

A1/2020

ALLEGED ILLEGAL APPOINTMENT OF ACTING MUNICIPAL MANAGER:
(SPEAKER)

PURPOSE

To bring to Council the alleged contravention of the appointment of the Acting Municipal Manager raised by EFF

BACKGROUND

A letter from EFF with allegations of the contravention of the appointment of the Acting Municipal Manager was received by the Office of the Speaker dated 4 October 2019. The EFF raised its understanding in this regard, the understanding being that only the Council have a right to appoint the Acting Municipal Manager.

In the process, it is alleged that as the CFO Mr Panyani is the one who was appointed as the Acting Municipal Manager, in return he also appointed Mr LB de Bryun to act as CFO.

It is further alleged that during this mentioned period of acting, a payment of R30 284 892.87 was authorised.

*** The letter from EFF and the information of payment **is attached as an annexure and also Attached under Separate Cover (1) is the response from the Executive Mayor**

LEGAL IMPLICATIONS

Municipal Systems Act No 32 of 2000

FINANCIAL IMPLICATIONS

Not quantified

RECOMMENDATIONS

1. That the item be considered.

A2/2020

RE: ESTABLISHMENT OF DISCIPLINARY BOARD TO ASSIST COUNCIL WITH ALLEGATIONS OF FINANCIAL MISCONDUCT (SPEAKER)

PURPOSE

To finalize the establishment of the Disciplinary Board that will assist the Council with allegations of financial misconduct.

BACKGROUND

This item served in the Council Meeting of 30th May 2018 where the Auditor General has identified that the Municipality does not have a disciplinary board in place to assist Council with allegations of financial misconduct as prescribed by the required act “Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings section 4(1), 4(3), 4(5) (d), (e) & (f)”.

REQUIREMENT

The Municipality is required to establish the disciplinary committee and charge it with a responsibility to investigate allegations of financial misconduct in terms of MFMA Act No.56 of 2003.

Section 4 of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, “Establishment of disciplinary board and its functioning” state;

(1) A municipal council or board of directors of a municipal entity must establish a disciplinary board to investigate allegations of financial misconduct in the municipality or municipal entity, and to monitor the institution of disciplinary proceedings against an alleged transgressor.

(2) A disciplinary board is an independent advisory body that assists the council or the board of directors with the investigation of allegations of financial misconduct, and provide recommendations on further steps to be taken regarding disciplinary proceedings, or any other relevant steps to be taken.

(3) A disciplinary board must consist of maximum five members appointed on a part- time basis by the council or board of directors for a period not exceeding three years, in accordance with a process as determined by the municipal council or board of directors.

Section 4(8) of the Act states that should the municipality not have enough capacity to appoint such a committee, “a disciplinary board established by a district municipality or an equivalent provincial or national structure established for a similar purpose may, with approval of the district municipality or provincial or national structure, be used as a disciplinary board for the municipality or municipal entity”.

Under the requirements paragraph no 3 gives a guidance as to how this Board should be constituted.

*** Both Circular No 76 of MFMA and Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings are attached as annexures and they both give guidance as to how this process should be dealt with under Separate Cover 2(a) and 2(b)

Council on that date 30 May 2018 resolved as follows:

1. That Council **APPROVES** the establishment of Matjhabeng Local Municipality Disciplinary Board.
2. That as a temporary solution, it is recommended that Council **APPROVES** that a Committee be established in terms of section 4 (8) of Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings in order to respond to the finding raised by the Auditor General.
3. That the Executive Mayor and a Multi-Party Committee should **DECIDE** on the composition of the Committee

RECOMMENDATION

1. That Council must finalized the establishment of the Municipal Disciplinary Board.

MID-YEAR BUDGET AND PERFORMANCE REPORT – 1 JULY 2019 - 31 DECEMBER 2019 (EXECUTIVE MAYOR)

PURPOSE

To present to Council a report on the Mid- year Budget and Performance Report of the Municipality for the period 1 July to 31 December 2019 as required by Section 72 of the Municipal Finance Management Act No 56 of 2003 .

BACKGROUND

In accordance with Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), hereafter referred to as the “MFMA”, the Accounting Officer of a municipality must by 25 January of each year-

1. Assess the performance of a Municipality during the first half of the financial year, taking into account-
 - a) The monthly statements submitted for the first half of the financial year in accordance with Section 71 of the MFMA;
 - b) The Municipality’s service delivery targets and performance indicators set in the service delivery and budget implementation plan (SDBIP);
 - c) The past year's annual report, and progress in resolving problems identified in the annual report; and
 - d) The performance of every Municipal entity under the sole or shared control of the Municipality, taking into account reports in terms of section 88 of the MFMA from any such entities.

Section 72 further states that the Accounting Officer must submit to the Executive Mayor a statement in a prescribed format on the state of the municipality’s budget reflecting the following particulars for the six month period from July – December:

- Actual revenue per revenue source
- Actual borrowings
- Actual expenditure per vote
- Actual capital expenditure per vote
- The amount of any allocations received
- Actual expenditure on allocations received

The compilation of Section 72 report is as follows:

- After the billing cycle the Income Department compile the income reports debtors’ age analysis and the top 20 outstanding debtors.

- After month end the Information Communication Technology Department runs all the month end reports.
- The Budget Department then extracts the required income and expenditure information from Solar. This is done with the GS 560 procedures. This report shows the transactions for the month VAT EXCLUSIVE.
- The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- The Costing Section provides the Budget Department with the employee related reports and the overtime per department
- The Section 72 report is then compiled with all the information received from other sections and extracted from the Solar System

*** See attached under Separate Cover (3(a) (b) (c)) is the Mid-Year Budget and Performance Report- 1 July - 31 December 2019.

DISCUSSIONS

The finance reports for July - December 2019

FINANCIAL IMPLICATIONS

TABLE 1	Budget for Six months	Actual for Six months (2019/2020)
Revenue	1 079 735 193	617 222 317
Grants & Subsidies	341 974 000	434 535 000
Total Income	1 421 709 193	1 051 757 317
Total Expenditure	1 623 108 257	744 658 763
Salaries	409 394 847	383 586 924
Water	258 645 678	24 497 067
Electricity	255 676 000	22 110 748
Other/Stationery, Telephone	699 391 733	314 464 024
Sub-Total	(201 399 064)	307 098 554
Loan Redemptions		
Net Surplus/(Deficit) before Capital Payments	(201 399 064)	307 098 554

MIG Payments	40 731 442
INEG Payments	12 101 899
WSIG Payments	7 660 329

Capital Assets procured – Equitable Share	504 348
Fleet & Equipment	504 348
Office convention / Furniture	-

Net Surplus/(Deficit) after Capital Payments	246 100 536
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Table 1: The Municipality had a surplus of R246 100 536 for the period after Capital Payments, this means that the amount received is above the amount paid.

TABLE 2	Actual for Six months (2019/2020)
Total Billings	1 075 914 315
Less: Indigent Billing	28 816 793
Actual Billings	1 047 097 523
Actual Revenue Received	609 559 273
Consumer Revenue	564 395 696
Other	45 163 577
Grants & Subsidies	434 535 000

Pay rate – (July - December 2019) Billing	58%
Total income percentage – (July - December 2019)	59%

The pay rate on consumer services for January – December 2019 was 58% and the total income percentage for January – December 2019 was 59%. In order for the Municipality to be financially sustainable the pay rate will have to be increased to 80% on the consumer services.

LEGAL IMPLICATIONS

Both the financial and non-financial reports are submitted in terms of Section 72. (1), Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (Chapter 6 and Sections 16 and 26 of Chapters 4 and 5, respectively), as read with the Local Government: Municipal Systems Amendment Act, 2003 (Act 44 of 2003).

FINANCIAL IMPLICATIONS

The municipality has currently a pay rate of **58%** and a total income percentage of **59%** as at 31 December 2019 which is not in line with the budgeted percentage of **60%**.

RECOMMENDATIONS

1. That the financial and non-financial Reports for period of Six Months (July - December 2019) in terms of Section 72 of the Municipal Finance Management Act, number 56 of 2003, be noted.
2. That both the Financial and non-financial Reports for period of Six Months (July - December 2019) in terms of Section 72 of the Municipal Finance Management Act, number 56 of 2003, be submitted to Provincial And National Treasury.

A4/2020

THREE MONTHS FINANCE REPORT – OCTOBER - DECEMBER 2019 (EXECUTIVE MAYOR)

PURPOSE

To submit to the Council three Months Finance Report for October - December 2019 in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003.

BACKGROUND

Section 52(d) of the Municipal Finance Management Act no 56 of 2003 states that the Accounting Officer must submit to the Executive Mayor a statement in a prescribed format on the state of the municipality's budget reflecting the following particulars for that quarter and for the financial year up to the end of that quarter:

- 1) Actual revenue per revenue source
- 2) Actual borrowings
- 3) Actual expenditure per vote
- 4) Actual capital expenditure per vote
- 5) The amount of any allocations received
- 6) Actual expenditure on allocations received

The compilation of the Section 52 report is as follows:

1. After the billing cycle the Income Department compile the income reports which consist of the following and submit to the Budget Department:
 - Billing and Income per month
 - Top Outstanding debtors for the month
 - Income per ward
 - Debtors age analysis per service
2. After month end the Information Communication Technology Department runs all the month end reports.
3. The Budget Department then extracts the required income and expenditure information from Solar. This is done with the GS 560 procedures. This report shows the transactions for the month VAT EXCLUSIVE.
4. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
5. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.
6. The Section 52(d) report is then compiled with all the information received from other sections and extracted from the Solar System.

DISCUSSIONS

The finance reports for October - December 2019 are **attached under Separate Cover (4)**

FINANCIAL IMPLICATIONS

TABLE 1	Budget for three months	Actual for three months (2019/2020)
Actual Revenue Received	539 867 596	305 276 219
All Grants Received	170 987 000	195 875 000
Total Income	710 854 596	501 151 219
Actual Expenditure	811 554 128	440 001 265
Salaries	204 697 424	190 878 324
Water	129 322 839	19 279 676
Electricity	127 838 000	7 463 252
Other Expenditure	349 695 866	222 380 012
Net Surplus/(Deficit) before Capital payments	(100 699 532)	61 149 954

MIG Payments	22 056 025
INEG Payments	12 101 899
WSIG Payments	3 508 045

Capital Assets procured - Equitable Share	504 348
Fleet & Equipment	504 348
Office convention/ Furniture	-

Net Surplus/(Deficit) after Capital payments	22 979 637
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Table 1: The municipality had a surplus of R22 979 637 for the quarter after capital payments, this indicates that the actual amount received is above the amount paid for the quarter. The Municipality incurred less expenditure than amount received for three months period ending December 2019.

TABLE 2	Actual for three months (2019/2020)
Total Billings	526 812 284
Less: Indigent Billings	19 659 618
Actual Billings	507 152 666
Actual Revenue Received	301 322 611
Consumer Revenue	271 415 852
Other	29 906 759
Grants & Subsidies	195 875 000

Pay rate for Second quarter (Total Billings)	59%
Total income percentage - Second quarter	60%
Total income percentage – YTD	59%

The pay rate for the quarter was 59%

The total income percentage for the quarter was 60%.

In order for the municipality to be financially sustainable the pay rate will have to be increased to 80% monthly on the consumer services.

LEGAL IMPLICATIONS

The budget report is submitted in compliance with Section 52(d) of the MFMA no 56 of 2003. Section 52(d) stipulates that the mayor of the Municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of the Municipality.

RECOMMENDATION

1. That the Finance Report for the Quarter (October - December 2019) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, be noted.
2. That the Finance Report for the Quarter (October - December 2019) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, be submitted to Provincial and National Treasury.

A5/2020

SPECIAL ADJUSTMENT BUDGET 2019/20 (EXECUTIVE MAYOR)

PURPOSE

To report to the Council on the progress in terms of the process to move the budget from an unfunded to a funded position and to propose a Special Adjustment Budget as per directive from both Provincial and National Treasury.

BACKGROUND

The Matjhabeng Local Municipality Annual Budget for the 2019/20 MTREF is compiled in accordance with the prescripts of the Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations and National Treasury's MFMA Circulars.

Section 16 (2) of the Municipal Finance Management Act states that the Municipal Council must at least 90 days before the start of the budget year consider approval of the annual budget to be able to adhere to subsection 1 of section 16, which stipulates "The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Section 24(1) of the same act further stipulates that a municipal council must at least 30 days before the start of the new financial year, consider approval of the annual budget.

On 28 May 2019 the Annual Budget for the 2019/2020 medium term revenue and expenditure framework (MTREF) was tabled in Council for adopting and sent to National and Provincial Treasury for approval.

National treasury did not approve the Municipal Budget due to is was unfunded Budget.

On the 31 October 2019 the municipality scheduled a working/technical session with Provincial Treasury to re-assess the 2019/20 budget in order to ensure that Council adopts a funded budget during November. After the work session the Cash Flow Statement had a deficit of R35 021 775.

The Adjustment Budget was tabled in Council on 8 November 2019 and send to Treasury. Treasury did not approve the budget of the Municipality because of the Negative Balance of R35 021 775 in table B7: Cash Flow Statement.

FS184 Matjhabeng - Table B7 Adjustments Budget Cash Flows - 07/11/2019

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		311 696		–	–	–	–	65 000	65 000	376 696	–	–
Service charges		1 364 071		–	–	–	–	(13 000)	(13 000)	1 351 071	–	–
Other revenue		283 000		–	–	–	–	–	–	283 000	–	–
Government - operating	1	513 333		–	–	–	–	–	–	513 333	–	–
Government - capital	1								–	–		
Interest		147 683		–	–	–	–	60 000	60 000	207 683	–	–
Dividends		22		–	–	–	–	–	–	22	–	–
Payments												
Suppliers and employees		(2 369 801)		–	–	–	–	(304 998)	(304 998)	(2 674 799)	–	–
Finance charges		(140 826)		–	–	–	–	50 000	50 000	(90 826)	–	–
Transfers and Grants	1	(2 000)		–	–	–	–	800	800	(1 200)	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		107 176	–	–	–	–	–	(142 198)	(142 198)	(35 022)	–	–
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		–		–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors									–	–		
Decrease (increase) other non-current receivables									–	–		
Decrease (increase) in non-current investments									–	–		
Payments												
Capital assets		–		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	–	–	–	–	–	–	–	–	–
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												
Cash/cash equivalents at the year begin:	2	–		–	–	–	–	(142 198)	(142 198)	(35 022)	–	–
Cash/cash equivalents at the year end:	2	107 176	–	–	–	–	–	(142 198)	(142 198)	(35 022)	–	–

On 21 November 2019 the municipality scheduled another working/technical session with Provincial Treasury to re-assess the 2019/20 budget in order to ensure that Council adopts a funded budget.

The following amendments were made:

1. Cash Flow Statement

After the re-assessment, the budget moved from a deficit of R35 021 775 to surplus of R15 350 624 which can be utilised to pay off outstanding creditors.

A negative cash flow of R35 021 775 indicated that the municipality will have financial challenges during the financial year.

Collection rate was increased from 60% to 73% in order to be able to meet monthly financial obligations. The collection rate should be improved on monthly basis and this effort should be viewed as a business reform and not only a finance or budget reform.

FS184 Matjhabeng - Table B7 Adjustments Budget Cash Flows - 07/11/2019

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		311 696		-	-	-	-	(36 708)	(36 708)	274 988	291 487	308 976
Service charges		1 364 071		-	-	-	-	(377 789)	(377 789)	986 281	1 045 629	1 108 547
Other revenue		283 000		-	-	-	-	-	-	283 000	298 282	314 389
Government - operating	1	513 333		-	-	-	-	-	-	513 333	546 842	590 764
Government - capital	1							170 615	170 615	170 615	167 355	167 611
Interest		147 683		-	-	-	-	9 252	9 252	156 935	114 728	120 923
Dividends		22		-	-	-	-	-	-	22	23	24
Payments												
Suppliers and employees		(2 369 801)		-	-	-	-	339 602	339 602	(2 030 199)	(2 119 408)	(2 276 839)
Finance charges		(140 826)		-	-	-	-	(50 000)	(50 000)	(190 826)	(202 275)	(214 412)
Transfers and Grants	1	(2 000)		-	-	-	-	800	800	(1 200)	(1 300)	(1 500)
NET CASH FROM/(USED) OPERATING ACTIVITIES		107 176	-	-	-	-	-	55 772	55 772	162 948	141 362	118 484
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		-		-	-	-	-	-	-	-	55 862	58 879
Decrease (increase) in non-current debtors										-	-	
Decrease (increase) other non-current receivables										-	-	
Decrease (increase) in non-current investments										-	-	
Payments												
Capital assets		-		-	-	-	-	(148 361)	(148 361)	(148 361)	(164 885)	(181 374)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	(148 361)	(148 361)	(148 361)	(109 023)	(122 495)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-		-	-	-	-	-	-	-	10 000	10 000
Borrowing long term/refinancing										-	-	
Increase (decrease) in consumer deposits										-	-	
Payments												
Repayment of borrowing		-		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	10 000	10 000
NET INCREASE/ (DECREASE) IN CASH HELD		107 176	-	-	-	-	-	(92 589)	(92 589)	14 588	42 339	5 989
Cash/cash equivalents at the year begin:	2	763		-	-	-	-	-	-	763	15 351	57 690
Cash/cash equivalents at the year end:	2	107 939		-	-	-	-	(92 589)	(92 589)	15 351	57 690	63 679

2. Statement of Financial Performance

Revenue

The revenue (excl. capital grants) will increase from R 2 672 803 385 to R 2 784 803 384. The total revenue including capital grants will increase from R 2 843 418 385 to R 2 955 418 385.

Revenue source	Proposed adjustment 31/10/2019	Proposed adjustment 21/11/2019
Property rates	+ R65 000 000	+ R65 000 000
Electricity	- R30 000 000	- R30 000 000
Sanitation	+R3 000 000	+R3 000 000
Refuse	+ R14 000 000	+ R14 000 000
Interest earned – outstanding debtors	+ R60 000 000	+ R60 000 000
Total Adjustments	R 112 000 000	R 112 000 000

3. Expenditure

The expenditure moves from R 3 246 216 513 to R 2 955 418 385

Expenditure type	Proposed adjustment 31/10/2019	Proposed adjustment 21/11/2019
Debt Impairment	+ R65 000 000	- R29 245 486
Depreciation and Asset impairment	- R100 000 000	- R100 000 000
Finance Charges	+R50 000 000	+R50 000 000
Bulk purchases	-R305 750 128	-R305 750 128
Other materials	- R5 765 599	- R5 765 599
Contracted services	- R8 890 936	+R6 109 064
Transfers & Subsidies	- R800 000	- R800 000
Other expenditure	+R 408 535	+R 408 535
Total Adjustments	R68 952 000	R385 043 614

FS184 Matjhabeng - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 07/11/2019

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	311 696	-	-	-	-	-	65 000	65 000	376 696	399 297	423 255
Service charges - electricity revenue	2	761 499	-	-	-	-	-	(30 000)	(30 000)	731 499	775 389	821 913
Service charges - water revenue	2	359 183	-	-	-	-	-	-	-	359 183	380 876	403 879
Service charges - sanitation revenue	2	153 037	-	-	-	-	-	3 000	3 000	156 037	165 470	175 474
Service charges - refuse revenue	2	90 352	-	-	-	-	-	14 000	14 000	104 352	110 633	117 292
Rental of facilities and equipment		22 324	-	-	-	-	-	-	-	22 324	23 529	24 800
Interest earned - external investments		3 858	-	-	-	-	-	-	-	3 858	4 066	4 286
Interest earned - outstanding debtors		143 825	-	-	-	-	-	60 000	60 000	203 825	151 592	159 777
Dividends received		22	-	-	-	-	-	-	-	22	23	24
Fines, penalties and forfeits		22 404	-	-	-	-	-	-	-	22 404	23 613	24 889
Licences and permits		80	-	-	-	-	-	-	-	80	84	89
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		513 333	-	-	-	-	-	-	-	513 333	549 342	594 264
Other revenue	2	238 193	-	-	-	-	-	-	-	238 193	251 055	264 612
Gains on disposal of PPE		53 000	-	-	-	-	-	-	-	53 000	55 862	58 879
Total Revenue (excluding capital transfers and contributions)		2 672 803	-	-	-	-	-	112 000	112 000	2 784 803	2 890 832	3 073 432
Expenditure By Type												
Employee related costs		785 036	-	-	-	-	-	-	-	785 036	832 138	882 066
Remuneration of councillors		33 754	-	-	-	-	-	-	-	33 754	35 576	37 497
Debt impairment		551 895	-	-	-	-	-	(29 245)	(29 245)	522 650	668 992	856 309
Depreciation & asset impairment		216 298	-	-	-	-	-	(100 000)	(100 000)	116 298	227 978	240 289
Finance charges		140 826	-	-	-	-	-	50 000	50 000	190 826	202 275	214 412
Bulk purchases		1 028 643	-	-	-	-	-	(305 750)	(305 750)	722 893	795 183	874 701
Other materials		132 679	-	-	-	-	-	(5 766)	(5 766)	126 913	139 844	147 395
Contracted services		215 869	-	-	-	-	-	6 109	6 109	221 978	235 297	249 415
Transfers and subsidies		2 000	-	-	-	-	-	(800)	(800)	1 200	1 272	1 348
Other expenditure		139 216	-	-	-	-	-	409	409	139 624	81 370	85 764
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		3 246 217	-	-	-	-	-	(385 044)	(385 044)	2 861 173	3 219 926	3 589 198
Surplus/(Deficit)		(573 413)	-	-	-	-	-	497 044	497 044	(76 370)	(329 093)	(515 766)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		170 615	-	-	-	-	-	-	-	170 615	167 355	167 611
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		(402 798)	-	-	-	-	-	497 044	497 044	94 245	(161 738)	(348 155)
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(402 798)	-	-	-	-	-	497 044	497 044	94 245	(161 738)	(348 155)
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(402 798)	-	-	-	-	-	497 044	497 044	94 245	(161 738)	(348 155)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(402 798)	-	-	-	-	-	497 044	497 044	94 245	(161 738)	(348 155)

Funding of Capital Expenditure

Capital Funding	Proposed adjustment 31/10/2019	Proposed adjustment 21/11/2019
Own funding	- R30 000 000	- R40 000 000
Total Adjustments	R30 000 000	R40 000 000

Funding of capital with own funding will decrease from R50 000 000 to R 10 000 000. It was recommended that the municipality source financing for the purchasing of refuse trucks, in order to spread the capital cost over a number of years. Due to the current financial challenges, it is not clear that the internal funding will realize

FS184 Matjhabeng - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 07/11/2019

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 01 - Council General		50 000	-	-	-	-	-	(40 000)	(40 000)	10 000	-	-
Vote 02 - Office Of The Executive Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Office Of The Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Council Whip		-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Human Resources		-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Community Services		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety And Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Engineering Services		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Water/ Sewerage		4 307	-	-	-	-	-	-	-	4 307	4 539	4 784
Vote 14 - Electricity		15 545	-	-	-	-	-	-	-	15 545	16 384	17 269
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	69 852	-	-	-	-	-	(40 000)	(40 000)	29 852	20 924	22 054
Single-year expenditure to be adjusted	2											
Vote 01 - Council General		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Office Of The Executive Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Office Of The Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Council Whip		-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Human Resources		-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Community Services		36 380	-	-	-	-	-	-	-	36 380	38 345	40 415
Vote 10 - Public Safety And Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Engineering Services		15 752	-	-	-	-	-	-	-	15 752	16 603	17 499
Vote 13 - Water/ Sewerage		95 718	-	-	-	-	-	-	-	95 718	90 914	87 907
Vote 14 - Electricity		2 912	-	-	-	-	-	-	-	2 912	3 069	3 235
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		150 763	-	-	-	-	-	-	-	150 763	148 931	149 057
Total Capital Expenditure - Vote		220 615	-	-	-	-	-	(40 000)	(40 000)	180 615	169 855	171 111

RECOMMENDATION

To retable the Special Adjustment Budget which was table on the 8th of November 2019 with amendments to Schedule B7 Cash Flow Statement Outlook, Schedule B4 Statement of Financial Performance and Schedule B5 Capital Expenditure as per interaction and feedback from both from Provincial Treasury and National Treasury to be approved by Council.

A6/2020

UPGRADING OF THE WELKOM LANDFILL SITE: BUDGET MAINTENANCE APPLICATION TO COGTA (MIG) (EXECUTIVE MAYOR)

PURPOSE

The purpose of this item is to request the approval of the Council for the application of budget maintenance of the Upgrading of the Welkom Landfill Site from COGTA (MIG).

BACKGROUND

The Upgrading of the Welkom Landfill Site project is currently being implemented by the Municipality through MIG funding. This project entails: the reconstruction of an access road, provision of access control, provision of two weigh bridges, refurbishment of a cloak room and signage, perimeter fencing, paving and training, carport, street lights and security features, an improvement of the wash bay facility and the provision of two shed buildings. This project is registered by MIG for an amount of R 18 021 120.00 and MIG is only funding R11 713 728.00 with a counter funding from the Municipality for an amount of R6 307 392.00 in February 2018 as per attached registration letter. The reason that MIG did not fund it fully is that Welkom Landfill Site covers other areas that are not considered as poor according to MIG.

The project was then advertised in October 2018 and the Contractor was appointed in March 2019 **as per the attached advert and Contractor appointment letter on page 1 to 4 of the annexures**

DISCUSSIONS

Upon the appointment of the contractor it was noticed that the approved project budget is less than the contractor appointed amount. Thus, presenting a shortfall of funds required to successfully complete the project. It is a requirement from MIG that the Municipality is supposed to apply for budget maintenance in order to cover the shortfall. The process of applying for budget maintenance requires a Council Resolution in order for MIG to fund the shortfall. At the moment an application for budget maintenance has been submitted to MIG and it is awaiting a Council Resolution to be finalised. The MIG funds on this project are already depleted, at the moment we are paying the services providers with the approved counter funding.

LEGAL IMPLICATIONS

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) 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."

FINANCIAL IMPLICATIONS

Total Project Cost	MIG Funding	Counter funding	Contractor's price	Professional Fees	Variance	Revised Project Budget
R 18 021 120.00	R11 713 728.00	R6 307 392.00	R 31 494 595,70	R 3 922 004,35	R 17 395 480,07	R 35 416 600.07

OTHER IMPLICATIONS

The project will not be completed successfully without approval of the budget maintenance, thus affecting its intended purpose.

RECOMMENDATIONS

1. That the Council takes note of the report.
2. That Council to approve the application for Budget Maintenance for the Upgrading of the Welkom Landfill Site for an amount of R17 395 480.07 that will be funded by COGTA (MIG) to successfully complete the project.

A7/2020

CONSTRUCTION OF MMAMAHABANE CEMETERY- BUDGET MAINTENANCE APPLICATION TO COGTA (MIG) (EXECUTIVE MAYOR)

PURPOSE

The purpose of this item is to request the approval of the Council for the application of budget maintenance of the Construction of Mmamahabane Cemetery from COGTA (MIG).

BACKGROUND & DISCUSSIONS

This project is registered by MIG in September 2017 for an amount of R 29 970 388.78 and MIG is funding it fully. as per attached registration letter. The project was then advertised in October 2018 and the Contractor was appointed in March 2019 **as per the attached advert and Contractor appointment letter on page 5 to 7 of the annexures.**

Upon the appointment of the contractor it was noticed that the approved project budget of R 29 970 388.78 is less than the contractor appointed amount. Thus, presenting a shortfall of funds required to successfully complete the project. It is a requirement from MIG that the Municipality is supposed to apply for budget maintenance in order to cover the shortfall. The process of applying for budget maintenance requires a Council Resolution in order for MIG to fund the shortfall. At the moment an application for budget maintenance has been submitted to MIG and it is awaiting a Council Resolution to be finalized. The MIG funds on this project will be depleted by the end of January 2020.

The Construction of Mmamahabane Cemetery project is currently being implemented by the Municipality through MIG funding. This project entails:

- Approximately 1.065km of blocked paved access road from the North with a 15M wide servitude, 7M block paved surface and mountable kerbs on both side and 1M gravel shoulders on both sides. The road also includes a pipe crossing of 4 x 1.2M diameter concrete pipes with headwall, wing walls and erosion protection.
- 0.820M of gravel surfaced access road from the South with a 7M wide gravel surface (no kerbs) and 1M gravel shoulders. The existing 3.8M wide storm water culvert has been included in the project.
- A network of blocked paved cemetery roads of approx. 2.240 km plus 8 turnabouts of 10M radius, 4M wide with 60MM blocks with kerbs, storm water accommodated on the road surfaces and 2 x 3M gravel shoulders.
- A paved parking area of 4500M² with 80MM blocked paving will be provided with kerbs. In addition, a gravel parking area of 4600M² will be provided
- Concrete Palisade fencing of 1.8M high with concrete foundation of 300MM x 200MM under the concrete fencing, i.e. for parking area for the cemetery area 2652M in length. In addition, 3 security gates will be provided i.e. 1 on the Northern access road to the parking area, 1 on the Southern access road to the parking area and one at the access point to the cemetery area

- Building works will include a guardhouse, ablution block, storage area and a restroom for workers with a total size of 735m² including 7 toilets, 1 disabled toilet, 3 urinals, 9 washbasins, 2 kitchen sinks, workers shower and a security gate.
- The water supply will be a 50MM diameter pipe from the existing Mmamahabane Township feeding 2 x 5000L tanks that will be elevated on 12M high steel towers.
- The sewer will be a septic tank (15M long, 5M wide & 2.0M deep) with a soak away (20M long x 1.5M wide and 2M deep)
- 2 high mast lights 30-meter radius
- Electrical works includes 22KV overhead aluminum Eskom line with a 50KVA transformer and underground cable to a distribution kiosk with an underground cable to 30M radius high mast lights and 300MM overhead OVC line about 300M in length to the second 30M radius high mast light.
- In addition, an underground cable to supply the building with electricity for lights, plugs and 1 geyser and a small oven.

LEGAL IMPLICATIONS

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) 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."

FINANCIAL IMPLICATIONS

Initial Project Cost	Total	MIG Funding	Counter funding	Contractor's price	Professional Fees	Variance	Revised Budget	P
R 29 970 388.78		R 29 970 388.78	R0.00	R30 616 272.98	R5 960 456.44	R6 606 340.64	R36 576 729.42	

OTHER IMPLICATIONS

The project will not be completed successfully without approval of the budget maintenance, thus affecting its intended purpose.

RECOMMENDATIONS

1. That the Council takes note of the report.
2. That Council approves the application for Budget Maintenance for the Construction of Mmamahabane Cemetery for an amount of R6 606 340.64 that will be funded by COGTA (MIG) to successfully complete the project.

A8/2020

UPGRADING OF KUTLWANONG OUTFALL SEWER- BUDGET MAINTENANCE APPLICATION TO COGTA (MIG) (EXECUTIVE MAYOR)

PURPOSE

The purpose of this item is to request the approval of Council for the application of budget maintenance of the Upgrading of Kutlwanong Outfall Sewer from COGTA (MIG).

BACKGROUND AND DISCUSSION

This project was registered by MIG in June 2018 for an amount of R 20 787 843.77 and MIG is funding it fully, as per attached registration letter. The project was then advertised in October 2018 and the Contractor was appointed in March 2019 as **per the attached advert and Contractor appointment letter on page 8 to 14 of the annexures.**

Upon the appointment of the contractor it was noticed that the approved project budget of R 20 787 843.77 is less than the contractor appointed amount. Thus, presenting a shortfall of funds required to successfully complete the project. It is a requirement from MIG that the Municipality is supposed to apply for budget maintenance in order to cover the shortfall. The process of applying for budget maintenance requires a Council Resolution in order for MIG to fund the shortfall. At the moment an application for budget maintenance has been submitted to MIG and it is awaiting a Council Resolution to be finalized. The MIG funds on this project will be depleted by the end of January 2020.

The Upgrading of Kutlwanong Outfall Sewer project is currently being implemented by the Municipality through MIG funding. This project entails:

- Clearing and grubbing
- Earthworks
- Compaction
- Bedding
- Pipe laying
- backfilling
- Manholes
- Testing

LEGAL IMPLICATIONS

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) 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."

FINANCIAL IMPLICATIONS

Initial Total Project Cost	MIG Funding	Counter funding	Contractor's price	Professional Fees	Variance	Revised Project Budget
R20 787 843.77	R20 787 843.77	R0.00	R22 183 654.79	R3 626 548.22	R5 022 359.30	R25 810 203.01

OTHER IMPLICATIONS

The project will not be completed successfully without approval of the budget maintenance, thus affecting its intended purpose.

RECOMMENDATIONS

1. That the Council takes note of the report.
2. That Council approves the application for Budget Maintenance for the Upgrading of Kutlwanong Outfall Sewer for an amount of R5 022 359.30 that will be funded by COGTA (MIG) to successfully complete the project.

A9/2020

UPGRADING OF THABONG T8 PUMPING STATION- BUDGET MAINTENANCE APPLICATION TO COGTA (MIG) (EXECUTIVE MAYOR)

PURPOSE

The purpose of this item is to request the approval of Council for the application of budget maintenance of the Upgrading of Thabong T8 Pumping Station from COGTA (MIG).

BACKGROUND AND DISCUSSION

This project was registered by MIG in June 2017 for an amount of R 13,540,602.44 and MIG is funding it fully. as per attached registration letter. The project was then advertised in October 2017 and the Contractor was appointed in December 2017 **as per the attached advert and Contractor appointment letter on page 15 to 17 of the annexures.**

Upon the appointment of the contractor it was noticed that the approved project budget of R 13,540,602.44 is less than the contractor appointed amount. Thus, presenting a shortfall of funds required to successfully complete the project. During construction stage, the project encountered numerous costly delays which were attributed to strike actions by laborers and community unrests; additions and variations to Construction Designs; Flooding of sewer trenches due to rainfalls and non-functioning of the existing pump station and price escalations that were estimated at 6% had escalated to 8.5% during construction (CPA). It is a requirement from MIG that the Municipality is supposed to apply for budget maintenance in order to cover the shortfall. The process of applying for budget maintenance requires a Council Resolution in order for MIG to fund the shortfall. At the moment an application for budget maintenance has been submitted to MIG and it is awaiting a Council Resolution to be finalised. The MIG funds on this project have been depleted and the Contractor was instructed to leave site to avoid payment of standing time.

The Upgrading of Thabong T8 Pumping Station project is currently being implemented by the Municipality through MIG funding. This project entails:

This project entails the (i) Construction of a new Archimedes screw pump lifting station with emergency by-pass; (ii) Redirection of the existing outfall sewer lines leading towards and from the new screw pump lifting station and (iii) the investigation into viability of replacing the existing T8 pumping station outfall sewer by means of CCTV.

LEGAL IMPLICATIONS

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) 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."

FINANCIAL IMPLICATIONS

Initial Project Cost	Total	MIG Funding	Counter funding	Contractor's price	Professional Fees	Variance	Revised Project Budget
R13,540,602.44		R13,540,602.44	R0.00	R14 751 051.18	R2 924 708.92	R 4,135,157.66	R 17,675,760.11

OTHER IMPLICATIONS

The project will not be completed successfully without approval of the budget maintenance, thus affecting its intended purpose.

RECOMMENDATIONS

1. That Council takes note of the report.
2. That Council approves the application for Budget Maintenance for the Upgrading of Thabong T8 Pumping Station for an amount of R4 135 157.92 that will be funded by COGTA (MIG) to successfully complete the project.

A10/2020

THABONG: INSTALLATION OF BULK ZONAL WATER METERS AND VALVES
APPLICATION FOR BUDGET MAINTANANCE (EXECUTIVE MAYOR)

PURPOSE

The intention of this report is to effectively motivate for the approval by Council for budget maintenance amounting to **R1 220 696.95 (incl. Vat)** from the Municipal Infrastructure Grant (MIG).

BACKGROUND

This project was registered for funding in 2016 under MIG project number MIG/FS1151/W/16/17 for an amount of R7 000 000, 00 (incl. Vat). The approved MIG funding is R5 830 835,60 and R1 169 164,40 is for counter-funded by the Municipality as the project includes areas that are not Previously Disadvantaged.. The actual costs after appointment of Contractors amount to R8 201 090.30 VAT Inclusive including professional fees. This variance is due to increase in VAT and price escalations in Construction Costs. **See attached MIG Registration letter and 4x Contractors appointment letters on page 18 to 29 of the annexures.**

DISCUSSION

This project was not open to public tender but reserved for the Phase 2 Vuku'phile learner contractors under the EPWP programme as part of their Learnership (bid advert attached). Four learner contractors were appointed on the project as follows:

- Phanda Business Enterprise (Pty) Ltd
- Evanciency Marketing (Pty) Ltd
- Adell Trading (Pty) Ltd
- MYBK Trading (Pty) Ltd.

The project is also one of the Municipality's initiatives in saving water by measuring the outflow of water as a means to better manage and quantify water loss and improve service delivery.

LEGAL IMPLICATIONS

Municipal Finance Management Act (MFMA) 56 of 2003
 Division of Revenue Act (DORA) 3 of 2016

FINANCIAL IMPLICATION

The request for an additional R1 220 969.95 under the budget maintenance of MIG is to enable the project to be completed successfully. The table below shows the variance between the original projects approved amount, tendered amounts from Learner Contractors and VAT at 14% and at 15%.

TOTAL PROJECT COST	MIG FUNDING	COUNTERFUNDING	CONTRACTORS PRICE	PROFESSIO NAL FEES
R7 000 000.00	R 5 830 835,60	R 1 169 164,40	R5 865 588.75	R2 335 501,55

RECOMMENDATIONS

1. That Council takes note of the report.
2. That Council approves the application for additional funding for an amount of R1 220 969.95 VAT Inclusive.

A11/2020

NYAKALLONG/ALLANRIDGE REPLACEMENT OF OLD GALVANIZED STEEL PIPES – BUDGET MAINTENANCE APPLICATION TO COGTA (MIG) (EXECUTIVE MAYOR)

PURPOSE

The purpose of this item is to request the approval of the Council for the application of budget maintenance of the Nyakallong/Allanridge Replacement of Old Galvanized Steel Pipes from COGTA (MIG).

BACKGROUND & DISCUSSIONS

This project was registered by MIG in February 2018 for an amount of R6 682 316.78 and MIG is funding it fully, as per attached registration letter. The project was then advertised in May 2018 and 4 x Contractors were appointed in November 2018 **as per the attached advert and Contractor appointment letter on page 30 to 38 of the annexures.**

Upon the appointment of the contractor it was noticed that the approved project budget of R6 682 316.78 is less than the contractors appointed amount. The actual costs after appointment of Contractors amounts to R7 690 399.86 VAT Inclusive including professional fees. Thus, presenting a shortfall of funds required to successfully complete the project. It is a requirement from MIG that the Municipality is supposed to apply for budget maintenance in order to cover the shortfall. The process of applying for budget maintenance requires a Council Resolution in order for MIG to fund the shortfall. At the moment an application for budget maintenance has been submitted to MIG and it is awaiting a Council Resolution to be finalized.

The Nyakallong/Allanridge Replacement of Old Galvanized Steel Pipes project is currently being implemented by the Municipality through MIG funding. This project entails:

Allanridge:

- the replacement of 893m of old galvanized steel pipes with new 250mm diameter uPVC Class 12 pipes.
- The inspection and repair or replace of valves and fire hydrants.
- Inspect and repair of all leaking pipes at households.

Nyakallong

- the replacement of 1.7 km of old galvanized steel pipes with new 250mm diameter uPVC Class 12 pipes.
- The inspection and repair or replace of valves and fire hydrants.
- Inspect and repair of all leaking pipes at households.
- Maintenance of water meters

LEGAL IMPLICATIONS

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) 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."

FINANCIAL IMPLICATIONS

Initial Project Cost	Total Project Cost	MIG Funding	County funding	Contractor's price	Professional Fees	Variance	Revised Project Budget
R6 682 316.78	R6 682 316.78	R0.00	R5 435 744.15	R2 254 655.71	R1 008 083.08	R 7,690 399.86	

OTHER IMPLICATIONS

The project will not be completed successfully without approval of the budget maintenance, thus affecting its intended purpose.

RECOMMENDATIONS

1. That Council takes note of the report.
2. That Council approves the application for Budget Maintenance for the Nyakallong/Allanridge Replacement of Old Galvanized Steel Pipes for an amount of R1 008 083.08 that will be funded by COGTA (MIG) to successfully complete the project.

A12/2020

**EXPENDITURE REPORT FOR THE MUNICIPAL INFRASTRUCTURE GRANT (MIG)
2019/20 FINANCIAL YEAR (EXECUTIVE MAYOR)**

PURPOSE

To provide the Council with the current progress of the Municipal Infrastructure Grant (MIG) expenditure for the month of December 2019.

BACKGROUND

The Municipality was allocated an amount of **R119 070 000.00** of the Municipal Infrastructure Grant (MIG) for the 2019/2019 financial year.

An amount of **R5 953 500,00** is for PMU operational costs, which is 5% of the total MIG allocation.

The Municipality was put under cost re-imbursement by the Department of Co-operate Governance due to late submission of reports. Cost re-imbursement means that Treasury will only transfer the amount as per the payment certificates received by the Municipality, verified on site by MISA officials together with the PMU officials and submitted to the Provincial MIG office.

DISCUSSION

Current MIG Expenditure can be reported as per the tables below.

ALLOCATION:

Summary of Expenditure to Date	
Allocation	R119 070 000.00 (100%)
Planned/Target Expenditure by end December 2019	R52 390 800.00 (44%)
Current Expenditure by end December 2019	R31 815 142.05 (27%)
Planned/Target Expenditure by end January 2020	R59 535 000 (50%)
Balance to be spent by end January 2020	R27 719 957.95 (50%)
Paid but not reported	R7 093 615.88
Invoices at hand	R1 790 152.34

There was no expenditure reported for the month of November and December due to a letter that was sent to the Municipality by Treasury regarding an unfunded budget that the Municipality did not reply to.

LEGAL IMPLICATIONS

Municipal Finance Management Act (MFMA) 56 of 2003
Division of Revenue Act (DORA) 3 of 2016

RECOMMENDATIONS

1. That Council takes note of the report.
2. That Council give the Municipal Manager authority to write to the National Department of Co-Operative Governance to remove the Municipality from the cost re-imbursement process

A13/2020

SUBMISSION OF 1st QUARTER DRAFT NON-FINANCIAL PERFORMANCE REPORT TO COUNCIL FOR CONSIDERATION (EXECUTIVE MAYOR)

PURPOSE

To submit a first quarter draft quarterly non-financial performance report to Council for consideration.

BACKGROUND

Section 152(2) of the Constitution of South Africa, Act 108 of 1996, clearly spells out objectives of local government as follows:

- (a) To provide a democratic and accountable government for local municipalities
- (b) To ensure provision of services to communities in a sustainable manner
- (e) To encourage the involvement of communities and community organisations in matters of local government.

It is also the requirement of section 38(a) (iii) of the Municipal Systems Act of 2000 to provide a clear linkage between the integrated development plan and the performance management system of the municipality. It is therefore critical that we measure the extent to which the objectives as set out in the integrated development plan are being achieved. It must be noted that the first and second quarter reports have already served before Mayoral Committee and ultimately Council.

The institutional framework for the performance management process expects the following to take place:

- That the Executive Mayor provides oversight that ensures that senior management gathers relevant and planned information throughout each reporting period and submit progress report on a quarterly basis; and
- That the internal audit function must audit and assess the accuracy of performance reports, the functionality of the performance management system.

The draft report is based on the first quarter of the current financial year of the IDP for 2019/2020 which was approved by council in May 2019. The approved Municipal SDBIP for 2019/2020 started being implemented. The process was preceded by the signing of performance agreements by all Executive Directors with the Municipal Manager. Such agreements have given rise to the draft report as submitted.

LEGAL IMPLICATIONS

- Constitution of the Republic of South Africa, Act 106 of 1996
Section 152(2) (b) “To provide a democratic and accountable government for local municipalities”
- Municipal Systems Act, Act 32 of 2000
Section 38- A municipality must:
 - (a) Establish a performance management system that is-
 - (iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan.

FINANCIAL IMPLICATION

Development of Municipal quarterly non-financial report did not require financial inputs as it was done internally.

RECOMMENDATIONS

1. That Council considers the first draft quarterly non-financial performance report.
2. That the final approved report be made public in line with applicable legislation
3. That the first approved non-financial report for 2019/2020 be submitted to both provincial and national departments of Treasury and Cogta.

A14/2020

SUBMISSION OF 2nd QUARTER DRAFT NON-FINANCIAL PERFORMANCE REPORT TO COUNCIL FOR CONSIDERATION (EXECUTIVE MAYOR)

PURPOSE

To submit a second quarter draft quarterly non-financial performance report to Council for consideration.

BACKGROUND

Section 152(2) of the Constitution of South Africa, Act 108 of 1996, clearly spells out objectives of local government as follows:

- (c) To provide a democratic and accountable government for local municipalities
- (d) To ensure provision of services to communities in a sustainable manner
- (e) To encourage the involvement of communities and community organisations in matters of local government.

It is also the requirement of section 38(a) (iii) of the Municipal Systems Act of 2000 to provide a clear linkage between the integrated development plan and the performance management system of the municipality. It is therefore critical that we measure the extent to which the objectives as set out in the integrated development plan are being achieved. It must be noted that the first and second quarter reports have already served before Mayoral Committee and ultimately Council.

The institutional framework for the performance management process expects the following to take place:

- That the Executive Mayor provides oversight that ensures that senior management gathers relevant and planned information throughout each reporting period and submit progress report on a quarterly basis; and
- That the internal audit function must audit and assess the accuracy of performance reports, the functionality of the performance management system.

The draft report is based on the second quarter information of the approved SDBIP of the current financial year of the IDP for 2019/2020 which was approved by council in May 2019. The approved Municipal SDBIP for 2019/2020 started being implemented during the first quarter and this report reflects actual work and deviations associated with work not done and reasons advanced in this regard. The above process was preceded by the signing of performance agreements by all Executive Directors with the Municipal Manager. Such agreements have given rise to the draft report as submitted.

***** See attached under Separate Cover (5) is the 2nd quarter draft non-financial performance report**

LEGAL IMPLICATIONS

- Constitution of the Republic of South Africa, Act 106 of 1996
Section 152(2) (b) “To provide a democratic and accountable government for local municipalities”
- Municipal Systems Act, Act 32 of 2000
Section 38- A municipality must:
(b) Establish a performance management system that is-

- (iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan.

FINANCIAL IMPLICATION

Development of Municipal quarterly non-financial report did not require financial inputs as it was done internally.

RECOMMENDATIONS

1. That Council considers the second draft quarterly non-financial performance report.
2. That the second draft quarterly non-financial performance report be approved by Council.
3. That the final approved report be made public in line with applicable legislation.
4. That the second approved nonfinancial report for 2019/2020 be submitted to Government Treasuries (Provincial and National).

A15/2020

SUBMISSION OF DRAFT HALF YEAR NON-FINANCIAL REPORT TO COUNCIL FOR CONSIDERATION (EXECUTIVE MAYOR)

PURPOSE

To submit a 2019/2020 section 72(Half year) draft non-financial report to Council for consideration.

BACKGROUND

Section 152(2) of the Constitution of South Africa, Act 108 of 1996, clearly spells out objectives of local government as follows:

- To provide a democratic and accountable government for local municipalities
- To ensure provision of services to communities in a sustainable manner
- To encourage the involvement of communities and community organisations in matters of local government.

It is also the requirement of section 38(a) (iii) of the Municipal Systems Act of 2000 to provide a clear linkage between the integrated development plan and the performance management system of the municipality. It is therefore critical that we measure the extent to which the objectives as set out in the integrated development plan are being achieved.

The institutional framework for the performance management process expects the following to take place:

- That council should receive a performance report from the Executive Mayor on a mid-year basis;
- That the Executive Mayor provides oversight that ensures that senior management gathers relevant and planned information throughout each reporting period and submit progress report on a quarterly basis; and
- That the internal audit function must audit and assess the accuracy of performance reports, the functionality of the performance management system.

***** See attached under Separate Cover (6) draft half year non-financial performance report**

LEGAL IMPLICATIONS

- Constitutions of the Republic of South Africa, Act 106 of 1996
Section 152(2) (b) “To provide a democratic and accountable government for local municipalities”
- Municipal Systems Act, Act 32 of 2000
Section 38- A municipality must:
(c) Establish a performance management system that is-
(iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan.

FINANCIAL IMPLICATION

Development of the draft report was done internally.

RECOMMENDATIONS

1. That Council considers progress achieved for the first six months of the current financial year.
2. That the approved report be submitted to Provincial and National COGTA and Treasury.
3. That Council notes that there is limited progress achieved in the last six months.
4. That it is further recommended that a realistic adjustment on the performance targets be done in line with the adjustment budget.

A16/2020

STATUS ON THE DRAFT ANNUAL REPORT 2018/2019: MATJHABENG LOCAL MUNICIPALITY (EXECUTIVE MAYOR)

PURPOSE

The purpose of the item is to report on the status of the draft audited Annual Report to Council for the financial year 2018/2019 for noting.

BACKGROUND

It is required for Municipalities to consolidate draft annual reports and submit them to council every January of each financial year for noting in anticipation of the public participation process to follow. For the financial year 2018/2019, the Municipality requested and other spheres of government to extend the submission date of both the draft annual performance report and the draft annual financial statements to be submitted on the 31st October 2019 from the legislated date of the 31st August 2019. Council approved the requested change of dates and the same resolution relating to the documents required for submission was submitted to all relevant entities of government.

The audit process for the financial year under review started on the 1st November 2019 and audited plan, as signed subsequent to the council resolution, was agreed to with office of the Auditor General to last until February 2020. In other words, the audit is still underway and therefore there is not yet a draft annual report. The Municipality would be able to deal with the draft annual report for 2018/2019 during the next ordinary council and after the audit final audit report has been released.

LEGAL IMPLICATIONS

Local Government: Municipal Systems Act 2000 (Act No 32 of 2000):

Section 46 (1) “A municipality must prepare for each financial year a performance report reflecting-

(a) The performance of the municipality and of each external service providers during the financial year;

(2) An annual performance report must form part of the municipality’s annual report in terms of Chapter 12 of the Municipal Finance Management Act.”

FINANCIAL IMPLICATIONS

Development of the draft annual report is planned to take place internally.

RECOMMENDATIONS

1. That Council notes progress on the development of draft audited annual report for the financial year 2018/19.
2. The status report be submitted to the provincial and national departments of COGTA and Treasury.

A17/2020

REPORT ON PROGRESS OF FILLING OF THE VACANT POSITION OF THE EXECUTIVE DIRECTOR INFRASTRUCTURE (EXECUTIVE MAYOR)

PURPOSE

To submit the report on progress of filling of the vacant position of the Executive Director Infrastructure.

BACKGROUND

The Position of the Executive Director Infrastructure was advertised on the 16th August 2019 and closed on the 30th August 2019. There were 19 applications and shortlisting took place on the 25th November 2019, 6 candidates were then shortlisted

DISCUSSION

Letsete B-Hub was appointed to do the screening of the 6 shortlisted candidates. The screening report was submitted on the 13th December 2019.

SHORTLISTED CANDIDATES FOR THE POSITION OF: EXECUTIVE DIRECTOR INFRASTRUCTURE

NO	NAME AND SURNAME	GENDER	AGE	QUALIFICATIONS
1	MSL Ntlatleng	Male	46	1. Grade 12 2. N-Dip Civil Engineering 2. B-Tech Civil Engineering
2	DL Ramabitsa	Male	43	1. Grade 12 2. N-Dip Civil Engineering 3. B-Tech Civil Engineering
3	TC Tshabalala	Male	34	1. Grade 12 2. Bachelor of science Engineering
4	ME Thekiso	Male	40	1. Grade 12 2. N-Dip Civil Engineering 3. B-Tech Civil Engineering
5	KM Letebele	Male	35	1. Grade 12 2. N-Dip Civil Engineering 3. B-Tech Civil Engineering 4. N-Dip Project Management 5. MFMP
6	NB Thobela	Male	54	1. Grade 12 2. N-Dip Civil Engineering 3. B-Tech Civil Engineering 4. CPMD

There were 6 people shortlisted and screened before the interviews and subsequent to that only 5 were interviewed because Mr TC Tshabalala withdrawn from the interviews of the Executive Director Infrastructure.

All candidates prepared a 15 minutes PowerPoint presentation on a turnaround strategy and strategies they can implore to replace the ageing infrastructure. The interviews took place on the 17th December 2019 and 3 candidates were recommended by the panel for the Competency Assessment of COGTA.

RECOMMENDED CANDIDATES FOR THE POSITION OF: EXECUTIVE DIRECTOR INFRASTRUCTURE

NO	NAME AND SURNAME	GENDER	AGE	QUALIFICATIONS
1	DL Ramabitsa	Male	43	1. Grade 12 2. N-Dip Civil Engineering 3. B-Tech Civil Engineering
2	ME Thekiso	Male	40	1. Grade 12 2. N-Dip Civil Engineering 3. B-Tech Civil Engineering
3	NB Thobela	Male	54	1. Grade 12 2. N-Dip Civil Engineering 3. B-Tech Civil Engineering 4. CPMD

The Panel tasked secretariat with the responsibility of contacting service providers that are accredited by COGTA to do the 2 days Competency Assessments for the recommended candidates.

We requested a quotation from Gijima and Landelani on the 23rd December 2019 and Gijima only sent a quote on the 8th January 2019, we are still awaiting quotes from Landelani.

LEGAL IMPLICATIONS

Municipal Systems Act 32 of 2000; Section 56 and 57

FINANCIAL IMPLICATIONS

None

RECOMMENDATION

1. That Council takes note of the report on progress of filling of the vacant Position of Executive Director Infrastructure.

A18/2020

APPOINTMENT OF THE ACTING EXECUTIVE DIRECTOR: LED, PLANNING & HUMAN SETTLEMENTS (EXECUTIVE MAYOR)

PURPOSE

To request to Council to appoint the acting of Executive Director: Local Economic Development, Planning and Human Settlements.

BACKGROUND

The Local Government' Municipal Systems Amendment Act No 7 of 2011 was enacted into law and is effective as from the 11 July 2011. This Act vests in Council the power to appoint an acting manager directly accountable to the Municipal Manager in terms of section 56 (1) (a) (ii) which reads thus:

“Section 56 (1) (a) A municipal council after consultation with the municipal manager must appoint-

(i) ...

(ii) An acting manager directly accountable to the municipal manager under circumstances and for a period as prescribed.”

Following the end of the 5-year contract of the previous incumbent Executive Director,

Mr. Msweli, Council resolved as follows:

COUNCIL RESOLVED: (14 FEBRUARY 2017)

1. That Council **APPOINTS** Mrs MG Mothekhe as acting Executive Director: LED, Planning and Human Settlements from 1 March 2017.
2. That the acting period **SHOULD NOT EXCEED** three (3) months.
3. That the Accounting Officer **MUST FINALIZE** the process of the recruitment and selection of candidates within the period of three months from the date hereof.

During the Council meeting that was held on 16 January 2018, it was resolved as:

COUNCIL RESOLVED: (16 JANUARY 2018)

1. That Council **APPROVES** the request for an application for the extension of the acting period of Mr. Barry Golele in terms of section 56(1) (c) of the MSA as amended.
2. That the extension **MUST NOT EXCEED** a period of three months.
3. That the application for extension **MUST NOT** be construed by the incumbent as legitimate expectation for appointment to the post.

4. That the Executive Mayor **IS DELEGATED** to depose the letter to the MEC of Local Government.

On the 30th of August 2018, Council resolved as follows on the position of LED, Planning and Human Settlements:-

COUNCIL RESOLVED: (30 AUGUST 2018)

1. That Council **APPOINTS** Mr B. Golele as the acting Executive Director: LED, Planning and Human Settlements.
2. That the acting period should **NOT EXCEED** the period of three months.
3. That a report of the Committee who conducted the previous interviews for the said position should **BE SUBMITTED** in the next Council meeting.
4. That the position of the Executive Director **BE RE-ADVERTISED**

On the 9th September 2018, the Positions of the Executive Director: LED, Planning and Human Settlements and Executive Director: Infrastructure were advertised in the City Press newspaper as well as the Vista Newspaper on the 13th September 2018.

The initial closing date was the 30th of September 2018 and an erratum was done which extended the closing date to be the 29th of October 2018.

On the 4th December 2018, an item on the appointment of the afore-mentioned Executive Directors served before Council and Council resolved as follows:

COUNCIL RESOLVED: (04 DECEMBER 2018)

1. That Council **APPOINTS** a selection panel comprising of five (5) members to do the shortlisting and interviews for the position of Executive Director: LED, Planning & Human Settlements as well as for the position of Executive Director: Infrastructure.
2. That the appointed selection panel **WOULD COMPRISE** of the following members:
 - 2.1 The Municipal Manager;
 - 2.2 The Executive Mayor or his delegate;
 - 2.3 A representative of COGTA;
 - 2.4 A representative of SALGA;
 - 2.5 One member from DA and EFF - one would be part of the panel that would interview the Executive Director: LED and the other be part of the panel that would interview the Executive Director: Infrastructure.

Pursuant to the Council resolution, the Municipality received a communication from the Provincial Department of Cooperative Governance and Traditional Affairs advising as follows:

1. That the post of Executive Directors Infrastructure and LED be re-advertised.

During the Council meeting that was held on 31 January 2019, it was resolved as follows:

COUNCIL RESOLVED: (31 JANUARY 2019)

1. *That the vacant posts of Executive Director Infrastructure and LED must **BE RE-ADVERTISED**.*

During the Council meeting that was held on 28 May 2019, it was resolved as follows:

COUNCIL RESOLVED: (28 MAY 2019)

1. *That Council **APPOINT** Mr. Barry Golele to act as Executive Director: LED, Planning and Human Settlement.*
2. *The extension must **NOT EXCEED** a period of three months.*
3. *The application for extension must not **BE CONSTRUED** by the incumbent as legitimate expectation for appointment to the post.*

The acting period of Mr Barry Golele expired on the 28 August 2019. Thereafter, the powers of the Executive Director reverted back to the Municipal Manager.

FINANCIAL IMPLICATIONS

The position was budgeted for in the 2019/20 Financial Year.

LEGAL FRAMEWORK

1. *In terms of Section 56(1)(a)(ii) of the Local Government Municipal Systems Act as amended:*

A municipal Council, after consultation with the municipal manager must appoint –

(i) ...

(ii) an acting manager directly accountable to the municipal manager under circumstances and for a period as prescribed.”

RECOMMENDATION

1. That the Council appoint an acting an Executive Director: LED, Planning and Human Settlements

A19/2020

**APPOINTMENT OF ACTING EXECUTIVE DIRECTOR: INFRASTRUCTURE
(EXECUTIVE MAYOR)**

PURPOSE

To request Council to appoint the acting of Executive Director: Infrastructure.

BACKGROUND

On the 30th of August 2018, a report was submitted to Council on the resignation of the Executive Director: Infrastructure. Pursuant to the report, Council resolved as follows:-

“COUNCIL RESOLVED: (30 AUGUST 2018)

1. *That Council **ACCEPTS** the resignation of the Executive Director: Infrastructure effective from the 1st September 2018.*
2. *That Council **DECLARES** the vacancy of the Executive Director: Infrastructure in line with the regulations on appointment and Conditions of Service of Senior Managers of 2014.*
3. *That Council **MANDATES** the Municipal Manager **TO ADVERTISE** the vacant post in line with the afore-mentioned regulations.*
4. *That a request **BE MADE** to COGTA to support the Municipality by deploying a appointment of the Executive Director: Infrastructure.”*

On the 9th September 2018, the Positions of the Executive Director: LED, Planning and Human Settlements and Executive Director: Infrastructure were advertised in the City Press newspaper as well as the Vista Newspaper on the 13th September 2018.

The initial closing date was the 30th of September 2018 and an erratum was done which extended the closing date to be the 29th of October 2018.

On the 4th December 2018, an item on the appointment of the afore-mentioned Executive Directors served before Council and Council resolved as follows:

COUNCIL RESOLVED: (04 DECEMBER 2018)

3. *That Council **APPOINTS** a selection panel comprising of five (5) members to do the shortlisting and interviews for the position of Executive Director: LED, Planning & Human Settlements as well as for the position of Executive Director: Infrastructure.*
4. *That the appointed selection panel **WOULD COMPRISE** of the following members:*
 - 4.1 *The Municipal Manager;*
 - 4.2 *The Executive Mayor or his delegate;*
 - 4.3 *A representative of COGTA;*
 - 4.4 *A representative of SALGA;*

- 4.5 *One member from DA and EFF - one would be part of the panel that would interview the Executive Director: LED and the other be part of the panel that would interview the Executive Director: Infrastructure.*

Pursuant to the Council resolution, the Municipality received a communication from the Provincial Department of Cooperative Governance and Traditional Affairs advising as follows:

2. That the post of Executive Directors Infrastructure and LED be re-advertised.

During the Council meeting that was held on 31 January 2019, it was resolved as follows:

COUNCIL RESOLVED: (31 JANUARY 2019)

1. *That the vacant posts of Executive Director Infrastructure and LED must **BE RE-ADVERTISED.***

DISCUSSION

The Municipality was unable to obtain qualified Engineer as per MISA arrangement to assist. The Executive Director: Strategic Support Services, Mr. Makofane had been acting as Caretaker to the Infrastructure Department.

FINANCIAL IMPLICATIONS

The position was budgeted for in the 2019/20 Financial Year.

LEGAL FRAMEWORK

2. *In terms of Section 56(1)(a)(ii) of the Local Government Municipal Systems Act as amended:*

A municipal Council, after consultation with the municipal manager must appoint –

(i) ...

(ii) an acting manager directly accountable to the municipal manager under circumstances and for a period as prescribed.”

RECOMMENDATION

1. That the Council appoint the Acting Executive Director: Infrastructure

