

TMDM COUNCIL MEETING

ANNEXURE "K"

JANUARY 2023



REPORT OF THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL

SECOND QUARTER PERFORMANCE REPORT (Municipal Finance Management Act, Section 52(d))

1. EXECUTIVE SUMMARY

The purpose of this item is to report to Council on progress made in terms of the quarterly performance report for the quarter ended 31 December 2022.

2. BUSINESS PLAN

None

3. COMPLIANCE WITH STRATEGIC OBJECTIVE

Good governance

4. POLICY

TMDM Financial Management Policy

5. ANNEXURE

Second Quarter Performance Report

6. DELEGATED AUTHORITY

Council

7. LEGAL REQUIREMENTS

Municipal Finance Management Act No. 56 of 2003

8. BACKGROUND

Municipal Finance Management Act Sec. 52(d), the Executive Mayor of a municipality must within 30 days of the end of each quarter, submit a report to Council on the implementation of the budget and financial state of affairs of the municipality.

9. FINANCIAL IMPLICATIONS

The total operating income received amounts to	R 47 870 449
The total operating expenditure amounts to	R 39 554 720
The total capital expenditure amounting to	R 649 806

10. STAFF IMPLICATIONS

None

11. RISK IMPLICATIONS

Non-compliance with MFMA sec. 52(d)

12. RECOMMENDATION


It is recommended that:

- Council approves the section 52(d) report for the quarter ended 31 December 2022 (October to December 2022).



Cllr. AC Msibi
Executive Mayor

**MFMA Section 52D
Performance Report –
Quarter 2
2022/2023**



2022/2023

-1 INTRODUCTION

This report presents performance activities of the second quarter of 2022/2023 financial year. The report is a requirement as per section 52 of the Municipal Finance Management Act No. 56 of 2003 (MFMA), which provides for the Executive Mayor, to submit to council within 30 days of the end of each quarter, a report on the implementation of the budget and financial state of affairs, of the municipality.

The format of the report should be compliant with the 2022/2023 Service Delivery and Budget Implementation Plan (SDBIP) as adopted by council.

The report encompasses respective departmental performance from period 01 October to 31 December 2022. Seven (7) departments including the office of the municipal manager are reported on:

-  Office of the Municipal Manager
-  Budget and Treasury Office
-  Corporate Services
-  Community Services
-  Local Economic Development and Tourism Department
-  Infrastructure Service
-  Rural Development and Agriculture

The first section of the report contains the Monthly Budget Statements for the three months October, November and December 2022 as required by section 71 of the MFMA. In this section, a report on the financial state of the municipality is presented.

The second section of the report contains supply chain management implementation report for the period.

PART 1: PERFORMANCE REPORT

The report encompasses respective departmental performance from period 01 October 2022 to 31 December 2022.

Department (VOTE)	Responsible Official
Office of the Municipal Manager (Vote: Executive and Council)	Acting MM – Mr MS Lengoabala
Chief Financial Officer (Vote: Finance and Administration)	Ms. NL Gqoli
Corporate Services (Vote: Finance and Administration: HR, Admin.)	Acting Director Corporate Services – ME Ngobese
Infrastructure Services (Vote: Water, Sanitation, Roads and Electricity)	Mr. BM Mphahlele
Local Economic Development (Vote: LED)	Mr. M Lengoabala
Community Services (Vote: Community Services)	Mr. M Lengoabala
Rural Development and Agriculture	Mr. M Lengoabala

PART 2: FINANCIAL STATE OF THE MUNICIPALITY

2.1 The overall operating results for the quarter ending 31 December 2022.

Description	Approved Budget	Quarter Results	Year to date (YTD)	%
INCOME				
Operating Revenue	178 494 245	47 870 449	109 265 019	61%
EXPENDITURE				
Operating Expenditure	(174 492 245)	(39 554 720)	(75 004 780)	43%
Capital Expenditure	(4 002 000)	(649 806)	(858 478)	21%
TOTAL EXPENDITURE	(178 494 245)	(40 203 806)	(75 863 258)	43%
Surplus / (Deficit)	-	7 666 643	33 401 761	

The municipality received income for the second quarter amounting to R 47 870 449 and the total income received for the year amounts to R 109 265 019 which represents 61% of the total Approved budget of R178 494 245.

The municipality's operating expenditure for the second quarter amounts to R 39 569 390 and total expenditure for the year amounts to R 75 004 780 which represents 43% of the total operating expenditure budget of R 174 492 245.

The Capital spending for the second quarter amounts to R 634 416 and the total capital expenditure for the year amounts to R 858 478 which represents 21% of the total capital budget of R 4 002 000.

2.2 Actual Revenue, per revenue source

Source of Income	Revenue		Variance	Explanation of material differences
	Projected for 2 nd Quarter	Actual received for the 2 nd Quarter		
Equitable Share	43 051 000	43 051 000	-	NONE
FMG	0	0	-	NONE
EPWP Grant	2 411 000	2 411 000	-	NONE
Rural Assets Man	0	0	-	NONE
Energy Efficiency & Demand Grant	1 000 000	1 000 000	-	NONE
Interest Received	512 451.25	1 126 585	(614 134)	A large sum of investment was made which yielded in higher interest being received for the quarter.
Other Revenue	1 476 996.09	281 864	1 195 132.09	Funds anticipated from the kestel lab haven't been received yet.
TOTAL INCOME	48 451 447.34	47 870 449	580 998.34	

2.3 Short term Investments as of 31 December 2022

Banking Institution	Type of Account	Capital Invested	Interest Received	Investment Made	Amount withdrawn	Closing
ABSA	Fixed Deposit 32-Days	17 329 916.48	294 070.24	-	-	17 623 986.72
ABSA	Fixed Deposit Liquidity Plus	-	-	-	-	-
ABSA	Call Account	62.94	-	-	-	62.94
ABSA	Call Account	3 226 069.75	48 453.65	-	-80 000	3 194 523.40
ABSA	Call Account	42 171 740.0	494 430.56	35 000 000	-35 000 000	7 666 011.30
NEDBANK	Fixed Deposit	-	-	-	-	-

	32-Days					
NEDBANK	Call Account	6 330 417.60	96 254.68	-	-	6 426 672.28
TOTAL		33 251 415.07	933 209.13	35 000 000	-35 080 000	34 911 256.64

At the end of the second quarter the municipality showed a positive bank balance of R 34 911 256.64 on all investment accounts

2.4 Actual Expenditure per category

Operating Expenditure per Category	Approved Budget	Expenditure		(YTD) Expenditure	% Exp to date
		Projected per quarter	Actual per 2 nd Quarter		
Employee Cost	102 484 838	25 621 210	22 577 817	44 056 784	43%
Councillors Allowance	9 110 477	2 277 619	2 196 686	4 355 497	48%
General Expenditure	58 519 326	14 704 167	14 046 631	25 162 282	43%
Property, Plant and Equipment	4 002 000	1 000 500	634 416	843 807	21%
Depreciation	4 121 792	1 030 449	719 910	1 444 888	35%
Finance Charges	255 812	63 953	28 347	62 927	25%
TOTAL	178 494 245	44 697 897	40 203 806	75 863 258	43%

2.5 Actual Expenditure per Vote including Capital.

Department	Expenditure		Variance	%Exp
	Projected per Quarter	Actual Results per quarter		
Office of the Speaker	1 825 866.75	1 147 757.90	678 108.85	63%
Office of the Chief Whip	160 325.50	149 662.55	10 662.95	93%
MAYCO and Council	2 537 048.00	2 295 441.22	241 606.78	90%
Office of the Executive Mayor	3 417 606.75	2 580 873.29	836 733.46	77%
Municipal Manager	6 655 857.00	5 818 647.38	837 209.62	87%
Budget and Treasury	5 323 538.00	6 702 690.53	-1 379 152.53	126%
Corporate Services	8 511 330.50	6 881 840.25	1 629 490.25	81%
Community Services	6 803 633.25	5 978 431.83	825 201.42	88%
Infrastructure	6 646 743.00	6 134 974.33	511 768.67	92%
LED and Tourism	1 076 542.75	908 240.97	168 301.78	84%
Governance and Strategic support	714 454.00	534 379.01	180 074.99	75%
Rural Development and Agricultural	1 024 931.00	1 070 866.74	-45 935.74	104%
	44 697 876.50	40 203 806.00	4 494 070.50	90%

Legends

- ❖ The 37% underspending in the Office of the Speaker is due to the task grading system as the budgeted amount for salaries is not the same as the actual spending to date.
- ❖ The 23% underspending in the Office of the Executive Mayor is due to some projects/votes e.g. external bursary, poverty alleviation not being utilized in the second quarter.
- ❖ The 26% overspending in the Finance department is due to the Auditor General payment made in the second Quarter.
- ❖ The 25% underspending in the Governance and Strategic Support department is due to most of the projects/votes not being utilized yet, these projects are usually done in the last quarter of the year.

**THABO MOFUTSANYANA
DISTRICT MUNICIPALITY**



SCM REPORT

2nd Quarter 2022/2023



IMAMPOI STREET. OLD PARLIAMENT BUILDING. PRIVATE BAG X810. WITSIESHOEK 9870. SOUTH AFRICA.
 TEL. 058-718 1000. FAX 058-718 0940. e-mail: litelu.tm@lg.fs.gov.za

SCM UNIT

TO: CHIEF FINANCIAL OFFICER

DATE: 13 JANUARY 2023

SUPPLY CHAIN MONTHLY REPORT: 01 OCTOBER 2022 – 31 DECEMBER 2022

1. PURPOSE

In terms of Section 27 of this District Municipality's Supply Chain Management Policy, the accounting officer shall report to council on monthly basis and to the mayor quarterly on the implementation of the SCM Policy.

This report shall assist Council to maintain oversight over the implementation of the Policy to ensure that it is implemented within the scope of applicable legislation.

2. BACKGROUND

The Supply Chain Management Policy was reviewed and submitted for council consideration and subsequently adopted for implementation on the 31st May 2017. The review came about as the result of the amendments to the Preferential Procurement Policy Framework Act (PPPFA) and its Regulations which came into effect on 1st April 2017.

The Policy has since been implemented in line with Section 111 of MFMA (Act No. 56 of 2003).

3. REPORTING

This report is prepared in line with Section 27 of TMDM Supply Chain Management Policy, in terms of which the Accounting Officer shall report monthly to the National Treasury and Municipal Council on the implementation of Supply Chain Management Policy.

- 3.1 Deviation processes followed (Example: non-utilisation of provider list)
- 3.2 Late bids admitted and approved
- 3.3 Process disputes
- 3.4 Value for money (this centres around people's perceptions on whether resources have been well used to impact upon specific outcomes)
- 3.5 Unsolicited bids considered
- 3.6 Non-compliance

3.1 DEVIATION PROCESSES FOLLOWED

Section 27.3.1.3 of the Municipality's SCM Policy requires that the Municipality report monthly to Council on deviations approved from normal supply chain processes.

Deviations approved by the accounting officer during the period 01 Oct – 31 Dec 2022

The deviations are detailed below per recurring services/ goods as follows:

Services/ goods received	Total number of awards	Total cost
Register of Deviations attached	Nil	N/A
TOTAL	Nil	N/A

3.2 LATE BIDS ADMITTED AND APPROVED

Section 27.3.1.6 of the Municipality's SCM Policy requires that the Municipality report monthly to Council on late bids admitted and approved

Bids below were admitted late and approved:

Supplier/ service provider	Goods/ services	Bid amount
None	N/A	N/A
TOTAL	N/A	N/A

3.3 PROCESS DISPUTES

Section 27.3.1.5 of the Municipality's SCM Policy requires that the Municipality report monthly to Council on process disputes

Bids below were subjected to process disputes:

Supplier/ service provider	Goods/ services	Bid amount
None	N/A	N/A
TOTAL	N/A	N/A

3.4 VALUE FOR MONEY

Section 27.3.1.8 of the Municipality's SCM Policy requires Municipality to report monthly to Council on whether it receives value for money. The aim is to answer the question "Was this the cheapest way of producing the desired outputs?"

Following are procurements in terms of which the Municipality did not receive value for money

Supplier/ service provider	Goods/ services	Bid amount
None	N/A	N/A
TOTAL	N/A	N/A

3.5 UNSOLICITED BIDS CONSIDERED

Section 27.3.1.9 of the Municipality's SCM Policy requires that the Municipality report monthly to Council on unsolicited bids considered.

Below were unsolicited bids considered:

Supplier/ service provider	Goods/ services	Bid amount
None	N/A	N/A
TOTAL	N/A	N/A

3.6 NON-COMPLIANCE

The Municipality's Supply Chain Management Policy prohibits business transactions with a person/bidder:

- whose tax matters are not in order;
- who is in the service of the state;
- whose name appears in the Treasury's Database of Restricted Suppliers (Treasury's SCM Circular dated 30/09/2011);
- not registered as a prospective supplier on the CSD (Treasury Circular no.3 of 2015/2016);
- whose Municipal Rates and Taxes and Municipal Services charges are not in arrears for the period more than three months (SCM Policy 19.2.3.1)

The Policy further outlines processes that must be followed when requesting/ procuring goods or services above the following ranges:

- R 0 – R 2,000 > Petty cash purchases
- R 2,001 – R 10,000 > Written or verbal quotations (VAT Included)
- R 10,001 – R 200,000 > At least three quotations must be solicited
- R 30,000 < In addition, advertise for at least seven days on website and on official notice board of municipality all requirements exceeding R30 000 (VAT included)
- R 200,001 > Competitive bidding process

Despite the above regulated requirements, the following conditions could still not be complied with:

3.6.1. Tax clearance certificates were not obtained from the following suppliers:

Supplier	Services/Goods	cost
None	N/A	N/A
TOTAL	N/A	N/A

3.6.2. The declarations of interest were not obtained from the following suppliers:

Supplier	Services/Goods	Cost
None	N/A	N/A
TOTAL	N/A	N/A


3.6.3 None Compliance / Irregular Expenditure

Supplier	Services/Goods	Cost
Register of Irregular Expenditure attached	Nil	N/A
TOTAL	Nil	N/A


3.6.4 Awards made in terms of Supply Chain Management Regulation, Section 32

Service Provider	Project Discretion	Department	Amount
None	N/A	N/A	N/A
TOTAL	N/A	N/A	N/A


Prepared by:

 13/01/2023
 Mrs Litelu Moratuwa
 Senior Supply Chain Practitioner

Reviewed by:

 Date: 13/01/2023
 Mr Simon Thamaha
 Manager: Supply Chain Management

Approved by:

 Date: 13/01/2023
 Me. NL Gqoli
 Chief Financial Officer

Register of Unauthorised Expenditure – 2nd Quarter of Fin Year 2022/2023

Thabo Mofutsanyana District Municipality																	
No	Date of discovery	Date Reported to Accounting Officer or Accounting Authority	Transaction details				Person responsible (committed irregular expenditure)	Status									
			Date of Payment	Payment Number	Amount	Description of Incident		UI	C	DP	CC	TR	P	WO	General comments		
						None											

Abbreviations:

UI:	Irregular expenditure currently under investigation;
C:	Irregular expenditure confirmed;
DP:	Disciplinary process initiated against responsible person;
CC:	Criminal charges laid with SAPS;
TR:	Transferred to receivables for recovery
P:	Paid in or in the process of paying in instalments; or
WO:	Written-off by accounting officer or accounting authority as irrecoverable.

[Signature]
13/01/2023

Register of Irregular Expenditure – 2nd Quarter of Fin Year 2022/2023

Thabo Mofutsanyana District Municipality

No	Date of discovery	Date Reported to Accounting Officer or Accounting Authority	Transaction details				Person responsible (committed irregular expenditure)	Status									
			Date of Payment	Payment Number	Amount	Description of Incident		UI	C	DP	CC	TR	P	WO	General comments		
						None											

Abbreviations:

UI:	Irregular expenditure currently under investigation;
C:	Irregular expenditure confirmed;
DP:	Disciplinary process initiated against responsible person;
CC:	Criminal charges laid with SAPS;
TR:	Transferred to receivables for recovery
P:	Paid in or in the process of paying in instalments; or
WO:	Written-off by accounting officer or accounting authority as irrecoverable.


 13/01/2023

Register of Fruitless and Wasteful Expenditure – 2nd Quarter of Fin Year 2022/2023

Thabo Mofutsanyana District Municipality																
No	Date of discovery	Date Reported to Accounting Officer or Authority	Transaction details				Person responsible (committed irregular expenditure)	Status								
			Payment Date of	Payment Number	Amount	Description of Incident		UI	C	DP	CC	TR	P	WO	General comments	
						None										

Abbreviations:

UI:	Irregular expenditure currently under investigation;
C:	Irregular expenditure confirmed;
DP:	Disciplinary process initiated against responsible person;
CC:	Criminal charges laid with SAPS;
TR:	Transferred to receivables for recovery
P:	Paid in or in the process of paying in instalments; or
WO:	Written-off by accounting officer or accounting authority as irrecoverable.

[Signature]

13/01/2023



SUPPLY CHAIN MANAGEMENT

QUARTERLY REPORT: OCT-DECEMBER 2022

ASSET RECONCILIATION

BAR CODE	FULL DESCRIPTION	MAKE	ASSET CLASS DESCRIPTION	PURCHASE COST	LIFESPAN	PURCHASES DATE	DEPARTMENT DESCRIPTION	SERIAL NO.	ANNUAL DEPRECIATION
					In months				
0307S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5,CD2363YZD	3,700
0314S	Laptop	HP	IT Equipment	18,500.00	60	18/10/2022	Department: Community Services	S/N 5CD236320S	3,700
03431	Laptop	HP	IT Equipment	18,500.00	60	18/10/2022	Department: Community Services	S/N 5CD23672HQ	3,700
0319S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD2363Z0R	3,700
0321S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N CSD23672H7	3,700
0326S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD236YX3	3,700
0317S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD2363Z0S	3,700
0316S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD2363YWT	3,700
0318 S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD236739P	3,700
0320S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD2363Z00	3,700
0323S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD23672GY	3,700
0323S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD2363YWZ	3,700
0643S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Corporate Services	S/N 5CD23633Z0C	3,700
0700S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Corporate Services	S/N 5CD2363YVWV	3,700
0601S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Corporate Services	S/N 5CD2363YXF	3,700
0690S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Corporate Services	S/N 5CD2363YWT	3,700
0682S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD2363YWD	3,700
0688S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Community Services	S/N 5CD 2363209	3,700

0620S	Laptop	HP	IT Equipm.	18,500	60	18/10/2022	Department: Community Services	S/N 5CD2363YVW	3,700
0614S	Laptop	HP	IT Equipment	18,500	60	18/10/2022	Department: Infrastructure	S/N 5CD2363ZOT	3,700

Compiled by: 

Date: 18-01-23

Assets Management Officer: Mr Richard Moloi

Verified by: 

Date: 18/01/2023

SCM Manager: Mr. MS Thamaha

Approved by: 

Date: 18/01/2023

CFO: Me. NL Gqoli



SUPPLY CHAIN UNIT

OCTOBER 2022

REPORT OF ALL TENDERS AWARDED WITHIN 10 DAYS PERIOD AFTER THE END OF THE MONTH AS PER SDBIP

Number of tenders awarded: None

Details of tenders awarded: As detailed in the table below

Table of project(s) details

Project Name	Project Advert Date	Project Advert Newspaper	Advert Closing Date	Project Evaluation Date	Project Adjudication Date	Project Award Date	Project Amount
None	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Compiled by: *MA Mkhahlele* (Surname & Initials)

Signature: *[Signature]*

Date: *10/11/2022*

Verified by: *M.S. THAMAHLA* (Surname & Initials)

Signature: *[Signature]*

Date: *10/11/2022*

Approved by: *N.L. GADLI* (Surname & Initials)

Signature: *[Signature]*

Date: *10/11/2022*



SUPPLY CHAIN UNIT

NOVEMBER 2022

REPORT OF ALL TENDERS AWARDED WITHIN 10 DAYS PERIOD AFTER THE END OF THE MONTH AS PER SDBIP

Number of tenders awarded: Three

Details of tenders awarded: As detailed in the table below

Table of project(s) details

Project Name	Project Advert Date	Project Advert Newspaper	Advert Closing Date	Project Evaluation Date	Project Adjudication Date	Project Award Date	Project Amount
Branding Material	05 Oct 2022	Notice Board	13 Oct 2022	07 Nov 2022	07 Nov 2022	07 Nov 2022	R 68 620.00
Digital Camera	05 Oct 2022	Notice Board	13 Oct 2022	07 Nov 2022	07 Nov 2022	07 Nov 2022	R 55 200.00
Tools of Trade (Agric.)	05 Oct 2022	Notice Board	13 Oct 2022	07 Nov 2022	07 Nov 2022	07 Nov 2022	R198 940.00

Compiled by: *M.D. Mkhahle* (Surname & Initials)

Verified by: *M.S. THAMAHHA* (Surname & Initials)

Approved by: *N.h. Gooli* (Surname & Initials)

Signature: *[Signature]*

Date: *08/12/2022*

Signature: *[Signature]*

Date: *08/12/2022*

Signature: *[Signature]*

Date: *09/12/2022*



SUPPLY CHAIN UNIT

DECEMBER 2022

REPORT OF ALL TENDERS AWARDED WITHIN 10 DAYS PERIOD AFTER THE END OF THE MONTH AS PER SDBIP

Number of tenders awarded: One

Details of tenders awarded: As detailed in the table below

Table of project(s) details

Project Name	Project Advert Date	Project Advert Newspaper	Advert Closing Date	Project Evaluation Date	Project Adjudication Date	Project Award Date	Project Amount
Short-term Insurance	07 Aug 2022	City Press and EFS Issue	07 Sept 2022	19 Sept 2022	30 Nov 2022	30 Nov 2022	R 682 476.79

Compiled by: *M.D. Mkhaleli* (Surname & Initials)

Signature: *[Signature]*

Date: *13/01/2023*

Verified by: *M.S. THAMAHA* (Surname & Initials)

Signature: *[Signature]*

Date: *13/01/2023*

Approved by: *N.L. Gooli* (Surname & Initials)

Signature: *[Signature]*

Date: *13/01/2023*