

BUDGET AND TREASURY
THIRD QUATER FINANCIAL REPORT FOR 2015/16



REPORT FROM THE CHIEF FINANCIAL OFFICER

SECTION 52 REPORT FOR THE PERIOD

PURPOSE OF THIS REPORT

The purpose of this report is to inform the Council on the implementation of the budget and financial status of the municipality.

BACKGROUND

Section 52(d) of the Municipal Finance Management Act no 56 of 2003 stipulates that within 30 days of the end of each quarter a report must be submitted to Council on the implementation of the implementation of the budget and financial state of affairs of the municipality.

Even though we have got limited resources we are striving in terms of expenditure, to spend according to our budget as per the requirement of MFMA and report in terms of our budget implementation.

LEGISLATIVE FRAMEWORK

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium term planning and policy choices on service delivery.

This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No. 56 of 2003, Sections 71 & 52, and
- The Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements as follows:

The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the

budgeting and reporting process and other relevant matters as required by the Act.

FINANCIAL IMPLICATION

None

LEGAL IMPLICATION

Adherence to the Municipal Finance Management Act – No. 56 of 2003, Sections 71 & 52 and the Municipal Budget and Reporting Regulations

Adherence to section 6 (3) Supply Chain Regulations

RECOMMENDATION

(a) That Council approves the content of this report and supporting documentations for the third quarter of 2015/16 financial year.

(b) That the Directors and Councillors ensure that the budget is implemented in accordance with the IDP and Service Delivery and Budget Implementation Plan projections and that spending of funds and that revenue collection proceeds in accordance with the budget.

2. Overview

Financial Sustainability

The financial sustainability of the municipality remains a concern as the salaries for May and June will only depend on collection of revenue. Other than that equitable share has been received in full and no other trench is expected to be received.

Revenue

An amount of R43 million has been recorded as revenue for the quarter.

Key components of revenue include but are not limited to; rates, services charges, grants recognised and equitable share.

Expenditure

An amount of R32.2 million has been spent for the quarter.

This expenditure includes repayment of loans, settling of outstanding creditors, lease repayments and capital expenses.

Outstanding Debtors

Total outstanding debtors amounts to R201 million at the end of the period.

Other

Total amount of grants received for the quarter amounts to R21.8 million

3.Financial Performance- Income

Revenue By Source	007 January R'000	008 February R'000	009 March R'000	Total R'000
Property rates	1 711	1 711	1 720	5 142
Service charges - electricity revenue	1 884	663	2 151	4 697
Service charges - water revenue	4 311	1 138	1 142	6 591
Service charges - sanitation revenue	237	237	345	818
Service charges - refuse revenue	454	454	643	1 552
Rental of facilities and equipment	1	2	2	5
Interest earned - external investments	106	96	107	309
Fines	31	33	93	156
Licences and permits	162	140	158	461
Agency services	242	135	206	582
Transfers recognised - operational	57	515	13 983	14 555
Other revenue	443	2 089	1 165	3 697
Transfers recognised - capital	1 681	458	2 362	4 500
Total Revenue	11 320	7 671	24 076	43 066

The year to date actual revenue for the 2015/16 financial year is R150.7 million.

The largest contributors to the revenue basket for the quarter are transfers recognised- operational, service charges and property rates at R14.5 million, 13.6 million and 5.1 million respectively.

Transfer recognised-operational include equitable share of R13.8 million, LGSETA grants of R38 thousand and expenditure recognised as revenue for grants i.e. financial management grant, expanded public works programme at R713 thousand.

Other income received of R3.6 million is a material amount and includes the following expenditure:

- DOE subsidy to the value of R700 thousand
- Cash Electricity Sales for the quarter amount to R1.3 million
- General Income i.e. rate clearances, building plans, cemetery fees etc

**Note that the amount for property rates and services is accrued income based on billing performed by municipality and not actual receipts*

4. Financial Performance- Expenditure

Expenditure By Type	2017 January R'000	2017 February R'000	2017 March R'000	Total R'000
Employee related costs	3 859	3 838	3 709	11 406
Remuneration of councillors	447	958	447	1 852
Finance charges	16	166	102	284
Bulk purchases	1 310	1 149	2 853	5 312
Other materials	15	51	359	425
Contracted services	194	613	841	1 647
Other expenditure	3 467	3 853	3 998	11 318
Loss on disposal of PPE				—
Total Expenditure	9 308	10 628	12 309	32 245

The current actual expenditure for the year is R94.6 million.

SALARIES

The quarterly expenditure is R11.4 million. The total percentage of employee cost to total operating expenditure for the period is 35% , this is still a healthy ratio as it is within the norm of 35 -40 per cent..

REMUNERATION OF COUNCILLORS

Councillors remuneration includes the back pay as per approved upper limits for the period July 2015 to Feb 2016 on grade three hence the variance noted between January and February.

BULK PURCHASES

Bulk purchases for the quarter amount to R5.3 million. These costs are informed by direct purchases for the quarter from Eskom and Department of Water Affairs. A variance of 24 per cent in the year to date budget can be noted

OTHER MATERIAL

Other material relates to repairs and maintenance

The budget is there and poor spending patterns still hamper the movement in terms of repairs and maintenance. Repairs and maintenance are R425 thousand for the quarter.

FINANCE CHARGES

Finance charges recorded are as a result of the municipality not having sufficient funds to pay its creditors within 30 days and late receipt of posted invoices from Eskom and Telkom.

5. Service Delivery Budget and Implementation Plan

The SDBIP for the quarter will be submitted separately

6. Borrowings

No borrowings have been budgeted for and none made.

7. Grants received

Nature of allocation	Purpose	Amount Received R'000
Equitable Share	To enable municipalities to provide basic services to poor households and to enable municipalities to afford administration and governance capacity to perform core municipal functions.	13 796
LGSETA	To provide assistance with regard to training programmes	38
Expanded Public Works Programme	To reduce unemployment and alleviate poverty by creating jobs coupled with training	300
Municipal Infrastructure Grant	To support municipalities in the building of in-house capacity to perform legislative functions and stabilise institutional and governance systems.	6 707
Total		20 841

The following grants have been received for the quarter to the value of R20.8 million.

A new grant was received and was not budgeted for in this financial year to the value of R1.04 million. The transfer was from Dept of Roads and the department responsible needs to assist in terms of determining purpose and expenditure to be incurred against this receipt.

8. Expenditure on Conditional Grants

An amount of R5.1 million has been spent for the quarter.

Table below show grant expenditure to date:

GRANT	BUDGETED ALLOCATIONS R'000	AMOUNT RECEIVED TO DATE R,000	EXPENDITURE TO DATE R'000	PERCENTAGE OF EXPENDITURE	BALANCE TO DATE R'000	RESPONSIBLE DEPARTMENT
MIG	24 863	24 863	15 598	62.74%	9 265	TECHNICAL
EPWP	1 000	1 000	333	33.33%	667	TECHNICAL
MSIG	930	930	180	19.35%	750	CORPORATE SERVICES
INEP	1 500	1 500	1 500	100%	0	TECHNICAL
FMG	1 875	1 875	1 017	54.25%	858	FINANCE

The municipality has made reasonable strands insofar as MIG expenditure, however this is not the case for other grants.

Despite this the municipality remains confident that it will be able to commit on these funds before year end.

The updates on the spending of the grants:

- FMG- Tender for audit software is at adjudication stage, awaiting final verdict
- MSIG- Records management procurement is underway and the MSIG plan has been amended as such
- EPWP- Funds were allocated to project which was at a standstill due to dispute but now that has been resolved and project is currently in progress

9. Project Expenditure

Set out below are details of expenditure in respect of project expenditure.

INFRASTRUCTURE ASSETS		
Vote and Vote Description	Project	Amounts Paid R'000
8950/89505 (WIP - Roads)	WIP - Roads	3 003
8950/89525 (WIP - MIG Sport fields & Playgrounds)	WIP - MIG Sport fields and Playgrounds	993
8950/89520 (WIP - MIG Bulk water)	WIP - MIG Bulk water	3
8950/89510 (WIP - MIG Waste water treatment works)	WIP - MIG Waste water treatment works	3.00
Total		4 002

10. Asset Management

The total amount spent on municipal assets for the quarter is R5 194 669.65 at cost.

The capital expenditure incurred for infrastructure assets amounts to R4 001 875.13 for the quarter. Other capital assets expenditure incurred during the quarter amounts to R1 192 794.35 including vehicles, computer equipment, office equipment and other assets.

Physical verification of assets has been completed to ensure we account for all assets of the municipality.

Table below reflects details in terms of the additional asset for the quarter as at 31 March 2015 by asset type

INFRASTRUCTURE ASSETS		
Vote and Vote Description	Project	Amounts Paid R'000
8950/89505 (WIP - Roads)	WIP - Roads	3 003
8950/89525 (WIP - MIG Sport fields & Playgrounds)	WIP - MIG Sport fields and Playgrounds	993
8950/89520 (WIP - MIG Bulk water)	WIP - MIG Bulk water	3
8950/89510 (WIP - MIG Waste water treatment works)	WIP - MIG Waste water treatment works	3.00
Total		4 002
MOVABLE ASSETS		
Vote and Vote Description	Asset Type	Amounts Paid R'000
8500/85010 (Office Equipment)	Air conditioners	69
8500/85020 (Motor Vehicles)	Municipal vehicles	895
8500/85025 (Computer Equipment)	Laptop acquisition	185
8500/85035 (Other PPE)	Storage Container	44
Total		1 193

11. Inventory

Inventory purchases for the quarter amount to R10 955, 54.

Physical verification has been performed for the quarter

Value of stock on hand is R191 529, 99.

12. Cash and Investment management

Regulation 9 of the Investment Regulation requires that:

The accounting officer of a municipality or municipal entity must within 10 working days of the end of every month, as part of the section 71 required by the Act submit to the mayor or the board of directors of a municipal entity a report describing in accordance to general accepted accounting practice

the investment portfolio of that municipality or municipal entity as at the end of the month.

12.1 Cash Management

The cash flow is managed on a daily basis and the CFO is informed on the daily current account balances and investment on call accounts.

The municipality also has various investment call accounts, which are disclosed in the Investment portfolio annexure.

No new accounts have been opened during the period.

As at 31 March 2016 the municipal bank balances were R R30 296 275, 19 on the investment call accounts and the closing of the main account is R 1 226 868.62

Annexure 7 below reflects details investment portfolio at 31 March 2016

13. Debt Collection and Credit Control

The outstanding debt amount is R201 million as at 31 March 2016.

It should be noted that metering readings and billing continues on a monthly bases. In areas where we have challenges in terms of accessing the meter, letters have been sent out to the communities informing residents that they are not abiding by the municipal by-law by not allowing meter readers access to their properties and therefore should permit entrance before further steps are instituted.

Billing has been performed for all months within the quarter and the current collection rate for the quarter is 29 per cent. The low collection rate is due to billing only being finalised during March 2016 and the billing of indigent.

With regard to Free Basic Services, an amount of R2.07 million has been spent on FBS for the quarter and the number of people whom have benefited is 3 147. The Free Basic Services steering committee meeting for verification and assessment of application could not take place during the quarter due to the non availability of Councillors to approve the list of indigents of the municipality.

It should be noted that outstanding debt for Government Departments amounts to R13.1 million. Quarterly meetings are attended with government departments to discuss outstanding debt due to municipality. Any problems with regards to this debt are discussed during these sessions so to attend to disputes and reconciliations amongst other issues.

Household debt is the largest outstanding debt at 164 million. The probability of this debt being received is very low for the period over 90 days which amounts to 154.7 million. Write offs should be performed prior to year end as the trend of poor payment is evident within the municipality for this debt.

Other relates to duplicate accounts revealed by the data cleansing performed during the year. These accounts form part of our database and have been isolated and categorised as “other” to assist in terms of write offs come the time.

Annexure 6 and Table below reflect details in terms of outstanding debt for debtors at 31 March 2016.

Debtors Age Analysis								
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Total
Debtors Age Analysis By Income Source								
Government	1 663 121	- 496 913	312 263	73 873	79 520	- 249 812	11 769 344	13 151 397
Business	797 324	854 038	1 290 409	628 973	504 470	86 408	5 096 304	9 257 925
Agriculture	641 566	638 643	586 829	547 888	442 227	353 093	5 141 125	8 351 372
Residential	2 472 513	2 141 566	4 681 322	1 572 290	1 455 894	1 246 297	150 448 325	164 018 208
Municipal Account	35 338	29 211	115 106	15 704	15 751	- 62 135	1 500 928	1 649 903
Other	1 822 919	228 032	91 954	229 252	229 229	77 876	2 836 470	5 515 734
Total By Income Source	7 432 783	3 394 577	7 077 884	3 067 980	2 727 091	1 451 727	176 792 497	201 944 539

14. Staff Benefits

Section 66 of the MFMA requires disclosure of the Municipalities expenditure on staff benefits as follows: “The accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits.”

For the quarter an amount of R11.4 million was incurred in relation to employees.

The table below reflects the detail on staff expenditure:

EMPLOYEE COSTS FOR THE PERIOD	
EXPENSE	COST
Salaries	10 252 356.08
Travel Allowance	304 168.98
Telephone Allowance	111 838.70
Overtime	700 418.62
Annual Bonus	26 359.67
Standby Allowance	89 915.03
Acting Allowance	3 500.00
UIF	76 000.90
Pension	1 055 666.78
Medical	516 624.04
Industrial Levy	4 386.25
SDL	116 858.95

15. Creditors

At 31 March 2016 outstanding creditors to the value of R14 million existed.

The top creditors as at 31 March 2016 above R1 million are as follows:

- DWA at R5 057 609
- AG at R7 114 266

Note that these two, include old balances as from previous financial year inclusive of current invoices.

On AG and DWA the municipality is paying 250 000 a month for both to service the old debt. Debt incurred during the year is serviced as and when services and invoices are received.

Please note that the AG debt includes interest of R830 thousand which has not been written off.

Annexure 5 attached reflects ageing creditors as at 31 March 2016

ANNEXURE 1

EC106 Sundays River Valley - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March									
Description	2014/15	Budget Year 2015/16							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands									
Revenue By Source									
Property rates	28 889	12 781	35 836	1 720	32 328	26 877	5 452	20%	12 781
Property rates - penalties & collection charges					-	-	-		-
Service charges - electricity revenue	17 606	20 089	7 034	2 151	8 882	5 276	3 606	68%	20 089
Service charges - water revenue	25 547	7 624	5 939	1 142	9 349	4 454	4 894	110%	7 624
Service charges - sanitation revenue	4 337	2 081	2 758	345	2 197	2 069	129	6%	2 081
Service charges - refuse revenue	7 688	4 608	5 262	643	4 183	3 947	236	6%	4 608
Service charges - other									
Rental of facilities and equipment	136	121	26	2	18	19	(1)	-5%	121
Interest earned - external investments	700	186	1 439	107	1 026	1 079	(53)	-5%	186
Interest earned - outstanding debtors	10 501	7 111	2 284	-	2	1 713	(1 710)	-100%	7 111
Dividends received									
Fines	3 671	609	4 038	93	561	3 028	(2 467)	-81%	609
Licences and permits	1 359	1 302	1 628	158	1 275	1 221	54	4%	1 302
Agency services	1 520	1 363	1 711	206	1 438	1 283	155	12%	1 363
Transfers recognised - operational	52 174	61 809	61 190	13 983	59 289	45 893	13 397	29%	61 809
Other revenue	15 531	22 678	6 832	1 165	7 424	5 124	2 300	45%	22 678
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)	169 658	142 362	135 976	21 714	127 972	101 982	25 990	23%	142 362
Expenditure By Type									
Employee related costs	41 114	47 294	47 326	3 838	35 810	35 495	316	1%	47 294
Remuneration of councillors	5 369	5 301	5 953	958	4 067	4 465	(398)	-9%	5 301
Debt impairment	42 839	18 873	29 489	-	-	22 116	(22 116)	-100%	18 873
Depreciation & asset impairment	28 989	17 500	44 839	-	-	33 629	(33 629)	-100%	17 500
Finance charges	2 849	1 054	3 024	166	931	2 268	(1 337)	-59%	1 054
Bulk purchases	21 491	19 047	19 047	1 149	13 835	14 285	(450)	-3%	19 047
Other materials	2 121	7 097	6 108	51	2 927	4 581	(1 654)	-36%	7 097
Contracted services	3 829	1 951	3 527	613	2 966	2 646	320	12%	1 951
Transfers and grants	9 514	-	-	-	-	-	-		-
Other expenditure	26 539	41 101	41 101	3 853	34 028	30 826	3 202	10%	41 101
Loss on disposal of PPE	906								
Total Expenditure	185 558	159 218	200 414	10 628	94 565	150 311	(55 746)	-37%	159 218
Surplus/(Deficit)									
Transfers recognised - capital	38 084	23 620	26 120	2 362	22 794	19 590	3 204	0	23 620
Contributions recognised - capital									
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	22 184	6 764	(38 318)	13 447	56 201	(28 739)			6 764
Taxation									
Surplus/(Deficit) after taxation	22 184	6 764	(38 318)	13 447	56 201	(28 739)			6 764
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	22 184	6 764	(38 318)	13 447	56 201	(28 739)			6 764
Share of surplus/ (deficit) of associate									
Surplus/ (deficit) for the year	22 184	6 764	(38 318)	13 447	56 201	(28 739)			6 764

ANNEXURE 3

EC106 Sundays River Valley - Table C6 Monthly Budget Statement - Financial Position - M09 March

Description	2014/15	Budget Year 2015/16			
	Actual Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	991	2 000		1 227	2 000
Call investment deposits	19 521			30 297	-
Consumer debtors	19 208	47 768		47 602	47 768
Other debtors	3 743			135 193	-
Current portion of long-term receivables		3		-	3
Inventory	225	158		487	158
Total current assets	43 688	49 929	-	214 806	49 929
Non current assets					
Long-term receivables				-	
Investments					
Investment property	22 808	42 498		22 808	42 498
Investments in Associate					
Property, plant and equipment	493 846	327 216		513 252	327 216
Agricultural					
Biological assets					
Intangible assets	448	830		657	830
Other non-current assets	322				
Total non current assets	517 424	370 543	-	536 717	370 543
TOTAL ASSETS	961 112	820 473	-	751 524	820 473
LIABILITIES					
Current liabilities					
Bank overdraft					
Borrowing	9 474	451		-	451
Consumer deposits	281	275		283	275
Trade and other payables	40 781	22 922		27 230	22 922
Provisions				2 018	-
Total current liabilities	50 537	23 647	-	29 530	23 647
Non current liabilities					
Borrowing	1 176	2 606			2 606
Provisions	37 824	15 823		257 871	15 823
Total non current liabilities	38 999	18 429	-	257 871	18 429
TOTAL LIABILITIES	89 536	42 077	-	287 401	42 077
NET ASSETS	871 577	378 396	-	464 122	378 396
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	471 577	378 396		464 122	378 396
Reserves					
TOTAL COMMUNITY WEALTH/EQUITY	471 577	378 396	-	464 122	378 396

ANNEXURE 4

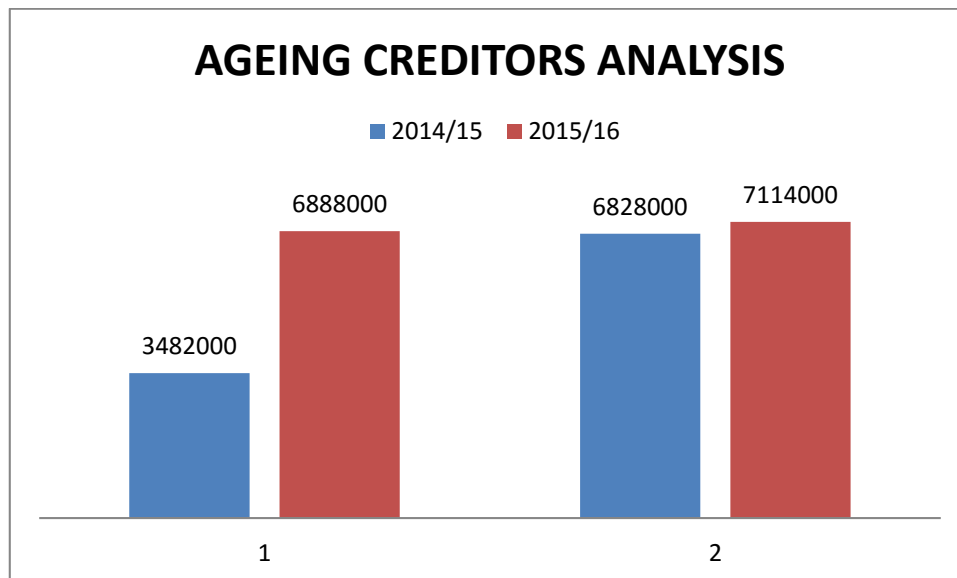
EC106 Sundays River Valley - Table C7 Monthly Budget Statement - Cash Flow - M09 March

Description	2014/15	Budget Year 2015/16							
	Actual Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	29 548	14 213	39 572	995	8 298	8 291	7	0%	14 213
Service charges	47 421	13 377		687	21 139	7 803	13 336	171%	13 377
Other revenue	16 599	20 630		9 343	101 093	12 034	89 059	740%	20 630
Government - operating	52 174	61 809	61 190	14 132	61 513	36 055	25 458	71%	61 809
Government - capital	38 084	23 620	26 936	6 707	24 863	13 778	11 085	80%	23 620
Interest	10 971	3 757	2 733	107	510	2 192	(1 682)	-77%	3 757
Dividends									
Payments									
Supplies and employees	(125 339)	(110 747)	(115 580)	(31 168)	(190 257)	(64 602)	125 655	-195%	(110 747)
Finance charges	(2 408)	(478)	(1 294)	(166)	(804)	(279)	525	-188%	(478)
Transfers and Grants		(1 764)				(1 029)	(1 029)	100%	(1 764)
NET CASH FROM(USED) OPERATING ACTIVITIES	67 049	24 417	13 557	637	26 354	14 243	(12 110)	-85%	24 417
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	166								
Decrease (increase) in non-current debtors									
Decrease (increase) other non-current receivables									
Decrease (increase) in non-current investments									
Payments									
Capital assets	(43 421)	(45 064)	(33 348)	(2 670)	(24 739)	(26 287)	(1 549)	6%	(45 064)
NET CASH FROM(USED) INVESTING ACTIVITIES	(43 255)	(45 064)	(33 348)	(2 670)	(24 739)	(26 287)	(1 549)	6%	(45 064)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans									
Borrowing long term/refinancing	524				(599)		(599)	#DIV/0!	
Increase (decrease) in consumer deposits			21						
Payments									
Repayment of borrowing	(4 368)		1 787	(150)	(400)		400	#DIV/0!	
NET CASH FROM(USED) FINANCING ACTIVITIES	(3 844)	-	1 808	(150)	(999)	-	999	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD	19 950	(20 647)	(17 983)	(2 183)	616	(12 044)			(20 647)
Cash/cash equivalents at beginning:	562	7 335	20 512		611	20 512			611
Cash/cash equivalents at month/year end:	20 512	(13 312)	2 529		1 227	8 468			(20 036)

ANNEXURE 5

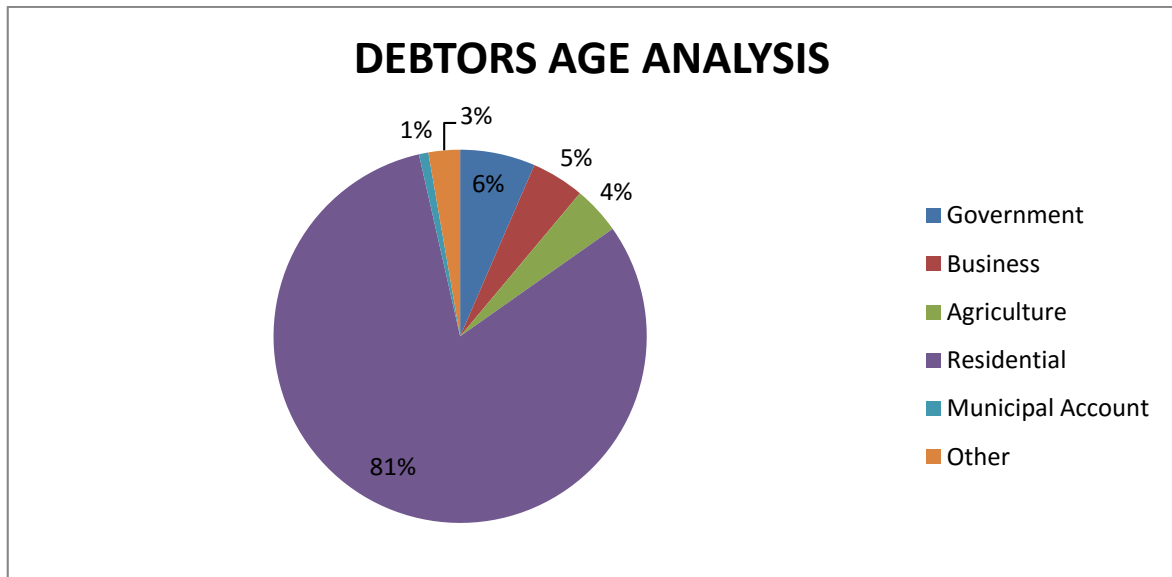
EC106 Sundays River Valley - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March

Description	MT Code	Budget Year 2015/16								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
WAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	989	408	-	-	(113)	-	5 604	-	6 888
Auditor General	0800	1 513	89	151	-	961	229	4 171	-	7 114
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	2 503	496	151	-	848	229	9 775	-	14 002



ANNEXURE 6

Debtors Age Analysis								
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Total
Debtors Age Analysis By Income Source								
Government	1 663 121	- 496 913	312 263	73 873	79 520	- 249 812	11 769 344	13 151 397
Business	797 324	854 038	1 290 409	628 973	504 470	86 408	5 096 304	9 257 925
Agriculture	641 566	638 643	586 829	547 888	442 227	353 093	5 141 125	8 351 372
Residential	2 472 513	2 141 566	4 681 322	1 572 290	1 455 894	1 246 297	150 448 325	164 018 208
Municipal Account	35 338	29 211	115 106	15 704	15 751	- 62 135	1 500 928	1 649 903
Other	1 822 919	228 032	91 954	229 252	229 229	77 876	2 836 470	5 515 734
Total By Income Source	7 432 783	3 394 577	7 077 884	3 067 980	2 727 091	1 451 727	176 792 497	201 944 539



ANNEXURE 7

EC106 Sundays River Valley - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M09 March

Investments by maturity Name of institution & investment ID	Period of investment	Type of investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands	Yrs/Months							
Municipality								
ELECTRICITY ACCOUNT- 62027590589		call account		-		2	255	257
SRVM-LIBRARY-62314004839		call account				1	-	1
FMG - 62149457708		call account				904	(46)	858
EPWP - 62387475009		call account				472	195	667
MSIG - 62072234041		call account				879	0	879
MIG - 62081228621		call account				5 001	6 296	11 297
EMERGENCY RELIEF-62394071204		call account				5	-	5
TOWN PLANNING-62178942580-SMALL TOWN		call account				80	330	410
ENON BERSHEBA- 62408271211		call account				70	-	70
INTERGRATED ZONING SCHEME-62161489086		call account				109	-	109
SALARIES SRVM		call account				1 104	3 265	4 369
RECT/ ENCROACH MOSES MABIDA-62071406542		call account				51	0	51
ADDO NOLUTHANDO-62134438284		call account				2	0	2
IDP-62051951088		call account				57	-	57
TOA-74539338646		30 day notice				11 198	67	11 266
Municipality sub-total				-		19 934	10 363	30 297
Entities								
Entities sub-total				-		-	-	-
TOTAL INVESTMENTS AND INTEREST				-		19 934	10 363	30 297

SUPPLY CHAIN MANAGEMENT

PROGRESS AND COMPLIANCE

Progress

Supply Chain Management unit is functioning at its best abilities considering vacancies within the section.

Procedure manuals have been developed to enhance internal controls more important ensure segregation of duties despite staff challenges. This also eliminates “key man policy” previously used as there was no isolation of responsibilities.

Compliance

Supplier Database

The database for suppliers is operated from Pastel Evolution and is currently being maintained by Contracts Clerk. The database is updated on ad hoc bases and reviewed quarterly.

Further attempts to get suppliers to re-register on the database have been performed. On top of the advert calling for supplier to register, re-registration emails have been sent to supplier requesting that they complete database form and submit the necessary supporting documents

The database has been improved to include mandatory fields which will resolve the Auditor Generals queries raised in the 2014/2015 financial year.

Training

SCM and Expenditure officials have attended training on Advanced Procurement conducted in March 2016.

The officers have also attended training for Supplier Centralised Database which will be effective from the 1st of July. This system allows the District and locals to have one database which will assist and eliminate irregular awards due to suppliers no being on database.

Bid Committees

All bid committees have been developed and are functional as per SCM policy.

Challenges

The following challenges are experienced within the section:

- The unavailability of bid committee members to meet and discuss procurement matters delays the procurement process as a whole
- Poor planning from user departments puts SCM unit under pressure and doesn't allow the unit to procure accordingly due to time constraints i.e. travelling arrangements, Catering etc.
- Deviations' being approved by section heads prior to the deviation being scrutinised and signed by SCM. This may lead to deviation motivations being improper and deviations being returned to user departments therefore delaying payment and such deviations are often irregular in nature.
- User department are sourcing quotations themselves and this may lead to using suppliers not on the database and delays in procurement and this also result in increasing the number of deviations and irregular deviation.

Solutions

The following way forwards are proposed:

- Department heads to ensure that all appointed members uphold their responsibilities as bid committee members
- An internal memorandum previously sent out of 5 working days in which to process an order must be adhered to by user departments
- Requestors are urged to utilise SCM unit for sourcing quotations in order to identify properly registered suppliers.

OTHER SCM INFORMATION FOR THE THIRD QUARTER

Tenders awarded: January 2016- March 2016

Table below reflects contracts awarded to the value of R378 508.04 during the third quarter.

These contract awards are informal tenders between the thresholds of R30 000-R200 000.

CONTRACT REGISTER-2015-2016				
Project	Tender no	AWARDED BIDDERS NAME	Appointment Date	Total Contract Amount (Incl VAT)
Supply and Delivery of Refuse Bags	SRVM[02/11/2015]	LILIKON INVESTMENTS	06/01/2016	R 86 620.00
Supply and Delivery of Cleaning Material	SRVM[03/10/2015]	HAWORD CONSULTING	06/01/2016	R 23 572.35
Supply and Delivery of Protective Clothing (Refuse Uniform)	SRVM [02/07/2015]	Phels General Trading	15/01/2015	R 34 785.34
Supply and Delivery of Roller Doors	SRVM[01/02/2016]	EZAMAQHINEBE CC	2016/02/23	R 45 000.00
Installation of ICT Network Infrastructure and Related Matters	SRVM [02/02/2016]	SOKHANA CONSULTING	2016/03/11	R 188 530.35

Procurement Plans

Development of procurement plans is underway aligned to the preparation of the municipal annual budget. The plans should be finished along with the final budget approval for implementation in the year 2016/17.

STATUS OF PENDING TENDERS

- PROTECTIVE CLOTHING for Technical Department-This is on evaluation stage the meetings could not sit for the past two weeks due to non availability on members and CPMD training as the chairperson has to attend the training as well.
- REFUSE TRUCK –The adjudication stage has been completed and awaiting review of accounting officer.
- PROFESSIONAL SERVICES FOR CONSTRUCTION OF MUNICIPAL STORES – Tender has closed on the 22 March 2016 and evaluation has been delayed due to non availability of staff from technical department
- ICT Servers – The closing date of this tender is the 14 April 2016.
- UPGRADING OF ADDO WASTE WATER TREATMENT WORKS- The tender Closing date is the 08th April 2016.

- INTERNAL AUDIT SOFTWARE: The tender is at adjudication stage and should be closed off in April 2016.

Deviations

All procurement processes are currently met for the thresholds and deviations approved where necessary in term of:

- According to the Municipal Supply Chain Management Regulation paragraph 36, municipalities must disclose all deviations to Council. The categories for deviations to supply chain management process are:
 - In an emergency
 - If such goods or services are produced or available from a single provider only;
 - For the acquisition of special works of art or historic objects where specifications are difficult to compile
 - Acquisitions of animals for zoos;
 - In any other exceptional case where it is impractical or impossible to follow the official procurement process

It should be noted that, SCM advises Councillors and officials to bear in mind that SCM processes need to be followed at all times therefore they need to develop a way of reporting issues within their area.

Below is a summary of deviations approved during the quarter to the value of R1 926 115.91 are as follows:

Detailed : Deviation Register

Quarterly deviation report is submitted as an annexure in terms of SCM policy for the procurement of goods. See table below

Date of Deviation	Responsible Department	Requester	Transaction details			SUPPLIER	REASON FOR DEVIATION	IRREGULAR (YES/NO)	REASON FOR IRREGULAR
			Approved by	Amount	Type for deviation				
21/01/2016	community services	Mr Petrus	Mr Sikweza	19,908.00	sole supplier	Card Production	New licences card payments	NO	
15/01/2016	Community services	A Bawuma	Mr Sikweza	7,252.68	sole supplier	Talbot & Talbot	Payment for analytical services for testing of water	NO	
11/02/2016	community services	Mr Petrus	Mr Sikweza	18,960.00	sole supplier	Card Production	New licences card payments	NO	
11/02/2016	community services	Mr Petrus	Mr Sikweza	9,155.04	sole supplier	Truvelo	Payment for Calibration of Test system	NO	
11/02/2016	community services	Mr Petrus	Mr Sikweza	4,823.04	sole supplier	Truvelo	Payment for Calibration of Test system Pro laser	NO	
26/02/2016	community services	Hil. Snyman	Mr Sikweza	59,048.54	sole supplier	TCS	Payment for software at Traffic Services	NO	
04/02/2016	community services	A Bawuma	Sikweza	9,000.00	sole supplier	Animal Outreach	Immunisation of SRVM animals by Animal outreach & SRVM.	NO	
04/02/2016	community services	A Bawuma	Sikweza	7,469.28	sole supplier	Talbot & Talbot	Doing bacteria samples on water	NO	
25/02/2016	community services	Mr Petrus	Mr Sikweza	13,351.00	sole supplier	Card Production	New licences card payments	NO	
11/03/2016	community services	AP Petrus	Sikweza	24,490.00	sole supplier	The card Production	payment of licence cards	NO	
SOLE SUPPLIER				166,204.90					

24/02/2016	Office of the Municipality	T Vetsheza	Municipal Manager	479,712.00	Exceptional	Ibhayi Lam Conce	The DOE engagement initiative was of short notice and it was impossible for SCM to follow process	No	
25/01/2016	Community Service	J Mokhole	Chief Financial Officer	8,193.31	Exceptional	Group 1 Nissan	Bakkoe was manufactured by Nissan and could not be sent to any other company for maintenance	No	
25/01/2016	Community Service	A Bawuma	Director Community Service	2,610.00	Exceptional	PW Killian & Son	Deceased body was at PW Killian and municipality facilitated pauper burial	No	
27/01/2016	Community Service	J Mokhole	Municipal Manager	53,101.20	Exceptional	Newington Trading	Clean up campaign of Adlo	Yes	Expenditure between R30000-R200000 was incurred without evidence of proper procurement processes
EXCEPTIONAL CASES				543,616.51					

20/01/2016	Technical Services	V Mata	Chief Financial Officer	2,394.00	Emergency	D.M Hechter	Major leak was detected at Harower road. This led to complaints as houses close to the leak were flooding. JCB therefore had to be hired to assist	No	
18/01/2016	Technical Services	V Mata	Municipal Manager	276,000.00	Emergency	Ukuzala Investmen	The municipality doesnot have adequate water storage and this leads to water shortages and latter to social unrest by affected communities	Yes	
25/01/2016	Corporate Services	T Machelesi	Chief Financial Officer	20,399.30	Emergency	Busy Bee Grassm	Excessive burglary was occuring and procurement had to be speed up to ensure safety of municipal assests	No	
25/01/2016	Corporate Services	T Machelesi	Chief Financial Officer	36,400.00	Emergency	Inqweba General T	Excessive burglary was occuring and procurement had to be speed up to ensure safety of municipal assests	No	
18/02/2016	Technical Services	V Mata	Municipal Manager	276,000.00	Emergency	Ukuzala Investmen	Carting of water to various areas of SRVM	Yes	Poor planning by departmen result in expenditure being incurred without proper evidence OF procurement processes
EMERGENCY				611,193.30					

IRREGULAR EXPENDITURE

Total of Irregular Expenditure for all burnt tenders amount to: R 2 800 933.10 for the third Quarter.

This irregular expenditure is for on –going awards which the municipality does not have in its position sufficient documentation to support whether all SCM processes were followed on appointment.

These are inherent costs which cannot be avoided. Reasons for this expenditure is that there is missing documentation in terms of complete SCM supporting documentation

Annexure attached below

IRREGULAR CONTRACTS DUE TO SEPTEMBER 2014 INCIDENT								
Project	Tender no	AWARDED BIDDERS NAME	Appointment Date	OPENNING BALANCE EXPENDITURE AS AT 1 JAN	Jan-16	Feb-16	Mar-16	AMOUNT PAID CURRENT YEAR
Upgrading of Parks and Playgrounds - Prof fees	12/2012B	KCS Consultants	04 July 2012	R 175 013.38	81 538.57		29 728.11	R 186 193.14
Upgrading of Local Roads - 2011-15	07/2011	Letsunyane Associates Pty Ltd	24 January 2012	R 3 189 520.23				R -
Upgrading of Local Roads - Mabida Ring Road	07/2011/3A	Letsunyane Associates/ LA Consulting		R 1 714 334.43	92 998.08		91 032.63	R 864 727.34
Upgrading of Chris Hani Bulk Roads-Moses Mabida	07/2011/A	Mandlethu Civils Pty Ltd	31 August 2012	R 10 838 613.17				R -
Valencia Stormwater Management	07/2011-1	MIMA/IES JV	17 June 2014	R 23 643 326.59				R 6 983 735.61
Valencia Stormwater Management-Cons	07/2011-1	Letsunyana	17 June 2014	R 224 696.32				R 224 696.32
Consultants-Moses Mabida & Enon - Sports Fields	12/2012A 1	Alvodex cc	04 July 2012	R 917 704.94				R 190 429.00
Rehabilitation of sportfields-Paterson & Valencia - Prof Fees	12/2012A 2	Gilgal Development Consulting Engineers	04 July 2012	R 767 291.49	6 686.44			R 108 345.89
Rehabilitation of sportfields - Addo - Prof fees	12/2012A 3	KCS Consultants	04 July 2012	R 236 324.17				R -
Rehabilitation of sportfields Bergsig & Wesbank - Prof fees	12/2012A 4	Yandu/Tshiki JV Civil Engineers	04 July 2012	R 485 089.13				R 90 699.94
Upgrading of Addo Waste Water Treatment Works-phase 1 & 2 Prof fees	05/2011	Bosch Semele	c	R 1 817 180.75				R -

Upgrading of Paterson Waste Water Treatment Works-Phase 1 Prof fees	13/2012	Element Consulting Engineers	26 July 2012	R	1 319 359.81				R	132 891.49
Upgrading of Paterson Waste Water Treatment Works-Phase 1	13 2012A	Alvodex GS Civils JV	07 January 2014	R	2 699 467.16				R	413 399.83
Langbos Waste Water Pumpstation	15/2012	SMEC	29 September 2012	R	119 000.34				R	-
Langbos Bulk Water Supply	14/2012	SMEC	29 September 2012	R	366 385.66				R	47 131.44
General Valuation Roll	16/2013	Associated Property valuers	18 July 2013	R	994 888.01		60 732.50		R	361 992.50
System administration and maintenance support of Pastel Evolution	Financial system support	Camelsa Consulting Group	06 December 2013	R	456 000.00		91 200.00	91 200.00	R	638 400.00
2011/2012 Annual Financial Statements 2013/12	section 32	GA Spalding CA (SA)T/A Solvexa	01 May 2014	R	2 304 989.55				R	865 541.00
Re Implementation of the financial system.	Re implementation of the system	Camelsa Consulting Group	30/06/2014	R	645 485.00			55 950.00	R	701 435.00
Information and Communication Technology Support		Sebata Municipal Solutions	17 January 2011	R	2 433 037.83		116 576.40		R	291 441.00
Vat contingency Review	VAT RECOVER Y	Maximum Profit Recovery	30 July 2013	R	4 179 189.62		663 206.84	71 863.03	R	1 689 130.47
Revenue Collection	Revenue Enhancement	PSU Watter affairs/IV Revco	01 April 2011	R	3 727 999.66	41 316.10	72 571.91	266 964.51	R	798 786.07
Refuse Removal	Oonojawolo	Oonojawolo		R	2 298 883.27	30 181.60	30 181.60	30 181.60	R	217 227.68

Refuse Removal	Nyembezana	Nyembezana		R	1 482 178.11	51 200.00	25 600.00	25 600.00	R	204 400.00
Refuse Removal	Sundays River corp	Sundays River corp		R	710 819.18	32 568.75	34 068.75	31 450.00	R	245 880.50
Refuse Removal	LJ Matomela	LJ Matomela		R	346 645.50	17 000.00	17 000.00	17 000.00	R	147 700.00
Legal Fees		PUMEZA BONO		R	375 973.17	R 34 928.90	R 75 885.29		R	486 787.36
Fuel		LEO MOTORS		R	321 022.81		R 149 131.70	R 75 864.79	R	546 019.30
Costomers Statemenys		CAB HOLDINGS		R	25 257.08		R 74 285.97		R	99 543.05
Security Services		SECURITY SERVICES(V ALLEY SECURITY)		R	190 621.71		R 179 621.83	R 35 617.20	R	405 860.74
		TOTAL				388 418.44	1 590 062.79	822 451.87	R	16 942 394.67

Operational Irregular

The following irregular expenditure was incurred for the quarter for operational expenditure. The total amount of irregular is R605 101.20. Reason for irregular expenditure is that only one quotation was received for this payment which is against the regulations of SCM as this should have been an informal tender.

Table below shows the irregular expenditure for the quarter:

IRREGULAR EXPENDITURE- OPERATIONAL						
Date	Supplier name	Description of services	Amount	Responsible Department	Comments	Irregular (Y/N)
2016/02/03	Ukuzala Invest	Water Carting	R 276 000.00	Technical	Poor Planning	YES
2016/03/11	Ukuzala Investments	Water Carting	R 276 000.00	Technical	Poor Planning	YES
29/01/2016	Newington Trading 54cc	Clean Up Campaign	53101.2	community services	One quotation used	YES

