

**ITEM:**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**QUARTERLY FINANCIAL REPORT SEPTEMBER 2012**

**PURPOSE OF THE REPORT**

The purpose is to comply with the financial reporting requirements per the Municipal Finance Management Act.

**STATUTORY/LEGAL REQUIREMENT**

Section 52(d) of the Municipal Finance Management Act reads as follows:

“The Mayor of the municipality must, within 30 days of the end of each quarter, submit to the council on the implementation of the budget and the financial state of affairs of the municipality.”

**BACKGROUND, EXPOSITION, FACTS AND PROPOSALS**

The report is discussed per annexures A, B, C, D and E. Annexure A and B are based on a baseline as determined on the budget projections. Annexure C refers to the actual operating revenue, operating expenditure in relation to the projected operating revenue, operating expenditure and IDP capital expenditure in the approved 12/13 SDBIP. Annexure D refers to Council’s approved IDP for current and previous financial years and the expenditure incurred for the period ending 30 September 2012. Annexure E refers to Council’s investment portfolio.

**FINANCIAL REPORTING**

**DEBTORS**

The outstanding debtors as at 30 September 2012 are as follows:

Abattoir

<b>NAME</b>	<b>SEPTEMBER 2012</b>	<b>JUNE 2012</b>	<b>MARCH 2012</b>	<b>DECEMBER 2011</b>
Current	10 650	11 426	11 836	13 216
30 – 60 days	3 565	3 238	7 188	9 350
60 – 90 days	2 879	2 844	2 967	2 226
Above 90 days	450 292	443 374	436 609	429 876
<b>TOTAL</b>	<b>467 386</b>	<b>460 882</b>	<b>458 600</b>	<b>454 668</b>

The high balance for accounts above 90 days is due to abattoir account holders who lodged disputes against their accounts (JFC and Major Meat). Our Legal Section handed them over to Verveen Attorneys who subsequently issued summons to them to recover the outstanding amounts above 90 days. During the third quarter of the previous financial year, new statements upon the attorney's request for all Major Meat accounts were issued. Attached is the recent progress report from Verveen Attorneys regarding the status of the handed over accounts. There have been concerns raised by the Auditor General regarding Verveen Attorneys legal work during the 2011/2012 audit and the responses thereto have also been attached.

## **CREDITORS**

The total creditors outstanding are R393 099. All creditors are current.

## **STAFF IMPLICATION**

None

## **FINANCIAL IMPLICATION**

See Annexures A to E

## **OTHER PARTIES CONSULTED**

Divisional Managers: Budget & Treasury Office

## **ANNEXURES**

### ***ANNEXURE A***

Annexure A refers to Revenue per revenue source and explanations are attached after Annexure A.

### ***ANNEXURE B***

Annexure B refers to Expenditure per vote and explanations are attached after Annexure B.

### ***ANNEXURE C***

Annexure C refers to the actual operating revenue, operating expenditure in relation to the projected operating revenue, operating expenditure and IDP capital expenditure in the approved 12/13 SDBIP.

## **ANNEXURES**

### ***ANNEXURE D: ACTUAL PROJECT EXPENDITURE PER CURRENT AND ROLL OVER IDP***

Annexure D refers to the IDP for the current year and roll over projects from previous financial years. The report indicates that 9.42% of the funds allocated for the IDP are spent.

### ***ANNEXURE E: INVESTMENT PORTFOLIO***

Council's total investment portfolio amounts to R129 000 000 as at 30 September 2012.

#### **Legal Process Annexures (in date order from oldest to newest) :**

- Annexure F – Report from Verveen to write off on Major meat debt account - September 2010
- Annexure G – Report from Verveen Attorneys 9 July 2012
- Annexure H – Feedback to Verveen re Major meat debts - 25 July 2012
- Annexure I – Report from Verveen Attorneys 31 July 2012
- Annexure J – Report from Verveen - Major meat officer - 13 August 2012
- Annexure K – Feedback to Verveen re Major meat debts - 13 August 2012
- Annexure L – Report from Verveen - JFC case - 14 August 2012
- Annexure M – Internal communication on major meat settlement - 17 August 2012
- Annexure N – AG report - Legal matters perused by the municipality as updated - 6 Sep 2012
- Annexure O – Report from Verveen - Major meat settlement - 2 October 2012
- Annexure P – Legal matter response from Verveen - 22 October 2012
- Annexure Q – Report from Verveen Attorneys 26 October 2012
- Annexure R – Report from Verveen Attorneys 30 October 2012
- Annexure S - Report from Verveen 31 October 2012
- Annexure T - Debtor statements 31 October 2012

## **AUTHORITY**

Municipal Finance Management Act, No 56 of 2003  
Municipal Investment Regulation (GNR 308 of 1 April 2005)

## **RECOMMENDATION**

That:

1. The report by the Chief Financial Officer regarding the quarterly financial report as at 30 September 2012 as contained in the agenda, be noted.
2. The feedback on the legal services progress to date on debt collection be noted.