

MC1/2020

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

PURPOSE

To present to Mayoral Committee 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 (1) 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.

MC2/2020

THREE MONTHS FINANCE REPORT – OCTOBER - DECEMBER 2019 (CFO)

PURPOSE

To submit to the Mayoral Committee 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 (2)**

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.

MC3/2020

UPGRADING OF THE WELKOM LANDFILL SITE: BUDGET MAINTENANCE (EDI)

PURPOSE

The purpose of this item is to request the approval of the Mayoral Committee for the application of budget maintenance of the Upgrading of the Welkom Landfill Site from 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 is 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 finalized. 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 Mayoral Committee takes note of the report.
2. That Mayoral Committee recommends to Council to approve the application for Budget Maintenance for the Upgrading of the Welkom Landfill Site for an amount of R17 395 480.07.

MC4/2020

CONSTRUCTION OF MMAMAHABANE CEMETERY (EDI)

PURPOSE

The purpose of this item is to request the approval of the Mayoral Committee for the application of budget maintenance of the Construction of Mmamahabane Cemetery from MIG.

BACKGROUND

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 Total Project Cost	MIG Funding	Counter funding	Contractor's price	Professional Fees	Variance	Revised Project Budget
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 Mayoral Committee takes note of the report.
2. That Mayoral Committee recommends to Council to approve the application for Budget Maintenance for the Construction of Mmamahabane Cemetery for an amount of R6 606 340.64.

MC5/2020

UPGRADING OF KUTLWANONG OUTFALL SEWER (EDI)**PURPOSE**

The purpose of this item is to request the approval of the Mayoral Committee for the application of budget maintenance of the Upgrading of Kutlwanong Outfall Sewer from MIG.

BACKGROUND

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 Project Cost	Total	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 Mayoral Committee takes note of the report.
2. That Mayoral Committee recommends to Council to approve the application for Budget Maintenance for the Upgrading of Kutlwanong Outfall Sewer for an amount of R5 022 359.30.

MC6/2020

UPGRADING OF THABONG T8 PUMPING STATION (EDI)

PURPOSE

The purpose of this item is to request the approval of the Mayoral Committee for the application of budget maintenance of the Upgrading of Thabong T8 Pumping Station from MIG.

BACKGROUND

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 finalized. 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 Total Project Cost	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 the Mayoral Committee takes note of the report.
2. That Mayoral Committee recommends to Council to approve the application for Budget Maintenance for the Upgrading of Thabong T8 Pumping Station for an amount of R4 135 157.92.

MC7/2020

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

PURPOSE

The intention of this report is to effectively motivate for the approval by the Mayoral Committee 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	PROFESSIONAL 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 the Mayoral Committee takes note of the report.
2. That Mayoral Committee approves the application for additional funding for an amount of R1 220 969.95 VAT Inclusive.

MC8/2020

NYAKALLONG/ALLANRIDGE REPLACEMENT OF OLD GALVANIZED STEEL PIPES (EDI)**PURPOSE**

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

BACKGROUND

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	MIG Funding	Counter 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 the Mayoral Committee takes note of the report.
2. Mayoral Committee recommends to Council to approve the application for Budget Maintenance for the Nyakallong/Allanridge Replacement of Old Galvanized Steel Pipes for an amount of R1 008 083.08.

MC9/2020

SUBMISSION OF 1st QUARTER DRAFT NON-FINANCIAL PERFORMANCE REPORT TO MAYORAL COMMITTEE FOR CONSIDERATION (ED: SSS)

PURPOSE

To submit a first quarter draft quarterly non-financial performance report to Mayoral Committee 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 Mayoral Committee considers the first draft quarterly non-financial performance report.
2. That the first draft quarterly non-financial performance report be submitted to Council approval.
3. That the final approved report be made public in line with applicable legislation.
4. That the first approved nonfinancial report for 2019/2020 be submitted to government treasuries (provincial and national).

MC10/2020

SUBMISSION OF 2nd QUARTER DRAFT NON-FINANCIAL PERFORMANCE REPORT TO MAYORAL COMMITTEE FOR CONSIDERATION (ED: SSS)

PURPOSE

To submit a second quarter draft quarterly non-financial performance report to Mayoral Committee 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 (3) is the 2nd quarter draft quarterly 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

5. That Mayoral Committee considers the second draft quarterly non-financial performance report.
6. That the second draft quarterly non-financial performance report be submitted to Council approval.
7. That the final approved report be made public in line with applicable legislation.
8. That the second approved nonfinancial report for 2019/2020 be submitted to government treasuries (provincial and national).

MC11/2020

SUBMISSION OF DRAFT HALF YEAR NON-FINANCIAL REPORT TO MAYCO FOR CONSIDERATION (ED: SSS)

PURPOSE

To submit a 2019/2020 section 72(Half year) draft non-financial report to Mayoral Committee 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:

- (e) To provide a democratic and accountable government for local municipalities
- (f) 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.

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.

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 Mayoral Committee considers progress achieved for the first six months of the current financial year.
2. That the draft report be submitted to council for consideration;
3. That the approved report be submitted to Cogta (Province and National) as well as Treasuries (Province and National);

MC12/2020

STATUS REPORT ON THE DRAFT ANNUAL REPORT 2018/2019: MATJHABENG LOCAL MUNICIPALITY (ED: SSS)**PURPOSE**

The purpose of the item is to report on the status of the draft audited Annual Report to Mayoral Committee 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 extended 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 Mayoral Committee notes progress on the development of draft audited annual report for the financial year 2018/19.
2. Progress report be submitted to council for noting.
3. This status report be submitted to relevant government departments required by law.
4. The final draft annual report for 2018/2019 be submitted to Mayoral Committee after receiving the final audit report.

MC13/2020

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

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 Mayoral Committee takes note of the Report on progress of filling of the vacant Position of Executive Director Infrastructure.