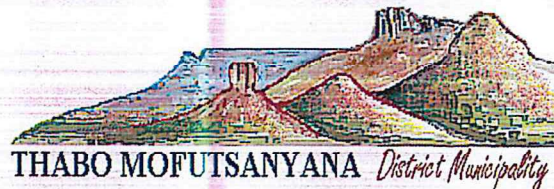
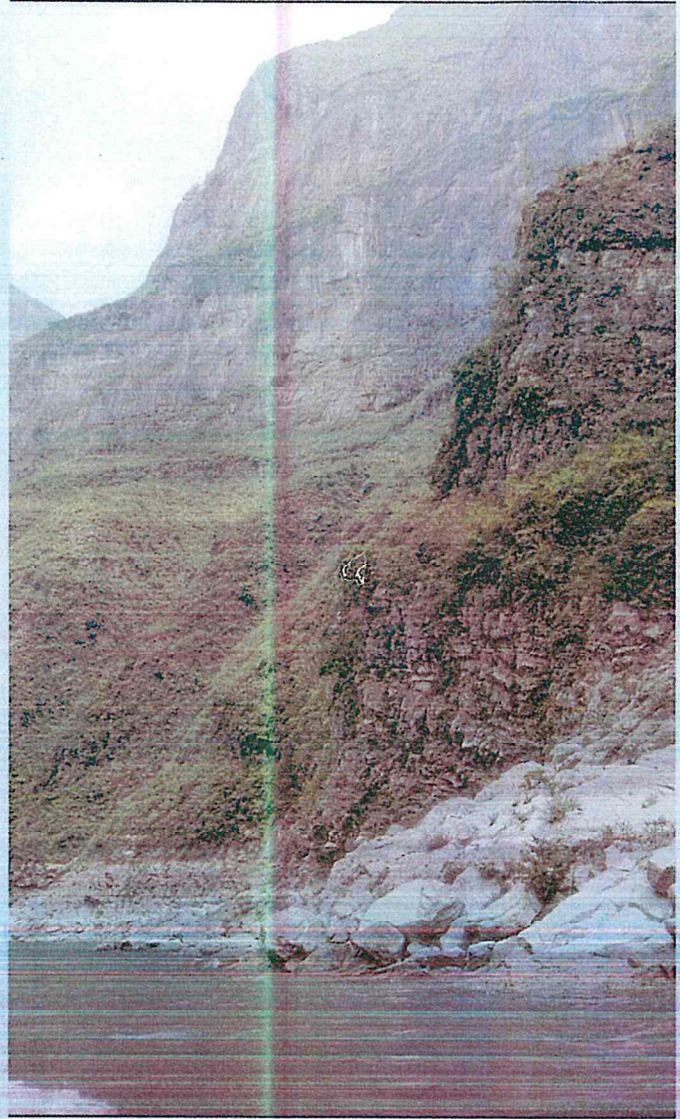


THABO MOFUTSANYANA DISTRICT MUNICIPALITY

FOURTH QUARTER REPORT
for the quarter ended JUNE 2017



1 INTRODUCTION

These reports present performance activities of the Fourth 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 April 2017 to 30 June 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 April, May and June 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.

PART 1: PERFORMANCE REPORT

The report encompasses respective departmental performance from period 01 April 2017 to 30 June 2017.

| Department (VOTE) | Responsible Official |
|--|----------------------|
| Office of the Municipal Manager (Vote: Executive and Council) | Ms.TPM Lebonya |
| 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 |

PART 2: FINANCIAL STATE OF THE MUNICIPALITY

2.1 The overall operating results for the quarter ending 30 June 2017

| Description | Approved Original Budget | Adjusted Budget | Fourth Quarter Results | Year to date (YTD) | % |
|--------------------------|--------------------------|--------------------|------------------------|---------------------|------------|
| INCOME | | | | | |
| Operating Revenue | 107 116 166 | 108 954 381 | 279 264 | 104 259 534 | 96% |
| EXPENDITURE | | | | | |
| Operating Expenditure | 104 704 078 | 105 763 102 | 20 916 894 | 102 867 942 | 97% |
| Capital Expenditure | 2 412 088 | 3 191 279 | 1 896 979 | 3 803 807 | 119% |
| TOTAL EXPENDITURE | 107 116 166 | 108 954 381 | 22 813 873 | 106 671 749 | 98% |
| Surplus / Deficit | - | - | (22 534 609) | (2 412 215) | |

The municipality received income for the fourth quarter amounting to R 279,264 and the total income received for the year amounts to R 104,259,234 which represents 96% of the total budgeted income of R 108,954,381.

The municipality operating expenditure for the Fourth quarter amounts to R 20,916,894 and total expenditure for the year amounts to R 102,9867,942 which represents 97% of the total operating expenditure budget of R 105,763,102.

The Capital spending for the Fourth quarter amounts to R 1,896,979 and the total capital expenditure for the year amounts to R 3,803,807 which represents 119% 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 4 th Quarter | Actual received for the 4 th Quarter | | |
| Equitable Share | - | - | - | NONE |
| FMG | - | - | - | NONE |
| MSIG | - | - | - | NONE |
| EPWP Grant | - | - | - | NONE |
| Rural Assets Man | - | - | - | NONE |
| Service Sita Grant | - | - | - | NONE |
| TETA Grant | - | - | - | NONE |
| Interest Received | 316 063 | 224 557 | 91 506 | Lower investment balances than anticipated yield lesser Interest. |
| Other Revenue | 1 102 246 | 54 707 | 1 047 539 | Non-Cash reserve revenue to be recognized when depreciation expense is recognized |
| TOTAL INCOME | 26 185 309 | 279 264 | 1 139 045 | NONE |

2.3 Short term Investments as at 30 June 2017

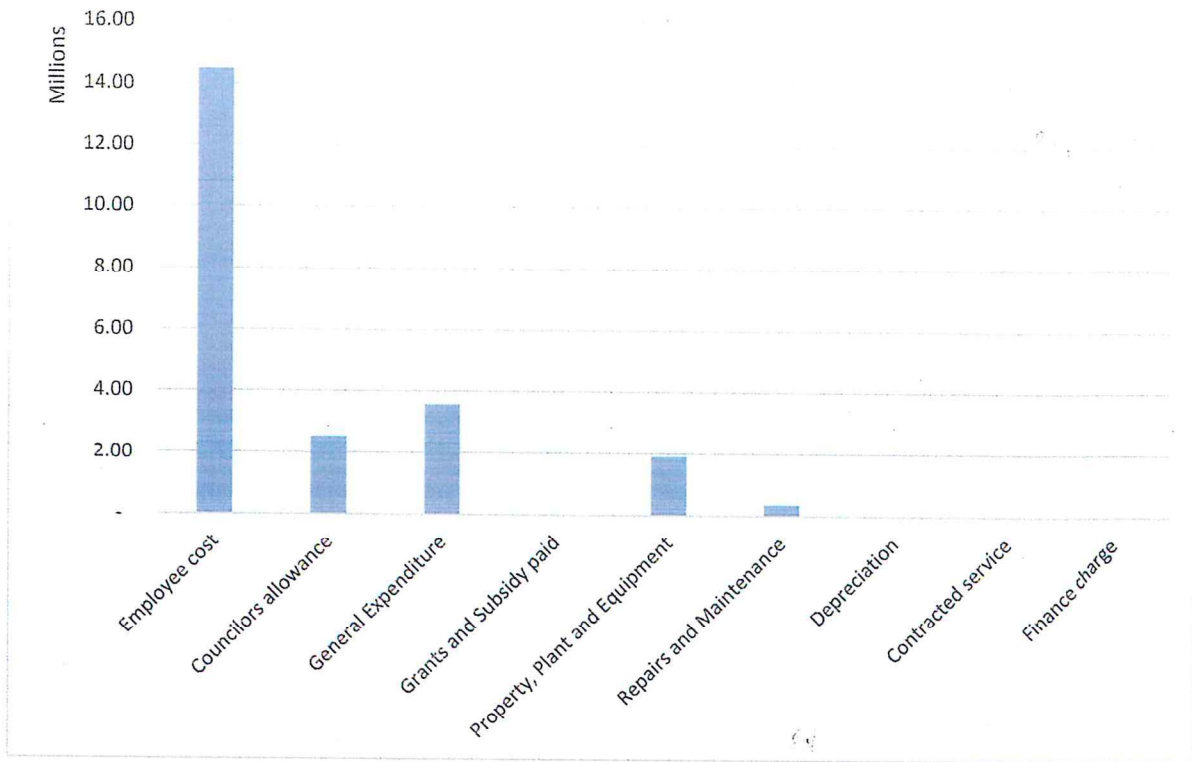
| Banking Institution | Type of Account | Capital Invested | Interest Received | Investment Made | Investment withdrawn | Closing |
|---------------------|------------------------------|------------------|-------------------|-----------------|----------------------|---------------|
| ABSA | Fixed Deposit | 78 445 | 226 535 | 44 000 000 | 44 304 980 | - |
| ABSA | Call Account | - | - | - | - | - |
| FNB | Fixed Deposit | 563 188 | 16 574 | - | 579 762 | - |
| ABSA | Fixed Deposit 32-Days | 61 013 | 377 539 | 17 000 000 | 17 400 000 | 36 193 |
| ABSA | Fixed Deposit Liquidity Plus | - | 450 565 | 46 104 980 | 46 550 000 | 5 489 |
| TOTAL | | | | | | 41 682 |

At the end of the Fourth quarter the municipality showed bank balance of R 41,682 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 4 th Quarter | | |
| Employee Cost | 53 175 346 | 53 175 346 | 13 293 837 | 14 470 646 | 56 667 218 | 107% |
| Councillors Allowance | 9 252 044 | 9 252 044 | 2 313 011 | 2 520 518 | 10 103 291 | 109% |
| General Expenditure | 36 979 272 | 36 313 055 | 9 078 564 | 3 562 541 | 32 769 326 | 90% |
| Grants and Subsidy paid | - | 810 000 | 202 500 | - | 760 348 | 94% |
| Property, Plant and Equipment | 2 412 088 | 3 191 279 | 797 820 | 1 896 979 | 3 803 807 | 119% |
| Repairs and Maintenance | 1 625 000 | 1 875 000 | 468 750 | 345 433 | 1 925 599 | 103% |
| 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 | 17 756 | 86 149 | 115% |
| TOTAL | 107 116 166 | 108 954 381 | 27 238 596 | 22 813 873 | 106 671 749 | 98% |

Actual Expenditure for the 4th 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 | 438 805 | 72 807 | 86% |
| Whippery Office | 104 231 | 98 461 | 5 770 | 94% |
| MAYCO and Council | 2 646 503 | 2 657 414 | (10 911) | 100% |
| Office of the Executive Mayor | 2 401 154 | 1 998 994 | 402 160 | 83% |
| Municipal Manager | 3 717 248 | 2 260 108 | 1 457 140 | 61% |
| Budget and Treasury | 3 479 025 | 2 213 999 | 1 265 026 | 64% |
| Corporate Services | 4 860 047 | 4 414 284 | 445 763 | 91% |
| Community Services | 4 970 726 | 5 744 842 | (774 116) | 116% |
| Infrastructure | 2 274 533 | 1 294 220 | 980 312 | 57% |
| LED and Tourism | 1 022 375 | 1 037 176 | (14 801) | 101% |
| overnance and Strategic support | 760 185 | 460 592 | 299 593 | 61% |
| Rural Development and Agricultural | 606 957 | 194 980 | 411 977 | 32% |
| | 27 354 595 | 22 813 875 | 4 540 720 | |

SECTION 2: SUPPLY CHAIN MANAGEMENT REPORT FOR THE QUARTER ENDED 30 JUNE 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 April to June 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

3.1 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:

| 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:

| Supplier | Service/ Goods | Cost | B-BBEE Contributor |
|----------|----------------|------|--------------------|
| | | | |

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

| Supplier | Service/ Goods |
|--|--|
| Involve SA PTY LTD | Hands on support |
| PriceWaterHouse Coopers | Hands on support |
| Makomota Investement Holding | Hands on support |
| Maine Management & Chartered Accountant | Hands on support |
| Mmaureen Moloi Construction and Projects | Repairs and Maintenance of Office Building and Equipment's |
| Litsala Tsa Bakgatla Trading | Repairs and Maintenance of Office Building and Equipment's |
| Leteketa Construction PTY LTD | Repairs and Maintenance of Office Building and Equipment's |
| Maq and Age Trading Enterprise | Repairs and Maintenance of Office Building and Equipment's |
| Nifty Trading Enterprise | Stationery Suppliers |
| Lerata Media | Stationery Suppliers |
| Matee Business Trading Enterprise | Stationery Suppliers |
| K.Travel | Travel Agency |
| Walking Tall Trading and Projects | Events Management (Catering & Décor) |
| Catherine Makhetha Kwabusa | Events Management (Catering & Décor) |
| Boipone Catering | Events Management (Cater & Décor) |
| Motswako Production and Properties | Events Management (Photography & Video) |

| | |
|----------------------------------|---|
| Ubuhlebamakhathini Trading | Events Management (Photography & Video) |
| Mngomezulu Transport | Event Management (Transport) |
| Kgosihadi Trading | Event Management (Transport & Décor) |
| Human Communications | Media House |
| C-Squared Consumer Connectedness | Media House |
| Net 15 Uniefied Communication | Telephone System |

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

Award was made in terms of section 32, of the SCM regulation, contract secure by another organ of state.

| Service Provider | Project Discretion | Department | Amount |
|------------------|---------------------------|----------------|-----------|
| IPROSAT PTY LTD | ELECTRIFICATION PROGRAMME | INFRASTRUCTURE | 6,000 000 |

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 **APRIL – JUNE 2017**