

**BLUE CRANE
ROUTE
MUNICIPALITY
(EC102)**



**DRAFT
FINANCIAL
FRAMEWORK
POLICY**

Financial Year 2026/2027

No. 6

CONSIDERED BY COUNCIL 31 MARCH 2026


MZWANDILE PATRICK NINI
MUNICIPAL MANAGER

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1. Introduction

- 1.1 Annexure A to this policy indicates the reporting requirements of the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003) (MFMA). In appropriate cases the frequency or timing of the different reports are also indicated.
- 1.2 All the reports indicated below must be –
 - ⇒ submitted in addition to the reports indicated in Annexure A;
 - ⇒ concise so as to enable councillors to study them properly before the relevant council or committee meetings.
- 1.3 The Municipal Manager or the departmental head responsible for preparing any particular report or aspect of a report must, despite the requirement of brevity, ensure that sufficient information is provided to make the report concerned intelligible and to convey the message that is intended, without including unnecessary detail.

2. Frequency of reporting

- 2.1 All eight of the internal reports required below must be prepared and distributed to users at least four times during each financial year, i.e. at the end of each quarter. The first quarterly report of the Chief Financial Officer must be submitted within the first four months of the financial year concerned commencing.
- 2.2 If the Council believe that these reports are submitted too infrequently for effective decision-making, it may at any time require the submission of all or any of the reports on a more frequent basis.
- 2.3 For the reported information to be useful, it must be relevant. Relevance often depends on the timeliness with which the information is submitted. Internal reports shall therefore be prepared timely and submitted within one month after the end of the reporting period concerned. Thus, for example, reports relating to the quarter ending 30 September must be completed before 31 October and submitted to the relevant committees of the council

for consideration not later than during November. This means that at the time that the council's committees consider the information it is less than two months old (at worst).

- 2.4 Whenever possible and meaningful, comparative information should be included in these reports to allow councillors to consider the information relating to the corresponding period in the previous financial year. In respect of the income statement reports dealt with below, obviously year-to-date amounts must be disclosed as councillors will not only be concerned with the results for the quarter or month under consideration, but also with the cumulative picture from the beginning of the financial year in question.
- 2.5 If it is possible to accompany these reports with graphics of some kind, such as bar charts, pie diagrams or ordinary linear graphics, the accessibility of the information will be enhanced in most instances.

3. Financial report of the Municipal Manager

- 3.1 The Municipal Manager must submit a report containing the following information not later than the first ordinary council meeting after the end of September, ~~December~~, March and June:
- ✓ The total amount owed to and received by the Municipality in respect of levy rates, levies, rent, charges for water, solid waste removal and sanitation, at the end of each month covered by such report with regard to every part of the municipal area as may be determined by the Council, identifying the ten biggest debtors;
 - ✓ The total amount of grants, fiscal transfers and subsidies, including any ad hoc allocations, received from the national or the provincial government during the period covered by the report and the allocation thereof compared to the amount claimed or allocated, as the case may be;
 - ✓ The income owed to and received by the Municipality from any other source not mentioned in the paragraphs above;
 - ✓ The number of debtor invoices issued by the Municipality and the number actually paid during every month covered by the report;

- ✓ The total amount of income from levy rates and levies during every month covered by such report expressed as a percentage of the expected income from levies for each such month;
- ✓ The total amount due by the Municipality to its creditors during each month covered by the report (age analysis), including a statement of the ten biggest creditors, the creditors outstanding for more than thirty days, the amount paid to each creditor and the reasons for any difference between the amount owed and the amount paid;
- ✓ The cashbook at the end of each month covered by the report and the reasons for any trend that may occur during the period;
- ✓ Progress made with the implementation of every project or programme indicated in the capital budget and the reasons for under-performance;

- ✓ The balance (funding level) of every fund and trust funds created by the Council and a statement of payments made from and income accruing to each such fund during the period covered by the report;
- ✓ The balance of every external and internal loan, including any overdraft facility extended by the Municipality's bank, raised by the Municipality, the remaining term of each such loan and the purpose thereof and indication whether or not any bridging loan will be repaid before end of the financial year;
- ✓ Every investment made by or on behalf of the Municipality, including the institution where the investment was made, the date when such investment had been made, the term of such investment and the interest rate on such investment; and
- ✓ The staff complement of every department within the administration, including an indication of the number of posts vacant on the permanent and temporary establishment, the period for which they had been vacant, the grading of each such vacancy and a full explanation of the need for each such post.

3.2 In addition to any report required the Municipal Manager must at the intervals indicated submit to the finance portfolio committee a report containing the following financial indicators:

3.2.1 Monthly:

- (a) a comprehensive analysis of debits with regard to consumer charges and rates which must reflect the number of debtors and amounts outstanding of current debts and debts outstanding for 30 days, 60 days, 90 days, 120 days and more than 120 days;
- (b) the turnover rate of all outstanding monthly recurring rates and service charges. The turnover must be calculated by expressing unpaid rates and service charges as a percentage of budgeted rates and service charges income for the current financial year. The turnover rate must be compared with a norm of 11,5% to 15%;
- (c) the total number of levy payers and consumers liable for service charges and levy payers who did not receive an account during the period of review; and details of indigence support;
- (d) a reconciliation of the cashbook with the bank statement, including an explanation of all reconciling items which have been outstanding for more than three months

3.2.2 Quarterly:

- (a) in respect of each separate service, or where a consolidated billing system is operated, the number of legal actions instituted in respect of a service of consolidated bill, as the case may be, as compared to the total number of accounts that are in arrears, including the total number of summonses issued compared to the judgments obtained; indicators to judge the efficiency of legal action
- (b) the investment portfolio, including the type of investment, interest rates, period of investment and a summary of the exposures to particular financial institutions;
- (c) the anticipated cash flow for the ensuing six months which must include plans to finance any expected shortfall; and

- (d) an age analysis of the 20 highest value monthly paid creditors including the reasons for all amounts outstanding for more than 30 days.

4. Report of the Chief Financial Officer (CFO)

4.1 The objectives of the Chief Financial Officer's (CFO's) report are –

- to assist councillors in understanding and interpreting the other financial and technical reports which they have received,
- to enable the CFO to fulfil the responsibility of financial advisor to the council; and
- to emphasise the corrective action which is necessary in cases of current or impending financial difficulties.

4.2 The CFO must prepare a report in which a commentary is provided on all matters that will have a significant impact on the finances and financial situation of the Municipality and must refer wherever applicable to any relevant details contained in any of the accompanying reports set out below. This report is submitted to the Municipal Manager and the finance portfolio committee. It is essential, though, that the report must be submitted as soon as possible after the reporting period to which it relates.

4.3 In this report the CFO effectively highlights all those financial matters that require the attention of the councillor responsible for finance, the finance portfolio committee and the Council. The report must cover at least the following matters:

- Significant budgetary variances on a departmental and, where applicable, functional basis, indicating the foreseeable financial (and legal) consequences of such variances and remedial measures which may be necessary in order to avert such consequences. Where remedial measures cannot readily be identified, or it is too late in the financial year for them to be effective, the CFO must recommend that the budget of the relevant department be revised, or even that the aggregate operating budget of the Municipality be submitted for revision.

- The projected operating results for the financial year. Where there is a significant difference between the budgeted surplus or deficit and the projected surplus or deficit for the year, the CFO must highlight this variance in the commentary and indicate the consequences thereof for the aggregate financial position of the Municipality, as well as any implications it may have for future financial years.
 - It must be clearly understood that the CFO's report should not contain all the details in regard to the variances just referred to. The matters covered in the first bullet point above will be dealt with in detail in the variance report, and those in the second bullet point in the approximate result report.
 - The impact on cash flows and sources of financing as a result of variances between budgeted and actual capital expenditure. Details will be explained in the capital expenditure report.
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- The financial implications of changes in the payment levels of debtors, as well as significant changes in the total amount of arrear debtors. These changes could, of course, be either positive or negative. The CFO must comment on the extent to which credit control policies/debt collection procedures have been applied during the reporting period, on the effectiveness of these policies and procedures and on any required revisions either in the policies themselves or in their application which may be necessary for the financial well-being of the Municipality. In dealing with these matters, the CFO will refer to the debtors' report.
 - The reasons for unpaid or partly paid liabilities that should have been settled, as well as an indication of any corrective measures taken or required. The financial implications, both short and longer term, should also be indicated. In addressing these matters, the CFO will refer to the information contained in the reports on long outstanding liabilities and contingent liabilities.
 - The projected cash flow for the next quarter and factors that will have either a negative or positive impact on the Municipality's cash resources. In this instance the CFO will refer to the cash flow forecast.
 - The present and future financial years' expected capital expenditure and the effect which these expenditure levels will have on depreciation and finance costs

- The CFO should also indicate the operating expenses (and revenues) which new capital projects will entail for the operating account (as far as such expenses may reasonably be quantified). Within the specific context of these expected capital expenditure levels, the CFO should also comment on the liquidity of the Municipality, taking into account projected cash flows, existing cash resources and maturing investments. The CFO will here refer to the information contained in the borrowings and external investments report.
- The measures recommended to the Council to address any current or expected adverse financial position or to prevent such a position from occurring.

5. Variance report

- 5.1 Where line items of actual accrued revenues and expenses exceed or fall below the relevant budget provisions by a variance of 10% (calculated on the budgeted amount), explanations for the cause of the variance must be provided by the departmental head concerned.
- 5.2 Before such variance reports are submitted to the Council or finance portfolio committee, the information concerned should be reviewed by the Municipal Manager and the management team, and only matters of significance or actions requiring political inputs should be brought to the attention of councillors.
- 5.3 However, management should not use the system of variance reporting as a mechanism for abdicating their responsibilities.
- 5.4 Unless the budget has been prepared in a format which introduces unit costs and performance measurements, variance reports will inevitably be presented in a purely financial format. In other words, it is the financial inputs into the budget, whether in the form of revenues or expenses, that will be compared and not the outcomes and/or outputs that the budget was intended to achieve. Now that current budgeting methodology has been comprehensively revised and expanded it is possible to use key performance indicators or graphics and other illustrative devices to provide user-friendly information to councillors and non-financial managers.

5.5 Variance reports will indicate the extent to which –

- budgeted revenues have materialised and budgeted expenses have been incurred; and
- performance targets/milestones have been reached.

5.6 The report will concern itself mainly with areas in which budgeted revenues are not being raised or budgeted expenses are being exceeded. Clearly, if the expected year-end financial result on the operating account is to be achieved, corrective steps will have to be taken to ensure that an unwanted operating deficit does not arise.

5.7 However, councillors should not only be concerned with negative financial variances. Once the Council has approved the annual operating budget, it effectively becomes a mandate to the management to incur expenses and raise revenues in line with an approved financial plan. Management is not allowed to change this mandate without seeking the Council's sanction. In many instances, a saving on expenses is not necessarily in the best interests of the community: it may mean that essential maintenance is being deferred or that services are not being provided at an acceptable level. In short, it will often mean that performance is not at the required level.

5.8 However, variances may arise from a variety of reasons – mainly timing differences, incorrect budget provisions or poor financial discipline. Each of these factors is discussed below:

5.8.1 Timing differences

This means that revenues or expenses budgeted to be respectively received or incurred in one reporting period are actually received or incurred in a prior or subsequent reporting period. One of the most obvious examples would be the budget provision for the filling of vacant posts. For example, the head of the traffic department may have budgeted to fill ten posts of traffic officers from 1 October, the date on which it is known that ten existing traffic officers intend to leave the service. In practice, however, the applicants presenting themselves for service may prove to be unsuitable and some or all of the vacancies are

only filled from 1 February. Conversely, the ten original traffic officers in fact leave the service at the end of August, and because of the essential nature of their duties the council decides to have the vacancies filled from 1 September (obviously authorising the additional expenses and compensating for it by reducing some other expenditure item either in the traffic department itself or elsewhere in the council's aggregate operating budget). In the first mentioned instance the budget comparative for the traffic department will show a budgetary saving on salaries for the period October to January, and in the second, an overspending for the first quarter.

5.8.2 Incorrect budget provisions

Budget provisions are merely estimates, implying that there is an element of uncertainty in the projected allocations made for many items of revenues and expenses included in the budget. For example, the CFO bases the estimate for income from investments on certain assumptions regarding payment levels, interest rates and capital expenditure patterns. Ultimately, the assumptions in regard to any or all of these factors may turn out to be incorrect. Similarly, the estimate for bulk water purchases, even though scientifically based on past consumption patterns, may be significantly wrong if weather patterns deviate materially from those experienced in the past. Material changes to the budget must be approved by the Council. Similarly where budget variances require amendments in the budgets of other departments, Council approval is definitely indicated, as these variances represent an amendment to the original mandate given to the departmental head concerned.

5.8.3 Poor financial discipline

Budget variances will also arise from a lack of financial discipline. Departments may incur expenses without considering the ultimate budgetary repercussions. Alternatively, amounts owing to the Municipality are not recovered because of a lack of credit control or the ineffectiveness of the Municipality's collection procedures. A telling case of poor financial discipline is when the Council authorises the incurring of expenses which have not been budgeted for on the pretext that appropriate savings will be identified in due course.

- 5.9 For these internal reporting procedures to be effective, councillors and management must obviously take the follow-up actions indicated. This is particularly important in the case of

the variance report. It will be grossly irresponsible of the Council to note a variance report which contains potentially significant negative financial implications without resolving on an action plan to remedy the situation.

- 5.10 The most obvious resolution required is one which effectively amends the budget by adopting an adjustments budget.
- 5.11 But there may be alternatives to simply amending the budget: where there has been a lack of financial discipline, the reason for negative performance will have to be effectively addressed. If the Council itself is responsible for the poor financial discipline (for example, by resolving to incur expenses which have not been budgeted for or by reducing service charges or other tariffs or by not sanctioning the collection of revenues owing to the Municipality), the Municipal Manager has a legal responsibility to report the situation to the MECs responsible for Local Government and for Finance and to the Auditor-General.

5.12 As far as exception reporting is concerned, the CFO must take care to note the inter-relationship between items of revenues and expenses where this is relevant. For example, a particular department may significantly exceed its budget provision for overtime, but may at the same time have materially under spent its normal salaries budget. In certain sensitive areas, such as overtime, the exception report needs to be intelligently prepared: for example, if the provision for overtime is materially exceeded, but other related provisions – such as those pertaining to vehicle costs, stores and materials, and so forth – are within their relevant budget provisions, an explanation is needed. Councillors will not be able to request this kind of analysis if the exception reports or variance summaries do not highlight this kind of problem.

6. Report on capital expenditure

- 6.1 The objective of the report on capital expenditure is to provide councillors and management with information on the status of the capital budget. Councillors will be able to determine what capital provisions are not being expended and the reasons why actual capital expenses are exceeding or falling below the budget requirements.

6.2 This report should contain a comparison of actual capital expenses versus budgeted provisions on a project-by-project basis for the relevant reporting period. A distinction must be made between major capital works, on which there may be ongoing expenditure extending over a lengthy period of time and single items of capital expenditure, such as plant and equipment, where the expenses concerned will be incurred on a once off basis.

6.3 As far as capital works are concerned, the report should include information about expenses incurred in previous financial years as well as expenses to be incurred in future financial years. The report should preferably have three sub-headings:

☺ Capital expenses budgeted for but not yet commenced or incurred.

☺ Capital expenses which are being incurred but in regard to which further expenses will be incurred before the asset can be brought into use.

☺ Capital expenses already incurred and in respect of which the asset has been brought into use during the current financial year (that is, completed capital projects).

6.4 Management must include comments on the expected timing of the completion of capital works and should comment on variances greater than 5% (based on the budgeted amount).

6.5 Under-expenditure on the capital budget often arise because of timing delays, particularly in regard to capital works where the need to appoint consulting engineers and invite complicated tenders is often a time consuming process. Delays may also be attributable to geological problems, weather conditions, labour problems, managerial inefficiency or to a simple lack of the financial resources required to expend the relevant capital provisions at the rate originally envisaged.

6.6 Over-expenditure on the capital budget will in most cases have a significant adverse impact on cash flows. Ultimately, if additional external financing is not available to cover this over-expenditure, the Council may have to increase its operating revenues or reduce its operating expenses in order to meet this additional burden.

6.7 If councillors are unhappy with the way in which the capital budget is being implemented (as indicated by this report), pressure could be applied on management to accelerate progress with the projects concerned, or it may be necessary to revise aspects of the capital budget (particularly if there is a lack of sufficient financial resources) in order to ensure that important projects are proceeded with.

6.8 Securing funding ,especially donor funds before any expenditure is incurred

7. Debtors' report

7.1 The debtors' report is intended to provide information on the monetary value of debtors' accounts outstanding at the reporting date, as well as on the length of time that these debtors' balances have been uncollected. Councillors will therefore be able to assess the adequacy of the Municipality's credit control policies and procedures, as well as the extent to which these policies are being effectively applied.

7.2 The debtors' report must contain information on all debtors: clearly, information on rates and services debtors will have to be included, but information on other debtors may also prove useful (even if this information is provided in a condensed format). Specific attention must be given to reporting on debts owing by indigent consumers and the level of payment by these debtors.

7.3 Details of credit control actions should also be included and payment levels should be shown if the information is reliable.

7.4 An increase in debtors' balances will mean that less cash has been received and that expenses on both the capital and operating budgets may have to be reassessed or suspended. A decrease in debtors' balances, on the other hand, will indicate a positive impact on cash flows, provided that the decrease is not the result of any significant write off of debts.

7.5 The report should also strive to indicate potentially irrecoverable debtors' balances. This will imply, in turn, that a provision for bad debts equal to this amount will have to be considered for inclusion in either an adjustments budget or certainly in the forthcoming year's budget.

7.6 The CFO must disclose the extent to which problems with arrear debtors accounts is or may be attributable to administrative deficiencies such as wrong accounts, accounts sent

out late, or not sent out at all, errors in meter readings, meters not read, meters read late or postal problems. Of course, these shortcomings must be reported only if material.

8. Report on long outstanding liabilities and potential contingent liabilities

- 8.1 A contingency is a past event, existing at balance sheet date, giving rise to an asset or liability, whose outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events outside the control of the Municipality.
- 8.2 In order to prepare the report on long outstanding liabilities and potential contingent liabilities the Municipality must take into account the probability of a future loss or gain. If the probability of an uncertain future event is remote, it would be unnecessary or misleading to disclose such contingency. But, if the probability of the uncertain future event is high, it is appropriate to include the relevant contingency in the internal report.
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- 8.3 The purpose of this information is to permit councillors to identify factors that may have an impact on the Municipality's actual performance in relation to its budget so that remedial action can be planned in time. In other words, those contingent liabilities which have a high probability factor in the short to medium-term must be considered for inclusion in the report. On the other hand, if the probability is low, the report will mislead the Council into planning action which is likely to prove unnecessary.
- 8.4 A contingent liability indicates a potential expense which will probably arise at a future date. The Council may therefore have to plan for this event by creating a provision for this potential expense.
- 8.5 If the contingent liability disclosed is significant, the Council may have to revise its operating budget in order to provide for this expense in the form of the necessary provision.
- 8.6 This report will also indicate whether there are outstanding liabilities which have not yet been paid. It is important for the Council to be aware of this, as the relevant creditors may take legal action against the Municipality, or (more importantly) the Council's other suppliers and bankers may decide to withdraw their credit facilities to the Municipality if they become aware that certain creditors are not being paid. By the same token, future

suppliers may refuse to provide credit facilities if the Council has a poor record of paying its creditors in full and on time.

- 8.7 How does the Council respond to the information disclosed in this report? If the lack of payment is the result of a dispute with the creditor concerned, the councillors will be able to form an assessment of the validity of this dispute. The Council may thus decide to enter into negotiations with this creditor, to appoint a mediator or to engage legal counsel. However, if there are unpaid creditors because of cash flow constraints, the Council will have to address this urgently either by raising a temporary credit facility through its bankers or through some other form of short-term finance, by drastically reducing expenses at least in the short-term, or by applying more stringent or effective credit control procedures.

9. Cash flow forecasts

- 9.1 This report must essentially include an estimate of the cash receipts and payments expected in the next six months and for the remainder of the financial year, if there are more than six months left. In order to prepare the report, the CFO will look at the expected receipts from rates and services debtors, expected payments based on the approved budget, estimated payments to creditors, and changes in investments and in the municipality's external loan position.
- 9.2 This report in all vital respects indicates the overall financial position of the Municipality.
- 9.3 Councillors will be able to assess whether there is sufficient cash available to sustain operations over the next six month period and it will be useful to appraise this report in conjunction with those relating to capital expenditure, debtors and outstanding creditors.
- 9.4 In many respects, essential aspects of the Municipality's cash flow will depend on its management of working capital. This means, in simple terms, that the Municipality must-
- collect the amounts owing to it more expeditiously,
 - strive to lengthen the periods over which it may judiciously and legally settle its own debts,

- avoid unnecessary stockpiling of inventory, and
- sensibly draw on its existing inventory in order to operate at realistic minimum stock levels.

9.5 Management of working capital cannot be changed over night, and until such time as this has become more effective, the Municipality may well have to negotiate short-term credit facilities or negotiate an extension of settlement of its own liabilities. If these measures are insufficient, at least a temporary scaling down of operating expenditure and suspension of capital expenditure may be indicated.

10. Approximate result report

- 10.1 The main objective of this report is to apprise councillors of whether the Municipality is likely to raise sufficient revenues during the course of the financial year to meet its projected expenses.
- 10.2 This report is a summary of the revenues and expenses forecast by a department/vote for the current financial year. This report consists of the actual accrued revenues and expenses to date, together with projected revenues and expenses for the remainder of the financial year.
- 10.3 The CFO in compiling this report will use the original budget as approved by the Council, together with any revisions which have been decided upon in terms of the variance reports.
- 10.4 The unappropriated surplus or accumulated deficit brought forward from the previous financial year will be included in this statement in order to ascertain whether there will be a projected year-end surplus or deficit for the present year. If there are indications that the year-end result will be a deficit, this will have to be addressed in the forthcoming year's operating budget, if it cannot be timely corrected in the present year.
- 10.5 Should it appear from the report that projected expenses are likely to exceed projected revenues, the Council will have to take urgent remedial action by introducing a savings campaign. If this is not done timely during the present financial year, the only available

alternative will be for the Council either to reduce its expenditure budget for the forthcoming year or to be prepared to introduce higher rates and service charges in the forthcoming budget than would have otherwise been required.

- 10.6 In reading the approximate result report in conjunction with particularly the variance report and the explanations for variances furnished in that report, councillors should gain an understanding of whether the Municipality is indeed financially viable in terms of its current service levels, or whether it needs to change its style and level of operations if such viability is to be ensured.
- 10.7 Finally, the regular reporting of the approximate result will provide both councillors and management with a more accurate basis on which to prepare the operating budget for the forthcoming financial year. Such a regularly updated report is much more useful than the original budget for the year in providing a basis for comparison with the draft operating estimates for the new financial year.
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11. Borrowings and external investments report

11.1 This report will provide information about-

- ☞ all currently outstanding external loans, including the dates of repayment and the applicable interest rates.
- ☞ any movements in such loans during the reporting period concerned, that is, any new loans raised and existing loans repaid.
- ☞ details of all external investments, the period of the investment concerned, the interest rate received and the institution with which the investment is placed.
- ☞ movements in investments during the reporting period, i.e. investments realised and new investments made.
- ☞ the reconciliation of the cash book and bank balances as at the end of the reporting period concerned and highlight the amount of outstanding cheques and unbanked deposits.

☞ the external investments relating to the Municipality's statutory funds, as distinct from those investments it holds generally.

11.2 This last point is very important because councillors and management need to be aware to what extent the aggregate investments of the Municipality are available to finance operating expenses as opposed to capital expenses (the asset financing fund), the repayment of external loan debt (the external finance fund) or restricted activities (the self-insurance fund, trust funds, unutilised capital receipts).

11.3 This report will be one which councillors and management need to note for their own information and on which action will not usually be required. However, action may be necessary if it transpires that the Council is raising its loans in accordance with its approved capital budget, but that the interest rates are higher than was originally envisaged, or that the CFO is placing too many investments with one institution, or placing investments at uncompetitive interest rates.

12. Extract of council resolution

The contents of the following extract from the Council resolution taken at a Council meeting held on 31 May be noted:

"That Council take note and approves the reviewed Financial Framework Policy"

The Mayor and the Municipal Manager of the Blue Crane Route Municipality hereby declare that the above is a true copy of the resolution taken at a Special Council Meeting held on 31 May .

BONISILE MANXOWENI
MAYOR

MZWANDILE PATRICK NINI
MUNICIPAL MANAGER

**ANNEXURE A - REPORTING REQUIREMENTS OF THE LOCAL GOVERNMENT:
MUNICIPAL FINANCE MANAGEMENT ACT 2003 (ACT NO 56 OF 2003)**

| Section | Report required | Frequency |
|----------------------|---|--|
| 8(5) | Accounting officer to inform the NT, PT and AG of primary account particulars | |
| | Accounting officer to submit change of primary bank account details | 30 days before change |
| 9(a) | Accounting officer must submit bank account details of a new account | Within 90 days after opening |
| 9(b) | Accounting officer to submit banking details of all municipal bank accounts | Annually before start of new FY |
| 11(4) | Accounting officer must submit a consolidated report of all withdrawals made during each quarter to Council, the PT and the AG | Within 30 days after the end of each quarter |
| 16(2) | Mayor must table the annual budget | 90 days before 1 July |
| 21(1)(b) | Mayor must table a time schedule outlining key deadlines in terms of subsection (b)(i),(ii),(iii) and (iv) | 10 months before 1 July |
| 22(b) | Accounting officer must submit the annual budget in both printed and electronic formats to the NT and PT | |
| 24(3) | Accounting officer must submit the approved annual budget to the NT and the PT | |
| 25(3), 27(1) and (3) | Mayor must report any impending and actual non-compliance pertaining to the tabling and approval of the annual budget or compulsory consultation processes | Immediately after 1 July |
| 29(2) | Mayor to report approval to incur unforeseen and unavoidable expenses | At the first council meeting after approval |
| 31(c) | Certificate of municipal manager and prior written approval from mayor if capital programme is exceeded | |
| 32(3) | Accounting officer to inform the relevant political structure or political office-bearer of resolution which may result in unauthorised, irregular or fruitless and wasteful expenditure | |
| 32(4) | Accounting officer to inform the mayor, MEC of local government and AG of any unauthorised, irregular or fruitless and wasteful expenditure, whether any person is responsible or under investigation and steps taken to recover and prevent recurrence | |
| 32(6) | Accounting officer to report to SAPS any irregular expense amounting to a criminal offence, theft and fraud | |
| 33(1) | Accounting officer to publish information statement regarding proposed contracts that will impose a financial obligation for longer than three years | 60 days before the relevant council meeting |
| 44(2) | Report any dispute of a financial nature with another organ of state to the NT | |
| 46(3) | Accounting officer to publish information statement regarding intention to raise long term debt | 21 days before the relevant council meeting |
| 52(d) | Mayor must submit a report on the implementation of the budget and financial state of affairs of the Municipality | Within 30 days after the end of each quarter |

| Section | Report required | Frequency |
|-----------|---|---|
| 53(2) | Mayor must promptly report to the council and the MEC of Finance any delay in tabling the annual budget, approval of the SDBIP or signing of annual performance agreements | |
| 53(3) | Mayor to ensure publication of monthly cash flow and service delivery targets for each quarter and annual performance agreements and submit copies to the MEC of local government | Within 14 days after approval of the SDBIP |
| 54(1)(c) | Mayor to report proposed changes to the SDBIP to council | |
| 54(1)(f) | Mayor to submit mid-year performance assessment report to council | Not later than 31 January |
| 54(2) | Mayor to alert the Council and MEC of local government if municipality faces any serious financial problems | |
| 54(3) | Mayor to ensure that revisions of the SDBIP is published | |
| 55 | Mayor must report to MEC of local government if municipality has not approved a budget by 1 July or if the municipality encounters a serious financial problem | |
| 61(1)(b) | Accounting officer to disclose to the council and mayor any material facts available or discoverable which may influence their decisions or actions | |
| 64(2)(3) | Accounting officer to inform the NT of any payments due by an organ of state which are regularly in arrears for more than 30 days | |
| 66 | Accounting officer to report to the council on all expenses incurred on salaries, wages, allowances and benefits | As frequently as council determines. |
| 69(3) | Accounting officer must submit a draft SDBIP for the budget year and draft annual performance agreements | Within 14 days after approval of the budget |
| 70(1) | Accounting officer to report on impending shortfalls in budgeted revenue and overspending of the budget and steps taken to prevent/rectify | |
| 70(2) | Accounting officer to report to NT on accounts that are overdrawn, the reasons for overdrawn accounts and steps taken to prevent/rectify | |
| 71(1) | Accounting officer to submit a statement to the mayor and the PT on the state of the budget for the month and for the financial year up to the end of that month | Within 10 working days after each month-end |
| 71(5) | Accounting officer to submit part of monthly state of the budget report relating to allocations from other organs of state to those organs | |
| 72(1)(b) | Accounting officer to submit mid-year budget and performance assessment report to mayor, PT and NT | Not later than 25 January |
| 73 | Accounting officer to report to PT on failure to adopt/ implement budget related policies and/or SCM policy and failure to implement | |
| 114(1) | Accounting officer to report on reasons for deviation from a recommended tender to NT and PT | |
| 116(2)(d) | Accounting officer to regularly report to council on the management of contracts and the performance of contractors | |
| 120(6)(a) | Accounting officer to submit feasibility study on proposed PPP to council to decide whether to proceed | |

| Section | Report required | Frequency |
|-----------------|--|---|
| 120(6)(b) | Accounting officer to publish feasibility study on proposed PPP | At least 60 days prior to relevant council meeting |
| 121(1) | Municipality to prepare an annual report | |
| 122(1) & 126(1) | Municipality/accounting officer must prepare and submit annual financial statements to the AG | Within 2 months after year-end |
| 126(3) and (5) | AG audits the financial statements and submits audit report to accounting officer | |
| 127(2) | Mayor to table the annual report | Within 7 months after year-end |
| 127(3) | If Mayor unable to table annual report within the timeframe, he must submit a report outlining reasons for the delay | |
| 127(5) | Accounting officer to publish annual report and submit same to the AG, PT and provincial local government department | |
| 129(1) | Council to adopt an oversight report on the annual report | Within 2 months after the annual report was tabled in the council |
| 129(2) | Accounting officer to submit copies of the minutes of council and council committee meetings where the annual report is discussed to the AG, PT and provincial department of local government | |
| 129(3) | Accounting officer to publish oversight report | |
| 132(2) | Accounting officer must submit the annual and oversight report to the provincial legislature | Within 7 days of its adoption |
| 133(1)(a) | If the accounting officer fails to submit AFS or the mayor fails to submit the annual report, mayor must explain in writing to the council | |
| 133(1)(b) | If accounting officer fails to submit financial statements the AG must inform the Speaker, NT and MECs of local government and of finance and issue a special report to the provincial legislature | |
| 133(2) | AG must submit to Parliament and the provincial legislature the names of any municipalities which have failed to submit their financial statements | Not later than 31 October |