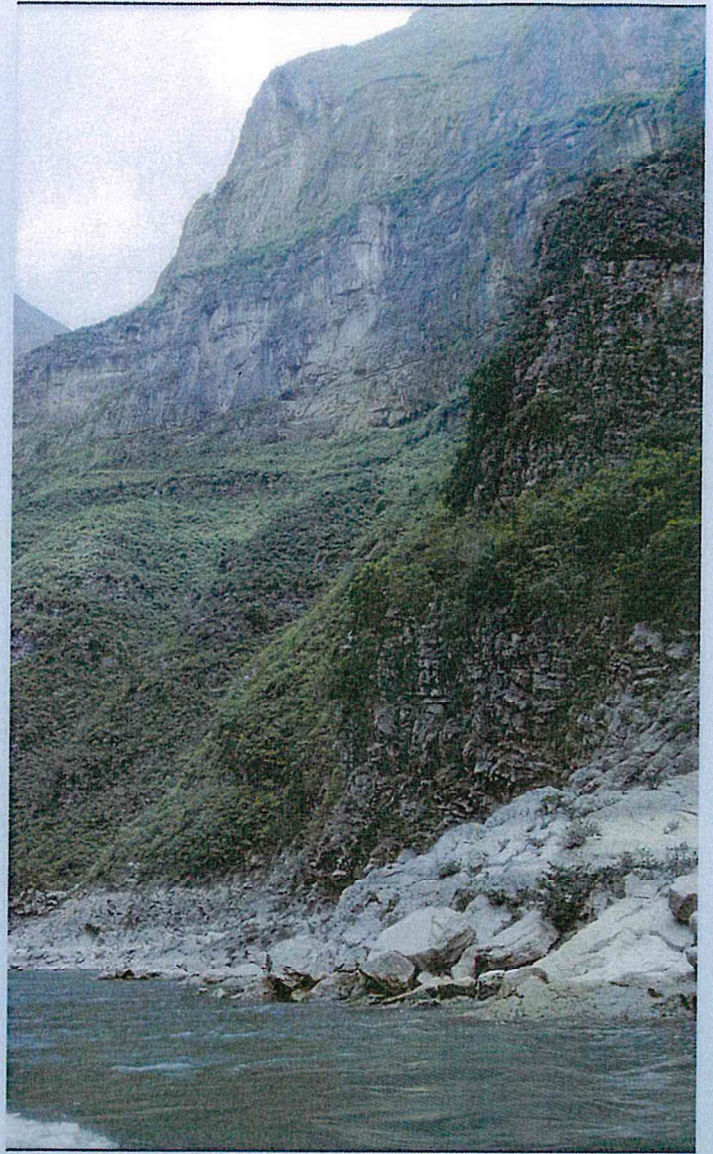


THABO MOFUTSANYANA DISTRICT MUNICIPALITY

THIRD QUARTER REPORT
for the quarter ended MARCH 2017



1 INTRODUCTION

These report present performance activities of the third quarter of 2016/2017 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 2016/2017 Service Delivery and Budget Implementation Plan (SDBIP) as adopted by council.

The report encompasses respective departmental performance from period 01 January 2017 to 31 March 2017. 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 January, February and March 2017 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.

The third section is a report on the performance targets and indicators as captured in the municipal Top Layer SDBIP and Technical SDBIPs of individual departments.

SECTION 1: PERFORMANCE REPORT

Department (VOTE)	Responsible Official
Office of the Municipal Manager (Vote: Executive and Council)	Ms.TPM Lebenya
Chief Financial Officer (Vote: Finance and Administration)	Mr. HI Lebusa
Corporate Services (Vote: Finance and Administration: HR, Admin.)	Mr. SK Khote
Infrastructure Services (Vote: Water, Sanitation, Roads and Electricity)	Mr. BM Mphahlele
Local Economic Development (Vote: LED)	Ms. TA Mlotha
Community Services (Vote: Community Services)	Mrs.P P Selepe
Rural Development and Agriculture	Mr. LW Mosholiba

SECTION 2: FINANCIAL STATE OF THE MUNICIPALITY

2.1 The overall operating results for the quarter ending 31 March 2017

Description	Approved Original Budget	Adjusted Budget	Third Quarter Results	Year to date (YTD)	%
INCOME					
Operating Revenue	107 116 166	108 954 381	25 097 908	103 980 270	95%
EXPENDITURE					
Operating Expenditure	104 704 078	105 763 102	26 245 238	81 951 048	77%
Capital Expenditure	2 412 088	3 191 279	497 296	1 906 828	60%
TOTAL EXPENDITURE	107 116 166	108 954 381	26 742 534	83 857 876	77%
Surplus / Deficit	-	-	(1 644 626)	20 122 394	

The municipality received income for the Third quarter amounting to R 25 097 908 and the total income received for the year amounts to R 103 980 270 which represents 95% of the total budgeted income of R 108 954 381.

The municipality operating expenditure for the Third quarter amounts to R 26 245 238 and total expenditure for the year amounts to R 81 951 048 which represents 77% of the total operating expenditure budget of R 105 763 102.

The Capital spending for the Third quarter amounts to R 497 296 and the total capital expenditure for the year amounts to R 1 906 828 which represents 60% of the total capital budget of R 3 191 279.

2.2 Actual Revenue, per revenue source

Source of Income	Revenue		Variance	Explanation of material differences
	Projected to for 3 rd Quarter	Actual received for the 3 rd Quarter		
Equitable Share	24 431 000	24 431 000	-	NONE
FMG	-	-	-	NONE
MSIG	-	-	-	NONE
EPWP Grant	336 000	336 000	-	NONE
Rural Assets Man	-	-	-	NONE
Service SITA Grant	-	-	-	NONE
TETA Grant	-	-	-	NONE
Interest Received	316 063	237 821	78 242	Lower investment balances than anticipated yield lesser Interest.
Other Revenue	1 102 246	93 087	1 009 159	Non-Cash reserve revenue to be recognized when depreciation expense is recognized
TOTAL INCOME	26 185 309	25 097 908	1 087 401	

2.3 Short term Investments as at 31 March 2017

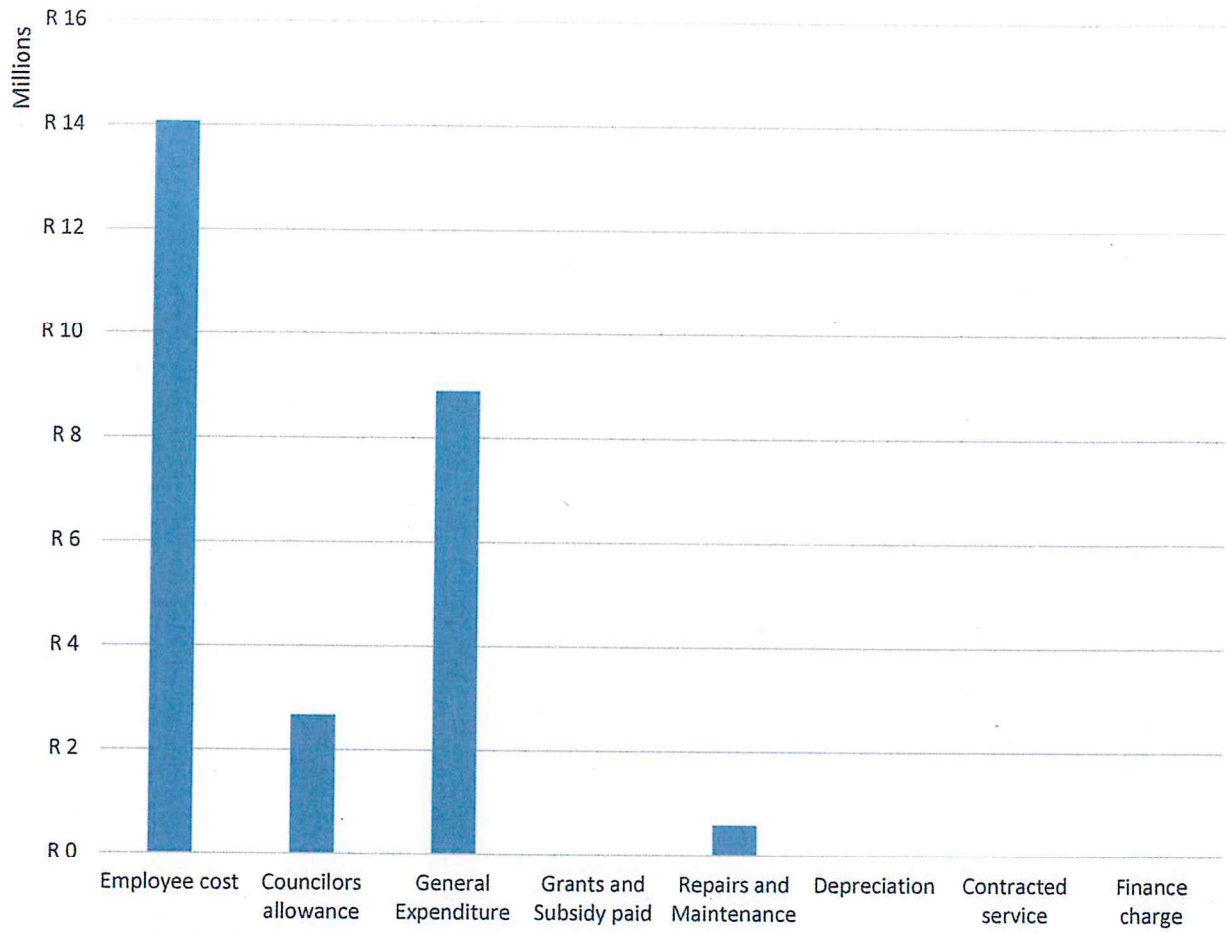
Banking Institution	Type of Account	Capital Invested	Interest Received	Investment Made	Investment withdrawn	Closing
ABSA	Fixed Deposit	78 445	226 535	44 000 000	44 304 980	-
FNB	Fixed Deposit	563 188	16 574	-	579 762	-
ABSA	Fixed Deposit 32-Days	61 013	374 514	17 000 000	17 400 000	35 527
ABSA	Fixed Deposit Liquidity Plus	-	231 862	46 104 980	27 950 000	18 386 842
TOTAL						18 422 369

At the end of the third quarter the municipality had a closing bank balance of R 18 422 369 on all investments accounts

2.4 Actual Expenditure per category

Operating Expenditure per Category	Approved Original Budget	Adjusted Budget	Expenditure		(YTD) Expenditure	% Exp to date
			Projected per quarter	Actual per 3 rd Quarter		
Employee Cost	53 175 346	53 175 346	13 293 837	14 070 205	42 196 572	79%
Councillors Allowance	9 252 044	9 252 044	2 313 011	2 661 203	7 582 773	82%
General Expenditure	36 979 272	36 313 055	9 078 564	8 906 573	29 206 785	80%
Grants and Subsidy paid	-	810 000	202 500	-	760 348	94%
Property, Plant and Equipment	2 412 088	3 191 279	797 820	497 296	1 906 828	60%
Repairs and Maintenance	1 625 000	1 875 000	468 750	583 179	1 580 167	84%
Depreciation	3 272 416	3 502 618	-	-	-	0%
Contracted Services	400 000	760 000	190 000	-	556 011	73%
Finance Charges	75 040	75 040	18 760	24 078	68 394	91%
TOTAL	107 116 166	108 954 381	27 238 596	26 742 538	83 857 876	77%

Actual Expenditure for the 3rd Quarter



2.5 Actual Expenditure per Vote including Capital

Department	Expenditure		Variance	% Exp
	Projected per Quarter	Actual Results per quarter		
Office of the Speaker	511 612	539 654	28 042	105%
Office of the Whip	104 231	98 461	(5 770)	94%
MAYCO and Council	2 646 503	3 112 546	466 043	118%
Office of the Executive Mayor	2 401 154	3 692 264	1 291 110	154%
Municipal Manager	3 717 248	1 160 609	(2 556 639)	31%
Budget and Treasury	3 479 025	3 996 669	517 664	115%
Corporate Services	4 860 047	5 062 240	202 193	104%
Community Services	4 970 726	4 680 413	(290 313)	94%
Infrastructure	2 274 533	2 055 933	(218 539)	90%
LED and Tourism	1 022 375	1 071 025	48 650	105%
Governance and Strategic support	760 185	580 467	(179 718)	76%
Rural Development and Agricultural	606 957	194 897	(412 059)	32%
TOTAL	27 354 595	26 245 238	(1 109 358)	

SECTION 2: SUPPLY CHAIN MANAGEMENT REPORT FOR THE QUARTER ENDED 31 MARCH 2017

PURPOSE

The purpose of this report is to submit to the Council the Supply Chain Management implementation report of all competitive bids awarded during the months January to March 2017.

This report shall assist Council in maintaining its oversight responsibility over the implementation of the Policy to ensure that it is implemented within the ambit of the applicable legislation.

BACKGROUND

In terms of the Supply Chain Management Regulation section 6(1) read together with 6(2), the council of the municipality must maintain an oversight role over the implementation of supply chain management policy.

The accounting officer has established Bids Committees in discharging supply chain management responsibilities; these committees consist of officials with delegated authority to evaluate bids in accordance with the terms of reference.

Bids were evaluated in accordance with criteria set out in the Preferential Procurement Policy Framework Act (Act No. 5 of 2000) as amended, the Preferential Regulations published in terms of Government Gazette No. 22549, Broad Base Black Economic Empowerment Act (Act No. 53 of 2000) and also in terms of the criteria set out in the Construction Industry Development Board (Act No. 38 of 2000)

The tables below illustrate all bid procured through competitive bidding, deviation and none compliance to supply chain policy. The tables also demonstrate the total number of bids awarded to BBBEE and the costs of the total bids.

3. REPORTING

This report is prepared in line with the Supply Chain Management Policy Framework, Section 27 and its Guidelines. The report covers the following reportable areas of performance as outlined below:

- 3.1. Formal written price quotations above R 2,000 up to R 200,000 [Sec. 12(b) and (c) of the Municipal Supply Chain Management Regulations]

- 3.2 Bids awarded in excess of R30,000 (VAT included) may be advertised for at least seven days on the website and an official notice board of the municipality [Sec. 18(a) of the Municipal Supply Chain Management Regulations]
- 3.3. Competitive bidding process for procurements above a transaction value of R200,000 Inclusive of VAT. [Sec. 19 (a) of the Municipal Supply Chain Management Regulations]
- 3.4. None compliance
- 3.5. Deviation process
- 3.6. Contract management

3.1 FORMAL WRITTEN PRICE QUOTATIONS ABOVE R 2,000 UP TO R 200,000

Section 17(1)(c) of the Municipal Supply Chain Management Regulations (GNR 868 of 30 May 2005) stipulates that, if it is not possible to obtain at least three formal written price quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer.

The awards below did not comply with the above regulated requirement and a reason relating to each instance is given for the approval of the Chief Financial Officer:

JANUARY 2017

Supplier	Services/Goods	Cost	Reasons

FEBRUARY 2017

Supplier	Services/Goods	Cost	Reasons
TP Maboea Life Trading	PA Sound System	R 3,800.00	Quotations were requested from two service providers but only one supplier responded within the required timeframe. The second quotation appearing to be cheaper than the first one was received long after the closing time

MARCH 2017

Supplier	Services/Goods	Cost	Reasons

3.2 BIDS AWARDED IN EXCESS OF R 30,000 (ADVERTISED FOR AT LEAST SEVEN DAYS ON THE WEBSITE AND OFFICIAL NOTICE BOARD OF THE MUNICIPALITY):

The report on bids awarded between R 30,000 to R 200,000 has been submitted to National Treasury and Provincial Treasury in terms of the Supply Chain Management Circular no. 19 of 2008. A bid so awarded is summarised below as follows:

JANUARY 2017

Supplier	Service/ Goods	Cost	B-BBEE Contributor
Cooler Networks and Technology (PTY) LTD	Supply and delivery of mobile milking machines	R 189 900	1
Hanong Trading	Supply and delivery of Agricultural production inputs	R 192 000	3

FEBRUARY 2017

Supplier	Service/ Goods	Cost	B-BBEE Contributor
Teboho-Abednigo Music Production CC	Procurement of Professional Audio (PA) System for the mayoral Imbizo in Kestel	R 135 000	1
Mngomezulu Transport (PTY)LTD	Procurement of transport for the mayoral Imbizo in Kestel	R 168 300	1

MARCH 2017

Supplier	Service/ Goods	Cost	B-BBEE Contributor
Green Dome Trading CC	Procurement of a service provider to Train SMME's on how to operate a computerized embroidery machine	R 85 500	0

3.3 PROCUREMENTS ABOVE A TRANSACTION VALUE OF R200,000 (VAT Included) THAT WERE SUBJECTED TO A COMPETITIVE BIDDING PROCESS:

JANUARY 2017

Supplier	Service/ Goods	Cost	B-BBEE Contributor
None			

FEBRUARY 2017

Supplier	Service/ Goods	Cost	B-BBEE Contributor
None			

MARCH 2017

Supplier	Service/ Goods	Cost	B-BBEE Contributor
None			

3.4 NONE COMPLIANCE

The Municipal Supply Chain Management Policy as well as Regulations (GNR 868 of 30 May 2005) prohibits business transactions with a person whose:

- ☐ Tax matters are not in order;
- ☐ In the service of state;

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 2,000 – 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 to at least three quotations, must be advertised for at least seven days on the website and on official notice board of the municipality
- ☐ R 200,001 > Competitive bidding process

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

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

Tax clearance certificate were submitted by the bidders, before, the award could be made by the accounting officer. Therefore, no none compliance identified in this quarter.

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

Procurement declaration were filled by the bidders, before, the award could be made by the accounting officer. Therefore, no none compliance identified in this quarter.

3.4.3. The Supply Chain Management deviated when procuring from the following suppliers:

None

3.4.4 None Compliance / Irregular Expenditure

No irregular expenditure identified during the second quarter.

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

No award was made in terms of section 32, of the SCM regulation, contract secure by another organ of state.

3.5 DEVIATION

The municipal SCM Policy, applied consistently with Section 36(1) of the Municipal Supply Chain Management Regulations provides for the accounting officer to dispense with the official procurement processes established by the Policy to procure any required goods or service through any convenient process which may include direct negotiations and/or deviating from the Supply Chain Management process.

No Deviation was approved by the accounting officer during the period **JANUARY – MARCH 2017**

3.6 CONTRACT MANAGEMENT

The council has the following commitment in terms of contract management, some of the contract which has expired Management is in the processes of evaluating the importance of the service and then after re-advertising for procurement after the assessment from different department users.

SERVICE PROVIDER	SERVICES RENDERED	DATE OF APPOINTMENT	CONTRACT STATUS	CONTRACT VALUE
Momoxa Business enterprise	Supply and delivery of stationery for a period of 3 years	12/12/2013	Expired in December 2016, extended until April 2017	Per quotation
Lithotech		12/12/2013		
Ukhozama Construction		12/12/2013		
SSM Solution		12/12/2013		
Rennies Travel	Appointment of Travel Agency Service for a period of 3 years	12/12/2013	Expired in December 2016, extended until end of April 2017	Per accommodation bookings
Karabo Office Automation	Leasing of Office Automation (Photocopying Machines) for a period of 3 years	27/03/2014	Active	Per usage
FINTECH		27/03/2014		R 177 065
Aganang Consulting Engineers	Development of rural Road Asset Management System (RRAM) for TMDM	29/05/2014	Active	R 523 445
L.Q Technologies	Internet Service Provider for a period of 3 years	20/09/2014	Active	R 449 950
L.Q Technologies	Lease of information and communication technology equipment for a period of 3 years	12/09/2014	Active	R 1 227 050
Tshukudu Information Technology Consulting	Hosting and implementation of Disaster Recovery Plan and Information Technology Audit for TMDM for a period of 3 years	08/06/2015	Active	R 1 200 279
Tshukudu Information Technology Consulting	Server based data backup and storage	01/09/2016	Active	R 1 570 597
OS Holding PTY	Integrated financial management and internal control system (mSCOA)	16/03/2017	Active	R 3 841 455