

MATJHABENG MUNICIPALITY

ADDENDUM AGENDA

FOR THE

FINANCE SECTION 80 COMMITTEE

MEETING

TO BE HELD on

WEDNESDAY, 06 NOVEMBER 2019

at

10:00

**ROOM 428 4th FLOOR, CIVIC CENTRE,
WELKOM**

MATJHABENG MUNICIPALITY

CITY OFFICES
STATEWAY
WELKOM
2019-11-05

Doctor / Sir / Madam

NOTICE is hereby given that the **FINANCE SECTION 80 COMMITTEE** meeting will be held on **WEDNESDAY, 05 NOVEMBER 2019** at **10:00** at Room 428 Floor, Civic Centre, Welkom.

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FS/12/2019

MONTHLY FINANCE REPORT – SEPTEMBER 2019 (CFO)

PURPOSE

To submit to the Executive Management Committee the Monthly Finance Report for September 2019 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003.

BACKGROUND

Section 71 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 month and for the financial year up to the end of that month:

- 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 71 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 ICT 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 71 report is then compiled with all the information received from other sections and extracted from the Solar System.

DISCUSSIONS

The finance report for September 2019 is attached on.

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (September 2019)	For Year to date (2019/2020)
All Grants Received	-	238 660 000
Actual Revenue Received	104 881 009	311 946 095
Actual Expenditure	111 961 801	304 657 498
Salaries	63 764 652	192 708 600
Water	5 217 391	5 217 391
Electricity	1 502 261	14 647 496
Other Expenditure	41 477 497	92 084 011
Sub-Total	-7 080 792	245 948 597
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	-7 080 792	245 948 597
MIG Payments	12 841 260	18 675 417
INEG Payments	-	-
WSIG Payments	511 163	4 152 284
Capital Assets procured - Equitable Share	-	-
Fleet & Equipment	-	-
Office convention/ Furniture	-	-
Net Surplus/(Deficit) after Capital payments	-20 433 216	

Table 1: The Municipality had a deficit of R20 433 216 for the month of September after capital payments, this means that the amount received is below the amount paid.

TABLE 2	Actual For the Month (September 2019)	For Year to date (2019/2020)
Total Billings	197 213 395	549 102 031
Less: Indigent Billings	6 044 071	9 157 174
Actual Billings	191 169 324	539 944 857
Actual Revenue Received	103 614 645	308 236 662
Consumer Revenue	90 507 051	292 979 844
Other	13 107 594	15 256 818
Grants & Subsidies	-	238 660 000

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Pay rate for September 2019 (Total Billings)	54%
Total income percentage - September 2019	55%
Total income percentage – YTD	58%

The pay rate for September 2019 was 54%

The total income percentage September 2019 was 55%.

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 Finance Report is submitted in compliance with Section 71 of the MFMA no 56 of 2003.

RECOMMENDATION

1. That the Finance Report for September 2019 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE NOTED.
2. That the Finance Report for September 2019 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.

FS13/2019

INDEIGENT POLICY (CFO) (2/3/7/8)

PURPOSE

Reporting amendments on the Indigent Policy as per the Council Resolution.

BACKGROUND

Council during its sitting for the approval of budget related policies resolved on amending the indigent policy to accommodate all qualifying residents. Finance department visited all the promulgated by-laws in search of ways to amend the policy accordingly.

Based on the **Ward Committee By-law**, definition of the owner gives the municipality an opportunity to register and open accounts to all the residents of Matjhabeng who qualifies based on the definition. The definition is as follows:

In terms of the Ward Committee By-law, the definition of “**owner**” detailed as follows:
where the Municipality is unable to determine the identity of the owner, a person who has a legal right in, or the benefit of the use of, any premises, building, or any part of a building, situated on them;

LEGAL IMPLICATIONS

Municipal Finance Management Act
Ward Committee By-Law
Credit Control By-Law

FINANCIAL IMPLICATIONS

None

RECOMMENDATIONS

Section 80 Finance to take note of the amendments on the Indigent Policy

FS14/2019

DEBTORS WRITE OFF – IRRECOVERABLE DEBTS (CFO) (2/11/14)

PURPOSE

Proposed write off on irrecoverable debt.

BACKGROUND

The Municipal debt book has been escalating due to accounts which are irrecoverable in nature. Information submitted to National Treasury on monthly basis particularly Section 71 report under top 50 debtors owing the Municipality have been escalating with interests on irrecoverable debtors. Amongst other reasons the purpose of this item is to request approval from Council to execute data purification in a form of debt impairment on the overall debt book of the municipality to be realistic and to only reflect collectable debt. Under top 50 debtors owing Municipality the total worth **R 43 790 207.36** is deemed irrecoverable and we are requesting approval to write it off during 2018-2019 Financial year.

***** Reference to attached annexure A document*****

LEGAL IMPLICATIONS

Local Government Municipal Finance Act 2003
Local Municipal System Act 2000 as amended

FINANCIAL IMPLICATIONS

R 44 654 608.99

RECOMMENDATIONS

Section 80 Finance to take note of the proposed write-off on irrecoverable debt.