

Annexure “E”

MID-YEAR REPORT TO THE MAYOR



CAPE WINELANDS DISTRICT

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MEMORANDUM TO : EXECUTIVE MAYOR (Ald (Dr). Helena Von Schlicht)
 MEMORANDUM FROM : MUNICIPAL MANAGER (Mr HF Prins)
 REFERENCE NUMBER : 5/18/5
 DATE : 13 JANUARY 2022

REPORT ON THE MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT IN TERMS OF SECTION 52(d), 54, 71 AND 72 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003) FOR THE PERIOD: 1 JULY 2021 TO 31 DECEMBER 2021

PURPOSE OF SUBMISSION

That the Executive Mayor consider the Mid-year budget and performance assessment in terms of Section 52(2), 54, 71, and 72 of the Local Government: Municipal Finance Management Act, 2003(Act No. 56 of 2003) (MFMA) for the period: 1 July 2021 to 31 December 2021, with the purpose to determine whether an Adjustments Budget is necessary and to issue appropriate instructions to the Accounting Officer in respect of budget implementation, as well as identifying financial problems.

BACKGROUND

Section 72 of the MFMA determines that the Accounting Officer of a municipality must by no later than 25 January of each year:

- (a) Assess the performance of the municipality during the first half of the financial year, taking into account-
 - (i) The monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) The municipality's 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;
 - (iii) The past year's annual report and progress on resolving problems identified in the annual report; and
 - (iv) The performance of every municipal entity under the sole or shared control of the municipality, taking into account the Mid-year budget and performance assessment from such entities; and
- (b) Submit a report on such assessment to –

- (i) The mayor of the municipality;
- (ii) The National Treasury; and
- (iii) The relevant provincial treasury.

The accounting officer must, as part of the review –

- (a) Make recommendations as to whether an adjustments budget is necessary; and
- (b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

In terms of section 54(1)(f) of the MFMA the executive mayor must submit the Section 72 report to the council by 31 January of each year.

***** Included under separate cover as Annexure “B” is a copy of the Section 72 report of the Cape Winelands District Municipality (CWDM), consisting of the following:**

- (a) Expenditure per strategic objective until 31 December 2021;
- (b) Expenditure per category until 31 December 2021;
- (c) Income report per strategic objective until 31 December 2021;
- (d) Detailed Expenditure and Income report per strategic objective until 31 December 2021;
- (e) Projects expenditure report until 31 December 2021;
- (f) Capital Expenditure until 31 December 2021;
- (g) Expenditure Benevolent Fund until 31 December 2021;
- (h) Supply Chain disclosures

COMMENT

The accounting officer assessed the performance of the municipality for the period 1 July 2021 to 31 December 2021 and report as follows on -

(a) Monthly reports in terms of Section 71 of the MFMA

***** Included under separate cover as Annexure “A” is a copy of the In-year report for December 2021 (Schedule C).**

The year to date operating expenditure until the 31 December 2021 was R201 115 822, consisting of actual expenditure amounting to R178 046 184 and committed expenditure of R23 069 638. The municipality has to date spent 41.7% of the budgeted expenditure of R427 477 294.

Notwithstanding the above, prudent actions must be maintained during the 2021/2022 Adjustments Budget process to improve on the implementation of procurement plans and the SDBIP, to consequently improve on actual spending as anticipated.

(b) Adjustments Budget in terms of Section 28(2)(e) of the MFMA – Roll overs

As at 25 August 2021 no approval has been granted by either National or Provincial Treasury for Roll Over applications therefore no Roll Over Adjustments Budget were tabled to Council.

(c) ADDITIONAL REVENUE APPROPRIATIONS

The Cape Winelands District Municipality received additional funding from the Western Cape Government via the Western Cape Provincial Treasury in terms of Provincial Gazette Extraordinary 8531 of Wednesday, 15 December 2021. The following grants were gazetted:

- (i) Local Government Internship Grant
- (ii) Joint District and Metro Approach Grant
- (iii) Local Government Public Employment Support Grant
- (iv) Surrendering of the Western Cape Financial Management Capacity Building Grant

(d) Financial viability

The financial viability of the Cape Winelands District Municipality is in a good position as at 31 December 2021. The Municipality is able to satisfy its short-term obligations as it falls due, thus it is likely to meet its financial obligations in a timely manner, ensuring continued uninterrupted services to the community. All provisions and reserves are cash backed and the Municipality has no external loans.

(e) Capital Expenditure

Management adopted practices to ensure that capital expenditure is accelerated. At the end of December 2021, the capital commitments were R458 568 and actual expenditure was R 184 730.

The following major savings were identified on the 2021/2022 Capital Budget:

(i) Building Maintenance:

Worcester Lift: R775 000

The project was carried over to the 2022/2023 financial year to ensure sufficient time to complete the project in one financial year.

Generators for Fire Stations: R750 000

This project was put on hold due to an investigation towards greener options of energy generation.

(ii) Disaster Management:

Upgrade of Radio/Communication Room: R1 850 000

Tender specifications received for the nature of work was inadequate and could not be advertised timeously resulting in the project being carried forward.

Upgrade of Disaster Management Centre (Satelite): R4 000 000

The report from the Engineer was delayed due to additional structural changes that was necessary for Air Monitoring & radio infrastructure, hence the project is carried over to the 2022/2023 financial year.

(iii) Fire Services:

Major 4 x 4 Fire Fighting Vehicle (Replacement): R7 200 000

Tender specifications received for the nature of work was inadequate and could not be advertised timeously resulting in the project being carried forward

(iv) Projects:

Development of a Regional Landfill Site: R25 000 000

Tender specifications received for the nature of work was inadequate and could not be advertised timeously resulting in the project being carried forward.

(f) MSCOA Report for the period ending 31 December 2021

*** Included under separate cover as Annexure "C".

(g) Cost Containment Measures 2021/2022

*** Included under separate cover as Annexure "D"

(h) Service delivery performance, service delivery targets and performance indicators

*** Included under separate cover as Annexure "E" is a copy of the predetermined objectives

This report addresses the performance of the Municipality taking into account actual expenditure, service delivery targets and performance indicators for the organisation and projects for the period 1 July 2021 to 31 December 2021.

RECOMMENDATION

That the Executive Mayor consider the Mid-year budget and performance assessment in terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) for the period: 1 July 2021 to 31 December 2021, with the purpose to –

- a) Issue any appropriate instructions to the Accounting Officer to ensure that –
 - (i) An adjustments budget for the 2021/2022 financial year is submitted to the Council for approval; and
 - (ii) The relevant service delivery targets and performance indicators in the service delivery and budget implementation plan be adjusted.

I, **Henry Frederick Prins**, in my capacity as the Accounting Officer (Municipal Manager) of the **Cape Winelands District Municipality**, hereby recommend that -

- (a) The Executive Mayor takes cognisance that the Report on the Mid-year budget and performance assessment for the period **1 July 2021 to 31 December 2021** has been prepared in accordance with Sections 52(d), 54, 71 and 72 of the Local Government: municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- (b) An Adjustments Budget for the 2021/2022 financial year be submitted to the council for approval;
- (c) The relevant service delivery targets and performance indicators in the service delivery and budget implementation plan be adjusted accordingly;
- (d) That in terms of Section 72(1)(b)(ii) and (iii) the Report be submitted to the National Treasury and the relevant Provincial Treasury.

Mr HF Prins
Municipal Manager



Signature: _____

Date: _____

13/01/2022

I, **Helena Von Schlicht**, in my capacity as the Executive Mayor of the **Cape Winelands District Municipality**, hereby –

- (a) Take cognisance that the Report on the Mid-year budget and performance assessment for the period **1 July 2021 to 31 December 2021** has been prepared in accordance with Sections 52(d), 54, 71 and 72 of the Local Government: municipal Finance Management Act, 2003 (Act No. 56 of 2003) and regulations promulgated under the said Act; and
- (b) Concur with the recommendations of the Accounting Officer.

Alderman (Dr) Helena Von Schlicht
Executive Mayor



Signature: _____

Date: _____

14/01/2022