

Makhuduthamaga Local Municipality

Budget and Treasury Office

Half Yearly (Jul – Dec 2015)

Financial management

Progress report

Abbreviations and Acronyms

BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
IDP	Integrated Development Strategy	PPP	Public Private Partnership
IT	Information Technology	RG	Restructuring Grant
km	kilometre	SALGA	South African Local Government Association
DFS	Government Financial Statistics	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator	DOE	Department of Energy
LED	Local Economic Development		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act Programme		
IGF	Internally Generated Funds		

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1.1. Back ground.

The Municipal Finance Management Act No. 56 of 2003 set out certain responsibilities to the Accounting Officer of the municipality to regularly as requested in the sections indicated below to report on the state of financial affairs and cash position of the municipality to all relevant stakeholders of the municipality to ensure accountability, transparency and effectiveness in the management of the municipal finances. The following sections of the MFMA informed the preparation of this report and therefore reports must be interpreted and analysed with reference to the relevant sections of the MFMA, MFMA circulars and the regulations issued under the MFMA.

- i. Section 55 of the MFMA
- ii. Section 63 of the MFMA
- iii. Section 64 of the MFMA
- iv. Section 66 of the MFMA
- v. Section 71 of the MFMA
- vi. Section 74 of the MFMA
- vii. Section 75 of the MFMA

1.2. Purpose of the report

The purpose of this report is to report to internal and external stakeholders of the municipality about the state of financial affairs and cash position of the municipality for the period ended 31 December 2015 (Half Yearly – (Jul – Dec 2015) in terms of the legislation requirements stated above.

1.3. Budget report

1.3.1 Budgeted Revenue and Actual revenue to date.

1.1. Budgeted Revenue and Actual revenue to date.

1.1.1.1. Budgeted Income & Actual Income

The annual budget for the financial year **2015/2016** and the multi year and single year capital appropriations amount to **R 362.7 million** budgeted revenue. There are no Cash backed reserves for the 2015/16 financial year.

The total actual revenue to date is **R 234.5 million** which makes **95%** of the total budgeted revenue to-date to the amount of **R 247.9 million**.

Of the **R 234.5 million** actual revenue to date, **R 201.6 million** was received from government grants and the amount of **R 32.9 million** is from own sources of revenue.

The amount included in own revenue for property rates is the total amount billed to customers for current period and to date.

The actual amount received for property rates to date is **R 3.4 million** which amounts to **21%** of the property rates to date budget (**Six months**) and other own revenue to date collected is **R 6.5 million**.

In total the municipality budgeted to receive **R 36.7 million** of own revenue during the first six months of 2015/16 financial year and managed to collect **R 10 million** which reflects **27.4%** of collection.

The performance on each source of own revenue is further analysed as follows:

▪ **Property Rates**

- ✓ The amount of property rates received to date from property rates is **R 3.4 million** which makes only 21% of the property rates budget to date.
- ✓ The following are the key contributors to poor performance in collection of Property Rates;
 - Government departments not paying property rates as they claim, the properties does not belong to them but the community.
 - Local business refusing to pay as they claim to be paying tribal levies to the local tribal offices.
 - Lack of knowledge in general by our community on Property Rates Act and its objective.
- ✓ To ensure financial independence, sustainability and credibility of the municipality's budget for 2015/16 and the MTREF, it is critical and recommended that this challenge be addressed through available channels and legal procedures where necessary.
- ✓ It is recommended to council that, the municipality run awareness campaigns with regard to Property rates in an attempt to encourage debtors to pay their rates due and that the municipality procure debt collection services to improve collection.

▪ **Interests on outstanding debtors**

- ✓ The long outstanding debtor's accounts are charged interest which is also not paid and accumulates every month. This under collection has a negative impact on the municipality's working capital.
- ✓ The amounts of interest income disclosed are only the amounts charged on outstanding accounts and not the amounts of interest income received which have a negative impact on the municipality's cash flow.

▪ **Traffic fines and Licences & Permits.**

- Traffic fines has poorly under-collected by **97%** or **R 349 200** for the first six months, which indicates that the set annual target of **R 525 000** may possibly not be achieved. The under-collection for this source of revenue will affect service delivery negatively as the municipality will not have sufficient cash available to fund the budgeted expenditure programmes funded from this source of revenue. It is therefore recommended that the following factors, which are the contributors to the poor performance on this source of revenue be attended to as a matter of urgency to improve collection on traffic fines:
 - (i) Proper management of the law enforcement division and traffic fines registers.

- Amendment of the traffic officers' conditions of employment to suit the nature of their work.
- Safekeeping and adequate maintenance of the traffic fines registers, which will include submission on time to Budget and Treasury Office to update the affected General Ledger in the correct period.

- (ii) Lack of resources by the traffic officers to perform their day to day duties, e.g. (Municipal marked cars).

The municipality has under collected by **23% or R 590 087** on Licenses and permits. It is recommended that the vacant cashier posts that have been included in the structure and budget for 2015/16 be employed as soon as possible to improve efficiency in the services offered in the municipality's testing stations to attract more customers which will result in improved collection for this source of revenue.

The summary of the above can be shown in tabular form as follows per revenue source:

Table 1 (NB: The amounts are in millions)

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Revenue By Source										
Property rates		29 841	32 828		2 653	15 917	16 414	(497)	-3%	32 828
Property rates - penalties & collection charges		–	–		–	–	–	–		–
Rental of facilities and equipment		106	95		7	63	63	0	0%	95
Interest earned - external investments		8 119	12 702		718	4 144	8 011	(3 866)	-48%	12 702
Interest earned - outstanding debtors		17 087	17 998		1 875	10 452	8 014	2 438	30%	17 998
Dividends received		–	–		–	–	–	–		–
Fines		635	525		1	13	362	(349)	-97%	525
Licences and permits		4 400	5 159		368	2 000	2 590	(590)	-23%	5 159
Transfers recognised - operational		182 401	232 170		643	171 225	166 840	4 385	3%	232 170
Other revenue		1 669	1 310		33	381	1 310	(929)	-71%	1 310
Gains on disposal of PPE		2	–		–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		244 261	302 787	–	6 299	204 193	203 603	590	0%	302 787
Transfers recognised - capital		54 735	59 950		7 214	30 387	44 363	(13 976)	(0)	59 950
Total Revenue (Including capital transfers and contributions)		298 996	362 737	–	13 513	234 580	247 966			362 737

- Property rates have a negative variance of **3%** which indicates total revenue billed is less than budget by **R 497 000**. The municipality has budgeted to have an increase in billing for 2015/16 after the completion of the new valuation roll which is still in progress and the increased billing will only be implemented when the valuation roll is approved.
- Other revenue has a negative variance of **71%** or **R 929 000** as the municipality did not collect as anticipated on tender documents sales and other revenue items budgeted for the 2015/16 financial year .

1.2. Budgeted Expenditure and Actual Expenditure to date

The municipality's original budgeted expenditure for **2015/16** amount to **R362 654 606**.

✓ Capital appropriation amounts to **R134 040 001** and operational expenditure amounts to **R 288 614 605**

The actual expenditure, amounts to **R 30 100 689** for the month of **December 2015** and to date actual expenditure amounts to **R 179 971 862**.

The total expenditure for the first six months to the amount of **R 179 971 862** consists of operational expenses to the amount of **R 84 845 854** and capital expenditure to the amount of **R 95 126 008**.

The overall spending percentage as at **31 December** is **73%** as compared to the total to-date expenditure budget for **2015/16** financial year. The municipality has under spent by **27%** as per the budgeted expenditure to date in the approved budget for 2015/2016 financial year.

The following tables C4 and C5 indicate the expenditure performance per standard classification as required by the MBRR:

Table 2

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Expenditure By Type										
Employee related costs		46 859	66 047		4 336	23 908	33 406	(9 498)	-28%	66 047
Remuneration of councillors		17 529	19 909		1 487	8 975	9 955	(980)	-10%	19 909
Debt impairment		27 989	18 935		-	-	-	-		18 935
Depreciation & asset impairment		12 998	16 616		1 303	6 514	8 308	(1 794)	-22%	16 616
Finance charges								-		
Bulk purchases								-		
Other materials								-		
Contracted services		38 271	43 000		4 633	18 815	26 034	(7 219)	-28%	43 000
Transfers and grants								-		
Other expenditure		48 723	64 107		4 194	26 634	44 882	(18 247)	-41%	64 107
Loss on disposal of PPE		98 797						-		
Total Expenditure		291 166	228 615	-	15 953	84 846	122 584	(37 738)	-31%	228 615

Variance analysis for Table 2 (operational expenditure by standard classification)

- The municipality has spend **72%** in terms of operational budget as compared to to-date budget and therefore under spent by **28%** which can further be analysed as follows:
 - ✓ Employee related costs have a negative variance of **28%** due to unfilled vacant positions that were budgeted for. (Management could not fill the vacant posts due to office space challenges, which the municipality is busy addressing.)
 - ✓ The negative variance of **10%** for remuneration of councillors is for the councillor's upper limits provision.
 - ✓ Contracted services have a negative variance of **28%** as a result of the repairs and maintenance projects which were not yet completed by 31 December 2015. **(NB. The repairs and maintenance budget is fully committed by 31 December 2015)**
 - ✓ Some operational programmes were budgeted to be spent in the first six months of the **2015/16** financial year, however implementation did not take place as planned and that resulted in the **41%** under spending for other expenditure as indicated in the table above. **(N.B. Detailed explanations for non spending per department and per programme is on page 10)**

Table 3

LIM473 Makhuduthamaga - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December										
Vote Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Capital Expenditure - Standard Classification										
Governance and administration		11 204	9 550	-	4 950	6 403	9 290	(2 887)	-31%	9 550
Executive and council		-	-					-		-
Budget and treasury office		10 167	7 300		4 325	4 422	7 300	(2 878)	-39%	7 300
Corporate services		1 037	2 250		625	1 981	1 990	(9)	0%	2 250
Community and public safety		-	1 000	-	-	-	1 000	(1 000)	-100%	1 000
Public safety		-	1 000		-	-	1 000	(1 000)	-100%	1 000
Economic and environmental services		116 295	121 390	-	9 198	88 723	112 470	(23 747)	-21%	121 390
Planning and development		-	4 700		29	2 573	4 450	(1 877)	-42%	4 700
Road transport		116 295	116 690		9 169	86 150	108 020	(21 870)	-20%	116 690
Trading services		-	2 100	-	-	-	2 100	(2 100)	-100%	2 100
Electricity		-	2 100		-	-	2 100	(2 100)	-100%	2 100
Waste management		-	-		-	-	-	-		-
Other								-		
Total Capital Expenditure - Standard Classification	3	127 500	134 040	-	14 147	95 126	124 860	(29 734)	-24%	134 040

1.3 Conditional Grants Spending

- The municipality budgeted to receive the following conditional grants for 2015/2016 and below are the tables indicating receipts to date and expenditure per grant.

Table 4 – Grants Receipts

LIM473 Makhuduthamaga - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		182 401	232 170	–	–	172 311	166 840	5 471	3.3%	232 170
Local Government Equitable Share		178 834	228 571	–	–	168 712	163 241	5 471	3.4%	228 571
Finance Management		1 600	1 600	–	–	1 600	1 600	–	–	1 600
Municipal Systems Improvement		934	930	–	–	930	930	–	–	930
EPWP Incentive		1 033	1 069	–	–	1 069	1 069	–	–	1 069
Other transfers and grants [insert description]	3							–	–	
Provincial Government:		–	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]	4							–	–	
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]								–	–	
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]								–	–	
Total Operating Transfers and Grants	5	182 401	232 170	–	–	172 311	166 840	5 471	3.3%	232 170
Capital Transfers and Grants										
National Government:		57 452	59 950	–	–	38 590	44 363	(5 773)	-13.0%	59 950
Municipal Infrastructure Grant (MIG)		57 452	59 950	–	–	38 590	44 363	(5 773)	-13.0%	59 950
Other capital transfers [insert description]								–	–	
Provincial Government:		–	–	–	–	–	–	–	–	–
[insert description]								–	–	
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]								–	–	
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]								–	–	
Total Capital Transfers and Grants	5	57 452	59 950	–	–	38 590	44 363	(5 773)	-13.0%	59 950
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	239 853	292 120	–	–	210 901	211 203	(302)	-0.1%	292 120

Table 5 – Grants Expenditure

LIM473 Makhuduthamaga - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December										
Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									%	
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		291 166	232 170	-	15 953	84 846	118 409	(33 563)	-28.3%	232 170
Local Government Equitable Share		287 599	228 571		15 283	81 210	114 587	(33 377)	-29.1%	228 571
Finance Management		1 600	1 600		81	1 173	921	252	27.3%	1 600
Municipal Systems Improvement		934	930		562	562	867	(305)	-35.2%	930
EPWP Incentive		1 033	1 069		27	1 901	2 035	(133)	-6.6%	1 069
Total operating expenditure of Transfers and Grants:		291 166	232 170	-	15 953	84 846	118 409	(33 563)	-28.3%	232 170
Capital expenditure of Transfers and Grants										
National Government:		54 735	59 950	-	7 214	30 387	44 363	(13 976)	-31.5%	59 950
Municipal Infrastructure Grant (MIG)		54 735	59 950		7 214	30 387	44 363	(13 976)	-31.5%	59 950
Total capital expenditure of Transfers and Grants		54 735	59 950	-	7 214	30 387	44 363	(13 976)	-31.5%	59 950
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		345 901	292 120	-	23 167	115 232	162 772	(47 540)	-29.2%	292 120

Total Expenditure and Variance analysis

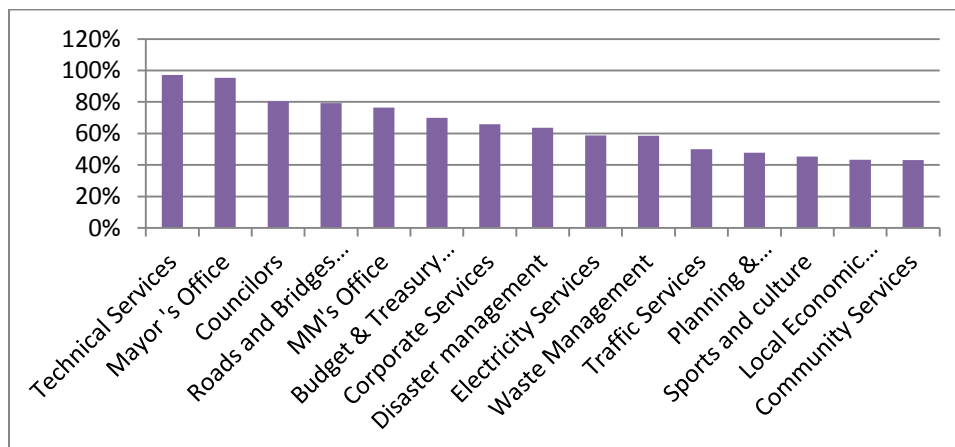
- ✓ The municipality has budgeted to spend **R 247 444 233 by 31 December 2015** and only managed to spend **R 179 971 862** which reflects an under-spending of **27%**.
- ✓ The following table indicates the summary of expenditure performance per department ranging from highest to lowest performance.

Table 9:

Expenditure performance per department				
Department	To date Budget	To date Actual	To date Variance	Spending %
Technical Services	1 138 495.32	1 106 499.20	31 996.12	97%
Mayor 's Office	7 566 695.86	7 213 905.20	352 790.66	95%
Councillors	15 681 232.62	12 630 883.40	3 050 349.22	81%
Roads and Bridges Services	122 099 280.93	96 856 050.31	25 243 230.62	79%
MM's Office	3 051 470.46	2 333 949.63	717 520.83	76%
Budget & Treasury Office	43 655 482.19	30 563 684.12	13 091 798.07	70%
Corporate Services	13 096 318.68	8 636 323.24	4 459 995.44	66%
Disaster management	1 023 859.72	651 731.88	372 127.84	64%
Electricity Services	6 640 099.74	3 902 952.93	2 737 146.81	59%
Waste Management	3 933 304.18	2 302 059.51	1 631 244.67	59%
Traffic Services	7 767 911.26	3 883 111.24	3 884 800.02	50%
Planning & Development	9 637 169.12	4 601 971.75	5 035 197.37	48%
Sports and culture	1 700 000.00	771 082.64	928 917.36	45%
Local Economic development	7 240 738.34	3 135 188.24	4 105 550.10	43%
Community Services	3 212 174.93	1 382 468.92	1 829 706.01	43%
Total	247 444 233.35	179 972 011.71	67 472 371.14	73%

- The above information can also be indicated as follows in terms of a bar chart:

Performance per Department



- The variance of R 67 472 371 or 27 per cent can further be analysed as follows per department (Explanations provided for under spending more than 10% of the total to-date budget for the department):
- For further details refer to expenditure per department and per line item report attached.
- Councillors**
 - Councillors have a variance of **19 per cent** as a result of:
 - Unfilled vacant posts (Secretary: Chief Whip, Protocol Officer X 2)
 - No spending on Ward Committee capacity building.

- Under spending of public participations.
- No spending on Whipperry support.

▪ **Waste management**

- Waste management has a variance of **41 per cent** as a result of:

- ✓ No spending of Environmental Awareness.
- ✓ Under spending on solid waste collection.

▪ **Budget and Treasury**

- Budget and Treasury has a variance of **30 per cent** as a result of:
 - ✓ No spending on Mpra expenses.
 - The municipality did not procure services for debt collection, awaiting the Mayor to meet with the local traditional leaders with regard to the tribal levy that the local business owners claim to be paying to them and refusing to pay Property Rates. (Land ownership issues.)
 - ✓ No spending on purchases of municipal vehicles.
 - The budget is for speaker's car which could not be procured as it was omitted in the IDP for 2015/16.
 - ✓ Lower spending on repairs and maintenance.
 - The assets with high maintenance costs have reached their useful lives and are to be disposed and therefore resulted in less maintenance costs in the first half of the 2015/16 financial year.
 - ✓ No spending on revenue enhancement strategies.
 - The municipality will run the Property rates awareness campaigns in the fourth quarter after the valuer has completed the new valuation roll.

▪ **Corporate Services**

- Corporate Services has a variance of **34 per cent** as a result of:
 - ✓ Low Repairs and Maintenance expenses.
 - ✓ Low spending on administration expenses.
 - ✓ Low spending on bursary funds.
 - ✓ No spending on legal costs and development of by-laws.
 - ✓ No spending on review of HR policies.

▪ **Planning and Development**

- Planning and development has a variance of **52 per cent** as a result of:
 - ✓ No spending on Lums roll-out.
 - ✓ Lower spending on spatial planning.
 - ✓ No spending on PMS system.
 - ✓ No spending on the processes on acquiring land.

- ✓ No spending on building regulations awareness.
- ✓ No spending on formalisation of Jane Furse.
- ✓ No spending on Geographical Information Systems.

▪ **Traffic Services**

- Traffic Services has a variance of **50 per cent** as a result of:
 - ✓ Capital assets not acquired as planned. (i.e. CCTV Cameras, Alcohol detection equipments & speed tracking equipments)

▪ **Community services**

- Community services has a variance of **57 per cent** as a result of:
- Low spending on protective clothing.
- Unfilled vacant posts (Director, Admin Clerk, Sports Recreation Art & Culture Officer, General Worker X 4)

▪ **Sports and Culture**

- Sports and Culture has a variance of **55 per cent** as a result of:
- Lower spending on the upgrading and maintenance of sports facilities.

▪ **Electricity Services**

- Electricity services has a variance of **41 per cent** as a result of:
- No spending on the acquisition of new capital assets.

▪ **Disaster Management**

- Disaster Management has a variance of **36 per cent** as a result of:
- Some budgeted activities relating to the disaster awareness campaign and disaster relief fund are yet to be implemented.

▪ **Roads and Bridges**

- Roads and Bridges has a variance of **21 per cent** as a result of:
- Delays in approval of MIG projects by Cogta.
- The service provider for repair and maintenance for roads and bridges has not completed the work for orders issued by 31 December 2015. All budget for repairs and maintenance was fully committed within the second quarter of the financial year.

▪ **Municipal Manager's Office**

- The municipal Manager's office has a variance of **24 per cent** as a result of:
- Lower spending on internal audit programmes.

▪ **Local Economic Services**

- Local Economic Services has a variance of **57 percent** as a result of:
- Lower spending on LED Summit and Forums.
- Some budgeted land scarping projects are yet to be implemented.
- No spending on tourism activities.

Departmental heads are further requested to scrutinise the report to determine the reasons for lower spending on expenditure budget for their respective department and establish corrective measures and ensure that the low spending does not occur in the next months of the financial year.

1.3.2. Half Yearly Statement of financial position.

The municipality's financial position as at 31 December 2015 is as per the table below:

Table 10: MBRR C6

LIM473 Makhuduthamaga - Table C6 Monthly Budget Statement - Financial Position - M06 December						
Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		112 117	51 932		163 322	51 932
Call investment deposits		—	—		—	—
Consumer debtors		1 098	19 223		211 254	19 223
Other debtors		29 807	15 600		27 054	15 600
Current portion of long-term receivables		—	—		—	—
Inventory		407	415		1 870	415
Total current assets		143 429	87 169	—	403 500	87 169
Non current assets						
Long-term receivables		—	—		—	—
Investments		—	—		—	—
Investment property		1 172	1 172		1 172	1 172
Investments in Associate		—	—		—	—
Property, plant and equipment		219 525	475 181		212 984	475 181
Agricultural		—	—		—	—
Biological assets		—	—		—	—
Intangible assets		854	1 864		722	1 864
Other non-current assets		—	—		—	—
Total non current assets		221 550	478 216	—	214 878	478 216
TOTAL ASSETS		364 980	565 385	—	618 379	565 385
LIABILITIES						
Current liabilities						
Bank overdraft		—	—		—	—
Borrowing		—	—		—	—
Consumer deposits		—	—		—	—
Trade and other payables		31 058	14 376		56 780	14 376
Provisions		—	—		—	—
Total current liabilities		31 058	14 376	—	56 780	14 376
Non current liabilities						
Borrowing		—	—		—	—
Provisions		2 813	3 744		1 300	3 744
Total non current liabilities		2 813	3 744	—	1 300	3 744
TOTAL LIABILITIES		33 871	18 120	—	58 080	18 120
NET ASSETS	2	331 109	547 265	—	560 299	547 265
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		331 109	547 265		560 299	547 265
Reserves		—	—		—	—
TOTAL COMMUNITY WEALTH/EQUITY	2	331 109	547 265	—	560 299	547 265

The municipality's liquidity position and solvency position of the municipality for the first six month of 2015/16 financial year are satisfactory and above the norm.

1.3.3. Half Yearly Cash flow statement

The municipality's cash and cash equivalents as at **31 December 2015** amounted to **R 163.3 million** and the cash flow performance was as per the tables below for the first six months of the 2015/16 financial year.

Table 11. MBRR C7.

LIM473 Makhuduthamaga - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		8 425	16 414		338	3 478	16 776	(13 298)	-79%	16 414
Service charges		-	-		-	-	-	-		-
Other revenue		5 169	27 101		409	9 926	1 373	8 553	623%	27 101
Government - operating		232 147	232 170		-	171 991	166 840	5 151	3%	232 170
Government - capital		-	59 950		-	38 590	44 363	(5 773)	-13%	59 950
Interest		8 119	12 702		718	4 144	8 011	(3 866)	-48%	12 702
Dividends		-	-					-		-
Payments										
Suppliers and employees		(143 952)	(193 064)		(14 679)	(85 753)	(114 276)	(28 524)	25%	(193 064)
Finance charges		-	-				-	-		-
Transfers and Grants		-	-				-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		109 908	155 273	-	(13 214)	142 376	123 085	(19 291)	-16%	155 273
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		7	-				-	-		-
Decrease (Increase) in non-current debtors		-	-				-	-		-
Decrease (increase) other non-current receivables		-	-				-	-		-
Decrease (increase) in non-current investments		-	-				-	-		-
Payments										
Capital assets		(127 500)	(161 843)		(14 119)	(91 172)	(44 363)	46 809	-106%	(161 843)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(127 493)	(161 843)	-	(14 119)	(91 172)	(44 363)	46 809	-106%	(161 843)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-					-		-
Borrowing long term/refinancing		-	-					-		-
Increase (decrease) in consumer deposits		-	-					-		-
Payments										
Repayment of borrowing		-	-					-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		(17 585)	(6 570)	-	(27 333)	51 205	78 722			(6 570)
Cash/cash equivalents at beginning:		129 702	112 117			112 117	112 117			112 117
Cash/cash equivalents at month/year end:		112 117	105 548	-		163 322	190 840			105 548

Table12. MBRR SC 9.

LIM473 Makhuduthamaga - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Description	Ref	Budget Year 2015/16												2015/16 Medium Term Revenue & Expenditure Framework		
		July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	1	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget			
Cash Receipts By Source																
Property rates		296	445	1 705	379	314	338						29 350	32 828	39 800	43 780
Property rates - penalties & collection charges													-			
Service charges - electricity revenue													-			
Service charges - water revenue													-			
Service charges - sanitation revenue													-			
Service charges - refuse													-			
Service charges - other													-			
Rental of facilities and equipment		7	12	18	7	11	7						32	95	104	115
Interest earned - external investments		199	838	1 286	610	492	718						8 558	12 702	13 973	15 370
Interest earned - outstanding debtors													17 998	17 998	21 597	23 757
Dividends received													-			
Fines		3	2	2	2	3	1						513	525	578	635
Licences and permits													-			
Agency services		460	329	315	366	218	368						3 103	5 159	5 933	6 526
Transfer receipts - operating		97 768	428	-		73 795							60 179	232 170	233 223	229 161
Other revenue		355	1 271	6 022	73	41	33						(6 485)	1 310	1 441	1 585
Cash Receipts by Source		99 088	3 326	9 349	1 437	74 874	1 465	-	-	-	-	-	113 248	302 787	316 648	320 929
Other Cash Flows by Source													-			
Transfer receipts - capital		20 630	-	-	17 960	-							21 360	59 950	62 322	65 876
Contributions & Contributed assets													-			
Proceeds on disposal of PPE													-			
Short term loans													-			
Borrowing long term/refinancing													-			
Increase in consumer deposits													-			
Receipt of non-current debtors													-			
Receipt of non-current receivables													-			
Change in non-current investments													-			
Total Cash Receipts by Source		119 718	3 326	9 349	19 397	74 874	1 465	-	-	-	-	-	134 608	362 737	378 970	386 805
Cash Payments by Type													-			
Employee related costs		3 785	3 785	4 444	3 995	3 872	4 336						41 830	66 047	69 382	73 649
Remuneration of councillors		1 454	1 480	1 454	1 498	1 601	1 487						10 935	19 909	21 303	22 794
Interest paid													18 935	18 935	5 670	2 500
Bulk purchases - Electricity													16 616	16 616	17 447	18 277
Bulk purchases - Water & Sewer													-			
Other materials													-			
Contracted services		1 134	3 114	1 162	1 424	1 132	4 633						30 401	43 000	44 104	49 232
Grants and subsidies paid - other municipalities													-			
Grants and subsidies paid - other													-			
General expenses		10 370	4 137	5 523	7 394	8 315	4 223						24 146	64 107	65 551	70 472
Cash Payments by Type		16 744	12 517	12 582	14 311	14 919	14 679	-	-	-	-	-	142 862	228 615	223 457	236 925
Other Cash Flows/Payments by Type													-			
Capital assets		7 531	16 552	8 806	6 138	38 026	14 119						(31 222)	59 950	62 322	65 876
Repayment of borrowing													-			
Other Cash Flows/Payments													-			
Total Cash Payments by Type		24 275	29 068	21 388	20 449	52 946	28 798	-	-	-	-	-	111 640	288 565	285 779	302 801
NET INCREASE/(DECREASE) IN CASH HELD		95 443	(25 743)	(12 039)	(1 053)	21 928	(27 333)	-	-	-	-	-	22 968	74 172	93 192	84 004
Cash/cash equivalents at the month/year beginning:		112 117	207 561	181 818	169 779	168 727	190 655	163 322	163 322	163 322	163 322	163 322	163 322	112 117	186 290	279 482
Cash/cash equivalents at the month/year end:		207 561	181 818	169 779	168 727	190 655	163 322	163 322	163 322	163 322	163 322	163 322	186 290	186 290	279 482	363 485

- The municipality received cash to the total amount of **R 228.1 million** in the first half of the financial year of which **R 168.7 million** is for Equitable share, **R 1.6 million** is for FMG, **R 38.5 million** is for MIG, **R 930 thousands** is for MSIG, **R1 million** for EPWP and **R 10 million** from own sources of revenue. Cash received from SARS for VAT claims amount to **R 7.9 million** which was for the previous year up to 31 August 2015.

- Cash outflow amounted to **R 85.7 million** for suppliers and employees and **R 91.1 million** for capital projects which results in a net cash inflow of **R 51.2 million**. The cash balance as at **31 December 2015** amounted to **R 163.3 million**.

1.4.1 REVENUE AND DEBTORS MANAGEMENT

GRANTS AND SUBSIDY

1.1 EQUITABLE SHARES(ES)

- The Municipality has received an amount of R 168,712,000.00 as at 31 December 2015, which is 73.81% of our allocated Equitable Shares as per DoRA allocation. There are no conditions attached to this grant, is been recognized fully as income when received.
- There is an amount of R 2,7million for MIG was set off against this grant for rollover that was not approved.

1.2 Municipal System Improvement Grant (MSIG)

- The Municipality has received an amount of R 930,000.00 as at 31 December 2015, is which is 100% of our allocated MSIG as per DoRA allocation.
- The grant is recognized as revenue when the condition of the grant is met. Amount recognized as at 31 December 2015 is R 562 070.00 which is 60.44% of the amount received.

1.3 Municipal Infrastructure Grant (MIG)

- The Municipality has received an amount of R 38,590,000.00 to date, which is 64.37% of our allocated MIG as per DoRA allocation.
- The grant is recognized as revenue when the condition of the grant is met. Amount recognized as at 31 December 2015, is R 30,386,534.63 which is 78.74% of the amount allocated/received.
- An amount of R 2,7million applied for roll-over was disapproved by National Treasury.

1.4 Finance Management Improvement Programme (FMG)

- The Municipality has received R 1,600,000.00 to date, which is 100% of our allocated FMG as per DoRA allocation.
- The grant is recognized as an income when the condition of the grant is met. Amount recognized as at 31 December 2015, is R 1,201,471.34, which is 75.01% of the amount received.

1.5 PUBLIC WORKS INCENTIVE GRANT

- The total budget for EPWP as per DoRA allocation is R 1 069 000.00 and the municipality has received R 749,000.00 as at 31 December 2015, which is 70.07%.
- The grant is recognized as an income when the condition of the grant is met. Amount recognized as at 31 December 2015, is R 749,000.00, which is 100 % of the amount received.

2. OWN REVENUE

2.1.1 MUNICIPAL PROPERTY RATES

- In terms of section 5 of the credit control and debt collection policy, the Municipality has billed R 15,916,974.54 to date and collected R 3,478,170.28 as at 31 December 2015, and our outstanding debtors as per Debtors Ageing is R 211,254,298.75.

Month	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015
No. of customers billed	658	658	658	658	658	658

❖ Tax invoice for December 2015 were sent on the 01 December 2015.

- The Municipality has charged an interest on outstanding debtors for an amount of R 1,875,373.87 as at 31 December 2015 and R 10,451,779.75 to date. Debtors not paying their debt as anticipated.

2.1.2 DEBTORS

- As at 31 December 2015, the debtors outstanding to the municipality amounted to R 211,254,298.75 as per debtors control account.

Below is the summary of debtor's reconciliation

Description	Amount
Balance as per Debtors Age Analysis	R 211,254,298.75
Balance as per GL Debtors Control	R 211,254,298.75
Variance	R0.00

GOVERNMENT DEBTS

Government Departments owes the municipality 90% of the total amount due as per the debtor's age analysis.

BUSINESS DEBTS

Business owes the municipality 10% of the total amount due as per the debtor's age analysis. Only 1% are paying the debts on a monthly basis. Follow-ups were made to those businesses which are not paying their debts. They indicating that, they will not pay the Municipality as they are on the Chiefs ground, they are paying the chiefs a monthly levy.

2.1.3 TRAFFIC LICENSES

- Revenue collected on behalf of Council from traffic station is R 1,999,807.91 which is 38.76%.
- The under collection on revenue collected on behalf of Council from traffic station was caused by not having enough cashiers in the traffic stations and this will be adjusted during the adjustment budget.

2.1.4 TRAFFIC FINES

- The amount received for Traffic Fines as at 31 December 2015 is R 12,650.00 which is 2.41% of our budgeted amount.
- The under collection on revenue collected on traffic fine was caused a lack/poor administration on the traffic fines issued and this will be adjusted during the adjustment budget.

2.1.5 TENDER DOCUMENTS

- The Municipality has collected R 307,590.18 as at 31 December 2015, which is 29.74% of our budgeted amount on tender documents.
- Anticipated number of tender documents was not bought during first and second quarter and this will be adjusted during the adjustment budget.

2.1.6 INTEREST ON INVESTMENT

- The Municipality has earned Total Interest of R 4,144,025.98 as at 31 December 2015, on interest on bank accounts, of which is 32.62% of our budgeted amount.
- Under spending is as a result of no investment made first and second quarter and this will be adjusted during the adjustment budget.

2.1.7 SITE RENTAL

- Total amount received for the site rental is R 62,797.27 of which is 66.11% of our budgeted amount.
- We have received a letter for Vodacom Site Rental that indicates that they are no longer going to make any payment to Municipality and they have terminated the agreement and now they are paying the Traditional Council.

2.1.8 Other Income

- Total amount received for the other income R 72,928.08 of which is 22.10% of our budgeted amount, (LG SETA) is R 59,297.36, other income (vat) R 6,218.38 and total amount received for database forms is R 7,412.34. and this will be adjusted during the adjustment budget.

3. VAT management report as at 31 December 2015.

- **VAT Input**

- In terms of VAT Act 89 of 1991, VAT input refers to the tax paid by a vendor on the acquisition of goods or services that are to be consumed, used or supplied by the vendor in the course of making taxable supplies. We claimed R 1,647,736.24 of VAT input for the month, which consist of (R 1,647,736.24 of VAT input less R 54,105.12 of VAT output).

- **VAT Output**

- In terms of VAT Act 89 of 1991, VAT output refers to the tax levied at the standard rate (14%) by a vendor on the supply of goods or services and we paid R 54,105.12 to SARS for this month.

- **Property Rates**

With effect from 1 July 2006, municipal property rates levied on property in terms of the local government: municipal property rates act 6 of 2004, are subject to VAT at the zero rate.

- We billed R2, 652 829.09 of property rates which are indicated as zero rated on VAT 201 form for the month of December 2015

- **Exempt and non-supplies**

- In terms of VAT Act 89 of 1991, the municipality received R 0.00 of exempt and non –supplies fund for this period.

- **Refunds outstanding from SARS**

- In terms of section 44(1) of the Taxation Law Act 37 of 1996, 10% interest shall be paid on an amount due to the vendor by SARS if the commissioner does not within the period of 21 days after the date on which the vendor's return in respect of a tax period is received by SARS's office.
- Our records show that the municipality is owed R 19,781,177.31 by SARS.

- **Refunds received from SARS**

- The municipality has received R 0.00 vat payments this month.

4. GENERAL CHALLENGES

- SARS does not pay the refunds within 21 days as indicated in section 44(1) of the Taxation Law Act 37 of 1996.
- Non payment of property rates and traffic fines.
- Land ownership issues.

1.4.2. EXPENDITURE MANAGEMENT REPORT

PURPOSE

To report to the council about expenditure incurred during the second quarter of 2015/2016 financial year

REGULATORY LEGISLATION

Expenditure on Compensation of Employees

As per MFMA Chapter 8 Section 66 the accounting officer must report to the council all expenditure incurred to the municipality on councilor and staff salaries, wages, allowances and benefits.

Compensation of councilors and employees cost for the second quarter of 2015/2016 financial year amounted to R17,351,595.57 was incurred to compensate municipal employees and its councilors, namely-

EMPLOYEES COST

DESCRIPTIONS	OCTOBER	NOVEMBER	DECEMBER	TOTALS
-SEC57 EMPLOYEES	177,136.28	175,383.20	233,104.21	585,623.69
-SEC55 EMPLOYEES	2,353,500.38	2,282,712.23	2,651,624.36	7,287,836.97
-FULL TIME COUNCILLORS	246,693.64	299,503.68	244,107.36	790,304.68
-PART TIME COUNCILLORS	760,554.54	765,586.75	757,427.19	2,283,568.48
THIRD PARTIES	1,269,527.24	1,286,677.10	1,264,527.58	3,820,731.92
TOTAL SARS	837,082.96	859,362.79	886,060.36	2,582,506.11
DEDUCTION(Debtors)	341.24	341.24	341.24	1,023.72
<i>Employees for lost laptops</i>				
TOTAL COST TO EMPLOYEES	5,644,836.28	5,669,566.99	6,037,192.30	17,351,595.57

ANALYSIS FOR THE MUNICIPAL NUMBER OF EMPLOYEES AND COUNCILORS PER MONTH

DEPARTMENT	OCTOBER	NOVEMBER	DECEMBER	REASONS FOR VARIANCE
SECTION 55 - EMPLOYEES	126	126	125	One employee resigned in December
SECTION 57 - EMPLOYEES	4	4	4	No variance
FULL TIME COUNCILORS	7	7	7	No variance
PART TIME COUNCILORS	54	53	54	One councilor resigned in November and new one was appointed in December
TOTAL EMPLOYEES	191	190	190	

FACTORS CONTRIBUTING TO MAJOR SPENDING VARIANCE WITHIN PREVIOUS AND CURRENT MONTH

DESCRIPTIONS	NOVEMBER	DECEMBER	VARIANCE	REASON FOR VARIANCE
SALARY – SECTION 55	2,282,712.23	2,651,624.36	368,912.13	More annual bonus in the month of December and back pay of those employees acted as Directors from July and leave paid out for employee resigned and travel claims
SALARY – FULLTIME	299,503.68	244,107.36	(55,396.32)	There was a back pay of two councillors added as Full time councilors paid in November
SALARY – SECTION 57	175,586.75	233,104.21	57,517.46	Back pay of Acting CFO for annual increase of section 55 and was paid from July
SALARY - PARTTIME	765,586.75	757,427.19	(8,159.56)	Less travel claim in December
MUNICIPAL EMPLOYEE PENSION FUND	561,823.06	561,823.06	0.00	None
MUNICIPAL COUNCILORS PENSION FUND	290,087.59	270,664.32	(19,423.27)	There was a back pay of two councillors added as Full time councilors paid in November to MCPF
LA HEALTH	104,627.00	104,627.00	0.00	No additions or terminations
BONITAS	170,506.00	170,506.00	0.00	No additions or terminations
SARS(UIF,SKILLS DEV & TAX)	859,362.79	886,060.36	26,697.57	Increase was made by back pay of section 57 employees and those who acted on those position
ANC LEVY	20,700.65	19,154.06	(1,546.59)	There was a back pay of two councillors added as Full time councilors paid in November

Petty Cash

The total amount of petty cash replenished during the second quarter of 2015/2015 financial year amounted to R1, 577.61 as per GL Petty Cash. All expenses incurred using petty cash were in compliance with the municipal petty cash policy

October	November	December	Total Replenished
548.76	600.00	428.85	1,577.61

RETENTION

Retention raised for second quarter amounted to R4, 133,568.45 and retention paid out amounted to R4, 069,839.34

TYPES	AMOUNT
RETENTION RAISED	4,133,568.45
RETENTION PAID OUT	4,069,839.34

CREDITORS

As at 31ST December municipality owed an amount of R626, 174.13 to its creditors as per creditors control account

Summary of Creditors aging is below

Balance as per creditors aging	626,174.13
Balance as per creditors control	626,174.13
Variance	0.00

Aging amount paid analysis

DAYS	1 – 30 DAYS DUE	31 – 60 DAYS DUE	61 – 90 DAYS DUE	OVER 90 DAYS DUE	TOTAL OUTSTANDING
AMOUNT	626,174.13	0.00	0.00	0.00	626,174.13

All the tax invoices were received within the month of December and will be paid within 30days.

1.4.3. ASSET MANAGEMENT REPORT

1. PROPERTY, PLANT AND EQUIPMENT

1.1 Monthly reconciliations between the general ledger and the Fixed Assets Register were performed for all 23 categories of Property, Plant and Equipment.

1.2 Depreciation for the month was run for all categories based on their useful lives stipulated in the Assets Management Policy.

- The information mentioned below indicates additions for Property, Plant and Equipment for the period ending 31 December 2015.

No	Item description	Category	Acquisition date	Quantity	Price per item	Total Amount
1	Laptops	Computer Equipment	09.07.2015	9	R 19,500.00	R 175 500.00

2	Leather Chairs with 5 Star	Furniture and Fittings	14.07.2015	20	R 3,450.00	R 69 000.00
3	Chubb safe	Office Equipment	27.07.2015	1	R 10 857.00	R 10 857.00
4	Aqua Cooler	Small Asset	27.07.2015	2	R 2,352.00	R 4704.00
5	High back Movable Chairs	Furniture and Fittings	27.07.2015	4	R 2,994.00	R 11 976.00
6	Black leather Chairs, Partitioning Cashier's office	Furniture and Fittings	04.08.2015	2	R 3,499.00	R 6,998.00
7	Note Counter Machine	Computer	04.08.2015	1	R 24 990.00	R 24 990.00
8	Free Standing Safe	Office Equipment	20.08.2015	1	R 28 753.00	R 28 753.00
9	Executive Desk, Wooden Door Glass and Leather Chair	Furniture and Fittings	09.09. 2015	1	R 131 320.00	R 131 320.00
10	Water Dispenser Cooler	Office Equipment	09.09. 2015	5	R 3,800.00	R 19,000.00
11	Laptops Intel core processor	Computer Equipment	11.09.2015	7	R 18,700.00	R 130 900.00
12	Shredders 15 ml	Office Equipment	11.09.2015	20	R 4,800.00	R 96 000.00
13	Motor Grader	Vehicles	08.12.2015	1	R4,325,000.00	R4,325,000.00
14	i7 HP Laptop	Computer	17.12.2015	1	R 29 860.00	R 29 860.00

2. INTANGIBLE ASSETS

2.1 Monthly reconciliations between the General Ledger and the Fixed Assets Register were performed for all intangible Assets.

2.2 Amortization for intangible Assets for the month was run based on the useful lives stipulated in the Assets Management Policy and recorded in the General Ledger Accounts and the Fixed Assets Register.

- The information mentioned below indicates additions for Computer Software for the period ending 31 December 2015.

No	Item description	Category	Acquisition date	Quantity	Price per item	Total Amount
1	Finger Print Reader	Software	04.08.2015	2	R 29,500.00	R 59 000.00

3. INVESTMENT PROPERTY

3.1 Monthly reconciliations between the General Ledger and the Fixed Assets Register were performed for all Investment Properties.

3.2 There were no additions to Investment Properties for the period ending 31 December 2015.

4. INVENTORY MANAGEMENT

The total stock on hand for the period ending 31 December 2015 amounts to R 1, 869, 698.03

5. REPAIRS AND MAINTANANCE

Repairs and Maintenance for the period ending 31 December 2015 amounts to R1,022,926.15.

1.4.4. SUPPLY CHAIN MANAGEMENT

1.1. PROJECTS ADVERTISED AS AT 31DECEMBER 2015

NO	Project name	Project no	Closing date
01.	Formalisation of Jane Furse for 3 years	LIM473/FORMALISATION/15/16/54	20-01-2016

1.2. PROJECTS ON EVALUATION STAGE

NO	Project Name	Project No	Proposed Evaluation date
01.	Environmental impact assessment for cemeteries	Lim473/ENVIRONMENTAL/15/16/53	28January2016

02.	Supply and delivery of Branding and communication services	LIM473/BRANDING/15/16/52	28January2016
03.	Dermacation of 500 sites at vleisboom	LIM473/VLEISBOOM/15/16/51	28January2016
04.	Dermacation of 500 sites at Mohlarekoma	LIM473/MOHLWAREKOMA/15/16/50	28January2016
05.	Dermacation of sites at Klipspruit/15/16/49	LIM473/ KLIPSPRUIT/15/16/49	28January2016
06.	Supply and delivery of Information and technology equipment	LIM473/ICT EQUIPMENT/15/16/48	27January2016
07.	Procurement of server rooms	LIM473/UPS/15/16/47	27January2016
08.	Ward committee training	LIM473/WARD COMMITTEE/15/16/46	27January2016
09.	Repair and maintenance of entry points	LIM473/ENTRYPOINTS/15/16/45	27January2016
10.	Repair of municipal assets	LIM473/REPAIRS/15/16/44	25January2016
11.	Implementation of GIS system for 3 years	LIM473/GIS/15/16/43	25January2016
12.	Supply and delivery of blankets	LIM473/BLANKETS/15/16/40	12January2016
13.	Installation of highmast lights at phokwane taxi rank,mamone and phaahla	MLM/ES/15/16/09/001	12January2016
14.	Supply and delivery of protective clothing	LIM473/PROTECTIVECLOTHING/15/16/29	12January2016

1.3. PROJECTS ON ADJUDICATION STAGE

No	Project Name	Project No
01.	Provision of accommodation for 61 councillors	LIM473/ACCOMMODATION/15/16/35
02.	Provision for accommodation and conference for 30 people	LIM473/ACCOMMODATION/15/16/36
03.	Drilling of borehole for phaahla Piggery	LIM473/BOREHOLE/15/16/33
04.	Supply, delivery and erection of Fence at Makua Cooperative	LIM473/MAKUA/15/16/32
05.	Supply, delivery and erection	LIM473/MAILAMAPITSANE/15/16/30

	of Fence at Maila Mapitsane Cemetery	
06.	Supply and delivery of seedlings at masha cooperative	LIM473/MASHA/15/16/34

1.4. PROJECTS AWARDED

1.4.1.LIST OF PROJECTS AWARDED: R 30 000 to R200,000.00(advertised internally)

NO	Company Name	Projects Name	Amount
01.	Musuanenng Tau and Supply	Supply, delivery of Traffic Trailer	R 169 066.96
02.	Alilali Business Enterprise	Supply, delivery and erection of Fence at Mokalapeng Cemetery (Ward 27	R 145 048.76
03.	Kgwedi Ya Motse Trading	Supply, delivery and erection of Fence at Mampanathabeng Cemetery (Ward 26)	R 161 523.00
04.	Tripple M North	Supply, delivery and erection of Fence at Maila Mapitsane Cemetery	R 163 000.00
05.	Gothlelele Trading and Projects	Supply, delivery and erection of Fence at Riverside Section B Cemetery	R 166 185.00
06.	Marumong Developers	Supply, delivery and erection of Fence at Madibong Cemetery	R 73 500.00
07.	Hlophekile Trading	Supply, delivery and erection of Fence at Eenzaam Cemetery	R 185 000.00
08.	Kgotso Kgoga Trading	Supply, delivery and erection of Fence at Dihlabaneng Cemetery	R 160 895.00
09.	Morwangwato Trading & Projects	Supply, delivery and erection of Fence at Dichoeung Cemetery (Ward 18)	R 175 000.00
10.	Nkatuma Bakone Trading	Supply, delivery and erection of Fence at Mashabela Wetland (Phase 2)	R 187 778.78
11.	Ngwana Wa Mobo Tarding	Supply, delivery and erection of Fence at Makhutso Cemetery	R 145 358.38
12.	Resho M Projects	Supply and delivery of six desktops and three printers	R 187 000.00

13.	White Rock	Provision of competency assessment for two appointable senior managers for Community Services	R 30 000.00
14.	Moshotadi trading enterprises	Antivirus renewal software for main building	R153 900.00
15.	Ramasela electrical	Linking of Sekhukhune traffic to the main building	R194 800.00
16.	Brigado trading pty ltd	Repair and maintenance of Local Area network at traffic stations	R 137 640.00
17.	Rasta woman	Broiler support inputs for moretsele co operative	R 164 300.00
18.	Mp makoko trading enterprise	Drilling of borehole	R 160 000.00
19.	Madipilong projects	Fencing	R 157 500.00
20.	Black yhna projects	Legislation booklets and calenders	R 98 500.00
21.	Gold regend trading	Shelves cabinet and air conditioner	R 152 300.00

1.4.2.LIST OF PROJECTS AWARDED: R 200,000.00 AND ABOVE(Advertised external)

NO	Company Name	Projects Name	Amount
MIG PROJECTS			
01.	Stonefound Engineering Solutions	Construction of Rietfontein of Eenzaam Road	R 4 737 841.00
02.	Ntsako Tiyani & Associates (PTY) LTD	Construction of Thabampshe Cross to Tswaing Access Road	R 5 890 340.00
EQUITABLE SHARES PROJECTS			
01.	Tshashu Consulting and Projects Managers	Rehabilitation of R579	R 552 860.00

1.5. COMMITMENTS

NO	Name of the	Services provided	Amount
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	company		
BUDGET AND TREASSURY			
01.	Mosuwane Tau supplier	Traffic trailer	R 169 066.96
02.	Triple M North Pty Ltd	Name tags	R 29 850.00
03.	Gold regent trading	Shelves ,cabinets and 8 air conditioners at traffic station	R 152 300.00
04.	RGR Services	Repair and maintenance of grader	R 23 488.26
05.	Bell Equipment	Repair and maintenance of grader(Bell)	R 22 020.01
INFRASTRUCTURE DEVELOPMENT			
01.	Lefhumo Iwa barema trading enterprise	Wiring of Storage container	R 79 777.20
02.	Loge construction	Regraveling of Maololo access road	R 481 194.00
03.	Loge construction	Backfilling of material from ward 15 to 21	R 2 136 082.98
04.	Loge construction	Blading marishane and Glen Cowie	R 248 064.00
05.	Loge Construction	Blading of Mmamatsheke road	R 178 752.00
06.	Loge construction	Regraveling of storking	R 486 324.00
07.	Loge construction	Regraveling of storking	R 940 329.00
08.	Loge construction	Maintenance of concrete V- Drain and Gabions Madibong	R 473 111.40
09.	Loge construction	Maintenance of concrete V- Drain and Gabions at Tshahlwaneng internal street	R 505 585.44
10.	Loge construction	Regraveling Thoto main road to Ntoana	R 206 266.00
11.	Loge construction	Regraveling road at Hlalanikahle	R 549 936.00
12.	Loge construction	Road repairing at Schoonord Junction	R 546 231.00
13.	Loge construction	Regraveling from Thoto to Mmotla junction	R 152 874.00
14.	Loge construction	Regraveling Mamone manyeleti access road	R 714 096.00
15.	Loge construction	Patchwork at Kalafong R579	R 224 591.40
16.	Loge construction	Access road at Phatantswane	R 960 336.00
17.	Loge construction	Regraveling kgagara to Dichoeung access road	R 618 678.00
CORPORATE SERVICES			
01.	Black hyna projects	Procurements for acts and regulations booklets and frame posters with silver frame	R 98 000.00
02.	Resho M projects	Procurement of 6 laptops,desktop and printers	R 187 000.00
03.	Telthabi trading & projects	1000 chairs (200 chair cover) , decoration and stage at River side	R 19 640.00
04.	Mahwetse trading enterprise	Catering 300 people	R 22 500.00
05.	Redumeletswe trading 13	Sanitation(4 ordinary,2 VIP and 1 disable)	R 20 000.00
06.	Wagangwatla Ltd	Buses for Masemola outreach	R 27 000.00
07.	Act T Trading	1000 chairs (200 chair cover) , decoration and stage	R 22 500.00

		at Masemola cluster.	
08.	MJ gateway Lodge	Accommodation for 3 people attending communication workshop	R 4050.04
09.	NOSA	Fees for OHS representatives	R8450.02
10.	NOSA	Fees for OHS representatives	R 39 489.96
11.	Masekela Masenya	Legal services against R 1,500,000.00 fine from Department of labour	Quoted Rates
12.	Kgohlishe Mamabolo	Legal service appointed against the former Chief Financial Officer	Quoted Rates
COMMUNITY SERVICES			
01.	Ngwana wa mobo trading	Fencing of Makhutso cemetery	R 145 358.38
02.	Moroangoato trading & projects cc	Fencing of Dichoeung cemetery	R 175 000.00
03.	Alilali Business Enterprise	Fencing of Mokalapeng cemetery	R 145 048.76
04.	Kgwedi ya motes & projects	Fencing of Mampane thabeng cemetery	R 161 523.00
05.	Kgosihadi trading and projects 211	Grocery for TB/HIV Ambassadors	R 29 869.80
06.	Tasima	Installation of electrical appliances for Sekhukhune DLTC	R 21 036.88

1.6. DEVIATIONS AS PER SECTION 37 OF SCM POLICY.

(1)The accounting officer may dispense with the official procurement processes established by SCM Policy and to procure any required goods which may include direct negotiations, but only –

(i) In an emergency;

NO	COMPANY NAME	REASON	AMOUNT
01.	Jane Furse Supa Quick - BVM 702 L	Wheel Puncher / Emergency	R 450.00
02.	Jane Furse Supa Quick - BVM 702 L	Rear Bucket Welding / Emergency	R 2000.00
03.	Jane Furse Supa Quick - CLS 112 L	Wheel Puncher / Emergency	R 450.00
04.	Jane Furse Supa Quick - BVM 702 L	Wheel Puncher / Emergency	R 450.00

(ii) If such goods or services are produced or available from a single provider only;

NO	COMPANY NAME	AMOUNT	REASON
01.	BB Truck tractor	R 1276.80	Single source-Maintenance grader
02.	Bell	R 66 676.32	Single source-Maintenance grader
03.	RGR Services	R 23 488.26	Single source-Maintenance grader
04.	Barloworld Equipment	R 321 400.55	Single source-Maintenance grader
05.	Limpopo Toyota - CRZ 537 L	R6 397.50	Single source-Service
06.	Limpopo Toyota - CRZ 539 L	R 1 955.90	Single Source-Service
07.	Limpopo Toyota - CRZ 536 L	R 1 775.35	Single Source-Service
08.	Limpopo Toyota - CRZ 536 L	1,682.30	Single SourceService
09.	Limpopo Toyota - CRZ 539 L	1,283.55	Single Source-Service

1.7. Deviation as per section 37 of SCM policy, it is allowed to the accounting officer to procure any goods in any other exceptional case where it is impractical or impossible to follow the official procurement processes; therefore the below transactions are incurred because it is impractical to source quotations for fuel.

1.7.1. Fuel

DESCRIPTION	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Bapedi Filling Station	22,083.99	46,669.08	40,351.05	109,104.12
BP	1,780.38	3,687.20	2,134.79	7,602.37
Caltex	1,756.80	2,327.63	2,185.01	6,269.44
Energi	1,406.50	681.88	762.72	2,851.10
Engen	2,990.12	1,591.13	1,862.43	6,443.68
Kolo Petrol	780.30	-	466.75	1,247.05
Kwena Motor Spares & F/Station	8,431.23	7,865.90	4,473.51	20,770.64
Manapyane Filling Station	700.00	-		700.00
Moloi Filling Station				

	46,365.31	53,069.34	110,862.82	210,297.47
Monoge Filling Station	477.75	-	2,082.75	2,560.50
Quincha Management Services	-	-		-
Sanral	9.00	-	50.00	59.00
Sasol	1,259.22	4,721.77	1,158.79	7,139.78
Shell	3,594.11	871.70	637.15	5,102.96
South Gate Filling Station	1,077.80	3,237.45	799.35	5,114.60
Total	2,482.07	4,716.18		7,198.25
Vivo Vulstasie	1,387.95	6,543.05		7,931.00
Grand Total	96,582.53	135,982.31	167,827.12	400,391.96

400,391.96

1.7.2. Provision of competency assessment

NO	COMPANY NAME	AMOUNT	REASON
01.	White rock	R30 000.00	Provision of competency assessment for 2 senior managers The project was advertised twice and only two providers responded.

SERVICE PROVIDERS STRATEGIC PERFORMANCE AS AT 30 DECEMBER 2016

Section 116(2)

(b) of the Municipal Finance Management Act (MFMA) states that “The Accounting officer of a Municipality or Municipal Entity must- monitor on a monthly basis the performance of the contractor under the contract or agreement”

a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service;

c) 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.

The table below indicates service providers utilised according to functional areas:

Municipal Manager

Name of Company	Description	Performance Areas	Performance Rating	Performance comment	corrective measure

Corporate Services

Name of Company	Description	Performance Areas	Performance Rating	Performance comment	corrective measure
Telkom SA	Provision of Telephone Services	Provision of Telephone Services	Good	Good	N/A
Meso Automation	Provision of Photocopy Services	Provision of Photocopy Services	Good	Good	N/A
Gumela General Dealer and Projects	Provision of Microsoft Volume Licences	Provision of Microsoft Volume Licences	Good	Good	N/A
Information Technologies Network Alliance	Maintenance & Support of Municipal Backup Systems	Maintenance & Support of Municipal Backup Systems	Good	Good	N/A
Lehumo Relations	Provision of SMS Line for a period of three years	Provision of SMS Line for a period of three years	Good	Good	N/A
Lekoko Consulting	Organogram Software for a period of 10 months	Organogram Software for a period of 10 months	Good	Good	N/A
PMH Consulting	Development of Municipal Disaster Recovery Plan and ICT Strategy	Development of Municipal Disaster Recovery Plan and ICT Strategy	Good	Good	N/A
Itussa General Trading	Provision of Printing Services	Provision of Printing Services	GOOD	GOOD	N/A

Budget and Treasury

Name of Company	Description	Performance Areas	Performance Rating	Performance comment	corrective measure
Landdata	Provision of Valuation	Provision of Valuation	Good	Good	N/A
Accsolve	Provision of Financial System	Provision of Financial System	Good	Good	N/A
Fidelity Cash Solutions pty (Ltd)	Provision of Cash Collection Services	Provision of Cash Collection Services	Good	Good	N/A
Marsh pty (Ltd)	Provision of Insurance Services	Provision of Insurance Services	Good	Good	N/A
Kgwadi ya madiba general trading and projects	Provision of Cleaning Services	Provision of Cleaning Services	Good	Good	N/A
Mabotwane Security Services	Provision of Security Services	Provision of Security Services	Good	Good	N/A
Altech Netstar pty (Ltd)	Provision of Tracking Devices	Provision of Tracking Devices	Good	Good	N/A
ABSA Bank	Provision of Banking services	Provision of Banking services	Good	Good	N/A
Loge Construction	Provision of Repairs and Maintenance of Roads and Stormwater	Provision of Repairs and Maintenance of Roads and Stormwater	Good	Good	N/A
Mamarothi Investment	Supply and delivery of Motor Grader with maintenance plan	Supply and delivery of Motor Grader with maintenance plan	Good	Good	N/A
Botlhabatsatsi Trading and Projects	Supply and delivery of Stationery for 12	Supply and delivery of Stationery for 12 months	Good	Good	N/A

	months				
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Community Services

Name of Company	Description	Performance Areas	Performance Rating	Performance comment	corrective measure
FM Production	Provision of Traffic Uniforms	Provision of Traffic Uniforms	Good	Good	N/A
Bohlabatsatsi Trading and Projects	Supply and Delivery of Different Types of Branded Waste Collection Bags	Supply and Delivery of Different Types of Branded Waste Collection Bags	Good	Good	N/A
Repmo Properties cc	Provision of breath alcohol detector	Provision of breath alcohol detector	Good	Good	N/A
Bohlabatsatsi Trading and Projects	Provision of Speed Detection Laser Camera	Provision of Speed Detection Laser Camera	Good	Good	N/A
J Nox pty (ltd) JV Maribula Investment Solutions	Provision of CCTV Cameras	Provision of CCTV Cameras	Good	Good	N/A
Mamarothi Investment Solutions	Supply and delivery of Skip Loader Truck	Supply and delivery of Skip Loader Truck	Good	Good	N/A

Infrastructure Services

Name of Company	Description	Performance Areas	Performance Rating	Performance comment	corrective measure
Construction of Infrastructure Projects as per Contract Register	More Details in Infrastructure services	More Details in Infrastructure services	More Details in Infrastructure services	More Details in Infrastructure services	More Details in Infrastructure services
Mamoloko and Beten JV	Renovation and	Renovation and	Good	Good	N/A

	refurbishment of Municipal Administration Offices	refurbishment of Municipal Administration Offices			
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Economic Development and Planning

Name of Company	Description	Performance Areas	Performance Rating	Performance comment	corrective measure
None	None	None	None	None	None

IMPLEMENTATION OF SUPPLY CHAIN AMANAGEMENT POLICY 2015/16

S 6.3 of the Supply chain management Policy” The Accounting Officer must, within 10 working days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the executive committee”

S 6.4 of the Supply Chain Management Policy” The reports must be made public in accordance with section 21A of the Municipal Systems Act”.

1. Adoption of SCM Policy

The Council has adopted an SCM policy in terms of SCM regulation 3

2. Staff Employed In SCM unit

The unit comprise of six filled posts,

3. Job descriptions

The posts has job descriptions

4. Implementation Plan for SCM

Detailed implementation Plan for SCM is developed.

Process flow has been developed.

5. Needs assessment.

Necessary needs assessment undertaken before each acquisition through user Dept.

6. Performance of Vendors

Performance of vendors performed is monitored regularly by the user department.

7. Monitoring of SCM Policy

SCM processes are independently monitored to ensure the SCM policy is followed and desired objectives are achieved

8. Threshold values

Threshold values contained in the SCM Policy are aligned with the values stipulated in regulation 12.

9. Municipal bid documents

Municipal bid documents include evaluation criteria for use by the bid evaluation and adjudication committees.

10. Code of Conduct

The Municipality is utilizing Code of Conduct issued by NT in MFMA Circular No 22.

11. Invitations for bids.

All invitations for bids above R30 000 are advertised for at least 7 days on the website and official notice board (reg 18(a)).

12. In addition, all invitations for competitive bids are publically advertised

All invitations for competitive bids are publically advertised in newspapers commonly circulating locally (reg 22(1))

13. Training strategy for SCM practitioners

Training strategy for SCM practitioners has been developed through corporate Services.

14. Bid Specification Committee.

Bid Specification Committee membership comply with regulation 27.

15. Bid Evaluation Committee

Bid Evaluation Committee membership comply with regulation 28.

16. Bid Adjudication Committee membership comply with regulation 29

Bid Adjudication Committee membership comply with regulation 29

17. Regulation 29(4), which stipulates that a member of a bid evaluation committee or an advisor may not be a member of a bid adjudication committee

Regulation 29(4), which stipulates that a member of a bid evaluation committee or an advisor may not be a member of a bid adjudication committee, has never been breached.

