposes – HOD to motivate to MM HOD's to restrict attendance at workshops
Programme / Action Plan	Printing Costs	Critical essential expenditure only	Attendance of meetings, conferences, workshops outside the district to be restricted
Priority Area	Operational Expenditure Management	General expenditure	

# MUNICIPAL OPERATIONS RELATED COSTS

Priority Area	Programme / Action Plan	Action Plan	KPI	Responsibility
General Expenditure	Reduced costs associated with eventing	All events and functions be placed on hold until December 2018 Alternative funding and sponsorships to be sourced	Reduced expenditure on eventing and	All HOD's All Managers
	and functions		functions	)
	Moratorium on the use of	All meetings to be confined to internal venues	No expenditure associated with	All HOD's
	hired external venues		venue hire	All Managers
	Reduction in stationery	HOD to approve all stationery REQ's	Reduced expenditure	All HOD's
	costs		associated with stationery purchases	Manager SCM
	Amalgamatio n of Ugu entities	Item submitted to EXCO for commencement with amalgamation of the entities (Tourism & SCDA)	Commencement with amalgamation	Acting GM EDES

## COUNCILLOR RELATED COSTS

Responsibility	Snr Manager Mayoralty and Communicatio ns	CFO Snr Manager Mayoralty and Communicatio	CFO
KPI	Reduced Accommodation expenditure	Reduced S & T claims	
Action Plan	Mayor and Speaker to authorise all attendance	Travelling claims for councillors by prior approval by Reduced S & T Mayor and Speaker	
Programme / Project	Attendance of councillors at workshops, meetings	Restriction on travelling costs	
Priority Area	Councillor Expenditure		

ugu District Municipality

## CONTRACTED RELATED COSTS

	Responsibility	Manager SCM All HOD's All Managers
Patrician de Vermande de Carrière	(KP	reduced costs associated with contracted services on goods and services
	Action Plan	Review of all contracted services vs being performed internally Review of consultants' fees and disbursements Tender documents associated costs and procedures reviewed Contractual periods per service classification reveiwed Minimise ISD consultants and utilise the internal ISD officers to manage capital projects (PMU) ISD consultants already appointed must have their appointments revised to cut on costs Reviews to Vendor Performance committee meetings to ensure effectiveness and not compliance reporting. Standardisation of all conditions of contract for contracts outside the GCC and REQ / Purchase Orders to be in accordance with the GCC. Preparation of Standard Project Specification and Scope of Works Tender Documentation for Mini-Tenders / RFQs Review of consultants rates and negotiation for lower rates
	Programme / Action Plan Project	Review of Contracted Services
	Priority Area	Services Expenditure

## NON CORE EXPENDITURE

Priority Area	ority Area Programme / Action Plan	Action Plan	(P)	Responsibility
Reduction in non-core	Prioritisation of the district	Suspension of all non-core activities obo LMs	Lower expenditure iro	All HOD's
expenditure	core mandate functions vis- a-vis the functions of the LM	Review of all internal grants to LMs	LM programmes	All Managers
	Moratorium on all cash donation to events and funerals	Suspension of all cash donations to all events and funerals	No cash donations	Snr Manager Mayoralty and Communicatio ns



## **AUDIT EXPENDITURE**

		(4		
Responsibility	CFO Manager Internal Audit	Manager Risk & Internal Audit	Manager Risk & Internal Audit Manager Expenditure	Manager Risk and Internal Audit MMs Forum
(ld)	Reduced costs associated with Auditor General invoices	Annual Audit plan that excludes specialised audit engagements COGTA / PT to conduct specialised investigations	Proof of payment from LMs	Resolution from MMs forum reducing the annual increment for preparation time for AC meetings
Action Plan	Timeous submission of audit information (within 2 days) Ugu AG Internal steering committee meetings, once weekly	Exclude audit engagements that need specialists Engage COGTA / PT to assist if audit requirements arise	Follow up on outstanding payments by LMs	Review the annual increment of preparation costs for AC members
Programme / Project	Reduced costs associated with audit fees	Outsourcing of specialised reviews and investigations	Shared Services and shared costs of an Anti-Fraud & Corruption Hotline	Audit Committee Oversight
Priority Area	Reduction in audit fees			

Ugu District Municipality

ns

### **EVENT EXPENDITURE**

Responsibility	Manager: Youth Snr Manager Mayoralty and Communicatio ns	Manager Youth Snr Manager Mayoralty and Communicatio
(KP)	Reduction in the number of items to be procured for SALGA games	Reduction in the number of items to be procured for Mandela Day Soccer Challenge
Action Plan	Reduction of Costs and reduce on the following: Accommodation Protective Clothing Hire charges Consumable Tracksuits Transport	Resolution from portfolio committee Reduction of items for event but remain with enough for donation of 2 x soccer kits portfolio committee resolution
ority Area Programme / Project	SALGA Games	Mandela Day Soccer Challenge
Priority Area	Event Expenditure Management	

### LED EXPENDITURE

Responsibility	tion in Acting GM et EDES
KPI	25% reduction in EDES budget
Action Plan	Searching for sponsorships and grants to implement IED projects instead of utilizing Ugu's internal budget
Programme / Project	Reduction in expenditure on EDES projects without compromising core mandate
Priority Area	LED Expenditure Management



MM Manager Asset

core assets: Ugu Market Ugu Sports and Leisure

# CAPITAL PROJECTS RELATED COSTS

Priority Area	Area Programme / Project	Action Plan	[KP]	Responsibility
Capital Expenditure	Long term building	Fleet Workshops Oslo Beach phase 3	New buildings	Manager
Management	construction	Disaster Centre Sale of land and buildings	in line with	and Auxiliary Services
		Finalize the building in order to save costs in building rentals (Baz) HR lease building cancelled	3	
	Furniture	No new furniture procurement	No Furniture costs Manager Administr and Auxil Services	Manager Administration and Auxiliary Services
	Non-core asset disposal	Disposal of non-core assets -Fresh Produce Market -Ugu Sports and Leisure Centre	Resolution in respect of disposal of non-	Acting GM EDES CFO

Manager SCM

and / or approved

Clarification between utilisation of contingencies, VO and

Application for approval of VO prior to implementation /

varying of scope of works.

# CAPITAL PROJECTS RELATED COSTS

Priority Area	Programme / Action Plan	Action Plan	KPI	Responsibility
Capital	Management	Scope of Works to be approved based on outcomes /	Reduced	GMWS
Expenditure	and reduction	deliverables as outlined during the project brief.	number of	
Management	of Variation	Standardisation of specification to ensure alignment with	variation	Manager PMU
	Orders	Stores Stock Items.	orders	)
		Ensure compliance within the allowable % of Variation	submitted	CFO

incurring of costs. Clear retention of tendered rates during extension of tender validity periods when tender award periods are prolonged.

Avoid interference to internal personnel to contractors and project officers on site seeking different materials / equipment from project specification.

Determine basis of scope variations and hold responsible

Set up a VO Committee

parties liable.

# REVENUE OPPORTUNITIES RELATED TO COST CONTAINMENT

Priority Area	Programme/ Project;	Action Plan	Kei	Responsibility
Technical	Illegal	Illegal Connection eradication and regularisation.	Review of Illegal	GMWS
Support –	Connections		Connection Policy	
Increased		Emergency Intervention Team during Crisis /	and	CFO
Revenue	Non Revenue	Labour Unrests.	Implementation	
	Water		Strategy	Manager
		Ensuring meters in ground (legal connections) are		Revenue
		linked to the billing system and billed	Increased	
			Revenue	



## WATER TANKERS EXPENDITURE

Priority Area Water Tankering Expenditure	Programme / Project Reduced Costs associated with hired	Action Plan  No hired water tankers  Utilisation of internal water tankers and drivers	KPI No costs associated with hired water tankers	Responsibility GMWS CFO
	Vater			

