

REPORT OF THE CHIEF FINANCIAL OFFICER

MID-YEAR FINANCIAL REPORT ENDING 31 DECEMBER 2009

PURPOSE OF THE REPORT

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

STATUTORY/LEGAL REQUIREMENT

Section 71 of the Municipal Finance Management Act reads as follows:

“The accounting officer must no later than 10 working days after the end of each month submit to the mayor of the municipality and the provincial treasury a statement 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: actual revenue, per source, actual expenditure, per vote, actual capital expenditure, per vote.”

In terms of the Municipal Investment Regulation, that reads as follows:

“The accounting officer must within 10 working days of the end of each month, as part of the section 71 report required by the Act, submit to the mayor of the Municipality a report describing in accordance with generally recognized accounting practice the investment portfolio of that municipality at the end of the month”

Section 72 of the Municipal Finance Management Act reads as follows:

- “(1) The accounting officer of a municipality must by 25 January of each year-*
- (a) assess the performance of the municipality during the first half of the financial year, taking into account-*
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;*
 -*
 - (b) submit a report on such assessment to-*
 - (i) the mayor of the municipality;*
 - (ii) the National Treasury; and*
 - (iii) the relevant provincial treasury.*
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.*
- (3) The accounting officer must, as part of the review-*
- (a) make recommendations as to whether an adjustments budget is necessary; and*
 - (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.”*

BACKGROUND, EXPOSITION, FACTS AND PROPOSALS

The report is discussed per annexures A, B, C, D, E and F. Annexure A and B are based on a baseline as determined on the budget projections in the 2009/10 SDBIP. Annexure C refers to Council's approved IDP and the expenditure incurred for the period ending 31 December 2009. Annexure D refers to progress on revenue, operating expenditure and expenditure per Council's approved IDP in relation to the approved SDBIP. Annexure E refers to projects rolled-over from the previous financial years. Annexure F refers to Council's investment portfolio.

STAFF IMPLICATION

None

FINANCIAL IMPLICATION

See Annexures A to F

OTHER PARTIES CONSULTED

Divisional Managers: Budget & Treasury Office

ANNEXURES

Monthly Financial Report for the month ending 31 December 2009:

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: CAPITAL EXPENDITURE PER IDP

Annexure C refers to the IDP for the current financial year. The report indicates that 12.51% of the funds allocated for the IDP are spent.

ANNEXURE D: REVENUE & EXPENDITURE IN RELATION TO SDBIP

Annexure D refer to the actual operating revenue, operating expenditure and IDP capital expenditure in relation to the projected operating revenue, operating expenditure and IDP capital expenditure in the approved 09/10 SDBIP.

ANNEXURE E: CAPITAL EXPENDITURE ON ROLL OVER

Annexure E refers to the rolled over projects. An amount of R 25 989 751 was unspent as at 30 June 2009. The report indicates that 44.07% of the rolled over funds were spent.

ANNEXURE F: INVESTMENT PORTFOLIO

Council's total investment portfolio amounts to R 122 000 000 as at 31 December 2009.

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 mid-year financial report as at 31 December 2009 as contained in the agenda, be noted.
2. An adjustment budget be tabled to council for consideration in February 2010.
3. It be noted that the mid-year financial report was submitted to the Executive Mayor, National Treasury and Limpopo Provincial Treasury on 25 January 2010 in adherence to the requirements of Section 72 of the Municipal Finance Management Act, No 56 of 2003.