



CASH MANAGEMENT AND INVESTMENT POLICY

REVIEWED: 30.05.2022

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1. BACKGROUND

1.1 The Local Government Municipal Finance Management Act 56 of 2003 (MFMA) requires a municipality to establish an appropriate and effective cash management and investment policy within which the municipality must, within any prescribed framework:

- Conduct its cash management and investments and
- Invest money not immediately required

2. PURPOSE OF THE POLICY

The purpose of the cash management and investment policy is:

- 2.1 To ensure compliance with the relevant legal and statutory requirements relating to cash management and investments;
- 2.2 To ensure that the council of the municipality who effectively are the custodians of the public revenues, which it collects, managed the cash resources effectively and efficiently;
- 2.3 The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes; and
- 2.4 The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

3. DEFINITIONS

For the purpose of this policy-

Accounting Officer means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act no. 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act 2000 (Act no. 32 of 2000) and includes any person to whom the Accounting Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.

“Council” – OVERBERG DISTRICT MUNICIPALITY or any of the Council’s committees or officials by virtue of authority, functions and duties delegated to them in terms of any existing law, ordinance or decree which is in force within the jurisdiction of the Council;

“Councillor” – shall mean a member of the municipal council of the Overberg District Municipality;

“Chief Financial Officer (CFO)” means an officer of a municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.

“GRAP” are standards of Generally Recognised Accounting Practice.

“Investment” – means –

- a) The placing on deposit of funds with a financial institution; or
- b) The acquisition of monetary assets with funds not immediately required,
- c) With the primary aim of preserving those funds;

“Municipality” – means the Overberg District Municipality;

“Official” – shall mean all persons in the employment of the Overberg District Municipality.

4. COMPLIANCE WITH LAWS AND LEGISLATION

4.1 Section 13(1) and (2) of the MFMA requires a municipality to establish an appropriate and effective cash management and investment policy within which the municipality must;

4.1.1 Conduct its cash management and investments, and

4.1.2 Invest money not immediately required, in accordance with any framework which may be prescribed.

4.2 National Treasury has issued municipal investment regulations (No. R. 308) dated 1 April 2005 (Government Gazette no. 27431) which sets out a framework within which, all municipalities shall conduct their cash management and investments.

5. SCOPE OF THE POLICY

- 5.1 This policy applies to the management of cash and investment of the municipality's funds, excluding petty cash accounts.

6. STANDARDS OF ETHICS AND JUDGEMENT AND DUE CARE

- 6.1 The chief finance officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the accounting officer in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance;
- 6.2 All investments made, shall be in the name of the Overberg District Municipality;
- 6.3 In making such investments the chief finance officer, shall at all times have only the best considerations of the municipality in mind, and, except for the outcome of the consultation process with the accounting officer, shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties;
- 6.4 The chief finance officer must at all times, when making an investment, consider:
- 6.4.1 The security of the investment;
 - 6.4.2 The liquidity needs of the Overberg District Municipality;
 - 6.4.3 Probable income or return derived from the investment; and
 - 6.4.4 Legal considerations of such an investment.
- 6.5 The Accounting officer, CFO and members of the mayoral committee, must adhere to the code of conduct when considering and making an investment.

7. CASH MANAGEMENT

7.1 Banking arrangements

- 7.1.1 The accounting officer is responsible for the management of the municipality's bank accounts, but may delegate this function to the chief financial officer;
- 7.1.2 The accounting officer and chief financial officer are authorised at all times to sign any documentation associated with the management of such accounts;
- 7.1.3 The accounting officer, in consultation with the chief financial officer, is authorised to appoint two or more additional signatories in respect of such accounts, and to amend such appointments from time to time;
- 7.1.4 In the event of changes to the list of current signatories shall be reported to the executive mayor as part of the report dealing with the municipality's investments;
- 7.1.5 In compliance with the requirements of good governance, the accounting officer shall open a Primary Bank Account for ordinary operating purposes;
- 7.1.6 One or more separate accounts shall also be maintained for the following: capital receipts in the form of grants, donations or contributions from whatever source; trust funds; and the municipality's self-insurance reserve (if legally permissible);
- 7.1.7 In determining the number of additional accounts to be maintained, the accounting officer, in consultation with the chief financial officer, shall have regard to the likely number of transactions affecting each of the accounts referred to;
- 7.1.8 Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the municipality's bank accounts shall be maintained with the approved banking institutions to ensure pooling of balances for purposes of determining the interest payable to the municipality;
- 7.1.9 The accounting officer shall invite tenders for the placing of the municipality's bank accounts within six months prior to the termination of the previous tenders as prescribed by the procurement policy of Council; and

7.1.10 However, such tenders may be invited at any earlier stage, if the accounting officer, in consultation with the chief financial officer, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and the executive mayor or the mayoral committee, as the case may be, agrees to the invitation of such tenders.

7.2 Raising of debt finance

7.2.1 The accounting officer is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in conclusion with the accounting officer;

7.2.2 All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council;

7.2.3 Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget;

7.2.4 Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the accounting officer;

7.2.5 Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues; and

7.2.6 The municipality shall not borrow for the purposes of investing or speculating in short or long term financial instruments

7.3 Cash collection

7.3.1 All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis except in the case of satellite offices. The municipality is moving towards a cashless interface, where only electronic (EFT's) and card payments will be accepted. With the inception of

the new Financial Year no cash will be accepted, expects if stated for obvious reasons.

- 7.3.2 The respective responsibilities of the accounting officer and other executive directors of departments in this regard is defined in a code of financial practice approved by the accounting officer and the chief financial officer;
- 7.3.3 The unremitant support of and commitment to the municipality's credit control and debt management policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

7.4 Payments to creditors

- 7.4.1 The accounting officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality;
- 7.4.2 This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the accounting officer before any payment is made;
- 7.4.3 In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the accounting officer before any payment is made;
- 7.4.4 Notwithstanding the foregoing policy directives, the accounting officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the accounting officer determines that there are financial incentives for the municipality to do so;

7.4.5 The accounting officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of the month concerned;

7.4.6 Wherever possible, payments shall be effected by means of electronic transfers.7.4.7 Special payments to creditors shall be made with the express approval of the Accounting Officer/Chief Financial Officer or sub-delegate, who shall be satisfied, that there are compelling reasons for the making such payments prior to the normal month end processing.

7.4.8 In terms of Section 65(2)(e) of the MFMA, all creditor payments must be finalised within 30 days from receiving the invoice.

7.5 Cash management programme

7.5.1 The CFO shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis;

7.5.2 The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred;

7.5.3 Heads of departments/Managers shall in this regard furnish the chief financial officer with all such information as is required, timeously and in the format indicated;

7.5.4 The accounting officer shall report to the Finance Portfolio on the monthly cash estimates and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate; and

7.5.5 The cash flow estimates shall be divided into calendar months, and in reporting the accounting officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report.

Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

8. UNDERLYING INVESTMENT PRINCIPLES

8.1 Permitted investments

8.1.1 The chief finance officer must ensure that only the following investment types are utilized in terms of sec 6 of the Municipal Investment Regulations (No. R. 308) dated 1st April 2005:

- Securities issued by national government;
- Listed corporate bonds with an investment grade rating from a recognized credit rating agency;
- Deposits with banks registered in terms of the Banks Act (Act 45 of 1984);
- Deposits with the Public Investment Commissioners;
- Deposits with the Corporation for Public Deposits;
- Banker's acceptance certificate or negotiable certificates of deposits of registered banks;
- Guaranteed endowment policies with the intention of establishing a sinking fund;
- Repurchase agreements with registered banks;
- Municipal bonds issued by a municipality;
- Any other investment type as identified by the Minister of Finance in consultation with the Financial Service Board.

8.2 Limiting exposure

8.2.1 The Chief Finance Officer shall ensure that the municipality diversifies its investment portfolio across institutions, types of investment and investment maturities in order to limit the risk exposure of the municipality, however taking the the optimal return on investment into consideration

8.3 Risk and return

- 8.3.1 Although the objective of the chief finance officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regards to both the financial institution and the investment instrument concerned, taken into account section 8.2.1.
- 8.3.2 No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall only be made with deposit-taking institutions registered in terms of the Banks Act (Act 45 of 1984).
- 8.3.3 No investment is allowed which is affected by fluctuations in the value of the Rand against any foreign currency.

8.4 Payment of commission:

- 8.4.1 Every financial institution with which the municipality makes an investment must issue a certificate to the accounting officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment, including councillors, officials or related spouses or family members.

8.5 Call deposits and fixed deposits:

- 8.5.1 Before making any call or fixed deposits, the chief finance officer, shall obtain quotations from at least three financial institutions.
- 8.5.2 Given the volatility of the money market, the chief finance officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).
- 8.5.3 Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

8.5.4 Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party.

8.5.5 Once the investment has been made, the chief finance officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

8.6 Restriction on tenure of investments:

8.6.1 No investment with a tenure exceeding twelve months shall be made without the prior approval of the accounting officer.

9. CONTROL OVER INVESTMENT PORTFOLIO

9.1 The chief finance officer shall ensure that proper records are kept of all investments made by the municipality.

9.2 Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date.

9.3 If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

9.4 The chief finance officer shall ensure that all interest and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

9.5 The chief finance officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers or attorneys.

10. REPORTING ON INVESTMENTS

10.1 The Accounting officer and/or delegated authority must submit, as part of the Section 71 report of the Municipal Finance Management Act (Act 56 of 2003), a report to the Mayor

describing, in accordance with GRAP, the investment portfolio of the Overberg District Municipality at the end of the month.

10.2 The monthly report on investments must include:

10.2.1 Market value of each investment – beginning and end period;

10.2.2 Any changes to the Investment portfolio;

10.2.3 Accrued interest; and

10.2.4 Liquidated investments that have no minimum acceptable credit rating.

11. INVESTMENT FOR THE REDEMPTION OF LONG TERM LOANS

11.1 In managing the municipality's investments, the chief finance officer shall ensure that, whenever a long-term (non-annuity) loan is raised by the municipality, an amount is invested at least annually equal to the principal sum divided by the period of the loan;

11.2 Such investment shall be made against the bank account maintained for the external finance fund, and shall be accumulated and used only for the redemption of such loan on due date;

11.3 The making of such investment shall be approved by the council at the time that the loan itself is approved; and

11.4 If the loan raised is not a fixed term loan, but an annuity loan, the chief finance officer shall ensure that sufficient resources are available for repayment

12. INTEREST ON INVESTMENTS

12.1 The interest accrued on all the municipality's investments shall, in compliance with the requirements of GRAP, be recorded in the first instance in the municipality's operating revenues, and shall thereafter be appropriated on a monthly basis;

13. RELATED POLICIES

The following documents are related to this policy:

13.1 Code of financial practice

14. REVIEW

14.1 This policy will be reviewed at least annually and updated if needed.

15. EFFECTIVE DATE

15.1 This policy shall come into effect on 1 July 2022 .



EXTRACT FROM THE COUNCIL MINUTES HELD ON 30 MAY 2022

Item A63. 30.05.2022

MTREF BUDGET: 2022-2023 TO 2024/2025 OPERATING AND CAPITAL BUDGET, IDP AND POLICY DOCUMENTS (Ref.-.6/1/1/3)

N Kruger : Chief Financial Officer

(Ref.:6/1/1/B & 6/1/1/1)

PURPOSE

The purpose of the report is to submit the budget for 2022/2023 MTREF to Council for consideration of approval.

BACKGROUND

In terms of section 16 of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) Council must approve an annual budget before the start of the financial year.

LEGAL FRAMEWORK

The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

Municipal budgets

16. (1) The Council of a municipality must for each year approve an annual budget for the municipality before the start of the financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Contents of annual budgets and supporting documentation

17. (1) An annual budget of a municipality must be a schedule in the prescribed format—
 - (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) setting out—
 - (i) estimated revenue and expenditure by vote for the current year; and (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.
- (3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:

- (a) Draft resolutions—

- (i) approving the budget of the municipality;
 - (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and
 - (iii) approving any other matter that may be prescribed;
- (b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;
- (c) a projection of cash flow for the budget year by revenue source, broken down per month;
- (d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;
- (e) any proposed amendments to the budget-related policies of the municipality;
- (f) particulars of the municipality's investments;
- (g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;
- (h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;
- (i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;
- (j) particulars of any proposed allocations or grants by the municipality to— (i) other municipalities;
- (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;
 - (iii) any other organs of state; (iv) any organisations or bodies referred to in section 67(1);
- (k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of—
- (i) each political office-bearer of the municipality;
 - (ii) councillors of the municipality; and
 - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;
- (l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of— (i) each member of the entity's board of directors; and
- (ii) the chief executive officer and each senior manager of the entity; and (m) any other supporting documentation as may be prescribed.

22. Publication of annual budgets —

- (1) Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must—
- (a) in accordance with Chapter 4 of the Municipal Systems Act—
 - (i) make public the annual budget and the documents referred to in section 17(3); and
 - (ii) invite the local community to submit representations in connection with the budget; and
 - (b) submit the annual budget—
 - (i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and

(ii) in either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.

23. Consultations on tabled budgets —

- (1) When the annual budget has been tabled, the municipal council must consider any views of—
 - (a) the local community; and
 - (b) the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- (2) After considering all budget submissions, the council must give the mayor an opportunity—
 - (a) to the submissions; and
 - (b) if necessary, respond to revise the budget and table amendments for consideration by the council.
- (3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guidelines on the formation of a committee of the council to consider the budget and to hold public hearings.
- (4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.

COMMENTS

The draft 2022/23 Medium Term Revenue and Expenditure Framework (MTREF) report inclusive of the budget schedules, which have been compiled in terms of the Municipal Budgeting and Reporting Regulations (MBRR), have been distributed after tabling it in the Council meeting of 28 March 2022, while a notice has been placed in the local newspapers to invite the public/community to submit comments on the draft/taled budget.

Input from Provincial Treasury

Provincial Treasury has submitted their 2022 SIME/ LG MTEC Assessment Report on 26 April 2022 and the municipal response was discussed with Provincial Treasury on 6 May 2022. The following aspects were highlighted by the Province Treasury and herewith the issues raised as well as the respective response from ODM Management :

The Municipality's budget reflects funded, but the nett surplus after the application of cash is on a declining trajectory over the MTREF indicating risks to future sustainability

- a) The Municipality tabled an operating surplus budget over the 2022/23 MTREF period which is commendable. As a district municipality, the Municipality has limited revenue sources, but great effort is noted in identifying additional revenue sources. Tariffs are proposed above inflation and may influence the revenue growth assumptions.
- b) The Municipality has over the last two (2) financial years shown great resilience to remain financially stable under exceptionally uncertain economic conditions. The Municipality's continued success depends on its ability to recognise when to adapt and adjust plans during any uncertainty. The Municipality is encouraged to continue with ongoing assessments of assumptions to ensure that revenue, expenditure projections and policy decisions to be accurately informed over the MTREF. It should be noted that based on the prior year audited outcomes, the Municipality has reported a deficit budget in 2018/19 but managed to achieve operating surpluses in 2019/20 and 2020/21 financial years. It has been noted on the Municipality's performance that in the 2021/22 financial year, operational expenditure has increased by two (2) per cent whilst the operating revenue has also increased by six (6) per cent.

- c) It is clear from the budgetary allocation to the strategic objectives that the bulk of the 2022/23 MTREF allocation is focused towards Strategic Goal (1): 'To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure'; this includes an operating budget allocation of R180.9 million (71.2 per cent) and a capital allocation of R7.5 million (73.7 per cent) in 2022/23. It is evident that the Municipality's 2022/23 budget prioritised spending towards delivering on its service delivery mandate.
- d) Annual growth in operating expenditure is below projected inflation in 2023/24 and 2024/25, while capital expenditure declines from a high of R10.2 million 2022/23 over the MTREF, to R3.4 million in 2024/25.
- e) This largest of the allocations, for road transport, will mainly be directed towards refurbishment and rehabilitation as well as upgrades and additions to existing road transport infrastructure, the biggest of these for 2022/23 being for the Hermanus-Gansbaai project (R130.0 million), the reseal of the Stanford-Riviersonderend road (R105.0 million), refurbishment of the Caledon-Sandbaai road (R93.8 million), upgrades and additions to the Draaiberg road and refurbishment of the Barrydale – Ladismith road (R60.0 million).
- f) The District has allocated R20.8 million towards its municipal health function (operating budget) and as well as a capital budget allocation of R40 000 (mostly office equipment) in 2022/23. Districts are mandated to provide municipal health services, which includes the surveillance and prevention of communicable diseases such as the current COVID-19. The allocation for municipal health is part of an investment in future health provision. The importance of strengthening this function and providing it with adequate resources is crucial to attaining and maintaining levels and safety standards with regards to our physical environment. The District has significantly increased its municipal health operating budget allocation in the 2022/23 financial year (21.2 per cent) compared to its 2021/22 allocation.
- g) The District has allocated a total operating budget of R36.0 million to the provision of fire-fighting services for 2022/23. This represents a 7.2 per cent increase from its 2021/22 allocation. A capital budget of R2.6 million is geared primarily towards vehicle replacement (R2.2 million) and vehicle upgrades/refurbishment (R300 000). In total, allocations towards fire-fighting services equates to 14.6 per cent of the overall 2022/23 budget.
- h) For 2022/23, the District has allocated R16.2 million of its operational expenditure budget to 'Sport and Recreation'; the corresponding capital allocation for the year is R1.4 million. If resorts are well managed and maintained, upgraded, and appropriately marketed, it can play a role in promoting domestic and international tourism within the region. The Municipality must consider if the allocation for this function is sufficient given the 1.9 per cent drop in operating expenditure in 2022/23.
- i) Firefighting and health services remain an essential part of the Municipality's service delivery to its community, however huge deficits are incurred in the process of providing these services. The Municipality must identify efficiencies within these functions to minimise the cost and negative financial impact. In this regard, ODM raised the Health Service funding issues at the Cabinet and Municipalities "Meet & Greet Sessions" on 22 April 2022 and ODM was advised to approach Provincial Treasury to make a submission to National Treasury. This was to motivate sufficient funding through an Equitable Share formula review for District Municipalities which would provide a framework for funding of Municipal Health Workers in line with required norms and standards. Currently ODM reflects a deficit of EHP's based on population figures (1 EHP/10 000). An item was placed on the next CFO Forum for 10 June 2022 to discuss this issue with District CFO's.

- j) The Municipality is reliant on own funding to contribute to capital budget and must consider the return on investment to ensure ongoing sustainability. The main fiscal challenge facing the Municipality is the limited revenue base and the identification of revenue opportunities within a cost-efficient governance model of service delivery. Balancing affordability and increasing spending demands is key to maintain a healthy funding position with active contributions to the capital replacement reserve fund.
- k) The liquidity ratios of the Municipality indicate that the Municipality can take care of their financial commitments.
- l) (l) The draft budget data strings over the MTREF period indicates that the Municipality is not exposed to a liquidity risk.

FURTHER COMMENTS

No other comments or inputs had been received on the advertised budget and tariffs.

Other necessary amendments based on changed assumptions and additions were made in the 2022/23 budget document, as proposed and tabled to the Budget Steering Committee for consideration on 17 May 2022.

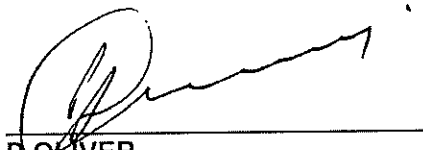
The 2022/23 Medium Term Revenue and Expenditure Framework (MTREF) report, inclusive of the budget schedules, which are compiled in terms of the Municipal Budgeting and Reporting Regulations (MBRR), will be distributed prior to the Council meeting of 30 May 2022.

RESOLVED : (Proposed by Ald A Franken and seconded by Ald J Nieuwoudt)

- 1) The consolidated budget of **R253 440 054**, consisting of an **Operating budget of R253 345 851** (resulting in a **surplus R 94 203** after tariff increases) and a **Capital budget of R10 273 000** and budgeted cash flows, as set out in the Municipal Budget is adopted and approved by Council and that it constitutes the Budget of the Council for 2022/2023 financial year as well as the medium term (indicative) budgets for the 2023/2024 and 2024/2025 financial years.
- 2) The tariffs as per tariff list be approved. That an application for waiver of tariffs be considered by the Municipal Manager, on written application.
- 3) That all other matters prescribed in sections 17(1) (a-e); 17(2) and 17(3) (a-m) of the Municipal Finance Management Act 56 of 2003, are included in or that accompany the budget document be approved.
- 4) The measurable performance objectives for 2022/2023 for operating revenue by source and by vote is approved.
- 5) That the following budget related policies are approved:
 - i Asset Management Policy (as amended)
 - ii Credit Control and Debt Collection Policy (as amended)
 - iii Cash Management and Investment Policy (as amended)
 - iv Tariff Policy (as amended)
 - v Supply Chain Management Policy (as amended)
 - vi Virement Policy (as amended)
 - vii Borrowing Policy (as amended)
 - viii Funding and Reserves Policy (as amended)

- ix Budget Policy (as amended)
- x Customer Care Policy (as amended)
- xi Demand Management Policy (as amended)
- xii Infrastructure and delivery Management Policy (Repealed)
- xiii Infrastructure investment and Capital projects Policy (as amended)
- xiv Liquidity Policy (as amended)
- xv Long term Financial Planning Policy (as amended)
- xvi Management and Admin of Immovable Assets Policy (as amended)
- xvii Payroll Management and Administration Policy (as amended)
- xviii Preferential Procurement Policy (Repealed)
- xix Cost containment Policy (as amended)
- xx Travelling and Subsistence Policy (as amended)

**CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD
ON 30 MAY 2022.**



**P. OLIVER
MUNICIPAL MANAGER (ACTING)**