



SENTRAAL KAROO DISTRIKS MUNISIPALITEIT

KONTANTBESTUUR – EN BELEGGINGSBELEID

2019/2020

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1. INLEIDING

- 1.1 In terme van Artikel 13(2) van die Munisipale Finansiële Bestuurswet, 2003 (Wet No. 56 van 2003) (Die Wet), moet die munisipaliteit 'n toepaslike en effektiewe kontant bestuurs-en beleggingsbeleid implementeer teen 1 Julie 2004.

2. RAAMWERK VAN DIE BELEID

- 2.1 Ten einde deeglike en volhoubare bestuur van die kontant hulpbronne van die munisipaliteit te verseker, spreek hierdie beleid alle beginsels en prosesse ingesluit in kontant bestuur en beleggings aan, en sluit in:

- Die doelwitte van die beleid;
- Standaard van sorg;
- Delegasie van bevoegdheid;
- Bestuur en interne kontrole prosedures;
- Kontantvloei-begroting;
- Bestuur van Bedryfskapitaal;
- Kwitering en banking van kontant;
- Betalings;
- Kort- en langtermyn skuld en skuld herstrukturering;
- Beleggings etiek, beginsels en praktyke;
- Verlagdoening en monitor van vereistes;
- Prestasie standarde en meting; en
- Hersiening van die beleid.

3. DOELWITTE VAN DIE BELEID

- 3.1 Die doelwitte van die beleid is om optimale prestasie met die laagste moontlike risiko te verseker, deur kontant hulpbronne van die munisipaliteit te bestuur en te belê en om deursigtigheid, rekenpligtigheid en toepaslike lyne van verantwoordelikheid in die proses te verseker.

4. STANDAARD VAN SORG

- 4.1 Elke amptenaar in die kontant bestuur en beleggings proses moet dit so doen met soveel oordeel en sorg, onder heersende omstandighede, soos 'n persoon van verstandigheid, diskressie en intelligensie sou uitoefen in die bestuur van haar of sy eie aangeleenthede en met sy of haar primêre doel met die waarskynlike veiligheid van sy of haar eie kapitaal, in die tweede geval van sy of haar likiditeits behoeftes en laastens die waarskynlike inkomste daaruit verkry.
- 4.2 Spekulasie mag nie onderneem word in enige van die prosesse nie.

5. DELEGASIE VAN BEVOEGDHEID

- 5.1 Die bestuur van al die kontant hulbronne van die munisipaliteit is die verantwoordelikheid van die Munisipale Bestuurder wie, vir die behoorlike aanwending van die beleid, 'n toepaslike stelsel van delegasie moet ontwikkel wat beide administratiewe en operasionele effektiwiteit sal verseker en van geskikte kontroles en balansering in die bestuur van die kontant hulpbronne sal voorsien.
- 5.2 Die Hoof Finansiële Beampte, soos skriftelik aangewys deur die Munisipale Bestuurder, moet die Munisipale Bestuurder adviseer oor die uitoefening van magte en pligte met betrekking tot die beleid en moet die Munisipale Bestuurder in die administrasie van die kontant hulpbronne, die bankrekening en die beleggings rekeninge bystaan.
- 5.3 Die Hoof Finansiële Beampte mag nie die plig om die Munisipale Bestuurder in die administrasie van die munisipaliteit se bank- en beleggings rekeninge by te staan, delegeer nie.
- 5.4 Die delegasie om geld uit die munisipaliteit se bank- of beleggingsrekening te onttrek mag slegs gegee word aan die Hoof Finansiële Beampte of enige ander senior finansiële amptenaar soos bepaal, in skrif, deur die Munisipale Bestuurder en waarvan 'n afskrif, geteken deur die Munisipale Bestuurder, gehou moet word met die amptelike stel delegasies van die munisipaliteit.

5.5 Die Munisipale Bestuurder mag nie enige magte of pligte in die administrasie van die munisipaliteit se kontant hulpbronne aan enige politieke struktuur of raadslid delegeer nie en geen raadslid word toegelaat om in te meng of poog om in te meng in die bestuur van die munisipaliteit se kontant hulpbronne nie.

5.6 Enige delegasie deur die Munisipale Bestuurder in terme van hierdie beleid:

- Moet in skrif wees;
- Is onderhewig aan enige beperkinge en voorwaardes soos die Munisipale Bestuurder mag voorskryf;
- Mag òf aan 'n spesifieke individu of aan die houer van 'n spesifieke pos in die munisipaliteit wees en mag nie aan 'n komitee van amptenare wees nie;
- Mag nie die Munisipale Bestuurder ontnem van die verantwoordelikheid met betrekking tot die uitoefening van die gedelegeerde magte of die prestasie van die gedelegeerde plig nie.

5.7 Die Munisipale Bestuurder mag enige besluit wat geneem is as gevolg van 'n delegasie of sub-delegasie in terme van hierdie beleid bevestig, wysig of herroep, maar geen so 'n wysiging of herroeping van 'n besluit mag afbreek doen aan enige regte wat sou voortspruit as gevolg van die besluit nie.

5.8 Vir die aanwending van hierdie beleid sal enige verwysing na "Munisipale Bestuurder" ook beteken "enige ander persoon wat waarneem onder 'n gedelegeerde mag of funksie uitoefen soos gedelegeer deur die Munisipale Bestuurder" in terme van paragraaf 5.

6. BESTUUR EN INTERNE KONTROLE PROSEDURES

6.1 Die Munisipale Bestuurder, bygestaan deur die Hoof Finansiële Beampte, moet alle redelike stappe neem om te verseker:

- Dat die munisipaliteit 'n bestuurs-, rekeningkundige- en inligtingstelsel het en onderhou wat van alle bank- en beleggingsrekeninge, kwitering-, onttrekkings-, kontantbestuurs- en beleggingstransaksies rekenskap gee;

- Dat, in die geval van beleggings, sulke beleggings waardeer word in ooreenstemming met algemene aanvaarde rekeningkundige praktyk;
- Dat, in die geval van beleggings, inkomste verskuldig op 'n maandelikse basis bereken word;
- Dat die munisipaliteit 'n stelsel van interne kontrole oor die bank en beleggings rekeninge, kwitering, onttrekkings, kontant bestuur en beleggings transaksies in plek het en handhaaf.

7. KONTANT BESTUUR

7.1 Administrasie van bankrekeninge:

7.1.1 Die Munisipale Bestuurder is verantwoordelik vir die administrasie van die munisipaliteit se bankrekeninge, ingesluit die opening van die bankrekeninge, die aanwysing van die primêre bankrekening en alle bank- en onttrekkingsprosedures. Die bank rekening mag slegs beheer word in ooreenstemming met enige oudit voorskrifte asook enige wetlike vereistes soos voorgeskryf in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 en in die besonder Hoofstuk 3 van die Wet asook Artikel 64 van die Wet.

7.1.2 Die Munisipale Bestuurder mag die pligte, gekoppel aan die administrasie van die bankrekeninge, soos per paragraaf 5 van hierdie beleid deleger.

7.2 Bestuur van Kwitering:

7.2.1 Die Munisipale Bestuurder is verantwoordelik vir die administrasie van alle kwitering prosedures en moet alle redelike stappe neem om te verseker dat kwitering bestuur word in ooreenstemming met enige oudit voorskrifte asook enige wetlike vereistes soos voorgeskryf in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 en in besonder Artikel 64 van die Wet.

7.2.2 Die Munisipale Bestuurder mag die pligte, gekoppel aan kwitering, soos per paragraaf 5 van hierdie beleid deleger.

7.3 Bestuur van Uitgawes:

7.3.1 Die Munisipale Bestuurder is verantwoordelik vir die administrasie van alle uitgawe prosedures en moet alle redelike stappe neem om te verseker dat uitgawes beheer word in ooreenstemming met enige oudit voorskrifte asook enige wetlike vereistes ingesluit soos voorgeskryf in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 en in besonder Artikel 65 van die Wet.

7.3.2 Die Munisipale Bestuurder mag die pligte, gekoppel aan uitgawes, soos per paragraaf 5 van hierdie beleid delegeer.

7.4 Onttrekkings:

7.4.1 Die Munisipale Bestuurder is verantwoordelik vir die administrasie van alle onttrekkings prosedures en moet alle redelike stappe neem om te verseker dat onttrekkings beheer word in ooreenstemming met enige oudit voorskrifte asook enige wetlike vereistes ingesluit soos voorgeskryf in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 en in besonder Artikel 11 van die Wet.

7.4.2 Die Munisipale Bestuurder mag die pligte, gekoppel aan onttrekkings, soos per paragraaf 5 van hierdie beleid delegeer.

7.5 Bestuur van Skuld:

7.5.1 Ten einde voldoende kontantvloei te verseker, mag die munisipaliteit kort of langtermyn skuld aangaan, op voorwaarde dat die Raad alle skuld ooreenkomste goedkeur, die Burgemeester die besluit ten opsigte van die goedkeuring van die skuld ooreenkoms onderteken en die Munisipale Bestuurder die skuld ooreenkomste onderteken het.

- 7.5.2 Die munisipaliteit word, in terme van Artikel 46(5) van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003, toegelaat om lantermyn skuld te herfinansier met die doel om te spaar op koste van skuld. Die Munisipale Bestuurder moet, vir hierdie doel, ten minste jaarliks en as deel van die begrotingsproses evalueer en verslag doen aan die Raad oor die koste van bestaande skuld en of die herfinansiering van sodanige skuld tot voordeel vir die munisipaliteit sal wees. As deel van die evaluasie moet die Munisipale Bestuurder die tipes terugbetalings bepaal en of eenmalige betalings aan die einde van die skuld periode en die redelike bepaalde netto koste daarvan nie meer voordelig vir die Raad sal wees nie indien die terugbetalings belê word in delgingsfondse en die redelike voorgenome opbrengs op die beleggings in berekening gebring word.
- 7.5.3 Die Munisipale Bestuurder is verantwoordelik vir die administrasie van alle skuld prosedures en moet alle redelike stappe neem om te verseker dat skuld beheer word in ooreenstemming met enige oudit voorskrifte asook enige wetlike vereistes ingesluit soos voorgeskryf in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 en in besonder Hoofstuk 6 van die Wet.
- 7.5.4 Die Munisipale Bestuurder mag die pligte, gekoppel aan skuld, soos per paragraaf 5 van hierdie beleid delegeer.

7.6 Kontanvloei Begroting:

- 7.6.1 Ten einde te verseker dat die munisipaliteit voldoende kontant beskikbaar het om te voldoen aan die munisipaliteit se verpligtinge aan sy leners, krediteure, statutêre betalings en enige ander verpligtinge is dit noodsaaklik om jaarliks, as deel van die begrotingsdokumentasie, 'n kontantvloei raming vir die begrotingsjaar opgedeel per inkomstebron, per maand, op te stel en aan die Raad voor te lê.

7.7 Bestuur van Bedryfskapitaal:

7.7.1 Die Munisipale Bestuurder moet alle redelike stappe neem om te verseker dat die munisipaliteit maksimum prestasie behaal op sy bates en vir hierdie doel moet die bedryfskapitaal van die munisipaliteit so ver moontlik bestuur word tot die maksimum voordeel van die munisipaliteit.

7.7.2 'n Aanvaarbare vlak vir die Bedryfskapitaal Reserwe is 2:1 of beter en die Munisipale Bestuurder moet alle redelike stappe neem om te verseker dat die vlak gehandhaaf word. Met die berekening van hierdie vlak, moet uitstaande debiteure vir 'n periode van langer as 90 dae asook enige onbenutte voorwaardelike skenkings en toewysings afgetrek word vanaf die bedryfsbates en verpligtinge en voorraad moet in berekening gebring word teen die laagste van koste en netto realiseerbare waarde. Die oefening om te voorsien vir 'n voldoende vlak van bedryfskapitaal moet as deel van die begrotings proses gedoen word ten einde ooreenstemmend te begroot. Voorraad vlakke vir eie gebruik, moet so laag as moontlik gehou word, krediteure moet binne 30 dae vanaf datum van ontvangs van faktuur of rekeningstaat, watter een ookal die laatste is of van toepassing is maar so laat as moontlik betaal word maar met inagneming van moontlike afslag en alle stappe, ooreenstemmend met die Raad se Kredietbeheer- en Skuldinvorderings Beleid, moet geneem word om gelde verskuldig aan die munisipaliteit te verhaal.

7.7.3 Die Munisipale Bestuurder moet, as deel van die maandelikse verslagdoening aan die Burgemeester binne 10 werksdae na die einde van elke maand, verslag doen oor:

- Die gekombineerde netto balans van die bank- en beleggingsrekeninge van die munisipaliteit, uitgesluit uit enige balanse van onbenutte voorwaardelike skenkings, trust gelde gehou ooreenkomstig enige trust aktes, delgingsfonds beleggings gemaak ooreenkomstig enige lenings- of ander ooreenkoms met beleggers/leners, ander voorwaardelike fondse waarvoor gelde ontvang is ooreenkomstig Artikel 12 van die Wet, Skuld Waarborg Reserwe Fondse en ander kontant- gerugsteunde fondse waarvoor

magting vir spandering verkry moet word vanaf ander persone of sfere van die Regering.

- Of die bogenoemde netto balans voldoende is om 'n betaling van ten minste 2% van die bedryfsbegroting van die munisipaliteit te kan maak.
- Of alle verpligtinge en rekeninge reeds betaal is of betyds betaal kan word vanuit die bogenoemde netto balans en netto realiseerbare rekeninge ontvangbaar.
- Of daar 'n netto uitvloeï van kontant is wat nie in ooreenstemming met die kontantvloeï begroting is nie.
- Of al die bogenoemde 'n finansiële implikasie kan veroorsaak waarop die Burgemeester moet reageer ooreenkomstig die bepalings van die Wet.

7.7.4 Die Burgemeester moet, binne 30 dae vanaf die einde van elke kwartaal, aan die Munisipale Raad verslag doen oor die bogenoemde en indien enige finansiële probleem identifiseer word, moet die raad onmiddelik in kennis gestel word en ooreenkomstig die voorsienings van die Wet opgetree word.

8. BELEGGINGS

8.1 Bestuur van Beleggings:

8.1.1 Die Munisipale Bestuurder is verantwoordelik vir die administrasie van alle beleggings prosedures en moet alle redelike stappe neem om te verseker dat beleggings beheer word in ooreenstemming met enige oudit voorskrifte asook enige wetlike vereistes ingesluit soos voorgeskryf in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 en in besonder Artikel 13 van die Wet.

8.1.2 Die Munisipale Bestuurder mag die pligte, gekoppel aan beleggings, soos per paragraaf 5 van hierdie beleid delegeer.

8.1.3 Ten einde te verseker dat die Munisipale Bestuurder, of enige gedelegeerde persoon in terme van paragraaf 5, voldoen aan hierdie beleid in terme van beleggings en om die munisipaliteit verder te kapasiteer, mag die Munisipale Bestuurder 'n Beleggings Bestuurder inkontrakteeer wie 'n natuurlike persoon of 'n wetlike entiteit is wat as 'n portefeulje bestuurder geregistreer is in terme van die Finansiële Markte Bestuurs Wet (Wet No. 55 van 1989) en Aandeel Verwisseling Beheer Wet (Wet No. 1 van 1985). Die Beleggings Bestuurder moet die Munisipale Bestuurder of gedelegeerde amptenare adviseer oor beleggings en mag beleggings bestuur namens die munisipaliteit, onderhewig aan enige voorwaardes en kontroles soos deur die Munisipale Bestuurder bepaal.

8.2 **Belegging Etiek:**

8.2.1 Alle amptenare betrokke by die beleggingsbestuursproses moet optree met getrouheid, eerlikheid, integriteit en in die beste belang van die munisipaliteit en moet daarna streef, binne die sfeer van invloed van die amptenare, om enige benadeling van beleggings van die munisipaliteit te voorkom.

8.2.2 Geen amptenare betrokke by die beleggingsbestuursproses mag sy of haar posisie of voorregte gebruik as, of vertroulike inligting verkry as, amptenare in die proses vir persoonlike voordeel of om onregmatige bevoordeling aan 'n ander persoon nie.

8.2.3 Geen persoon wat gekontrakteeer is deur die munisipaliteit vir die doel van beleggings of geen persoon wat kwotasies voorlê, bie of enige ander middel van mededingende voorlegging maak mag, of direk of deur 'n verteenwoordiger of tussenpersoon/skakel 'n belofte, aanbod of skenking maak van enige vergoeding, geskenk, borg, lening, beurs, guns of gasvryheid nie aan –

- Enige amptenaar, eggenoot/te of nabye familielid van sodanige amptenaar of eggenoot/te;
- Enige raadslid, eggenoot/te of nabye familielid van sodanige raadslid of eggenoot/te.

8.2.4 Die Munisipale Bestuurder moet so gou doenlik aan die Burgemeester sowel as die Nasionale Tesourie enige beweerde oortreding van die bogenoemde rapporteer en mag ook aanbevelings maak of die beweerde oortredende party gelys moet word op die Nasionale Tesourie se databasis van persone wat verbied word om enige besigheid met die publieke sektor te doen. Enige so 'n verslag deur die Munisipale Bestuurder moet volledige besonderhede van die beweerde oortreding en 'n skriftelike antwoord vanaf die beweerde oortredende party, asook 'n bewys dat die beweerde oortredende party die aantuigings in skrif ontvang het en ten minste 7 (sewe) werksdae gegun is om te reageer op die aantuigings, bevat.

8.2.5 Enige borg wat belowe, geoffer of toegeken is aan die munisipaliteit moet onmiddelik aan die Nasionale Tesourie openbaar gemaak word.

8.3 **Beleggings Doelwitte:**

8.3.1 **Doelwit 1 – Sekuriteit:**

Die eerste en vernaamste doelwit vir beleggings is die bewaring en veiligheid van die hoofsaaklike belê. Dit is 'n vereiste van hierdie munisipaliteit dat beleggings slegs by instellings, wat 'n kredietwaardigheidsgradering van A 1 en beter het, belê. Enige belegging gemaak moet onmiddelik onttrek word indien 'n instituut se kredietwaardigheidsgradering onder die vlak van A 1 daal.

8.3.2 **Doelwit 2 – Likiditeit:**

Die kontantvloei begroting moet gebruik word as 'n instrument vir die bepaling van likiditeits behoeftes. Ander faktore soos die betalings lopies van krediteure, datums van salarisse en statutêre betalings en datums vir skuld terugbetalings moet ook in berekening gebring word om kontant vereistes te verseker, en gevolglik beleggings periodes vas te stel, wat tot so 'n mate bereken word dat maksimum opbrengs op surplus kontant verkry kan word.

8.3.3 Doelwit 3 – Opbrengs:

Dit is noodsaaklik om te verseker dat optimale opbrengs op die munisipaliteit se beleggings verkry word, maar 'n hoër opbrengs moet nooit die risiko van die behoud en veiligheid van die hoofsom belê of die nie-nakoming van kontantvloei vereistes verhoog nie. Waar 'n instelling 'n skielike verhoging bo die gemiddelde markkoerse vir beleggings aanbied, moet die Munisipale Bestuurder bepaal of die instelling onder likiditeits- of ander finansiële probleme ondervind, en in sodanige geval die beleggings by so instelling so gou doenlik onttrek.

8.4 Tipes Beleggings Rekeninge:

8.4.1 Die volgende kontant gerugsteunde beleggingsrekeninge moet gestig word:

- Algemene surplus kontant;
- Bate finansiering reserwe fonds;
- Opgehoopte verloffonds;
- Trust fondse waar 'n trust akte bestaan;
- "Toewysings" fondse soos omskryf in Artikel 1 van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003, maar sluit billike deel toekennings uit;
- Delgingsfondse, indien van toepassing;
- Skuld waarborg reserwe fonds, indien van toepassing;
- Na-aftrede voordele fondse;
- Self-versekering reserwe, indien van toepassing;
- Behuising Ontwikkelingsfondse.

8.4.2 Dit is 'n algemene beginsel, hoe hoër die belegging hoe beter die opbrengs en om hierdie rede moet die Munisipale Bestuurder soveel as moontlik kontant toegewys aan die bogenoemde fondse kombineer, en dit saam belê. Die opbrengs moet dan toegewys word ooreenkomstig die kapitaal van die individuele kontant gerugsteunde fondse, deur die Verslag van Finansiële Prestasie.

8.5 Gemagtigde Beleggings:

8.5.1 Beleggings moet gestruktureer word volgens die beste opbrengs beskikbaar en die likiditeits behoeftes van die munisipaliteit. Dit kan Opvraagbare Depositos, Vaste Termyn Depositos and Versekerings polisse vir die doel van delgingsfondse alleenlik insluit. Delgingsfondse moet geskep word vir die doel van enkelbedragbetalings en om te voorsien vir toekomstige verpligtinge soos om genoegsame kontant op te bou om in staat te wees om na-aftrede voordele volledig te delg.

8.6 Gekwalifiseerde Instellings:

8.6.1 Dit is van kardinale belang dat die beleggings slegs by kredietwaardige instellings, met 'n kredietgradering van A 1 en beter, gemaak word.

8.6.2 Die volgende beleggings word toegelaat:

- Sekuriteite uitgereik deur die Nasionale Regering;
- Gelyste korporatiewe verbande met 'n beleggings gradering van 'n nasionale of internasionale erkende krediet graderings agent;
- Depositos by banke wat geregistreer is in terme van die Bankwet, 1990 (Wet 94 van 1990);
- Depositos met die Openbare Beleggingskommissaris soos beoog deur die Wet op die Openbare Beleggingskommissaris, 1984 (Wet 45 van 1984);
- Depositos by die Korporasie vir Openbare Depositos soos beoog deur die Wet op die Korporasie vir Openbare Depositos, 1984 (Wet 46 van 1984);
- Bankiers se akseptifikate of verhandelbare sertifikate van deposito van banke geregistreer in terme van die Bankwet, 1990 (Wet 94 of 1990);
- Gewaarborgde begiftigings polisse met die doel om 'n delgingsfonds te vestig;
- Terugkoop ooreenkomste met banke geregistreer in terme van die Bankwet, 1990 (Wet 94 van 1990);
- Munisipale effekte uitgereik deur die munisipaliteit;

- Enige ander soos deur die Minister van Finansies goedgekeur.

8.7 Beleggings-Diversifikasie:

- 8.7.1 Sonder om die Munisipale Bestuurder te beperk tot enige spesifieke bedrag of persentasie van beleggings, word dit hiermee gevestig dat beleggings gemaak deur die munisipaliteit verdeel moet word soverl moontlik tussen verskillende instellings, verval datums en tipes, maar niks verhoed die Munisipale Bestuurder om meer kontant by een instelling as by 'n ander instelling te belê nie maar met deeglike inagneming van die standaard van sorg en doelwitte soos in die beleid uiteengesit.

8.8 Kompeterende Seleksie van Aanbiedinge:

- 8.8.1 Met die vasstelling waar beleggings gemaak moet word, moet ten minste 3 (drie) geskrewe kwotasies verkry word deur die Munisipale Bestuurder vanaf enige van die instellings gelys in paragraaf 8.6 hierbo.
- 8.8.2 Die Munisipale Bestuurder mag nie rentekoerse aan ander instellings openbaar maak gedurende die kwoterings proses nie.
- 8.8.3 Indien Beleggings Bestuurders gebruik maak van tesouriekantore met die doel om kwotasies te verkry, moet die kwotasies, met 'n geskrewe rede waarom 'n spesifieke instelling gekies was indien die opbrengs laer is as by 'n ander instelling, aan die Munisipale Bestuurder gerig word, wie die redes moet evalueer en sodanige instruksies uitreik wat noodsaaklik geag word.

8.9 Kommissie of Koste:

- 8.9.1 Geen kommissie vir beleggings gemaak of verwys is betaalbaar aan 'n amptenaar of raadslid, of eggenoot/te, besigheids vennoot of nabye familielid van 'n amptenaar of raadslid deur 'n instelling of beleggings bestuurder nie.
- 8.9.2 Enige kommissie, ander vergoeding of koste betaal aan 'n beleggings bestuurder deur 'n instelling moet verklaar word aan die munisipaliteit deur die instelling en Beleggings Bestuurder deur middel van sertifikaat.

- 8.9.3 Enige kwotasie aan die munisipaliteit gegee deur 'n instelling of Beleggings Bestuurder moet netto van koste, belonings of kommissie wees, maar moet ook kommissie, belonings of koste aandui wat ten opsigte van die beleggings betaal sal word.

8.10 Prestasie:

- 8.10.1 Die Munisipale Bestuurder moet jaarliks meet en rapporteer aan die Raad oor die prestasie van sy:

- Beleggings in terme van die gestipuleerde doelwitte van hierdie beleid;
- Beleggings Bestuurders in terme van die gestipuleerde doelwitte van hierdie beleid.

- 8.10.2 Die meting moet gedoen word deurdat die prestasie op beleggings van omliggende munisipaliteite in ag geneem word.

8.11 Verbode Aktiwiteite:

- 8.11.1 Geen beleggings mag gemaak word anders as in die naam van die munisipaliteit nie.

- 8.11.2 Geld mag nie geleen word vir die doel van beleggings nie.

- 8.11.3 Geen persoon, insluitend amptenare en raadslede, mag inmeng of poog om in te meng in die bestuur van beleggings toevertrou aan die Munisipale Bestuurder of persone gedelegeer deur die Munisipale Bestuurder nie, ingesluit met die Beleggings Bestuurders.

- 8.11.4 Geen beleggings mag gemaak word anders as gedenomineer in Rand nie, en wat nie gekoppel is, of geaffekteer word, deur enige wisseling in die waarde van die Rand teenoor enige buitelandse betaalmiddel nie.

8.12 Verslagdoening:

- 8.12.1 Die Munisipale Bestuurder moet, addisioneel tot die verslagdoening in paragraaf 7.7 hierbo, binne 10 werksdae na die einde van elke maand 'n verslag aan die Burgemeester indien wat in detail die beleggings portefeulje van die munisipaliteit soos aan die einde van die vorige maand, weergee.
- 8.12.2 Die bogenoemde verslag moet ten minste 'n staat, opgestel in ooreenstemming met algemeen aanvaarde munisipale rekeningkundige beginsels, soos aangepas van tyd tot tyd bevat, wat die onderstaande weergee:
- Begin mark waarde van elke belegging vir die maand;
 - Toevoegings en veranderings aan die beleggingsportefeulje vir die maand;
 - Eind markwaarde van elke belegging vir die maand;
 - Volle opgelope rente/opbrengs vir die maand insluitend rente/opbrengs gekapitaliseer of uitbetaal.
- 8.12.3 Die Munisipale Bestuurder, met die maak van beleggings, moet die betrokke instellings herinner aan die instelling se wetlike verslagdoeningsverantwoordelikheid in terme van Artikel 13 (3) en 13 (4) van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 en moet 'n sertifikaat vanaf die instelling verkry dat die instelling sal voldoen aan die Wet. 'n Enkele sertifikaat per instelling vir enige huidige en toekomstige beleggings mag verkry word en moet op die munisipaliteit se beleggingsleër geliaseer word.

9. TOEPASLIKE WETGEWING

- 9.1 Plaaslike Regering: Munisipale Finansiële Bestuurswet, 56 van 2003;
- 9.2 Kredietbeheer en Skuldinvorderingsbeleid;
- 9.3 Finansiële Markte Bestuurswet, 55 van 1989;
- 9.4 Aandeel Verwisseling Beheer Wet, 1 van 1985;
- 9.5 Bankwet, 94 van 1989;
- 9.6 Wet op die Korporasie vir Openbare Depositos, 46 van 1984,

10. HERSIENING VAN DIE BELEID

- 10.1 Hierdie Kontant Bestuurs- en Beleggings Beleid is die enigste beleid wat heers oor kontant bestuur en beleggings in die munisipaliteit. Enige hersiening van hierdie beleid moet deur die Munisipale Raad goedgekeur word.
- 10.2 Die Burgemeester moet enige voorgestelde veranderinge aan hierdie beleid aan die Raad voorlê as deel van die jaarlikse hersiening van beleide voorgelê met die begrotings dokumentasie.
- 10.3 Wanneer ookal die Minister van Finansies of die Nasionale Tesourie of die Ouditeur- Generaal enige veranderinge aan die beleid vereis deur middel van wetgewing of versoeke moet dit so gou doenlik hersien word ooreenkomstig sulke vereistes, wat die volle besonderhede van die redes vir die hersiening verskaf.



CENTRAL KAROO DISTRICT MUNICIPALITY

LONG TERM FINANCIAL PLAN POLICY

2019/2020

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1. INTRODUCTION

- 1.1 The Local Government: Municipal Finance Management Act No 56 of 2003 (hereafter MFMA) has instituted various financial reform measures. Sound financial management practices have been identified as essential to the long-term sustainability of municipalities. In this regard the MFMA necessitates that municipality's must have a policy related the Long Term Financial Plan (hereafter LTFP).
- 1.2 A municipality's financial plan integrates the financial relationships of various revenue and expenditure streams to give effect to the Integrated Development Plan (hereafter IDP). It provides guidance for the development of current budgets and assesses financial impacts on outer years' budgets by incorporating capital expenditure outcomes, operating expenditure trends, optimal asset management plans and the consequential impact on rates, tariffs and other service charges.
- 1.3 The Municipality has developed a financial model that aims to determine the appropriate mix of parameters and assumptions within which the Municipality should operate to facilitate budgets which are affordable and sustainable at least 10 years into the future. In addition, it identifies the consequential financial impact of planned capital projects on the municipality's operational budget.

2. PROBLEM STATEMENT

- 2.1 Preceding the inception of the MFMA municipal budgets usually catered for immediate demands with little or no view to future needs or the future consequences of particular decisions. This poor planning practice fragmented the sustainability of municipal budgets.

3. PURPOSE

- 3.1 The policy aims to ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability.

4. DEFINITIONS AND ABBREVIATIONS

- 4.1 **“Basic Municipal Service”** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;
- 4.2 **“Budget-Related Policy”** means a policy of a municipality affecting or affected by the annual budget of the municipality, including—
- a) *the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;*
 - b) *the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or*
 - c) *the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;*
- 4.3 **“Municipality”** means the Central Karoo District Municipality;
- 4.4 **“IDP”** means the Integrated Development Plan;
- 4.5 **“LTFP”** means Long Term Financial Plan;
- 4.6 **“Long-Term Debt”** means debt repayable over a period exceeding one year;
- 4.7 **“MBRR”** means the Municipal Budget and Reporting Regulations;
- 4.8 **“MFMA”** means the Local Government: Municipal Finance Management Act No 56 of 2003;

- | | | |
|------|----------------------------|---|
| 4.9 | “MTREF” | means Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years; |
| 4.10 | “Municipal Tariff” | means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff; |
| 4.11 | “Municipal Tax” | means property rates or other taxes, levies or duties that a municipality may impose; |
| 4.12 | “National Treasury” | means the National Treasury established by section 5 of the Public Finance Management Act; |
| 4.13 | “Short Term” | refers to a period up to 3 (three) years; |
| 4.14 | “Medium Term” | refers to a period between 3 (three) and 5 (five) years; |
| 4.15 | “Long Term” | refers to any period longer than 5 (five) years. |

5. **GUIDING PRINCIPLES**

- 5.1 The policy is based on the following principles:
- 5.1.1 Future financial sustainability;
 - 5.1.2 Optimal collection of revenue, taking into consideration the socio-economic environment;
 - 5.1.3 Optimal utilisation of grant funding;
 - 5.1.4 Continuous improvement and expansion in service delivery framework, and
 - 5.1.5 Prudent financial strategies.

6. ROLE-PLAYERS AND STAKEHOLDERS

6.1 The following role players will ensure that the LTFP is implemented in accordance with the prescribed legislative requirements and Council processes:

6.1.1 Budget Office:

- 6.1.1.1 Responsible for the preparation and the compilation of the LTFP;
- 6.1.1.2 Responsible for overall oversight;
- 6.1.1.3 Present long term financial plan outcome to the Budget Steering Committee;
- 6.1.1.4 Review Policy and Strategy, in consultation with relevant stakeholders, to ensure maximum compliance in terms of legislation.

6.1.2 Directorates and Departments:

- 6.1.2.1 Responsible for providing reasons on past performance outcomes;
- 6.1.2.2 Responsible for providing information to Budget Office to update the financial plan;
- 6.1.2.3 Required to identify revenue and expenditure plans for both operating and capital budgets for at least 3 years;
- 6.1.2.4 Required to make recommendations on future service delivery matters.

7. REGULATORY CONTEXT

7.1 Section 17 (3) of the MFMA states that *“when an annual budget is tabled it must be accompanied by, amongst others, “any proposed amendments to the budget-related policies of the municipality”.*

7.2 Section 21 of the MFMA states that the mayor of a municipality must at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for, amongst others:

- 7.2.1 the annual review of—
- a) the integrated development plan in terms of section 34 of the Municipal Systems Act; and
 - b) the budget-related policies;
- 7.2.2 the tabling of any amendments to the integrated development plan and the budget-related policies; and
- 7.2.3 any consultative processes forming part of the processes referred to in subparagraphs (ii) and (iii).
- 7.3 Section 7 (1) of the Local Government: Municipal Finance Management Act, 2003, Municipal Budget and Reporting Regulations, 2009 (hereafter MBRR) states that: *“the Municipal Manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of budget-related policies of the municipality, or any or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21 (1) (b) of the MFMA”*.
- 7.4 Section 7 (1) reference (1) of the MBRR, further states that *“as defined in section 1 of the MFMA. Policies that affect or are affected by the annual budget of a municipality include“(g) a policy related to the long term financial plan”*.
- 7.5 Section 4 (1) of the MBRR states *“that the mayor of a municipality must establish a budget steering committee to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA”*.
- 7.6 Section 26 (h) of the Local Government: Municipal Systems Act 32 of 2000 (hereafter the MSA) states that *“An Integrated Development Plan must reflect a financial plan, which must include a budget projection for at least the next three years”*.

8. POLICY DIRECTIVE DETAILS

8.1 Financial Strategies:

8.1.1 An intrinsic feature of the LTFP is to give effect to the Municipality's financial strategies. These strategies include:

- a. Increasing funding for asset maintenance and renewal;
- b. Continuous improvement to the financial position;
- c. Ensuring affordable debt levels to fund the capital budget;
- d. Maintaining fair, equitable and affordable rates and tariff increase;
- e. Maintaining or improving basic municipal services;
- f. Achieving and maintaining a breakeven/surplus Operating budget; and
- g. Ensuring full cost recovery for the provision of internal services.

8.2 Non-Financial Strategies:

8.2.1 The LTFP is a key component for achieving the goals listed in the IDP of the Municipality. The LTFP must consider the following non – financial strategic strategies:

- a. The Municipality's Strategic Focus Areas;
- b. Infrastructure led growth strategies; and
- c. The Municipality's Spatial Development Framework.

8.3 Preparation of the LTFP:

8.3.1 The LTFP process should commence by latest June of each year.

8.3.2 The LTFP should consider the *fiscal overview* by reviewing past financial performance, projection of long-term financial outlook and financing and funding arrangements. The following matters should be considered annually:

- 8.3.2.1 Revising the long-term financial plan for events that may have impacted during the recent past;

- 8.3.2.2 Assessing the outcomes and achievements of the past few years financial performance as per the audited financial statements;
- 8.3.2.3 Reviewing the financial objective and assumptions;
- 8.3.2.4 Reviewing the past and summarize long term financial outlook;
- 8.3.2.5 Assess the current overall financial position and liquidity situation;
- 8.3.2.6 Identify any financial challenges and constraints;
- 8.3.2.7 Identifying strategies to deal with the challenges, and to maintain financial viability and capacity to sustain services;
- 8.3.2.8 Identify overall funding mix and implications for own revenue and external funding; and
- 8.3.2.9 Assess compliance with the MFMA and other relevant legislation etc.

8.3.3 The LTFP is prepared in an uncertain environment it is therefore required to make certain assumptions. Assumptions on the following internal and external factors must be made:

- 8.3.3.1 Reviewing the external factors (population migration, employment, health, development of businesses, and new residential areas, etc.);
- 8.3.3.2 General inflation outlook and its impact on the municipal activities;
- 8.3.3.3 Credit rating outlook;
- 8.3.3.4 Interest rates for borrowing and investment of funds;
- 8.3.3.5 Rates, tariffs, charges and timing of revenue collection;
- 8.3.3.6 Growth or decline in tax base of the municipality;
- 8.3.3.7 Collection rates for each revenue source;
- 8.3.3.8 Price movements on specifics e.g. bulk purchases of water and electricity, fuel etc.;
- 8.3.3.9 Average salary increases;
- 8.3.3.10 Industrial relations climate, reorganization and capacity building;
- 8.3.3.11 Trends in population and households (growth, decline, stable);
- 8.3.3.12 Changing demand characteristics (demand for services);
- 8.3.3.13 Trends in demand for free or subsidized basic services;
- 8.3.3.14 Impact of national, provincial and local policies;
- 8.3.3.15 Ability of the municipality to spend and deliver on the programs; and
- 8.3.3.16 Implications of restructuring and other major events into the future.

8.3.4 Intergovernmental fiscal transfers/allocations from National and Provincial government play a pivotal role in the finances of the Municipality. The following unconditional transfers/allocations must be considered, as a minimum, when projecting the budget:

8.3.4.1 Local Government Equitable Share;

8.3.4.2 Grants related to the provision of Provincial government functions.

8.4 The Municipality's LTFP model and scenario planning:

8.4.1 The Municipality financial model gives effect to the LTFP. It enables the forecasting of the operating and capital budgets for at least 10 years into the future. The model embodies National Treasury's budget preparation guidelines, drawing on assumptions and parameters to forecast the operating budget.

8.4.2 Strategic initiatives should be prioritized and quantified to be included in the financial model.

8.4.3 The financial forecasting model must be updated using the fiscal overview, assumption and intergovernmental fiscal transfers/allocations information to identify immediate opportunities and/or risks.

8.4.4 The medium and long-term financial viability should be evaluated.

8.4.5 Reiterative scenario planning should be executed to ensure optimum use of resources to cater for strategic initiatives.

8.4.6 To identify the optimum balance between revenue collection and municipal spending the following should be taken into account:

8.4.6.1 The impact each scenario has on the financial sustainability and affordability of the Municipality;

8.4.6.2 Whether scenarios are realistic in terms of revenue projections;

8.4.6.3 Potential revenue enhancement strategies which may have a long-term impact on the revenue base of the Municipality;

8.4.6.4 Potential cost saving mechanisms related to strategic initiatives; and

8.4.6.5 The impact of infrastructure investments and maintenance programs on future revenue streams.

8.4.7 Presentations on scenarios should be presented to the council as may be requested.

8.4.8 Council should endorse the final MTREF scenario inclusive of assumptions and parameters annually by latest end of January.

8.5 The annual updated LTFP should identify the following:

8.5.1 Assumptions and parameters to be used to compile the Operating and Capital budgets over the next MTREF;

8.5.2 Future Operating revenue and expenditure projections based on assumptions and parameters;

8.5.3 Future affordability of projected Capital Plans;

8.5.4 The level of infrastructure development required to achieve the Municipal priorities, within the funding restrictions; and

8.5.5 External funding requirements in respect of long term debt.

8.6 Implementation of the LTFP:

8.6.1 The annual updated LTFP should provide the parameters and assumptions for the compilation of the operating and capital budgets for the next MTREF.

8.6.2 This information should be provided to the departments by latest January of each year.

9. EVALUATION AND REVIEW

9.1 This policy shall be implemented once approved by Council.

9.2 This policy must be reviewed on an annual basis.

9.3 Changes in financial strategy, non – financial strategic strategies and legislation must be taken into account for future amendments to this policy.

9.4 Any amendments must be tabled to Council for approval as part of the budget process.



CENTRAL KAROO DISTRICT MUNICIPALITY

LONG TERM FINANCIAL PLAN PERIOD 2018 – 2027

2019/2020

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Disclaimer: *This Long-Term Plan is exclusively applicable to the Municipality and does not include the information pertaining to the Economic Development Agency, which is excluded.*

1. PURPOSE AND OBJECTIVE

- 1.1 The purpose of this Long-term Financial Plan is, *inter alia* to outline a comprehensive, multi-year financial plan with the objective to ensure long-term financial sustainability and to limit risks on all levels.
- 1.2 The Long-term Financial Plan is essential to ensure that Central Karoo District Municipality could continuously implement and execute its constitutional competencies and mandate effectively, without the risk of impairment to its capital base.
- 1.3 Furthermore, the Long-term Financial Plan must also serve the purpose to assist and inform the municipality to compile effective and accurate future budgets to empower the municipality to meet the increasing demand to deliver reliable services.

2. INTRODUCTION

- 2.1 Municipalities are confronted with massive challenges to deliver sustainable and effective services.
- 2.2 Municipalities are constrained to limited revenue resources and they are becoming increasingly depended on Government subsidies to balance their budgets.
- 2.3 Municipal expenditures are relatively more inflation sensitive than other sectors in the economy due to the nature of services that municipalities must deliver.
- 2.4 However, Councils have a constitutional responsibility to manage the affairs of the municipalities to not only serve the wellbeing of the present communities, but also those of future generations. Very responsible and thoughtful financial planning must be done and put into practice to secure future service delivery and to ensure that municipalities remain going concerns.

- 2.5 The municipality does not render essential basic services which involve an expensive investment in services delivery infrastructure. However, it's still very important to remain a going concern.
- 2.6 The municipality must remain in a position to maintain the roads infrastructure in the area under its jurisdiction. The maintenance of the roads infrastructure is essential for economic stability and growth.
- 2.7 In addition, the municipality must meet its responsibilities in terms of the Local Government: Municipal Structures Act, 117 of 1998 (the Structures Act) relating to Health, Fire and Local Economic Development to the community as well.
- 2.8 Progressive demands in this regard for the medium to longer term is inevitable and for this very reason the municipality must carefully accumulate cash reserves and or determine alternative funds to replace assets if and when needed. Comprehensive maintenance plans must be implemented to extend the useful lives of its assets.
- 2.9 To achieve all this, Council has to formulate a transparent, attainable, but most important, an affordable long-term plan and strategy. In addition, the plan must be put in practice in order to plan in advance for future demands. A balance must be reached between providing high quality services versus the availability of funding.
- 2.10 Council has compiled a long-term financial plan encompassing the next 10 years thus ensuring the identification of financial risks, revenue streams and future operational and capital expenditure responsibilities. An approximate determination of the future dependency on Government grants and external borrowing was also done.

3. ROLES AND RESPONSIBILITIES

The Municipality has a constitutional obligation to structure and manage its administration and budgeting and planning processes to give priority to the functions allocated to it in terms of section 156 of the Constitution being:

- democratic and accountable government for the local community;
- the provision of services to community in a sustainable manner;
- promote social and economic development;
- promote a safe and healthy environment;
- encourage the involvement of communities and community organisations in the matters of local government.

Various role players must collaborate and embark on strategies to successfully achieve long term financial viability for the municipality. These role players are, amongst others, the Council, the Mayor and the Municipal Manager.

3.1 The Council:

- 3.1.1 It is the duty of the Council to make bylaws, set the municipality's overall strategic direction and approve budgets, policies and plans aimed at achieving that direction. Part of their role is to ensure that the views and needs of the community is placed first when making decisions.

3.2 The Mayor:

- 3.2.1 The mayor of a municipality must—
- provide general political guidance over the budget process and the priorities that must guide the preparation of a budget;
 - co-ordinate the annual revision of the integrated development plan and the preparation of the annual budget, and determine how the integrated development plan is to be taken into account or revised for the purposes of the budget;
 - promote sound financial management.

3.3 The Municipal Manager:

- 3.3.1 As the accounting officer of the municipality the Municipal Manager must—
- act in the best interests of the municipality in managing its financial affairs;

- disclose material facts which are available which might influence the decisions or actions of the council or the mayor;
- managing the financial administration of the municipality and must ensure that the resources of the municipality are used effectively, efficiently and economically.

4. LONG-TERM FINANCIAL PLANNING: WHAT AND WHY?

- 4.1 A financial plan is a tool to assist and inform the budget process, it does not replace the budget.

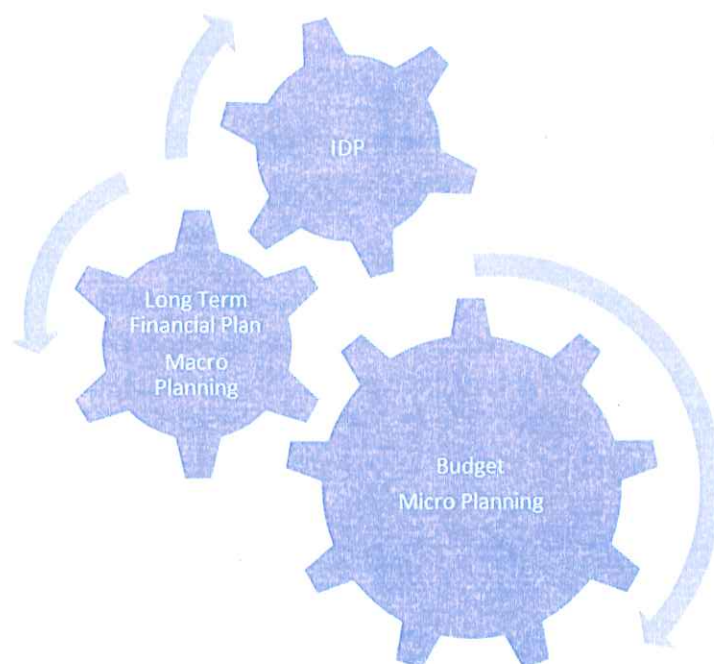


FIGURE 1: PLANNING PHASES

- 4.2 Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of service objectives and financial challenges.
- 4.3 Long-term financial planning combines financial forecasting with strategizing. It is a highly collaborative process that considers future scenarios and helps to navigate challenges. Long-term financial planning works best as part of an overall strategic plan.
- 4.4 Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other variables.
- 4.5 Long-term financial planning is the process of aligning financial capacity with long-term service objectives.
- 4.6 A comprehensive long-term financial plan stimulates discussion and engenders a long-range perspective for decision makers. It can be used as a tool to prevent financial challenges; it stimulates long-term and strategic thinking; it can give consensus on long-term financial direction; and it is useful for communications with internal and external stakeholders.

5. WHAT SHOULD BE INCLUDED IN A LONG-TERM FINANCIAL PLAN

5.1 Time Horizon:

A plan should encompass at least five to ten years into the future. The municipality may elect to extend their planning horizon further if conditions warrant.

5.2 Scope:

A plan should consider all appropriated funds, but especially those funds that are used to account for the issues of top concern.

5.3 Frequency:

The municipality should update long-term planning activities as needed in order to provide direction to the budget process, though not every element of the long-range plan must be repeated.

5.4 Content:

A plan should include an analysis of the financial environment, revenue and expenditure forecasts, debt position and affordability analysis and strategies for achieving and maintaining financial balance.

5.5 Visibility:

The public and officials should be able to easily learn about the long-term financial prospects of the municipality and strategies for financial balance. Hence, the municipality should devise an effective means for communicating this information, through either separate plan documents or by integrating it with existing communication devices.

6. LONG-TERM FINANCIAL PLAN PHASES

The following diagram (figure 2) highlights the various long-term financial planning phases:

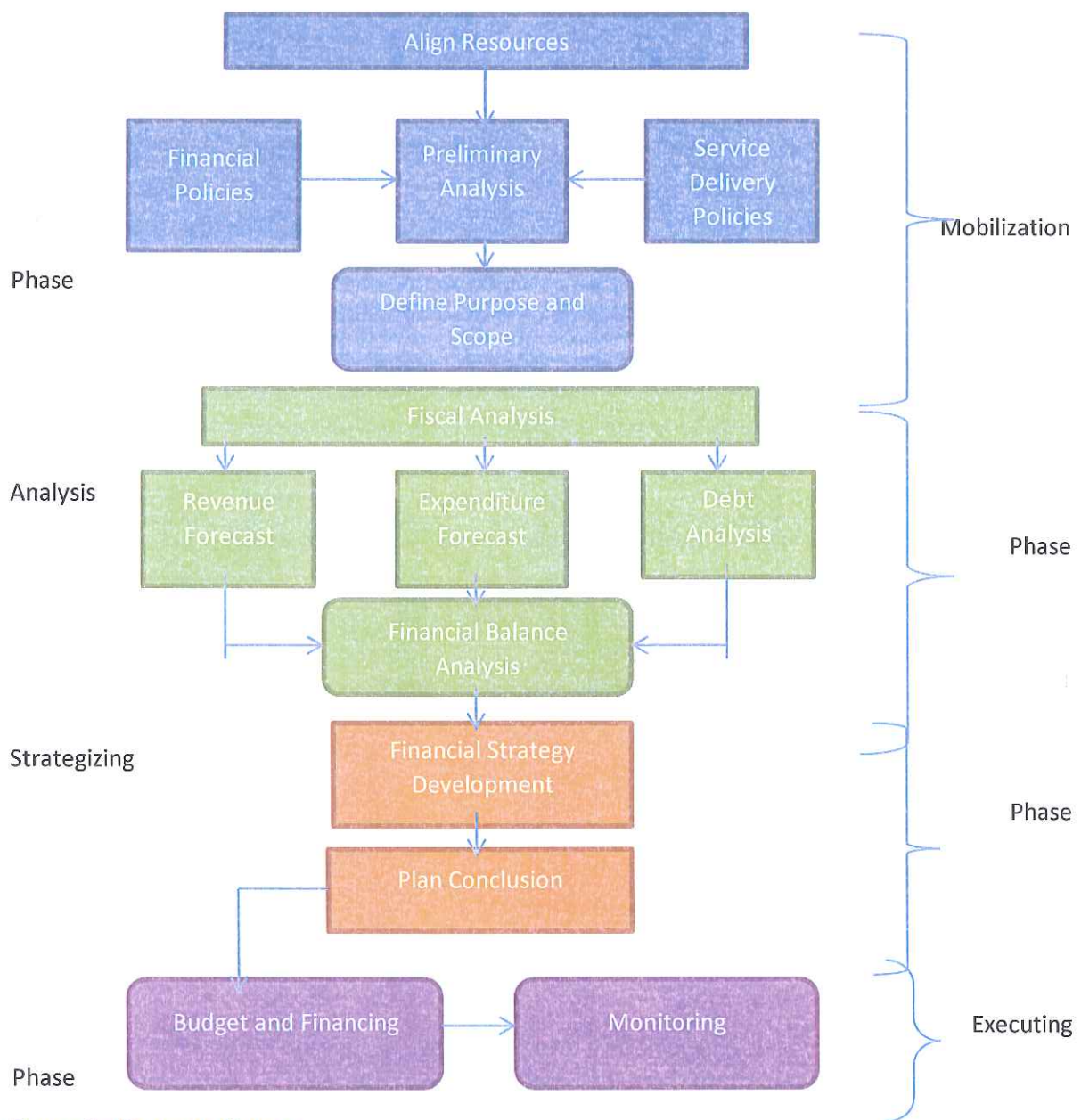


FIGURE 2 – PLANNING PHASES

6.1 **Mobilization Phase:**

The mobilization phase prepares the organization for long-term planning by creating consensus on what the purpose and results of the planning process should be.

6.2 Analysis Phase:

The analysis phase is designed to produce information that supports planning and strategizing. The analysis phase includes the projections and financial analysis commonly associated with long-term financial planning. The analysis phase involves information gathering and trend projections.

6.3 Decision Phase:

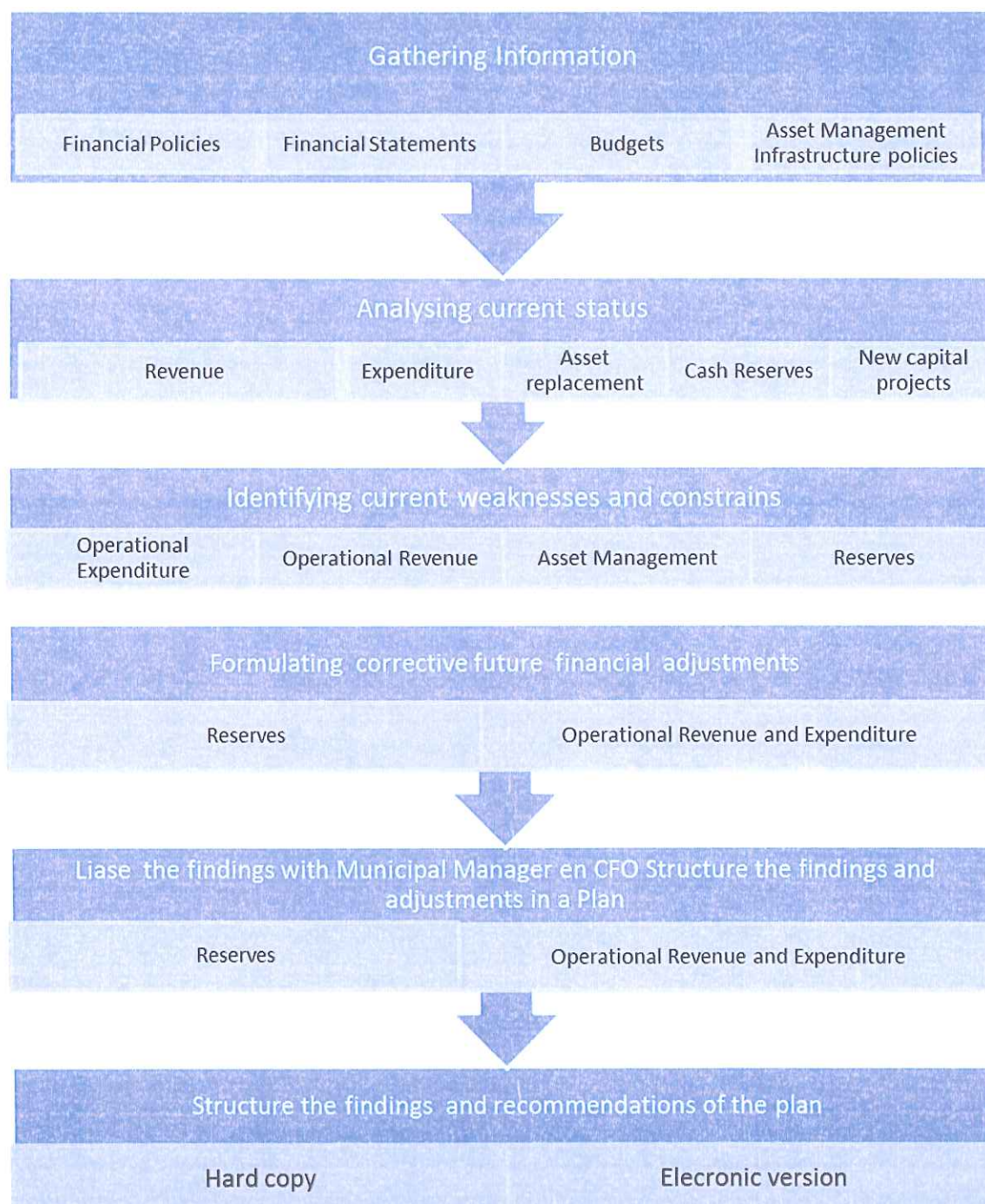
After the analysis phase is completed, the municipality must decide how to use the information provided. Key to the decision phase is a highly participative process that involves officials, staff and the public. The decision phase also includes a culminating event where the stakeholders can assess the planning process to evaluate whether the purposes for the plan described in the mobilization phase were fulfilled and where a sense of closure and accomplishment can be generated. Finally, the decision phase should address the processes for executing the plan to ensure tangible results are realized.

6.4 Execution Phase:

After the plan is officially adopted, strategies must be put into action (e.g. funding required in achieving goals). The execution phase is where the strategies become operational through the budget, financial performance measures and action plans. Regular monitoring should be part of this phase.

7. METHODOLOGY FOLLOWED COMPILING THE LONG-TERM FINANCIAL PLAN

7.1



7.2 Information was gathered from the following documents:

- Audited Annual Financial Statements for the year ended 30 June 2017;
- Medium Term Revenue and Expenditure Framework for 2017/18;
- Integrated Development Plan as approved by Council in May 2017;
- The asset register of the municipality.

7.3 The asset register of the municipality has been analysed in an attempt to determine future asset replacement costs and maintenance requirements. The IDP and relevant documents were reviewed to identify material matters with a financial impact and determine the future capital investment requirements of the municipality.

7.4 The cash need of the municipality was weighted against the revenues it can expect to generate and the information was modelled in an attempt to determine the affordability of future capital expenses.

8. LONG-TERM FINANCIAL PLAN FRAMEWORK

8.1

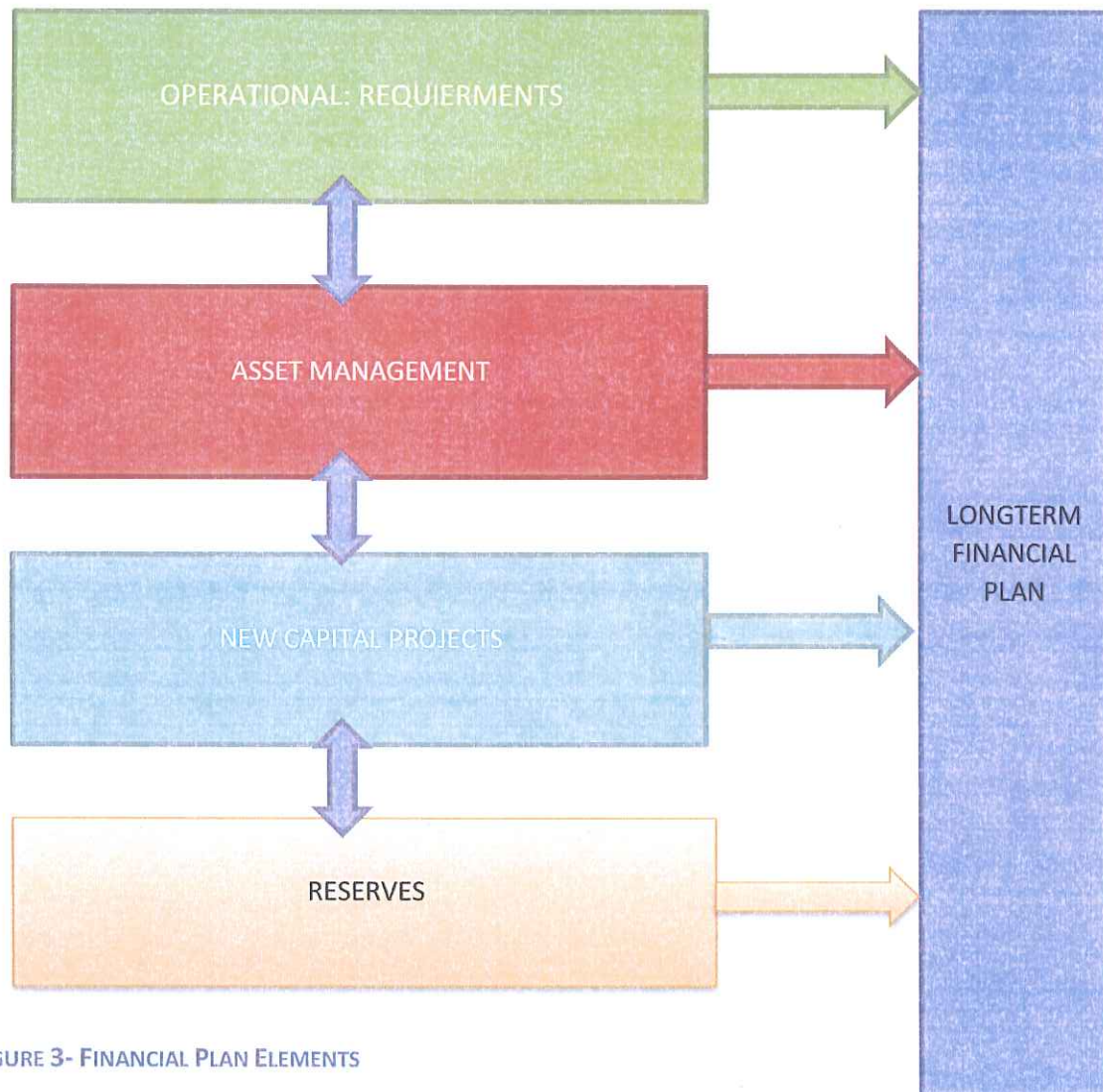
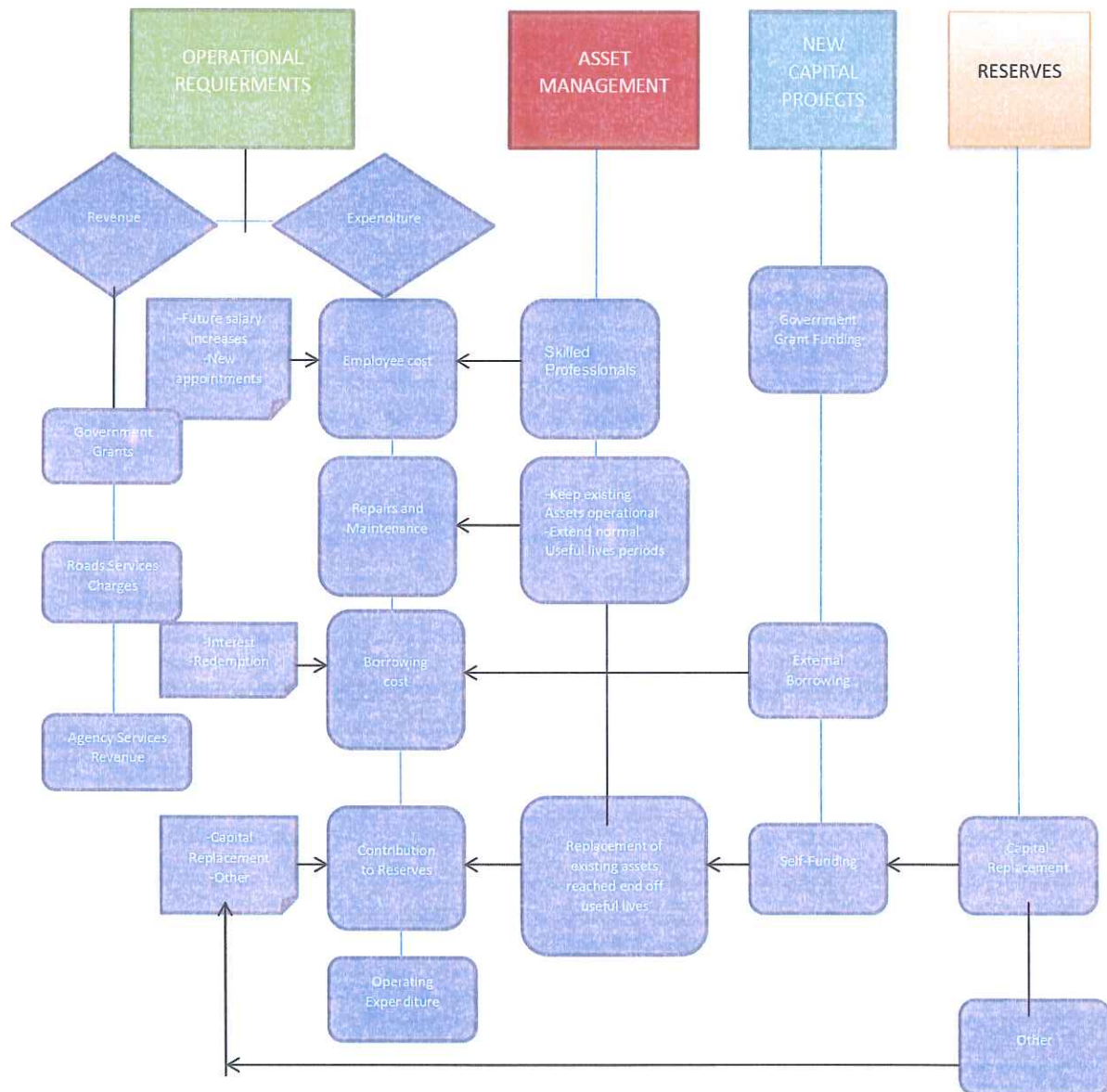


FIGURE 3- FINANCIAL PLAN ELEMENTS

8.2 The elements as illustrated in figure 3 above are the fundamental building blocks which inform and guide the content of the long term financial plan. These elements individually and collectively impact the long-term need for capital and revenue and the strategies that will followed to ultimately formulating the financial plan.



9. ANALYSING THE CURRENT STATUS

9.1

Central Karoo District: At a Glance

Demographics, 2017

POPULATION



74 247

HOUSEHOLDS



21 980

Education

LITERACY RATE 2016



88.6%

Poverty

HOUSEHOLDS EARNING <THAN R400 PM -2016



3.1%

Access to Basic Service Delivery, 2014 Minimum service level



18.2%



14.4%



22.3%



23.8%

Economy



GDP Growth 2005 – 2015

3.4%

Largest Economic Sectors

Industry	%
Agriculture	16.8
Commercial Services	42.3
Government, Social and Personal Services	29.7

Source 2016 SOCIO- ECONOMIC PROFILE Western Cape Government

- 9.2 The profile reflects the socio-economic reality of the area of jurisdiction for the municipality. As such, valuable insight can be gained as to the developmental challenges faced by communities residing within the municipality's geographical area.
- 9.3 This profile primarily uses data sourced from the 2011 Census - Statistics South Africa, and administrative data from the 2016 Western Cape Socio Economic Profile for Central Karoo District Municipality. This available information was used to determine projected information as anticipated for the current socio-economic statistics for 2018 and shall be applied to assist in the projections and planning through the course of the planning process.

- 9.4 The current growing rate of the local economy of approximately .34% ties with the National economic growth rate and there is no indication that the three-main local economic sectors will grow beyond that. For planning purposes, a growth rate of only .5 % was utilised.
- 9.5 In terms of National Governments fiscal policy, inflation is set to remain in the band ranging between 3% and 6 %.
- 9.6 The current relative high inflation rate appears to be slowing down and economists are of the opinion that the inflation rate could be expected to decline soon. For projection purposes an inflation rate of 5% over the next 10 years is anticipated.
- 9.7 The revenue resources of the municipality are graphically set out in figure 4 below and individually analysed as such.

10. CURRENT CASH GENERATING REVENUE RESOURCES

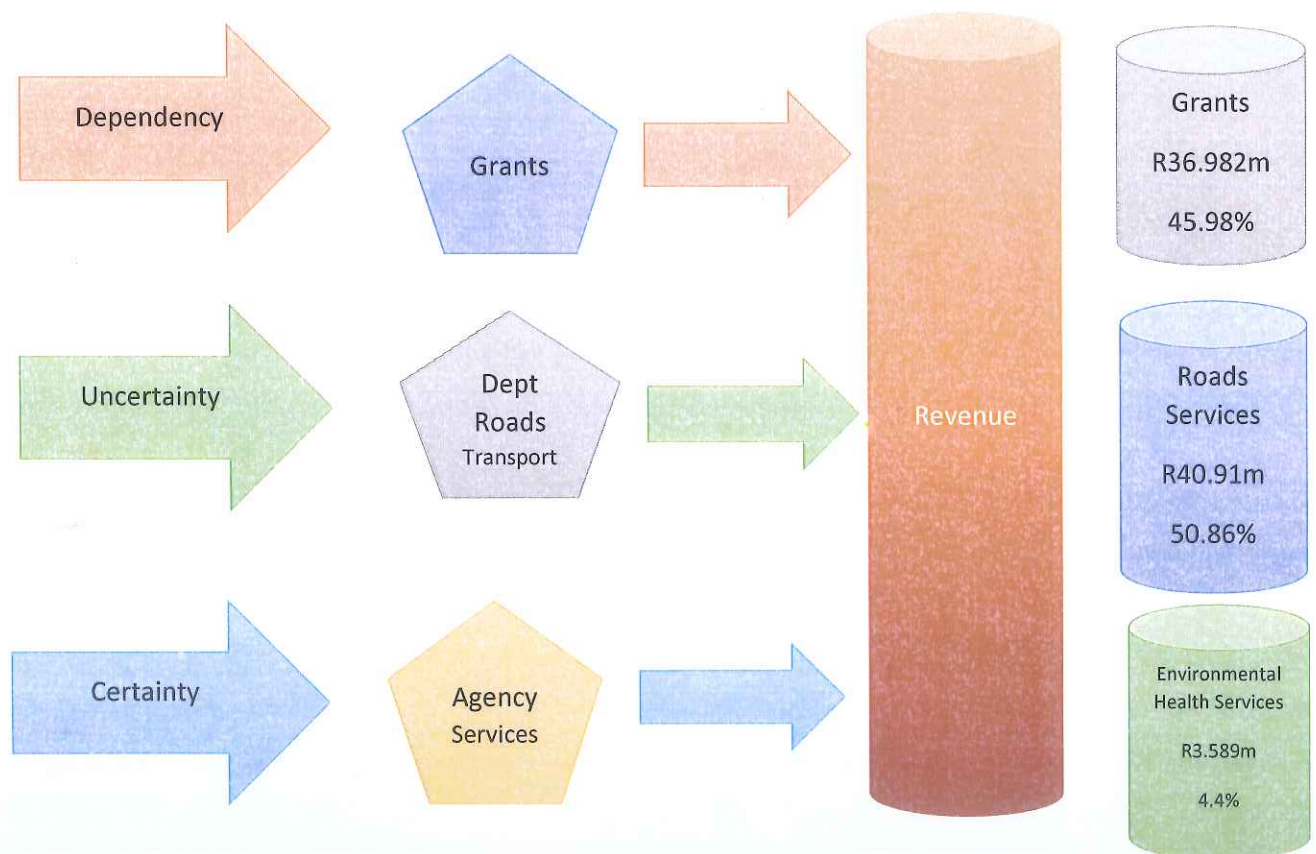


Figure 4 – Current Revenue

10.1 Government Grants:

10.1.1 Government Grants received currently contribute R36.98million (45.98%) of total revenue; this is a clear indication that the municipality is dependent on Government Grants.

10.1.2 The Equitable Share contribution is the only applicable un-conditional grant of significance and for long-term planning purpose it was isolated and forecasted, thus estimating future expected contributions payable to Central Karoo District Municipality.

10.1.3 The past year and the forthcoming three years allocations are as follows:

Year	R (million)	% Increase
2018	22 595	
2019	28 502	26
2020	30 316	6.3
2021	31 887	4.9

10.1.4 The graph above indicates that the growth in the allocations to the municipality has a decreasing trend, the increase between the 2017/2018 and 2018/2019 allocation was clearly a once-off occurrence. It is expected that the future allocations would not be lower than the expected inflation rate of 5%.

10.1.5 Based on the past 3 years actual amounts received and the amounts of the outer 3 years as published in the Division of Revenue Act (DORA), the amounts have been projected to forecast the expected future equitable share grants.

10.1.6 The forecasted future equitable share contributions would be as follows:

Year	5% Increase R (million)	Annual
2018	22 595	
2019	28 502	
2020	30 316	
2021	31 887	
2022	33 482	
2023	35 156	
2024	36 914	
2025	38 760	
2026	40 698	
2027	42 733	

10.1.7 The other grants are conditional grants with accompanied contra expenditure and they are therefore excluded.

Conclusion:

10.1.8 **The municipality has a relatively poor revenue base and is fully dependant on grant funding to fund the budget.**

10.1.9 From the model, it is forecasted that an amount of R341. 043 million in total will be expected to be allocated as Equitable Share grants for the next 10 years.

10.2 Department of Roads:

10.2.1 In terms of Annexure 5A of the National Constitution, the provision and maintenance of provincial roads are a Provincial Government competency.

10.2.2 The maintenance of Provincial Roads in the Municipal District area is currently transferred to the Municipality to perform the duty on behalf of the Provincial Government. An allocation is gazetted annually of which the municipality draw funds on a proof of payment basis.

10.2.3 Revenue received in this regard currently contribute R40.91million (50.81%) of total revenue and is by far the largest revenue resource of the municipality.

10.2.4 From the total amount of R40.91 million the actual revenue derived from that is only a 10% (VAT inclusive) administrative fee levied for the services delivered to the Provincial Government. The municipality is currently in talks with the Western Cape Government to increase the administrative fee percentage to 12% to bring the percentage closer to the percentages paid to the other district municipalities in the Province.

10.2.5 Thus, to project actual revenue for the 10-year period, provision is made for a 5% annual inflation adjustment with a 12 % administration fee recovery which would be as follows:

	2018 R (m)	2019 R(m)	2020 R(m)	2021 R(m)	2022 R(m)	2023 R(m)	2024 R(m)	2025 R(m)	2026 R(m)	2027 R(m)
Accounts claimed	40.91	40.91	42.96	45.10	47.36	49.73	52.21	54.82	57.56	60.44
Annual Increase 5% pa		2.05	2.15	2.26	2.37	2.49	2.61	2.74	2.88	3.02
Total Revenue	40.91	42.96	45.10	47.36	49.73	52.21	54.82	57.56	60.44	63.46
12 % Admin fee	4.38	4.60	4.83	5.07	5.33	5.59	5.87	6.17	6.48	6.80

10.2.6 Unfortunately, this source of revenue is not guaranteed. The Provincial Government is currently investigating the status qua and may opt to outsource or privatize the delivery of this service.

10.2.7 **This is a massive risk which could severely impact on the Municipalities future existence.**

Conclusion:

10.2.8 If the assumptions are applied as suggested, the projected actual revenue derived from this service could realize a possible total amount of R55.13 million for the next 10-years.

10.3 Other Revenue:

10.3.1 The effect of other revenue is considered as immaterial as a source of additional revenue. Apart from the normal annual inflation linked increases in the applicable service fee; no other appropriate measures are foreseen.

11. CURRENT CASH OPERATING EXPENDITURE

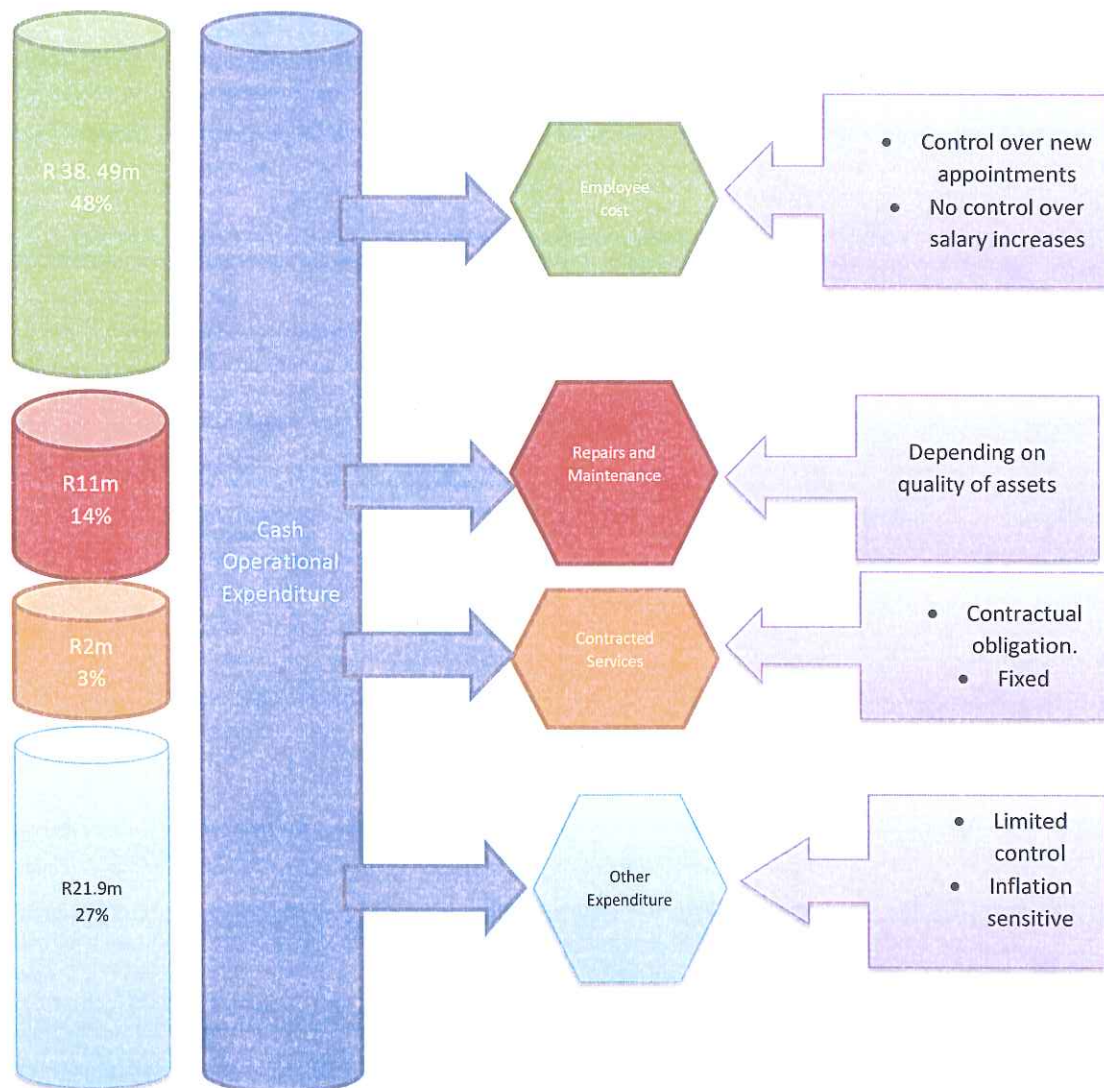


FIGURE 6 –CURRENT CASH EXPENDITURE

Building on the cost containment guidelines as approved by Cabinet in October 2013, government at all levels will need to identify opportunities to increase efficiency and reduce waste.

Economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue.

Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

At a national level, the 2018 budget will pay particular attention to reducing line items that are not critical to service delivery to reinforce cost containment. Municipalities are still urged to implement the cost containment measures as contained in the *MFMA Circular 82 – Cost Containment Measurements*.

In the municipal environment, the following line items are considered to be the main cost drivers, as it represents 90% of the total operating expenditure of Central Karoo District Municipality:

- Employee Related Costs;
- Depreciation and Asset Impairment;
- Repairs and Maintenance;
- Council Remuneration.

11.1 Employee Related Costs:

11.1.1 Employee related costs make up more than half of the total operating expenditure of the municipality as the expenditure of the municipality does not include bulk purchases of electricity or water or other large expenditure items linked to the provision of basic services. Thus, it is of the utmost importance to monitor this line item on a regular basis to ensure that it is within set limits.

11.1.2 Excessive increases, without the corresponding increase in revenue, could negatively impact on the long-term sustainability of the municipality.

11.1.3 The majority of the employee cost relates to the Roads Department.

11.1.4 R4 million (10.5%) of the total Employee cost is applicable to the senior management component, including the senior management component of the Roads Department.

11.1.5 For this Long-term Plan, provision of 6% (inflation rate plus 1%) is projected, which is reflected in the schedule below.

	2018 R(m)	2019 R(m)	2020 R(m)	2021 R(m)	2022 R(m)	2023 R(m)	2024 R(m)	2025 R(m)	2026 R(m)	2027 R(m)
Cost	37.38	39.62	42.0	44.52	47.19	50.02	53.03	56.21	59.58	63.15
Annual Increase 6% pa	2.24	2.38	2.52	2.67	2.83	3.00	3.18	3.37	3.57	3.79
Total Employee Cost	39.62	42.0	44.52	47.19	50.02	53.03	56.21	59.58	63.15	66.94

Conclusion:

11.1.6 Annual salary increases are set at a National Bargaining Council level and the municipality has little or no control over this. However, this situation is not a result of a structural problem due to ineffectiveness nor unproductiveness but rather a result of the vast area of the municipality where the municipality has to maintain the rural and proclaimed roads which are spread in its geographical district area.

11.1.7 The municipality will have to proceed with caution if any re-valuations of the organogram is undertaken to ensure that the staff costs remain affordable even if the increases in the salary agreements exceeds the inflationary increases predicted for the Equitable Share and Roads revenue.

11.2 Council Remuneration:

11.2.1 Council Remuneration currently amounts to approximately R3.9 million and constitute 4.94 % of the total operating expenditure budget.

11.2.2 This is a statutory obligation and has the municipality no control over this.

- 11.2.3 For the purpose of the Long-term Plan prediction the current actual cost is inflated with 5% pa and is the projected expenditure reflected in the below schedule.

	2018 R (m)	2019 R(m)	2020 R(m)	2021 R(m)	2022 R(m)	2023 R(m)	2024 R(m)	2025 R(m)	2026 R(m)	2027 R(m)
Cost	3.84	4.03	4.23	4.44	4.66	4.89	5.14	5.40	5.67	5.95
Annual Increase 5 % pa	.19	.20	.21	.22	.23	.24	.26	.27	.28	30
Total Employee Cost	4.03	4.23	4.44	4.66	4.89	5.14	5.40	5.67	5.95	6.25

Conclusion:

A total amount of R50.66 million is projected to be paid as council remuneration for the 10-year period.

11.3 Borrowing:

- 11.3.1 The municipality has no external loans at present and does the 2017/18 budget make no provision for raising of external loans or for short term borrowing in the form of an overdraft facility.
- 11.3.2 The past borrowing cost related to financial leases, the rental periods of which have lapsed during 2017/18.
- 11.3.3 Due to the fact that the assets obtained with finance leases usually only have a useful live of around 3 years, the current leased assets may have to be replaced.
- 11.3.4 For the purpose of this plan it is assumed that similar assets have to replace the existing assets and is assumed that the current payments inflated with 5% in 3-year periods would be a fair reflection of the municipalities cost in this regard.
- 11.3.5 Currently the cost for the interest and redemption portion amounted to less than R 60 000 pa.

11.3.6 The below schedule reflecting the assumed projected cost in this regard.

	2018 R (m)	2019 R(m)	2020 R(m)	2021 R(m)	2022 R(m)	2023 R(m)	2024 R(m)	2025 R(m)	2026 R(m)	2027 R(m)
Cost	.054	.057	.057	.057	.060	.060	.060	.063	.063	.063
Annual Increase 5 % pa 2018-2020	.003									
Annual Increase 5 % pa 2021-2023				.003						
Annual Increase 5 % pa 2024-2027							.003			
Total Cost	.057	.057	.057	.060	.060	.060	.063	.063	.063	.063

11.3.7 A total amount of R 600 000 is projected to be paid for assumed interest and redemption for finance leases for the 10 -year period.

11.3.8 Since 2013 the Municipality has financed their capital projects mainly with National Government Grants and relatively small contributions towards capital expenditure were made from own resources.

11.3.9 Due to the fact that the municipality has no external loans responsibilities, this favourable position opens a window of opportunity and will assist the municipality with the implementation of this long-term plan (more detail in summarized long-term plan – financing).

11.3.10 Borrowing is not necessarily a “bad” option and is borrowing permitted in terms of section 18(1)(c) of the MFMA, but only for financing budgeted capital projects.

11.3.11 Borrowing allows the costs of the infrastructure to be shared with future beneficiaries of that infrastructure. Infrastructure investment is generally ‘lumpy’ in the sense that the project costs must be incurred in one or a few financial years. However, if the infrastructure is well maintained, its benefits can continue to be incurred for up to twenty or even thirty years into the future.

11.3.12 Relying only on current surpluses to finance infrastructure development therefore imposes undue costs on current beneficiaries of the infrastructure and gives undue benefits to future beneficiaries.

11.3.13 Borrowing therefore allows a better matching of costs paid and benefits derived across time. Spreading costs over time through borrowing is therefore more equitable, and also conforms more closely to standard cost- recovery principles. It should also strengthen the sense of community ownership over inherited municipal infrastructure.

11.3.14 The benefits of borrowing are broadly explained as follows:

- Firstly, and most obviously, borrowing allows the municipality to deliver more infrastructure services within in a shorter timeframe than it could if it invested only its own annual operating surpluses ('savings') each year. The demand for infrastructure is generally urgent, and legal and political mandates are such that governments all over the world incur debt because this demand far exceeds their ability to fund it from surpluses on current budgets.
- Like a householder borrowing to fund his or her house, a long-term loan allows the benefits of the infrastructure to be gained before its costs have been fully paid.
- Borrowing effectively blends commercial funding with public resources, which are scarce and insufficient to meet the demand for infrastructure, and therefore permits an accelerated investment programme. This has enormous quality of life implications for urban households as well as productivity implications for all economic activity. Such acceleration benefits are often so obvious and tangible that borrowing also becomes a means of relieving community and political pressures on municipal governments.
- Many large infrastructure projects only become affordable if financed through borrowing, as their scale is such that they cannot be afforded if they must be paid for only from current surpluses.

- Borrowing can mean saving on infrastructure costs. In Southern Africa, the rate of building inflation (the rate of increase of building costs) has often exceeded the interest rate that a municipality might pay on borrowed funds. In such circumstances, borrowing means that overall infrastructure costs will be lower than if the project is postponed until sufficient own savings have been generated to pay for the project. By that stage, project costs will have increased by more than the total interest cost of the loan. This is an important consideration and an appropriate loan can permit substantial real savings in overall infrastructure costs.
- Borrowing can increase the municipal management focus on financial sustainability due to a borrower-lender relationship that develops. This is because the lender is entitled to be kept informed about the financial results of the borrower, and the borrower has a real interest in ensuring that the lender retains confidence in the ability of the municipality to service the debt. A lender concerned about deteriorating creditworthiness can therefore prompt management action within a municipality to correct any deterioration and to remain operationally and financially effective.
- While most municipalities are of course under some form of financial supervision by their national government, the attention paid by a lender to the financial results of a borrowing municipality provides a complementary form of financial accountability. A municipality with infrastructure loans has a financial incentive to promote transparency, good governance and reform.
- Under the best circumstances, public entities that borrow will find themselves being scrutinised regularly and rigorously by private lenders.

- This can have a substantial impact, improving financial discipline, encouraging management reforms, and promoting good management generally. Since a better managed municipality will achieve more than one which is poorly managed, such scrutiny indirectly further improves effectiveness and reduces unit costs and makes higher capital spending possible.
- Borrowing builds a credit history because a municipality which borrows regularly and services its debts establishes relationships with lenders and builds up a credit history. This tends to reduce future borrowing costs and improve access to future loans, which can be invaluable if there is ever a definite and urgent need for an infrastructure loan and all other options are closed. By contrast, a municipality without a credit history is an unknown entity to lenders and will tend to find it both harder and more expensive to raise infrastructure finance.
- A good credit history will also tend to attract general investment within the municipal area due the confidence and benefits those investors and businesses derive from operating in a well-managed municipality which provides the required services and at a reasonable cost.

Conclusion:

- 11.3.15 Looking at the benefits of borrowing, it is recommended that the municipality explore the possibility to raise loans to meets the any spending requirements that relate to capital projects and in particular spending on replacing assets.

11.4 Other Expenditure:

- 11.4.1 For the determination and calculation of the contract fees and general expenditure, conditional grant expenditure was excluded as was the case with the grant revenue where only the equitable share was recognised.
- 11.4.2 The reason for the exclusion is due to the fact that conditional grants expenditure should normally equalize the amounts of grants received.

11.4.3 Contracted services and general expenditure were added together and the grant expenditure as recognised was deducted. The total amount was then inflated at a rate of 5% pa.

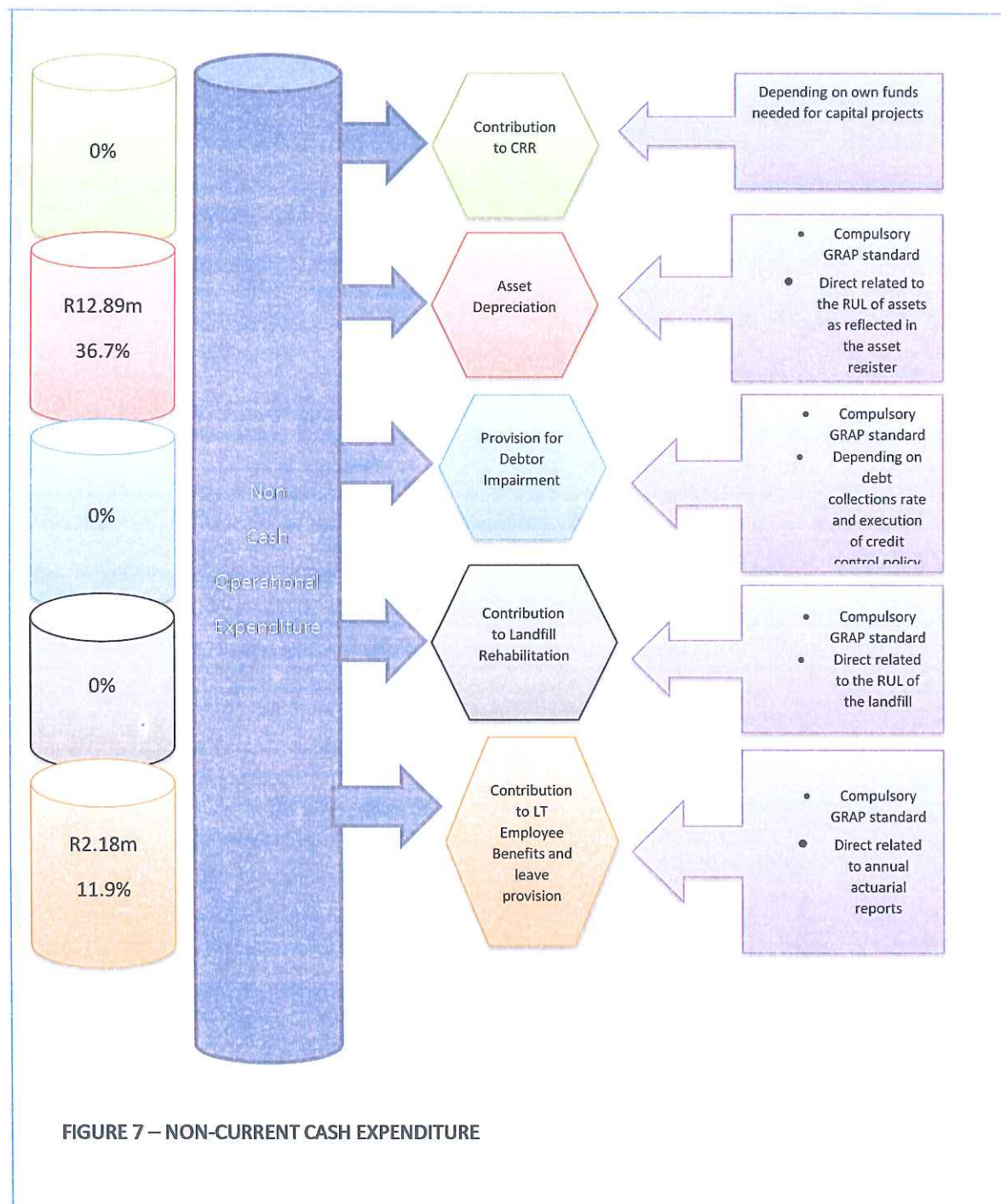
11.4.4 The schedule below reflecting the projected general expenditure:

	2018 R (m)	2019 R(m)	2020 R(m)	2021 R(m)	2022 R(m)	2023 R(m)	2024 R(m)	2025 R(m)	2026 R(m)	2027 R(m)
Cost	35	36.8	38.59	40.52	42.55	44.67	46.91	49.25	51.72	54.30
Less conditional grants allocations	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13
Sub Total	22	23.75	25.59	27.52	29.55	31.67	33.91	36.25	38.72	41.3
Inflation Increase 5 % pa	1.1	1.19	1.28	1.38	1.48	1.58	1.7	1.81	1.94	2.07
Total Cost	23.1	24.94	26.87	28.9	31	33.26	35.6	38.1	40.7	43.4

Conclusion:

11.4.5 A total amount of R325.79 million is projected to be paid for assumed general expenditure (excluding conditional grants expenditure) for the 10-year period. The majority of the general expenditure will be incurred by the Roads Department and will therefore be funded from the Roads Revenue.

12. CURRENT NON-CASH OPERATING EXPENDITURE



12.1 Debt Impairment:

- 12.1.1 Although debt impairment is a non-cash item and not very important to include in the operating budget, it is very important to accurately budget for debt impairment to reduce the gross receivable balance to the net recoverable amount. It is also very important to factor any potential non- payment of debtors into the tariff structure of the municipality.
- 12.1.2 The municipal debtors consist of intergovernmental debt and the risk of non-payment is therefore limited.
- 12.1.3 As the municipality does not deliver consumer services the provision for debt impairment is not applicable.
- 12.1.4 The debtors' recovery rate on other Debtors is not consider as a risk and is debt impairment therefor excluded.

12.2 Depreciation and Asset Impairment:

- 12.2.1 Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Although depreciation is a non-cash item, the expense should still be factored into the tariffs and rates charged by the municipality to ensure that sufficient resources are available when assets needs to be replaced.
- 12.2.2 Relative to benchmarks set for depreciation in the Western Cape (revenue and expenditure benchmarks), the municipality's depreciation charge is well in line with set norms.
- 12.2.3 As the municipality does not provide basic services and cannot raise taxes, the depreciation and impairment charge will not have any relevance re tariff calculations.

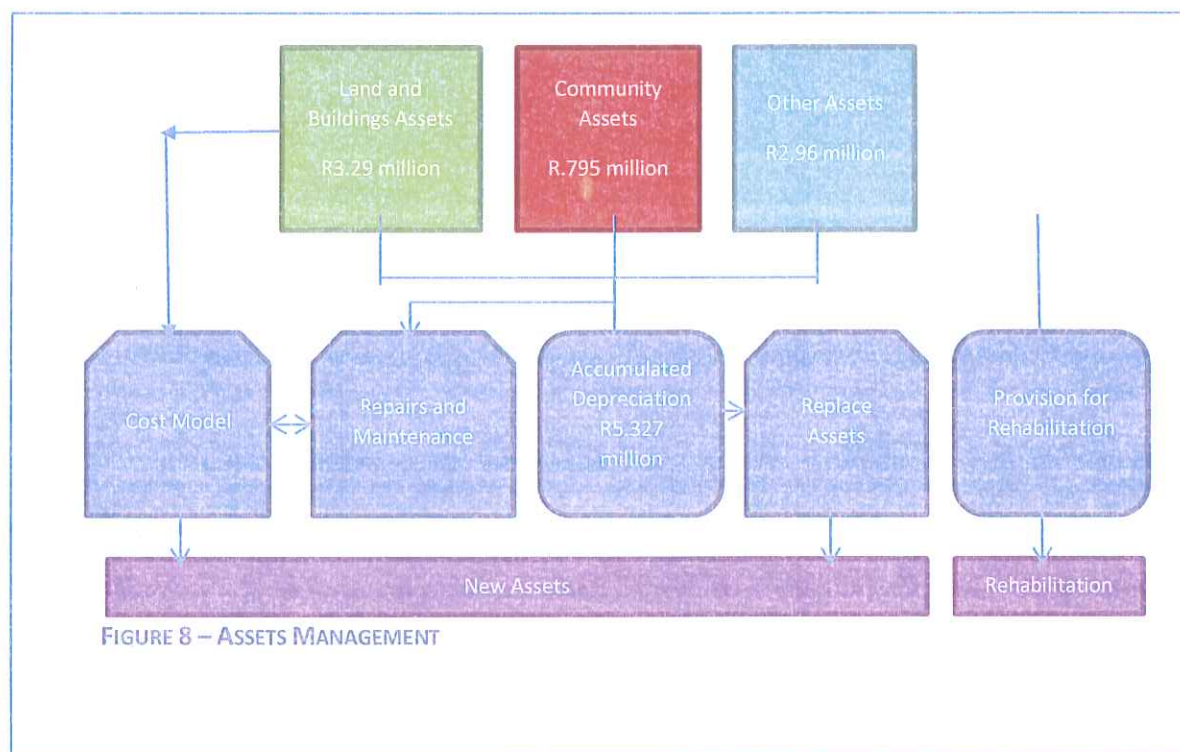
Conclusions:

- 12.2.4 Depreciation provision seems to be in order and a more comprehensive assessment of future depreciation contributions are reflected under the Asset Management section.

13. ASSET MANAGEMENT

- 13.1 Asset management constitutes surely the vast majority of a B-municipality's current and future challenges. A balance must be found between responsible and sound financial practices and affordability.
- 13.2 The capital program and the maintenance of existing assets, should never be compromised because the long-term sustainability of most municipalities are totally dependent on it.
- 13.3 If the financial sustainability of the municipality is compromised it will inevitably result in a negative outcome due to the fact that the municipality will not be in a position to meet the service delivery responsibilities and expectations of the present and future generations.
- 13.4 This scenario is however, very common at a number of municipalities in South Africa and poor asset management is the common denominator at failing municipalities.

13.5 The carrying values of the Municipalities assets as at 30 June 2017 are as follows:



13.1 Property Plant and Equipment:

- 13.1.1 The Municipality has limited investment in property, plant and equipment (PPE). The carrying value of PPE is projected to not increasing substantially over the period as the capital expenditure significantly exceeds the level of depreciation charges per year.
- 13.1.2 The municipality should be conscious of the fact that a significant capital program, if not financed through a well-balanced mix (grants, borrowing and accumulated internal funds), can have a negative effect on the financial sustainability of the municipality.

- 13.1.3 The impact on the operating budget of the municipality of the depreciation of large cost items such as vehicles must be taken into account before grant funding is accepted to acquire such assets. The usefulness of the assets and the positive impact on service delivery must outweigh the negative impact on the operating budget of the municipality.
- 13.1.4 The inclusion of new functions (for example a district landfill site) must be carefully considered and both the cost of acquisition, the operational running costs and the costs of depreciation must be taken into account when decision relating to the expansion of services are taken.
- 13.1.5 Borrowing and self-financing from own funds and the subsequent maintenance of the assets have a significant impact on the future outflow of cash and constitutes a potential negative impact on the financial viability of the municipality if not properly planned and managed for.
- 13.1.6 To ensure that the above structure (figure 8) is affordable, the program should be evaluated against the municipality's ability to generate cash to meet the demand of the program.

Other Assets Values

Asset class	Cost prices of assets	Current Replacement Values of assets
Machinery and Equipment	888 092	1 332 138
Furniture and Equipment	1 935 816	2 903 724
Office Equipment - Computers	1 079 695	1 619 543
Motor vehicles	2 146 200	3 219 300
Total	6 049 803	9 074 705

- 13.1.7 In terms of the Asset register, the assets that are depreciating are the assets as set out above.
- 13.1.8 At the present depreciating rate, the assets would reach the end of its useful lives more or less at the end of the 10-year period.

- 13.1.9 The cost to replace the assets is calculated based on assumptions that the assets need to be replaced in year 10 and that the assets are currently in a good condition. The current replacement cost of the assets is calculated at 1.5 times the cost values (assumption).

(To get a more reliable indication of the assets conditions and to more accurately calculate the replacement cost, a comprehensive asset assessment has to be performed)

Conclusion:

- 13.1.10 From the above it could be distracted that assets to the value of R9.074 million are still in a good condition, but possibly need to be replaced at the end of the 10-year period.
- 13.1.11 If not replaced, the municipality could be at risk to not be able to deliver services. Thus, it appears that it is imperative that these assets have to be replaced within the short- term.
- 13.1.12 Furthermore, the remaining useful lives (RUL) could be extended if it is properly and carefully maintained, but again it will require funding.
- 13.1.13 Ideally, it will be meaningful if the amount for asset depreciation is equally contributed in to a Capital Replacement Reserve (CRR) and not just make a provision which is not cash backed.
- 13.1.14 Unfortunately, the municipality does not have a CRR and it would be meaningful if contributions to such a reserve could be instituted. If funded, it could be used to replace the assets as set out above. *(This issue is dealt with in more detail under Reserves).*
- 13.1.15 From the above it is very clear that the municipality is strangled in a predicament in terms of a shortage in cash reserves which would require very careful planning to rectify.

13.2 Repairs and Maintenance:

- 13.2.1 Repairs and maintenance is a necessity relating to asset management. Repairs and maintenance is very important to ensure that full benefits are derived from assets over the initial expected life time of the assets. Insufficient allocations to repairs and maintenance could result in shortened useful lives of assets and the useful lives could be considerably extended when the assets are properly maintained.
- 13.2.2 Maintenance is necessary to ensure the expected useful lives of the assets to remain operational and repairs are made to recover and rectify faulty and broken assets to re instate its operational functionality as soon as possible.
- 13.2.3 Well and proper maintained assets could also result in future saving in repair cost.
- 13.2.4 The municipality has a limited number of assets to maintain and is the current provision for repairs suffice. Repairs and upkeep of the buildings must be a priority for the municipality as it represents a substantial portion of the assets of the municipality. The cost for repairs and maintenance is included as part of the operational cost as set out in section 11.4.

13.3 Depreciation and Asset Impairment:

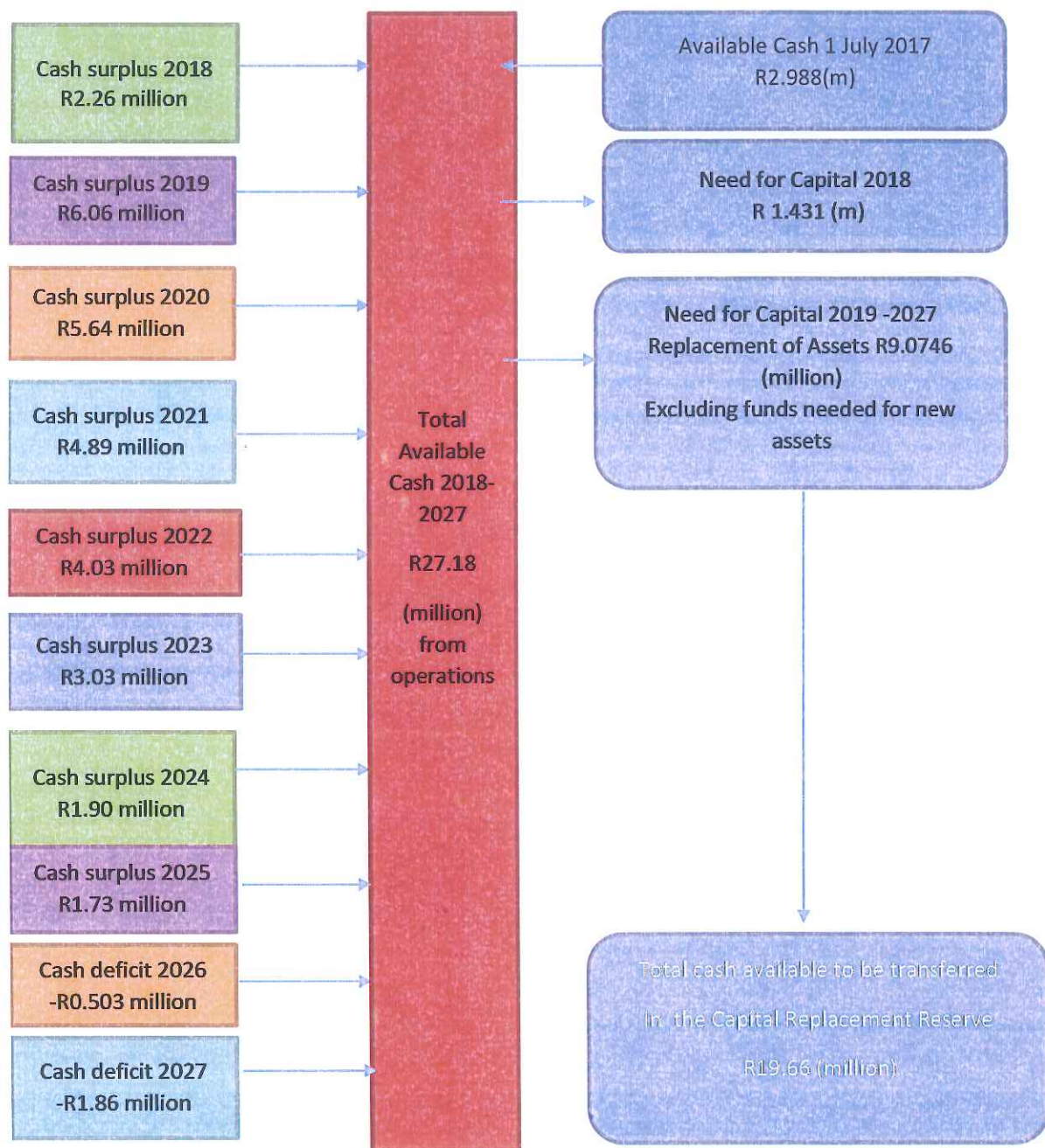
- 13.3.1 Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Although depreciation is a non-cash item, the expense should normally be factored into the tariffs and rates charged by the municipality to ensure that sufficient resources are available when assets needs to be replaced.
- 13.3.2 However, this municipality does not charge for services and rates and the cost for depreciation should be discounted as part of directly linked grant expenditure.

14. BORROWING COST

- 14.1 Borrowing cost is calculated based on external loans raised should no other alternative funding be available and or MIG and other grants not be available (which is highly unlikely).
- 14.2 From the model it is anticipated that sufficient cash reserves as set out below would be available for asset replacements.

15. RESERVES

- 15.1 In order to maintain any form of reserve, the municipality needs to ensure that sufficient cash resources are available to back the reserve. From the projected cash flows as set out in section 16, the positive trend in cash as identified would allow the municipality to institute a Capital Replacement Reserve.
- 15.2 Apart from the Capital Replacement Reserve, which is utilised to provide funding for internally funded projects, the municipality also recognised the need for other reserves to be created by way of the municipality's Funding and Reserves Policy in terms of the Municipal Budget and Reporting Regulations as and when affordable by the municipality.
- 15.3 The statement of financial position indicates that the municipality have material non-current provisions in the form of Employee Benefit Provisions (Long term awards and Post-retirement medical benefits). There is currently no legal requirement to ensure that these provisions are cash-backed. However, the municipality should implement strategies that will enable the cash-backing of reserves to ensure that these provisions are cash funded when it becomes due and payable.
- 15.4 When the projections as set out in Section 16 is analysed and summarized, the municipality could accumulate approximately R10 million in cash to be transfer into a Capital Replacement Fund. This is illustrated below:



Conclusion:

- 15.5 Cash surpluses could become available but it is dependent on the availability of grant funding and the curbing of expenditure. The municipality should implement classic cash management principles and skills to “delay” capital programs to the period where capital is more affordable by the utilization of grants to fund the compulsory legal requirements. If proper cash flow management is applied, it seems that borrowing could be avoided.

16. SUMMARISED PROJECTED OPERATIONAL REVENUE AND EXPENDITURE (CASH FLOW)

Revenue	2018 R (m)	2019 R (m)	2020 R (m)	2021 R(m)	2022 R(m)	2023 R(m)	2024 R(m)	2025 R(m)	2026 R(m)	2027 R(m)
Equitable Share Section 10.1	22.6	28.5	30.3	31.9	33.5	35.2	36.9	38.8	40.7	42.7
Admin Fee Roads										
Section 10.2	4.38	4.60	4.83	5.07	5.33	5.59	5.87	6.17	6.48	6.80
Rental of Facilities										
5% Annual Increase	0.08	0.084	0.088	0.092	0.0975	0.1025	0.107	0.1126	0.118	0.1247
Interest on Investments	0.61	0.64	0.67	0.71	0.74	0.79	0.82	0.86	0.90	0.95
Other Income	0.49	0.51	0.54	0.57	0.60	0.63	0.66	0.69	0.72	0.76
Total Cash Revenue	28.16	34.33	36.43	38.34	40.27	42.31	44.36	46.63	48.92	51.33
Expenditure	2018 R (m)	2019 R (m)	2020 R (m)	2021 R(m)	2022 R(m)	2023 R(m)	2024 R(m)	2025 R(m)	2026 R(m)	2027 R(m)
Employee cost Section 11.1	39.62	42.0	44.52	47.19	50.02	53.03	56.22	58.63	63.15	66.94
Councillors Remuneration Section 11.2	4.03	4.23	4.44	4.66	4.89	5.14	5.4	5.67	5.95	6.25
Operational Expenditure Section 11.4	23.1	24.94	26.87	28.9	31.0	33.26	35.6	38.1	40.7	43.4
Less Roads subsidy										
5% annual increase	-40.91	-42.96	-45.10	-47.36	-49.73	-52.21	-54.82	-57.56	-60.44	-63.46
Interest and Redemption Section 11.3	.057	.057	.057	.060	.060	.060	.063	.063	.063	.063
Total cash Expenditure	25.90	28.28	30.79	33.45	36.24	39.28	42.46	44.90	49.42	53.19
Total cash surplus/deficit	2.26	6.06	5.64	4.89	4.03	3.03	1.90	1.73	-.0503	-1.86

Conditional Grants Revenue and Expenditure are Excluded.

17. RECOMMENDATIONS

17.1 The municipality should:

- Explore further avenues to obtain more grant funding (keeping in mind the additional maintenance expenditure that will still be the liability of the municipality even though the additional acquisition is financed from external sources).
- Weigh up the need for new assets against the need for replacing existing assets.
- If no further grants could be obtained, loans to fund asset replacements must be considered.
- Repairs and maintenance must be considered as one of the major line items relating to asset management. It would be meaningful to increase future spending on repairs and maintenance.
- Elevate the tourism marketing and facilitation activities (but avoid an implementation role).
- Investigate the possibilities to deliver collective shared services to the municipalities in the juridical area which could be but not limited to Accounting Services, Computer Services, Town Planning Services and the establishment of a District Landfill site.
- Migrate asset registers to become decision tools for integrated asset management.
- Assess quantum and timing of future revenues that an investment in infrastructure could generate before making that investment.
- Revisit the rental policy to ensure that actual costs are recovered.
- Implement a detail maintenance cost accounting system.
- Annually review all financial assumptions relating to financial policies.

17.2 Focus should be placed on revenue generating projects, such as:

- District waste disposal
- Green energy
- Alternative water supply
- ITC services
- Transport
- Small town regeneration



CENTRAL KAROO DISTRICT MUNICIPALITY

MFMA DELEGATIONS REGISTER

2019/2020

**DELEGATION AND FURTHER SUB-DELEGATION OF POWERS AND DUTIES IN
TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003)
BY THE ACCOUNTING OFFICER, CHIEF FINANCIAL OFFICER AND DIRECTORS FOR
THE CENTRAL KAROO DISTRICT MUNICIPALITY**

REVIEWED: 2019

Under the powers vested in me by section 79 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), I, **STEFANUS JOOSTE**, Accounting Officer (and Municipal Manager) for the Central Karoo District Municipality, hereby delegate the powers and duties assigned to me by the said Act, as well as any powers and duties to assist me in complying with a duty, as set out in Annexure A hereto. I furthermore authorise the sub-delegation of such powers and duties as contemplated in section 79(3)(d) of the Act.

SIGNED AT **BEAUFORT WEST** ON THIS _____ DAY OF _____

**ACCOUNTING OFFICER (MUNICIPAL MANAGER)
CENTRAL KAROO DISTRICT MUNICIPALITY**

CHIEF FINANCIAL OFFICER FOR THE CENTRAL KAROO DISTRICT MUNICIPALITY

Under the powers vested in me by section 82 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), I, **URSULA MAGDALENA BAARTMAN**, Chief Financial Officer for the Central Karoo District Municipality, hereby sub-delegate the powers and duties delegated to me in writing by the Accounting Officer, as set out in Annexure A hereto.

SIGNED AT **BEAUFORT WEST** ON THIS _____ DAY OF _____

**CHIEF FINANCIAL OFFICER
CENTRAL KAROO DISTRICT MUNICIPALITY**

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION AND FURTHER SUB-DELEGATION OF POWERS AND DUTIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003) BY THE ACCOUNTING OFFICER, CHIEF FINANCIAL OFFICER AND DIRECTORS FOR THE CENTRAL KAROO DISTRICT MUNICIPALITY

REVIEWED : 2019

Under the powers vested in me by section 79 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), I,....., Accounting Officer (and Municipal Manager) for the Central Karoo District Municipality, hereby delegate the powers and duties assigned to me by the said Act, as well as any powers and duties to assist me in complying with a duty, as set out in Annexure A hereto. I furthermore authorise the sub-delegation of such powers and duties as contemplated in section 79(3)(d) of the Act.

Signed at Beaufort-West this _____ day of _____

ACCOUNTING OFFICER (MUNICIPAL MANAGER)
CENTRAL KAROO DISTRICT MUNICIPALITY

CHIEF FINANCIAL OFFICER FOR THE CENTRAL KAROO DISTRICT MUNICIPALITY

Under the powers vested in me by section 82 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), I, _____ Chief Financial Officer for the Central Karoo District Municipality, hereby sub-delegate the powers and duties delegated to me in writing by the Accounting Officer, as set out in Annexure A hereto.

Signed at Beaufort-West this _____ day of _____

CHIEF FINANCIAL OFFICER
CENTRAL KAROO DISTRICT MUNICIPALITY

ANNEXURE A

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
1	8(5)	Submit to the National Treasury, the Provincial Treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account.	Municipal Manager	Chief Financial Officer	To be confirmed annually. First letter to be submitted by 31/07/2004 This function can only be delegated to the CFO [Section 10 (2)]	
2	8(5)	Inform the National Treasury and the Auditor-General, in writing, at least 30 days before changing the municipality's primary bank account,	Municipal Manager	Chief Financial Officer		

Initial: _____

Date: _____

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
3	9	<p>Submit to the Provincial Treasury and the Auditor-General, in writing—</p> <p>(a) within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and</p> <p>(b) annually before the start of a financial year, name of each bank where the municipality holds a bank account, and the type and number of each account.</p>	Municipal Manager	Chief Financial Officer		
4	10(1)(a)	Administer all the municipality's bank accounts, including a bank account referred to in section 12 or 48(2)(d).	Municipal Manager	Chief Financial Officer		

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
5	10(1)(b)	Accountable to the municipal council for the municipality's bank accounts.	Chief Financial Officer		The principal accountability remains with the accounting officer.	
6	10(1)(c)	Enforce compliance with sections 7, 8 and 11.	Chief Financial Officer		May only be delegated to the Chief Financial Officer.	
7	11(1)	Withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts, subject to stipulated provisos (a) to (j).	Chief Financial Officer	Accountant	The managers and directors specified in the lowest level column are only for the purposes of signatories for withdrawal of money. May only be delegated to Senior Financial Officers	

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
8	11(4)	Within 30 days after the end of each quarter— (a) table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1)(b) to (i) during that quarter; and (b) submit a copy of the report to the Provincial Treasury and the Auditor-General.	Chief Financial Officer Chief Financial Officer		The format must be in accordance with the prescribed formats as prescribed by NT	
9	12(4)	Grant authority to withdraw money from a bank account envisaged in section 12(2) without appropriation in terms of an approved budget.	Municipal Manager		No additional bank account to be opened for this purpose	

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
10	22	<p>Immediately after an annual budget is tabled in a municipal council—</p> <p>(a) in accordance with Chapter 4 of the Municipal Systems Act—</p> <p>(i) make public the annual budget and the documents referred to in section 17(3); and</p> <p>(ii) invite the local community to submit representations in connection with the budget; and</p> <p>(b) submit the annual budget—</p> <p>(i) in both printed and electronic formats to the National Treasury and the Provincial Treasury; and</p> <p>(ii) in either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.</p>	Chief Financial Officer	Accountant		

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
11	24(3)	Submit the approved annual budget to the National Treasury and the Provincial Treasury.	Chief Financial Officer			
12	32(1)	Advise a political office-bearer of a municipality that any anticipated expenditure is likely to result in unauthorised expenditure;	Municipal manager	Chief Financial Officer		
13	32(3)	Inform the council, the mayor or the executive committee, in writing, that the expenditure that would result from a decision taken is likely to be unauthorised, irregular or fruitless and wasteful expenditure.	Municipal manager	Chief Financial Officer Director: Technical Services Director: Health Director: Corporate Services		

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
14	32(4)	<p>Inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of—</p> <p>(a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;</p> <p>(b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and</p> <p>(c) the steps that have been taken—</p> <p>(i) to recover or rectify such expenditure; and</p> <p>(ii) to prevent a recurrence of such expenditure.</p>	Municipal manager	Chief Financial Officer		

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
15	32(6)	<p>Report to the South African Police Service all cases of alleged—</p> <p>(a) irregular expenditure that constitute a criminal offence; and</p> <p>(b) theft and fraud that occurred in the municipality.</p>	Director: Corporate Services	Human Resources officer responsible for the administration of disciplinary hearings.	The disciplinary hearing procedures should be amended to include this section of the MFMA	
16	37(2)	Notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next three financial years, no later than 120 days before the start of its budget year.	Municipal manager		Not applicable	

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
17	45(2)(2)	Sign the agreement or other document that creates or acknowledges the creation of short-term debt for a municipality, after such debt-agreement had been approved by the Council.	Chief Financial Officer		Only once municipal manager was informed of such debt.	
18	45(3)(iii)	Notify the council in writing as soon as practical of the amount, duration and cost of any debt incurred in terms of a credit facility that is limited to emergency use, as well as options for repaying such debt.	Chief Financial Officer			
19	46(2)(b)	Sign the agreement or other document that creates or acknowledges the creation of long-debt for a municipality, after such debt-agreement had been approved by the Council.	Municipal manager and Chief Financial Officer		Both the individuals must sign such contracts	

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
20	46(3)(a)	<p>To incur long-term debt — has, in accordance with section 21A of the Municipal Systems Act—</p> <p>(i) at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and</p> <p>(ii) invited the public, the National Treasury and the Provincial Treasury to submit written comments or representations to the council in respect of the proposed debt.</p>	Chief Financial Officer	Accountant		

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
21	46(3)(b)	<p>To incur long-term debt — Submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of —</p> <p>(i) the essential repayment terms, including the anticipated debt repayment schedule; and</p> <p>(ii) the anticipated total cost in connection with such debt over the repayment period.</p>	Chief Financial Officer	Accountant		

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
22	54(2)(a)	<p>Propose any remedial or corrective steps to the mayor, if the municipality faces any serious financial problems, which may include—</p> <p>(i) steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget;</p> <p>(ii) the tabling of an adjustments budget; or</p> <p>(iii) steps in terms of Chapter 13.</p>	Chief Financial Officer		Proposal to mayor only once it has been agreed with the municipal manager	

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
23	60	<p>Must -</p> <p>(a) exercise the functions and powers assigned to an accounting officer in terms of this Act; and</p> <p>(b) provide guidance and advice on compliance with this Act to—</p> <p>(i) the political structures, political office-bearers and officials of the municipality; and</p> <p>(ii) any municipal entity under the sole or shared control of the municipality.</p>	Municipal manager		<p>This section is also applicable to senior management and other officials referred to in section 77 of the MFMA. Municipal manager to issue a directive in this regard.</p>	

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
24	61(1)	<p>Must—</p> <p>(a) act with fidelity, honesty, integrity and in the best interests of the municipality in managing its financial affairs;</p> <p>(b) disclose to the municipal council and the mayor all material facts which are available to the accounting officer or reasonably discoverable, and which in any way might influence the decisions or actions of the council or the mayor; and</p> <p>(c) seek, within the sphere of influence of the accounting officer, to prevent any prejudice to the financial interests of the municipality.</p>	Municipal manager		This section is also applicable to senior management and other officials referred to in section 77 of the MFMA. Municipal manager to issue a directive in this regard.	

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
25	62(1)	<p>Responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—</p> <p>(a) that the resources of the municipality are used effectively, and efficiently and economically;</p> <p>(b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;</p> <p>(c) that the municipality has and maintains effective, efficient and transparent systems—</p> <p>(i) of financial and risk management and internal control; and</p> <p>(ii) of internal audit operating in accordance with any prescribed norms and standards;</p>	<p>Chief Financial Officer</p> <p>Director: Technical Services</p> <p>Director: Health</p> <p>Director: Corporate Services</p> <p>Chief Financial Officer</p> <p>Chief Financial Officer</p>	<p>The directors are responsible to delegate this sub-section to all staff in their area of responsibility.</p>	<p>The directors and other officials are only responsible as far as its relates to their area of responsibility.</p>	

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
		<p>(d) that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented;</p> <p>(e) that disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15; and</p> <p>(f) that the municipality has and implements—</p> <p>(i) a tariff policy referred to in section 74 of the Municipal Systems Act;</p> <p>(ii) a rates policy as may be required in terms of any applicable national legislation;</p> <p>(iii) a credit control and debt collection policy referred to in section 96(b) of the Municipal Systems Act; and</p> <p>(iv) a supply chain management policy in accordance with Chapter 11.</p>	<p>Director: Technical Services</p> <p>Director: Health</p> <p>Director: Corporate Services</p> <p>Director: Technical Services</p> <p>Director: Health</p> <p>Director: Corporate Services</p> <p>Chief Financial Officer</p>		<p>The Chief Financial Officer must implement and maintain the policies and procedures relating to this sub-section</p>	

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
26	62(2)	Responsible for and must account for all bank accounts of the municipality, including any bank account opened for— (a) any relief, charitable, trust or other fund set up by the municipality in terms of section 12; or (b) a purpose referred to in section 48(2)(d).	Municipal manager	Chief Financial Officer		
27	63(1)	Responsible for the management of— (a) the assets of the municipality, including the safeguarding and the maintenance of those assets; and (b) the liabilities of the municipality.	Municipal manager Chief Financial Officer Director: Technical Services Director: Health Director: Corporate Services Manager: Budget and assets	The directors are responsible to delegate this sub-section to all staff in their area of responsibility.	The directors and other officials are only responsible as far as its relates to their area of responsibility. The Accountant must implement and maintain the policies and procedures relating to this sub-section	

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
28	63(2)	<p>Ensure—</p> <p>(a) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;</p> <p>(b) that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and</p> <p>(c) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.</p>	Chief Financial Officer	Accountant		

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
29	64(2)	<p>Take all reasonable steps to ensure—</p> <p>(a) that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy;</p> <p>(b) that revenue due to the municipality is calculated on a monthly basis;</p> <p>(c) that accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;</p> <p>(d) that all money received is promptly deposited in accordance with this Act into the municipality's primary and other bank accounts;</p> <p>(e) that the municipality has and maintains a management, accounting and information system which—</p>	Chief Financial Officer	Respective Treasury officials responsible for the particular functions		

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

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Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
		<p>(i) recognises revenue when it is earned;</p> <p>(ii) accounts for debtors; and</p> <p>(iii) accounts for receipts of revenue;</p> <p>(f) that the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;</p> <p>(g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and</p> <p>(h) that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.</p>	Chief Financial Officer	Accountant		

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

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Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
30	64(3)	Inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.	Chief Financial Officer	Accountant		
31	64(4)	Take all reasonable steps to ensure— (a) that any funds collected by the municipality on behalf of another organ of state is transferred to that organ of state at least on a weekly basis; and (b) that such funds are not used for purposes of the municipality.	Chief Financial Officer	Accountant		

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
32	65(2)	<p>Take all reasonable steps—</p> <p>(a) that the municipality has an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;</p> <p>(b) that the municipality has and maintains a management, accounting and information system which—</p> <ul style="list-style-type: none"> (i) recognises expenditure when it is incurred; (ii) accounts for creditors of the municipality; and (iii) accounts for payments made by the municipality; <p>(c) that the municipality has and maintains a system of internal control in respect of creditors and payments;</p>	Chief Financial Officer Chief Financial Officer	Accountant	The CFO must implement and maintain policies and procedures to guide all staff of the municipality.	

CENTRAL KAROO DISTRICT MUNICIPALITY

DELEGATION OF POWERS AND DUTIES BY THE ACCOUNTING OFFICER (MUNICIPAL MANAGER) AND RELATED SUB-DELEGATIONS

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Item No.	Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Remarks, Limitations or Conditions	Authorisation Number
		<p>(d) that payments by the municipality are made—</p> <p>(i) directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and</p> <p>(ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;</p> <p>(e) that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure;</p> <p>(f) that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments;</p>	Chief Financial Officer	Accountant		
			Chief Financial Officer	Accountant	In the instance where the financial position of the municipality does not allow compliance with this section, the CFO must inform provincial and national Treasury accordingly.	Page 23

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		(g) that any dispute concerning payments due by the municipality to another organ of state is disposed of in terms of legislation regulating disputes between organs of state;	Chief Financial Officer			
		(h) that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework;	Chief Financial Officer			
		(i) that the municipality's supply chain management policy referred to in section 111 is implemented in a way that is fair, equitable, transparent, competitive and cost-effective; and	Municipal manager	Accountant	The Accountant is responsible for the management and administration of the supply chain management function.	
		(j) that all financial accounts of the municipality are closed at the end of each month and reconciled with its records.	Chief Financial Officer			

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33	66	Report to the council, in a format and for periods as may be prescribed, on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure as stipulated.	Chief Financial Officer			

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34	67(1)	<p>Ensure before transferring funds of the municipality to an organisation or body outside any sphere of government otherwise than in compliance with a commercial or other business transaction, that the organisation or body—</p> <p>(a) has the capacity and has agreed—</p> <p>(i) to comply with any agreement with the municipality;</p> <p>(ii) for the period of the agreement to comply with all reporting, financial management and auditing requirements as may be stipulated in the agreement;</p> <p>(iii) to report at least monthly to the accounting officer on actual expenditure against such transfer; and</p>	Municipal Manager	Chief Financial Officer		Page 26

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		<p>(iv) to submit its audited financial statements for its financial year to the accounting officer promptly;</p> <p>(b) implements effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; and</p> <p>(c) has in respect of previous similar transfers complied with all the requirements of this section.</p>				
35	67(3)	Enforce , through contractual and other appropriate mechanisms, compliance with section 67(1).	Chief Financial Officer			

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36	67(4)	<p>Where section 67(1)(a) does not apply to an organisation or body serving the poor or used by government as an agency to serve the poor,</p> <p>(i) takes all reasonable steps to ensure that the targeted beneficiaries receive the benefit of the transferred funds; and</p> <p>(ii) certifies to the Auditor-General that compliance by that organisation or body with subsection (1)(a) is uneconomical or unreasonable.</p>	Municipal manager	Chief Financial Officer		

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37	68	<p>(a) assist the mayor in performing the budgetary functions assigned to the mayor in terms of Chapters 4 and 7; and</p> <p>(b) provide the mayor with the administrative support, resources and information necessary for the performance of those functions.</p>	Chief Financial Officer	Accountant		

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38	69(1)	<p>Ensure—</p> <p>(a) that the spending of funds is in accordance with the budget and is reduced as necessary when revenue is anticipated to be less than projected in the budget or in the service delivery and budget implementation plan; and</p> <p>(b) that revenue and expenditure are properly monitored.</p>	<p>Municipal manager Chief Financial Officer</p> <p>Director: Technical Services</p> <p>Director: Health</p> <p>Director: Corporate Services</p> <p>Accountant</p>	<p>The directors are responsible to delegate this sub-section to all staff in their area of responsibility.</p>	<p>The directors and other officials are only responsible as far as it relates to their area of responsibility.</p> <p>The Accountant must implement and maintain the policies and procedures relating to this sub-section</p>	
39	69(2)	<p>Prepare when necessary an adjustments budget and submit it to the mayor for consideration and tabling in the municipal council.</p>	Chief Financial Officer	Accountant	Proposal to mayor only once it has been agreed with the municipal manager and directors	

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40	69(3)	<p>Submit no later than 14 days after the approval of an annual budget to the mayor—</p> <p>(a) a draft service delivery and budget implementation plan for the budget year; and</p> <p>(b) drafts of the annual performance agreements as required in terms of section 57(1)(b) of the Municipal Systems Act for the municipal manager and all senior managers.</p>	<p>Chief Financial Officer</p> <p>Municipal manager</p>		All Directors must provide the Key Performance Indicators for their respective functions.	

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41	70(1)	<p>Report in writing to the municipal council—</p> <p>(a) any impending—</p> <p style="padding-left: 40px;">(i) shortfalls in budgeted revenue; and</p> <p style="padding-left: 40px;">(ii) overspending of the municipality's budget; and</p> <p>(b) any steps taken to prevent or rectify such shortfalls or overspending.</p>	Chief Financial Officer	Accountant		

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42	70(2)	<p>Notify the National Treasury, if a municipality's bank account, or if the municipality has more than one bank account, the consolidated balance in those bank accounts, shows a net overdrawn position for a period exceeding a prescribed period, in the prescribed format of—</p> <p>(a) the amount by which the account or accounts overdrawn;</p> <p>(b) the reasons for the overdrawn account or accounts; and</p> <p>(c) the steps taken or to be taken to correct the matter.</p>	Chief Financial Officer			

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43	71(1)	<p>Submit no later than 10 working days after the end of each month to the mayor of the municipality and the Provincial Treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:</p> <p>(a) Actual revenue, per revenue source;</p> <p>(b) actual borrowings;</p> <p>(c) actual expenditure, per vote;</p> <p>(d) actual capital expenditure, per vote;</p> <p>(e) the amount of any allocations received;</p> <p>(f) actual expenditure on those allocations, excluding expenditure on—</p> <p>(i) its share of the local government equitable share; and</p> <p>(ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and</p>	Chief Financial Officer			

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		<p>(g) when necessary, an explanation of—</p> <p>(i) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;</p> <p>(ii) any material variances from service delivery and budget implementation plan; and</p> <p>(iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.</p>	Chief Financial Officer	Accountant		

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44	71(2)	<p>The monthly budget statement must include—</p> <p>(a) a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and</p> <p>(b) the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).</p>	Chief Financial Officer			

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45	71(5)	Submit that part of the statement reflecting the particulars referred to in section 71(1)(e) and (f) to the national or provincial organ of state or municipality which transferred the allocation referred to in section 71(1)(e) during any particular month, by no later than 10 working days after the end of that month,.	Chief Financial Officer			

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46	72(1)(a)	<p>Must by 25 January of each year—</p> <p>(a) assess the performance of the municipality during the first half of the financial year, taking into account—</p> <p>(i) the monthly statements referred to in section 71 for the first half of the financial year;</p> <p>(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;</p> <p>(iii) the past year's annual report, and progress on resolving problems identified in the annual report; and</p> <p>(iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities.</p>	Municipal manager	Internal Auditor	Internal Auditor must submit the draft to the municipal manager after input from the various directors was obtained by 20 January of each year.	

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47	72(1)(b)	Submit a report on such assessment required in terms of section 72(1) to— (i) the mayor of the municipality; (ii) the National Treasury; (iii) the Provincial Treasury.	Chief Financial Officer			
48	72(3)	Must, as part of the review required in terms of section 72(1)— (a) make recommendations as to whether an adjustments budget is necessary; and (b) recommend revised projections for revenue expenditure to the extent that this may be necessary.	Chief Financial Officer			

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49	73	<p>Inform the provincial treasury, in writing, of—</p> <p>(a) any failure by the council of the municipality to adopt or implement a budget-related policy or a supply chain management policy referred to in section 111; or</p> <p>(b) any non-compliance by a political structure or office-bearer of the municipality with any such policy.</p>	Municipal manager		The Directors must inform the Municipal Manager of any such non-compliance which may come to their knowledge.	

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50	74	<p>(1) Submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.</p> <p>(2) If the accounting officer of a municipality is unable to comply with any of the responsibilities in terms of this Act, he or she must promptly report the inability, together with reasons, to the mayor and the provincial treasury.</p>	<p>Chief Financial Officer</p> <p>Municipal manager</p>			

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51	75(1)	<p>Place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality:</p> <p>(a) The annual and adjustments budgets and all budget-related documents;</p> <p>(b) all budget-related policies;</p> <p>(c) the annual report;</p> <p>(d) all performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act;</p> <p>(e) all service delivery agreements;</p> <p>(f) all long-term borrowing contracts;</p> <p>(g) all supply chain management contracts above a prescribed value;</p> <p>(h) an information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the previous quarter;</p>	Chief Financial Officer			

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		<p>(i) contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section;</p> <p>(j) public-private partnership agreements referred to in section 120;</p> <p>(k) all quarterly reports tabled in the council in terms of section 52(d);</p> <p>and</p> <p>(l) any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.</p>				
52	101(2)	Table a report referred to in section 101(1) in the municipal council at its next meeting.	Municipal manager		Municipal Entity - Not applicable	

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53	114	If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, must, in writing, notify the Auditor-General, the Provincial Treasury and the National Treasury, of the reasons for deviating from such recommendation. Does not apply if a different tender was approved in order to rectify an irregularity.	Chief Financial Officer			

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54	115(1)	<p>Must—</p> <p>(b) implement the supply chain management policy of the municipality or municipal entity; and</p> <p>(b) take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.</p>	Municipal manager	Chief Financial Officer		

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55	116(2)	<p>Must—</p> <p>(a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;</p> <p>(b) monitor on a monthly basis the performance of the contractor under the contract or agreement;</p> <p>(c) establish capacity in the administration of the municipality or municipal entity—</p> <p>(i) to assist the accounting officer in carrying out the duties set out in paragraphs (a) and (b); and</p> <p>(ii) to oversee the day-to-day management of the contract or agreement; and</p> <p>(d) regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.</p>	<p>Municipal manager</p> <p>Chief Financial Officer</p> <p>Director: Technical services</p> <p>Director: Corporate services</p> <p>Director: Health</p>	It is the responsibility of the directors to delegate specific responsibilities to their relevant managers		

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56	120(6)	<p>Must when a feasibility study has been completed—</p> <p>(a) submit the report on the feasibility study together with all other relevant documents to the council for a decision, in principle, on whether the municipality should continue with the proposed public-private partnership;</p> <p>(b) at least 60 days prior to the meeting of the council at which the matter is to be considered, in accordance with section 21A of the Municipal Systems Act—</p> <p>(i) make public particulars of the proposed public-private partnership, including the report on the feasibility study; and</p> <p>(ii) invite local community and other interested persons to submit to the municipality comments or representations in respect of the proposed public-private partnership; and</p>	Director: Corporate Services	Manager PIMS	<p>The following needs to support the Director:</p> <p>Corporate services with information and reports as required executing this delegated task.</p> <p>Chief Financial Officer</p> <p>Director: Technical services</p> <p>Director: Health</p>	

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		<p>(c) solicit the views and recommendations of—</p> <p>(i) the National Treasury;</p> <p>(ii) the national department responsible for local government;</p> <p>(iii) if the public-private partnership involves the provision of water, sanitation, electricity or any other service as may be prescribed, the responsible national department; and</p> <p>(iv) any other national or provincial organ of state as may be prescribed.</p>				

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57	124	Include a statement to the notes to the annual financial statements whether or not the salaries, allowances and benefits of political office-bearers and councilors of the municipality, whether financial or in kind, are within the upper limits of the framework envisaged in section 219 of the Constitution.	Chief Financial Officer			

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58	126(1)	<p>Must—</p> <p>(a) prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing; and</p> <p>(b) in addition, in the case of a municipality referred to in section 122(2), prepare consolidated annual financial statements in terms of that section and, within three months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.</p>	Chief Financial Officer			

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59	127(5)	<p>Must immediately after an annual report is tabled in the council in terms of section 127(2)—</p> <p>(a) in accordance with section 21A of the Municipal Systems Act—</p> <p>(i) make public the annual report; and</p> <p>(ii) invite the local community to submit representations in connection with the annual report; and</p> <p>(b) submit the annual report to the Auditor-General, the Provincial Treasury and the provincial department responsible for local government in the province.</p>	Chief Financial Officer	Accountant		

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60	128	<p>Must—</p> <p>(a) monitor whether the accounting officer of any municipal entity under the sole or shared control of the municipality has complied with sections 121(1) and 126(2);</p> <p>(b) establish the reasons for any non-compliance; and</p> <p>(c) promptly report any non-compliance, together with the reasons for such non-compliance, to the council of the parent municipality, the Provincial Treasury and the Auditor-General.</p>			<p>Municipal Entity – not applicable.</p>	

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61	129(2)	<p>Must—</p> <p>(a) attend council and council committee meetings where the annual report is discussed, for the purpose of responding to questions concerning the report; and</p> <p>(b) submit copies of the minutes of those meetings to the Auditor-General, the Provincial Treasury and the provincial department responsible for local government in the province.</p>	Chief Financial Officer		All directors to attend these meetings and assist the CFO	

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62	129(3)	Make public an oversight report referred to in section 129(1) within seven days of its adoption in accordance with section 21A of the Municipal Systems Act.	Municipal manager	Chief Financial Officer		
63	132(2)	Submit the documents referred to in section 132(1)(a) and (b) to the provincial legislature within seven days after the municipal council has adopted the relevant oversight report in terms of section 129(1).	Municipal manager	Accountant		

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