



Umsobomvu Municipality
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SUBMISSION

To: Mayor

From: Municipal

Manager File:

Date: 25 JANUARY 2024

RE: MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT AS AT 25 JANUARY 2024

1.PURPOSE.

In terms of section 72 of the MFMA, the financial performance regarding the operating and capital budgets for the first half of the 2023/2024 financial year, and the supporting documents as required by National Treasury, is submitted by the accounting officer for scrutiny and submission to council.

2.BACKGROUND and MOTIVATION

This consolidated budget statement and report covers the financial performance of the municipality for the period commencing from 1st of July 2023 and ending on 31st December 2023.

The consolidated statement assesses the in-year financial performance of the municipality against the budgeted revenue and expenditure. The assessment of the in-year financial performance will be based on the section 71 returns which include capital and operating budgets as well as debtors, creditors and cash flow that were submitted by the municipality. The focus of this assessment is on the credible implementation of municipal budgets in relation to the IDP and SDBIP.

1. In terms of Section 72 of the MFMA, the Accounting Officer of a municipality must by 25 January of each year, taking into account –
 - (i) The monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) The past year's annual report and progress on resolving problems identified in the annual report; and
 - (iv) Submit a report on such assessment to –

- i. The mayor of the municipality;
 - ii. The National Treasury; and
 - iii. The relevant provincial treasury
2. The statement referred to in section 71 (1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1) (b) of this section.
3. The accounting officer must, as part of the review –
 - a) Make recommendations as to whether an adjustments budget is necessary; and
 - b) Recommend revised projections for the revenue and expenditure to the extent that this may be necessary.

3. FINANCIAL IMPLICATIONS

Municipality's financial viability/effective budgetary control and management.

4. LEGAL IMPLICATIONS

The legal implications are covered in the Background and Motivation.

5. PERSONNEL IMPLICATIONS

None.

6. INTERNAL CONSULTATION

Monthly financial report from financial management system.

7. EXTERNAL CONSULTATION

None.

8. RECOMMENDATION

That in compliance with section 72 of the MFMA;

- (i) The attached financial results regarding the operating and capital budget for the first half of the 2023/2024 financial year, and the supporting documents as required by National Treasury, is submitted to the mayor for scrutiny and further submission to council; and
- (ii) In order to comply to the Act, this report to be submitted to the National Treasury and relevant Provincial Treasury
- (iii) It is recommended that an adjustment budget be prepared to recommend revised projections for revenue and expenditure where necessary.

9. APPROVAL

.....
MR. T.W. MSENGANA
MUNICIPAL MANAGER

25/01/2024

.....
DATE



This report provides in-year financial information
as
Required by the Municipal Finance Management Act,
56
Of 2003, IN-YEAR FINANCIAL REPORT:
30 DECEMBER 2023
Submitted in terms of Sections 71 & 52 (d) of the MFMA
and
Section 28 of the Municipal Budget and Reporting
Regulations, Government Gazette 32141, 17 December
2009

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❖ CREDITORS' ANALYSIS	
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PART 1 – IN-YEAR REPORT

Mayor's Report

The tables indicate the progress made on the implementation of the municipality's budget. Material variances – Monthly budget versus Monthly Actual for the first half of the financial year.

Executive summary of risks facing the municipality:

The emerging risks are as follows:

1. Collection rate for the first half of the financial year is **46 %** average, however property rates collection rate for the period is **0.18%** and the municipal services revenue collection rate **58 %**. Property Rates collection rate remained as the state departments have not settled their property rates for the current financial year.
2. Capital spending level should be monitored to ensure at least a 95% spending level is achieved to optimize service delivery. The spending on capital budget for the first half of the financial year is at 27.55% which amounts to R 8,426 million of the R 30, 579 million budgeted. As at the end of December 2023, allocation received amounts to R 18,003 million, the municipality has spent 45% of this allocation as at the end of December 2023. We have spent 46% and 44% on the MIG and WSIG allocations respectively. The capital grant funds are ring-fence and deposited on the business call account.

CAPITAL EXPENDITURE FOR THE MONTH OF SEPTEMBER 2023:

Cost Centre	mSCOA Config	mSCOA Config Description	Budget Original	Total Budget	Total Expenditure Vat Exclusive	Total Expenditure Vat Inclusive
1210	71210011002	Norvalspont Community Hall Chairs	70 000,00	70 000,00	25 000,00	28 750,00
1210	71210171002	Fencing Of Norvalspont & Kuyasa Halls	150 000,00	150 000,00	-	-
1210	71210181002	Refurbishment of Municipal Offices	250 000,00	250 000,00	-	-
2203	72203016201	Upgrading of Kuyasa Sports Field	5 501 850,00	5 501 850,00	2 139 938,18	2 460 928,91
3204	73204240002	CCTV CAMERAS	250 000,00	250 000,00	-	-
3205	73205016202	Upgrading of Norvalspont Stormwater Drainage System	950 000,00	950 000,00	258 786,55	260 745,78
3205	73205020004	Upgrading of Eureka and Tyoksville Roads	6 701 850,00	6 701 850,00	2 623 616,34	3 017 158,79
4101	74101050013	Electricity-Ezimbacweni, Wimpy	750 000,00	750 000,00	-	-
4101	74101050014	Backup power supply Generator	200 000,00	200 000,00	-	-
4101	74101220001	New LVD Vehicle	350 000,00	350 000,00	-	-
4202	74201016200	Replacement of Asbestos Internal Main Water Pipeline	3 081 000,00	3 081 000,00	-	-
4302	74302060003	Upgrading of Noupoort Sewerage Network	12 324 000,00	12 324 000,00	3 378 891,08	3 885 724,74
			30 578 700,00	30 578 700,00	8 426 232,15	9 653 308,22
		VAT EXCLUSIVE				
		VAT INCLUSIVE				
		FUNDING				
		EPWP	950 000,00	950 000,00	258 786,55	260 745,78
		WSIG	12 324 000,00	12 324 000,00	3 378 891,08	3 885 724,74
		MIG	12 203 700,00	12 203 700,00	4 763 554,52	5 478 087,70
		OWN	5 101 000,00	5 101 000,00	25 000,00	28 750,00
			30 578 700,00	30 578 700,00	8 426 232,15	9 653 308,22

3. Spending on Repairs and maintenance must be monitored to ensure assets of council are well maintained to avoid any serious service interruptions. The first half spending on repairs and maintenance amounts to R 1,436 million and 17% spending of the repairs and maintenance annual budget.
The repairs and maintenance for municipal's council is demonstrated in the SC13c table of the C-schedule for more details.

IN-YEAR BUDGET STATEMENT TABLES

Table C1: Quarterly Budget Summary Table

Northern Cape: Umsobomvu(NC072) - Table C1 Monthly Budget Summary for period ending (M06) 31 December 2023

Description	2022/23	Budget year 2023/24								
	Audited Outcome	Original Budget	Adjusted Budget	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands										
Financial Performance										
Property rates	17 771	18 702	18 702	1 049	3 151	11 438	10 830	608	5,61	18 702
Service charges	71 341	82 545	82 545	8 566	22 363	42 941	41 338	1 604	3,88	82 545
Investment revenue	1 023	146	146	7	129	269	73	196	268,85	146
Transfer and subsidies - Operational	69 132	74 744	74 744	22 536	22 964	54 941	53 098	1 842	3,47	74 744
Other own revenue	39 498	47 047	47 047	3 550	9 045	17 354	23 452	(6 098)	(26,00)	47 047
Total Revenue (excluding capital transfers and contributions)	198 765	223 184	223 184	35 708	57 653	126 943	128 791	(1 848)	(1,43)	223 184
Employee costs	52 832	72 523	72 523	4 809	14 051	28 022	35 557	(7 535)	(21,19)	72 523
Remuneration of councillors	5 341	5 746	5 746	459	1 378	2 921	2 873	48	1,67	5 746
Depreciation and amortisation	47 136	26 933	26 933	-	13	99	13 467	(13 368)	(99,27)	26 933
Finance charges	3 657	1 350	1 350	4	4	4	675	(671)	(99,41)	1 350
Inventory consumed and bulk purchases	38 556	53 474	53 474	3 694	7 206	20 000	26 737	(6 737)	(25,20)	53 474
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-
Other expenditure	94 169	62 699	62 699	4 405	8 445	14 199	31 350	(17 150)	(54,71)	62 699
Total Expenditure	241 692	222 725	222 725	13 370	31 098	65 246	110 658	(45 413)	(41,04)	222 725
Surplus/(Deficit)	(42 926)	459	459	22 338	26 555	61 698	18 133	43 565	240,25	459
Transfers and subsidies - capital (monetary allocations)	26 287	27 609	27 609	3 000	7 000	18 003	13 804	4 199	30,42	27 609
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(16 639)	28 068	28 068	25 338	33 555	79 701	31 937	47 763	149,55	28 068
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(16 639)	28 068	28 068	25 338	33 555	79 701	31 937	47 763	149,55	28 068
Capital expenditure & funds sources										
Capital expenditure	(28 110)	30 579	30 579	4 617	7 321	8 426	11 609	(3 183)	(27,42)	30 579
Transfers recognised - capital	(32 206)	27 609	27 609	4 506	7 087	8 142	10 089	(1 947)	(19,30)	27 609
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	4 096	2 970	2 970	111	235	284	1 520	(1 236)	(81,33)	2 970
Total sources of capital funds	(28 110)	30 579	30 579	4 617	7 321	8 426	11 609	(3 183)	(27,42)	30 579
Financial position										
Total current assets	134 393	104 713	104 713	20 053	29 846	201 559	113 501	88 058	77,58	104 713
Total non current assets	505 107	516 670	516 670	4 617	7 321	513 533	511 167	2 366	0,46	516 670
Total current liabilities	88 322	59 060	59 060	(668)	3 612	84 214	58 504	25 710	43,95	59 060
Total non current liabilities	8 516	20 283	20 283	-	-	8 516	20 283	(11 767)	(58,01)	20 283
Community wealth/Equity	542 662	542 039	542 039	25 338	33 555	622 362	545 881	76 481	14,01	542 039
Cash flows										
Net cash from (used) operating	144 718	40 215	40 215	30 014	29 290	67 728	38 010	29 718	78,18	40 215
Net cash from (used) investing	(27 721)	(30 133)	(30 133)	(5 174)	(8 168)	(9 383)	(12 166)	2 783	(22,88)	(30 133)
Net cash from (used) financing	55	-	-	3	28	54	-	54	-	-
Cash/cash equivalents at the year end	119 018	27 145	27 145	57 070	57 070	57 070	42 908	14 163	33,01	27 145
Collection Rate	52,32	65,50	65,50	38,00	37,88	36,06	66,33	-	-	65,50
Property rates	58,85	83,29	83,29	0,32	0,30	0,18	85,54	-	-	83,29
Service charges	67,18	77,09	77,09	53,49	55,65	57,72	77,00	-	-	77,09
Service charges - electricity revenue	100,80	92,81	92,81	67,53	75,37	81,07	92,85	-	-	92,81
Service charges - water revenue	38,11	65,78	65,78	33,83	33,59	33,73	66,17	-	-	65,78
Service charges - sanitation revenue	45,24	62,15	62,15	33,81	37,81	37,54	62,23	-	-	62,15
Service charges - refuse revenue	21,11	47,78	47,78	19,42	21,39	22,06	47,18	-	-	47,78
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-

Table C2 – Quarterly Budgeted Financial Performance by Functional Classification

Northern Cape: Umsobomvu (NC072) - Table C2 Monthly Budgeted Financial Performance by Functional Classification for period ending (M06) 31 December 2023

Description	Ref	2022/23	Budget year 2023/24								
		Audited Outcome	Original Budget	Adjusted Budget	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands											
Revenue - Functional											
Municipal governance and administration		85 221	94 172	94 172	25 278	29 171	71 107	64 548	6 560	10,16	94 172
Executive and council		64 458	70 165	70 165	22 540	22 544	51 549	50 119	1 431	2,85	70 165
Finance and administration		20 763	24 007	24 007	2 738	6 627	19 558	14 429	5 129	35,55	24 007
Internal audit											
Community and public safety		1 632	1 788	1 788	5	13	871	859	12	1,36	1 788
Community and social services		1 627	1 706	1 706	1	5	845	822	23	2,82	1 706
Sport and recreation		5	82	82	4	9	26	37	(11)	(30,70)	82
Public safety											
Housing											
Health											
Economic and environmental services		32 600	39 164	39 164	3 185	8 188	12 872	19 342	(6 470)	(33,45)	39 164
Planning and development											
Road transport		32 600	39 164	39 164	3 185	8 188	12 872	19 342	(6 470)	(33,45)	39 164
Environmental protection											
Trading services		105 600	115 669	115 669	10 239	27 280	60 095	57 846	2 249	3,89	115 669
Energy sources		55 896	45 648	45 648	7 231	17 784	33 387	22 401	10 986	49,04	45 648
Water management		17 295	27 375	27 375	1 356	4 554	9 121	14 288	(5 167)	(36,17)	27 375
Waste water management		24 192	31 289	31 289	1 652	4 941	17 587	15 683	1 904	12,14	31 289
Waste management		8 217	11 356	11 356				5 473	(5 473)	(100,00)	11 356
Other	4										
Total Revenue - Functional	2	225 053	250 793	250 793	38 708	64 653	144 946	142 595	2 351	1,65	250 793
Expenditure - Functional											
Municipal governance and administration		131 496	63 204	63 204	5 818	12 638	23 315	31 152	(7 837)	(25,16)	63 204
Executive and council		19 118	21 952	21 952	2 211	5 683	11 569	10 847	722	6,65	21 952
Finance and administration		112 378	41 252	41 252	3 606	6 955	11 746	20 305	(8 559)	(42,15)	41 252
Internal audit											
Community and public safety		7 677	11 008	11 008	731	2 341	4 506	5 544	(1 038)	(18,72)	11 008
Community and social services		2 625	4 275	4 275	308	962	1 822	2 089	(266)	(12,75)	4 275
Sport and recreation		3 995	4 868	4 868	320	1 079	2 110	2 460	(350)	(14,22)	4 868
Public safety											
Housing		1 057	1 865	1 865	102	299	574	995	(422)	(42,38)	1 865
Health											
Economic and environmental services		26 178	27 978	27 978	981	2 832	5 836	13 916	(8 080)	(58,06)	27 978
Planning and development											
Road transport		26 178	27 978	27 978	981	2 832	5 836	13 916	(8 080)	(58,06)	27 978
Environmental protection											
Trading services		76 341	120 535	120 535	5 841	13 287	31 588	60 046	(28 458)	(47,39)	120 535
Energy sources		57 333	63 279	63 279	3 813	7 764	20 760	31 631	(10 872)	(34,37)	63 279
Water management		10 219	32 589	32 589	1 279	3 341	6 498	16 176	(9 679)	(59,83)	32 589
Waste water management		4 934	14 471	14 471	405	1 256	2 550	7 213	(4 663)	(64,65)	14 471
Waste management		3 855	10 197	10 197	343	925	1 781	5 026	(3 245)	(64,56)	10 197
Other	4										
Total Expenditure - Functional	3	241 692	222 725	222 725	13 370	31 098	65 246	110 658	(45 413)	(41,04)	222 725
		(16 639)	28 068	28 068	25 338	33 555	79 701	31 937	47 763	149,55	28 068

Table C4 – Quarterly Budget Performance All

Northern Cape: Umsobomvu (NC072) - Table C4 Monthly Budgeted Financial Performance (All) for period ending (M06) 31 December 2023

Description		Ref	2022/23	Budget year 2023/24								
R thousands			Audited Outcome	Original Budget	Adjusted Budget	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Revenue												
Exchange Revenue												
Service charges - Electricity			33 878	41 545	41 545	5 315	12 109	22 310	20 403	1 906	9,34	41 545
Service charges - Water			16 671	20 724	20 724	1 356	4 554	9 121	10 962	(1 841)	(16,80)	20 724
Service charges - Waste Water Management			12 574	12 212	12 212	1 155	3 472	7 002	6 145	857	13,95	12 212
Service charges - Waste Management			8 217	8 065	8 065	740	2 227	4 509	3 827	681	17,80	8 065
Sale of Goods and Rendering of Services			212	270	270	10	61	111	123	(12)	(9,89)	270
Agency services												
Interest												
Interest earned from Receivables			21 445	16 986	16 986	2 091	6 186	12 131	8 439	3 692	43,75	16 986
Interest earned from Current and Non Current Assets			1 023	146	146	7	129	269	73	196	268,85	146
Dividends												
Rent on Land			12	28	28		3	3	14	(11)	(81,02)	28
Rental from Fixed Assets			139	83	83	6	41	96	36	60	165,47	83
Licence and permits				30	30		4	18	15	3	23,21	30
Operational Revenue			1 290	1 095	1 095	908	963	1 124	550	575	104,60	1 095
Non-Exchange Revenue												
Property rates			17 771	18 702	18 702	1 049	3 151	11 438	10 830	608	5,61	18 702
Surcharges and Taxes				1	1				1	(1)	(100,00)	1
Fines, penalties and forfeits			15 595	25 653	25 653	161	614	1 323	12 827	(11 504)	(89,69)	25 653
Licences or permits			805	353	353	20	125	539	174	365	209,33	353
Transfer and subsidies - Operational			69 132	74 744	74 744	22 536	22 964	54 941	53 098	1 842	3,47	74 744
Interest				2 547	2 547	353	1 049	2 008	1 273	735	57,71	2 547
Fuel Levy												
Operational Revenue												
Gains on disposal of Assets												
Other Gains												
Discontinued Operations												
Total Revenue (excluding capital transfers and contrib			198 765	223 184	223 184	35 708	57 653	126 943	128 791	(1 848)	(1,43)	223 184
Expenditure												
Employee related costs			52 832	72 523	72 523	4 809	14 051	28 022	35 557	(7 535)	(21,19)	72 523
Remuneration of councillors			5 341	5 746	5 746	459	1 378	2 921	2 873	48	1,67	5 746
Bulk purchases - electricity			37 845	49 961	49 961	3 166	6 131	17 960	24 981	(7 021)	(28,11)	49 961
Inventory consumed			711	3 513	3 513	527	1 075	2 041	1 756	284	16,19	3 513
Debt impairment				19 282	19 282				9 641	(9 641)	(100,00)	19 282
Depreciation and amortisation			47 136	26 933	26 933		13	99	13 467	(13 368)	(99,27)	26 933
Interest			3 657	1 350	1 350	4	4	4	675	(671)	(99,41)	1 350
Contracted services			10 304	16 134	16 134	2 258	3 970	5 264	8 067	(2 802)	(34,74)	16 134
Transfers and subsidies												
Irrecoverable debts written off			65 707	2 142	2 142	5	198	421	1 071	(650)	(60,68)	2 142
Operational costs			18 158	24 217	24 217	2 143	4 277	8 514	12 109	(3 595)	(29,69)	24 217
Losses on disposal of Assets												
Other Losses				923	923				462	(462)	(100,00)	923
Total Expenditure			241 692	222 725	222 725	13 370	31 098	65 246	110 658	(45 413)	(41,04)	222 725
Surplus/(Deficit)			(42 926)	459	459	22 338	26 555	61 698	18 133	43 565	240,25	459
Transfers and subsidies - capital (monetary allocations)												
			26 287	27 609	27 609	3 000	7 000	18 003	13 804	4 199	30,42	27 609
Transfers and subsidies - capital (in-kind)												
Surplus/(Deficit) after capital transfers and contributions			(16 639)	28 068	28 068	25 338	33 555	79 701	31 937	47 763	149,55	28 068
Income Tax												
Surplus/(Deficit) after income tax			(16 639)	28 068	28 068	25 338	33 555	79 701	31 937	47 763	149,55	28 068
Share of Surplus/Deficit attributable to Joint Venture												
Share of Surplus/Deficit attributable to Minorities												
Surplus/(Deficit) attributable to municipality			(16 639)	28 068	28 068	25 338	33 555	79 701	31 937	47 763	149,55	28 068
Share of Surplus/Deficit attributable to Associate												
Intercompany/Parent subsidiary transactions												
Surplus/(Deficit) for the year			(16 639)	28 068	28 068	25 338	33 555	79 701	31 937	47 763	149,55	28 068

Table C5 – Quarterly Budget Capital Expenditure by Functional Classification

Northern Cape: Umsobomvu (NC072) - Table C5 Monthly Budgeted Capital Expenditure by Functional Classification and Funding for period ending (M06) 31 December 2023

Description	Ref	2022/23	Budget year 2023/24								
		Audited Outcome	Original Budget	Adjusted Budget	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands											
Capital Expenditure - Functional											
Municipal governance and administration		-	470	470	25	25	25	270	(245)	(90,74)	470
Executive and council											
Finance and administration			470	470	25	25	25	270	(245)	(90,74)	470
Internal audit											
Community and public safety	939		5 502	5 502	2 140	2 140	2 140	2 751	(611)	(22,21)	5 502
Community and social services											
Sport and recreation	939		5 502	5 502	2 140	2 140	2 140	2 751	(611)	(22,21)	5 502
Public safety											
Housing											
Health											
Economic and environmental services	23 193		7 902	7 902	400	2 833	2 882	3 951	(1 069)	(27,04)	7 902
Planning and development											
Road transport	23 193		7 902	7 902	400	2 833	2 882	3 951	(1 069)	(27,04)	7 902
Environmental protection											
Trading services	(52 242)		16 705	16 705	2 052	2 323	3 379	4 637	(1 259)	(27,14)	16 705
Energy sources			1 300	1 300				650	(650)	(100,00)	1 300
Water management	(64 168)		3 081	3 081				1 541	(1 541)	(100,00)	3 081
Waste water management	11 926		12 324	12 324	2 052	2 323	3 379	2 447	932	38,08	12 324
Waste management											
Other											
Total Capital Expenditure - Functional	3	(28 110)	30 579	30 579	4 617	7 321	8 426	11 609	(3 183)	(27,42)	30 579
Funded by											
National Government	-	(32 206)	27 609	27 609	4 506	7 087	8 142	10 089	(1 947)	(19,30)	27 609
Provincial Government											
District Municipality											
Transfers and subsidies - capital (monetary allocations)											
Transfers recognised - capital		(32 206)	27 609	27 609	4 506	7 087	8 142	10 089	(1 947)	(19,30)	27 609
Borrowing	6										
Internally generated funds		4 096	2 970	2 970	111	235	284	1 520	(1 236)	(81,33)	2 970
Total Capital Funding		(28 110)	30 579	30 579	4 617	7 321	8 426	11 609	(3 183)	(27,42)	30 579

Table C6 – Quarterly Budget Statement – Financial Position

Northern Cape: Umsobomvu (NC072) - Table C6 Monthly Budget Statement - Financial Position (All) for period ending (M06) 31 December 2023

Description	Ref	2022/23	Budget year 2023/24								
		Audited Outcome	Original Budget	Adjusted Budget	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands	1										
ASSETS											
Current assets											
Cash and cash equivalents		(1 328)	36 980	36 980	10 344	6 846	17 304	50 095	(32 791)	(65,46)	36 980
Trade and other receivables from ex change transactions		80 079	41 868	41 868	7 259	18 939	116 451	38 659	77 792	201,23	41 868
Receivables from non-ex change transactions		22 555	19 293	19 293	723	1 878	31 298	19 715	11 583	58,75	19 293
Current portion of non-current receivables		(1)	(1)	(1)			(1)	(1)			(1)
Inventory		23	421	421			23	(1 118)	1 141	(102,10)	421
VAT		30 994			1 731	2 211	34 466		34 466		
Other current assets		2 071	6 152	6 152	(3)	(28)	2 017	6 152	(4 134)	(67,21)	6 152
Total current assets		134 393	104 713	104 713	20 053	29 846	201 559	113 501	88 058	77,58	104 713
Non current assets											
Investments		2 003	1 558	1 558			2 003	1 558	445	28,59	1 558
Investment property		43 581	16 699	16 699			43 581	16 699	26 882	160,98	16 699
Property , plant and equipment		459 496	498 488	498 488	4 617	7 321	467 922	492 975	(25 053)	(5,08)	498 488
Biological assets											
Living and non-living resources											
Heritage assets											
Intangible assets		26	(75)	(75)			26	(65)	91	(140,50)	(75)
Trade and other receivables from exchange transactions											
Non-current receivables from non-exchange transactions											
Other non-current assets											
Total non current assets		505 107	516 670	516 670	4 617	7 321	513 533	511 167	2 366	0,46	516 670
TOTAL ASSETS		639 500	621 383	621 383	24 670	37 167	715 092	624 668	90 424	14,48	621 383
LIABILITIES											
Current liabilities											
Bank overdraft											
Financial liabilities		2 026	2 526	2 526			2 026	2 526	(499)	(19,77)	2 526
Consumer deposits		705	733	733	(1)	(20)	678	733	(55)	(7,44)	733
Trade and other payables from exchange transactions		33 508	42 296	42 296	(2 097)	251	22 547	42 296	(19 749)	(46,69)	42 296
Trade and other payables from non-exchange transactions		(12 832)					(12 832)		(12 832)		
Provision		13 530	5 134	5 134			13 530	4 578	8 952	195,54	5 134
VAT		51 384	8 372	8 372	1 430	3 381	58 264	8 372	49 892	595,94	8 372
Other current liabilities											
Total current liabilities		88 322	59 060	59 060	(668)	3 612	84 214	58 504	25 710	43,95	59 060
Non current liabilities											
Financial liabilities											
Provision			4 672	4 672				4 672	(4 672)	(100,00)	4 672
Long term portion of trade payables			1 241	1 241				1 241	(1 241)	(100,00)	1 241
Other non-current liabilities		8 516	14 371	14 371			8 516	14 371	(5 855)	(40,74)	14 371
Total non current liabilities		8 516	20 283	20 283	-	-	8 516	20 283	(11 767)	(58,01)	20 283
TOTAL LIABILITIES	2	96 838	79 343	79 343	(668)	3 612	92 730	78 788	13 943	17,70	79 343
NET ASSETS		542 662	542 039	542 039	25 338	33 555	622 362	545 881	76 481	14,01	542 039
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)		508 138	546 090	546 090	25 338	33 555	587 838	549 932	37 906	0	546 090
Reserves and funds		34 524	(4 051)	(4 051)			34 524	(4 051)	38 575	(1)	(4 051)
Other											
TOTAL COMMUNITY WEALTH/EQUITY	2	542 662	542 039	542 039	25 338	33 555	622 362	545 881	76 481	0	542 039

Table C7 – Quarterly Budgeted Statement – Cash Flow

Northern Cape: Umsobomvu (NC072) - Table C7 Monthly Budgeted Cash Flows (All) for period ending (M06) 31 December 2023

Description	Ref	2022/23	Budget year 2023/24								
	1	Audited Outcome	Original Budget	Adjusted Budget	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		10 458	15 577	15 577	3	10	21	9 263	(9 242)	(99,77)	15 577
Service charges		47 925	63 631	63 631	4 582	12 445	24 787	31 829	(7 042)	(22,13)	63 631
Other revenue		64 321	27 514	27 514	3 132	10 942	20 669	13 739	6 930	50,44	27 514
Transfers and Subsidies - Operational	1	68 279	74 744	74 744	22 536	22 964	54 941	53 098	1 842	3,47	74 744
Transfers and Subsidies - Capital	1	26 988	27 609	27 609	3 000	7 000	18 003	13 804	4 199	30,42	27 609
Interest		528	146	146		113	176	73	103	140,97	146
Dividends											
Payments											
Suppliers and employees		(73 781)	(167 655)	(167 655)	(3 239)	(24 184)	(50 868)	(83 122)	32 254	(38,80)	(167 655)
Finance charges			(1 350)	(1 350)				(675)	675	(100,00)	(1 350)
Transfers and Subsidies	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		144 718	40 215	40 215	30 014	29 290	67 728	38 010	29 718	78,18	40 215
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (increase) in non-current debtors (not used)											
Decrease (increase) in non-current receivables											
Decrease (increase) in non-current investments		(445)	445	445				(556)	556	(100,00)	445
Payments											
Capital assets		(27 275)	(30 579)	(30 579)	(5 174)	(8 168)	(9 383)	(11 609)	2 227	(19,18)	(30 579)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(27 721)	(30 133)	(30 133)	(5 174)	(8 168)	(9 383)	(12 166)	2 783	(22,88)	(30 133)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits		55			3	28	54		54		
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		55	-	-	3	28	54	-	54	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
		117 051	10 082	10 082	24 843	21 150	58 399	25 845	32 554	125,96	10 082
Cash/cash equivalents at the year begin:		1 966	17 063	17 063	32 227	35 921	(1 328)	17 063	(18 391)	(107,78)	17 063
Cash/cash equivalents at the year end:	2	119 018	27 145	27 145	57 070	57 070	57 070	42 908	14 163	33,01	27 145

MUNICIPALITY FINANCIAL PERFORMANCE

Section 71 and Section 52(d) of the MFMA requires that the Accounting Officer of the municipality by no later than 10 working days after the end of each month and quarter, submit to the mayor of the municipality a report on municipality's budget and the implementation thereof.

1. Operating Revenue

Operating revenue for the first half of the financial year amounts to R 126,943 million, which represent 57% of the annual budgeted operating revenue of R223 184 million. The norm for the first quarter should be at 50%. An adjustment budget will be necessary for some revenue items which will be explained in detail below.

2. Grants Funds

Total operating grants for the first half of the financial year amounts to R 54,941 million which equates to 74% of the budget R 74,744 million. Total capital grants received for the first half is R 18,003 million which is 65% of the budgeted amount. It must be noted that capital grants received are shown as creditors until the grant has been spent then it will be shown as a transfer to revenue.

3. Operating Expenditure

Operating expenditure for first half of the financial year is R 65,246 million and the budgeted operating expenditure is R222 725 million. This equates to 29% of the annual budgeted operating expenditure. The norm for the first quarter should be at 25%. Debt impairment and Depreciation are not monthly accounted for hence there is a variance of 25%. We will start recording the monthly provisions for debt impairment and depreciation during the second half of the financial year.

4. Employee related costs

Employee related costs for the first half of the financial year is R 28,022 million and the budgeted amount is R 72,523 million. This equates to 39% of the annual budgeted employee related costs. The norm for the first quarter should be 25%. The variance we see is due to the budgeted vacancies that are not filled to date, especially the vacant senior management positions.

5. Remuneration of councilors

Remuneration of councilors for the first half of the financial year is R 2,921 million and the budgeted amount is R 5,746 million. This equates to 51% of the annual budgeted remuneration of councilors. The norm for the first quarter should be 25%. An adjustment budget will be required due to the implementation of the upper limits.

6. Debt impairment

Debt impairment to date is R 0 and the budgeted is R 19 282 million this amount to 0% accounted so far. The reason for the variance is that the debts and assets impairments are accounted for at the end of the financial year, but we will start processing the monthly provisions during the second half of the financial year.

7. Bulk purchases

Electricity Bulk Purchases for the first quarter are at R 17,960 million which is equal to 36% of the budget amount of R 49 961 million. The norm for the first quarter is 25%. This is not the true reflection of invoices received, we will start accounting for invoices into the financial system as we receive them in the second half of the financial year. The municipality's debt relief application has also been approved. We have also submitted a revised payment arrangement to Eskom for the September 2023 invoice amounting to R 6,933, which we will be paying over a period of 24 months.

8. Other expenditure

Other expenditure year to date amounts to R 8,514 million and the budgeted amount is R24 217 million. This equates to 35% of the annual budgeted amount. The reason for the variance is due to the fact that the municipality has cash flow challenges and expenditure is prioritized mainly to service delivery related issues.

9. Contracted Services

The expenditure on contracted services is R5,264 million Year-to-date (YTD) and the budgeted amount is R16,134 million. This equates to 33% of the annual budget.

The reason for the variance is due to cash flow challenges as we are paying some of the service providers late.

10. Finance Charges:

Budgeted finance cost is R 1,350 million consisting of interest on overdue accounts of creditors. Year to date the municipality incurred finance cost of R 4 million. We are still finding it difficult to pay creditors within 30 days due to cash flow challenges. We are implementing credit control in municipal supplied areas in efforts to improve our situation.

11. Service Charges – Electricity:

Electricity services charges for the first half of the financial year are in line with the budgeted amount as the variance is just less than 10%. As at the end of December 2023, Electricity service charges billed amount to R 22,310 which is 54% of the budgeted amount. We are still performing monthly surprise inspections to try and mitigate the increasing electricity losses.

12. Service Charges – Water:

Water services charges are slightly below the norm as they are at 44% of the budgeted amount. As at the end of December 2023, water service charges billed amount to R 9,121 million. We might need to adjust this revenue item downwards.

13. Service charges-Waste Water Management:

The Year-to-date service charges for Waste water management is R7,002 million and the budgeted amount is R12,212 million which is 57% of the budget. The variance is due to the implementation of the revenue enhancement recommendations, we will definitely need to adjust this service upwards.

14. Service charges- Waste Management:

The Year-to-date service charges for Waste management is R4,509 million and the budgeted is R 8,065 million which is 56% of budgeted. The variance is due to the implementation of the revenue enhancement recommendations, we will need to adjust this service upwards.

15. Interest earned from receivable

The Year-to-date Interest Earned on Receivable is R12,131 million and budgeted is R16 986 million which is 71% of the budget. The reason for the variance is due to non-payment of accounts as a result of poor credit control implementation as well as non-payment from Eskom supplied areas. We will need to adjust this revenue item upwards as it is way above the year to date budget.

PART 2: SUPPORTING DOCUMENTATION

❖ Debtors Analyses

OUTSTANDING DEBTORS	01/10/2023	31/12/2023	INCREASE/(DECREASE)	%
DEBTOR'S GROWTH	362 892 000.00	382 822 000.00	19 930 000.00	5.49%
Comment- The increase in trade debtors is due to the poor implementation of strict credit control measures as well as the non-payment from Eskom supplied areas.				

❖ Creditors Analyses

OUTSTANDING CREDITORS	01/10/2023	31/12/2023	INCREASE/(DECREASE)	%
CREDITOR'S GROWTH	18 554 093.85	20 767 224.84	R 2 213 130.99	11.93%
Comment- The municipality is trying to meet its commitments even though it is difficult to collect as customers in the Eskom supplied areas are not paying for their services.				

❖ Investment Portfolio

<u>SUMMARY</u>											
<u>2023/2024</u>											
System Vote	ACCOUNT NUMBER	FINANCIAL SERVICE PROVIDER	DESCRIPTION	BALANCE 01/07/2023	DEPOSITS	WITHDRAWALS/TRANSFERS	BANK CHARGES	INTEREST TRANSFERRED	INTEREST RECEIVED	BALANCE 30/09/2023	BALANCE AS PER SYSTEM 30/09/2023
031026213001	2889-016-06-001	STANDARD	CAPITAL REPLACEMENT 1	83 637,39	R -	R -	R -	R 2 935,32	R 2 935,32	R 83 637,39	R 83 637,39
031026218001	2889-015-41-001	STANDARD	HOUSING DEVELOPMENT	151 485,21	R -	R -	R -	R 6 151,98	R 6 151,98	R 151 485,21	R 151 485,21
031026220001	74107-295-062	FNB	HOUSING DEVELOPMENT	24 355,88	R -	R -	R -	R 911,45	R 911,45	R 24 355,88	R 24 355,88
031051525001	93-5522-7534	ABSA	INVEST TRACKER	474 190,15	R 24 000 000,00	R 3 500 000,00	R 8 530 000,00	R -	R 188 563,10	R 12 632 753,25	R 12 632 753,25
				733 668,63	R 24 000 000,00	R 3 500 000,00	R 8 530 000,00	R 9 998,75	R 198 561,85	R 12 892 231,73	R 12 892 231,73

❖ Actual Receipts / Cashflow

Description	2022/23	Budget year 2023/24													
	Audited Outcome	Original Budget	Adjusted Budget	M01 July Actual	M02 Aug Actual	M03 Sept Actual	M04 Oct Actual	M05 Nov Actual	M06 Dec Actual	M07 Jan Actual	M08 Feb Actual	M09 Mar Actual	M10 Apr Actual	M11 May Actual	M12 June Actual
Cash Receipts By Source															
Property rates	10 458 105	15 576 610	15 576 610	-	3 100	8 300	5 300	900	3 400	-	-	-	-	-	-
Service charges - electricity revenue	34 148 807	38 555 670	38 555 670	2 936 437	2 292 118	3 731 952	3 061 674	2 475 686	3 589 163	-	-	-	-	-	-
Service charges - water revenue	6 353 565	13 631 230	13 631 230	538 601	548 345	459 656	535 225	535 490	458 848	-	-	-	-	-	-
Service charges - sanitation revenue	5 688 178	7 590 040	7 590 040	451 719	527 369	337 099	420 949	501 314	390 416	-	-	-	-	-	-
Service charges - refuse revenue	1 734 276	3 853 900	3 853 900	164 571	193 055	160 450	156 486	176 269	143 763	-	-	-	-	-	-
Rental of facilities and equipment	165 788	111 250	111 250	4 841	22 000	20 599	18 884	15 353	12 985	-	-	-	-	-	-
Interest earned - external investments	527 510	146 100	146 100	-	-	63 385	-	112 643	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	3 049 135	25 653 400	25 653 400	149 500	362 350	185 520	250 450	195 650	158 050	-	-	-	-	-	-
Licences and permits	805 414	382 800	382 800	17 073	105 871	306 223	71 644	37 639	20 240	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	68 279 000	74 744 300	74 744 300	-	31 142 000	834 500	-	428 000	22 536 000	-	-	-	-	-	-
Other revenue	60 301 040	1 366 200	1 366 200	5 616 416	1 421 705	1 514 460	5 816 595	1 404 070	2 940 827	-	-	-	-	-	-
Cash Receipts by Source	191 510 818	181 611 500	181 611 500	9 879 158	36 617 913	7 622 144	10 337 207	5 883 014	30 253 692	-	-	-	-	-	-
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (26 988 000	27 608 700	27 608 700	-	3 300 000	7 703 000	-	4 000 000	3 000 000	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	54 589	-	-	8 590	7 073	9 987	16 801	8 005	3 073	-	-	-	-	-	-
Decrease (Increase) in non-current debtors (not used)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(445 352)	445 352	445 352	(1 557 795)	1 112 443	445 352	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	218 108 055	209 665 552	209 665 552	8 329 953	41 037 429	15 780 483	10 354 008	9 891 019	33 256 765	-	-	-	-	-	-
Cash Payments by Type															
Employee related costs	130 320	(70 238 841)	(70 238 841)	-	-	-	(18 610 744)	4 552 625	4 697 461	-	-	-	-	-	-
Remuneration of councillors	-	(5 746 400)	(5 746 400)	-	-	-	-	-	487 931	-	-	-	-	-	-
Finance charges	-	(1 350 000)	(1 350 000)	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	-	(49 961 300)	(49 961 300)	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition inventory - water and other inventory	-	(1 357 800)	(1 357 800)	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	-	(16 133 800)	(16 133 800)	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	(73 696 714)	(24 217 123)	(24 217 123)	(8 008 824)	(10 742 117)	(7 933 837)	(5 557 166)	(1 328 960)	(8 424 651)	-	-	-	-	-	-
Cash Payments by Type	(73 566 394)	(169 005 264)	(169 005 264)	(8 008 824)	(10 742 117)	(7 933 837)	(24 167 910)	3 223 665	(3 239 259)	-	-	-	-	-	-
Other Cash Flows/Payments by Type															
Capital assets	(27 275 283)	(30 578 700)	(30 578 700)	-	(204 240)	(1 009 943)	(1 229 725)	(1 764 387)	(5 174 315)	-	-	-	-	-	-
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	(214 892)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	(101 056 569)	(199 583 964)	(199 583 964)	(8 008 824)	(10 946 357)	(8 943 780)	(25 397 635)	1 459 278	(8 413 574)	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD	117 051 486	10 081 588	10 081 588	321 129	30 091 072	6 836 703	(15 043 627)	11 350 297	24 843 191	-	-	-	-	-	-
Cash/cash equivalents at the month/year begin:	1 966 491	17 062 969	17 062 969	(1 328 341)	(1 007 212)	29 083 860	35 920 563	20 876 936	32 227 233	57 070 424	57 070 424	57 070 424	57 070 424	57 070 424	57 070 424
Cash/cash equivalents at the month/year end:	119 017 977	27 144 557	27 144 557	(1 007 212)	29 083 860	35 920 563	20 876 936	32 227 233	57 070 424	57 070 424	57 070 424	57 070 424	57 070 424	57 070 424	57 070 424

❖ **Summary of Indigent Households**

SUMMARY OF INDIGENT HOUSEHOLDS' BENEFICIARIES AS AT 30 SEPTEMBER 2023

<i>PERIOD</i>	<i>NUMBER OF INDIGENT HOUSEHOLDS REGISTERED & CAPTURED INTO THE FINANCIAL MANAGEMENT SYSTEM</i>
JULY 2023	1179
AUGUST 2023	1179
SEPTEMBER 2023	1232
OCTOBER 2023	1223
NOVEMBER 2023	1253
DECEMBER 2023	1261

❖ SUPPLY-CHAIN REPORT

SUPPLY CHAIN MANAGEMENT REPORT AS PER REGULATION 6 (Oversight role of council of municipality):

- 1) The council of a municipality must maintain oversight over the implementation of its supply chain management policy.
- 2) **Written or verbal quotations**
A supply chain management policy must stipulate the conditions for the procurement of goods or services through written or quotations, which must include conditions stating:
 - (i) That if it not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer
- 3) **THE BID COMMITTEE SYSTEM- The following committees have been established:**
 - The Bid Specification Committee
 - The Bid Evaluation Committee
 - The Bid Adjudication Committee

The Bid Committee system for competitive bids has been actively applied within the Municipality over the past financial year. Officials are still being invited on an ad-hoc basis to participate in the committees as and when required, but with written delegations. Officials are required to declare any possible conflict of interest at the meetings and recuse themselves in the event of a possible conflict.

4) MUNICIPAL SUPPLY CHAIN MANAGEMENT UNIT ORGANISATIONAL STRUCTURE & PERSONNEL:

In terms of paragraph 7 of the Municipal Supply Chain Management Regulations (MSCMR) the municipality must establish a Supply chain Management Unit (SCMU) to implement its supply chain management policy. The SCMU must operate under the direct supervision of the Chief Financial Officer or may be delegated to an official in terms of Section 82 of the MFMA.

During the reporting period the staff complement that performed the duties and functions in terms of the SCM policy were as follows:

Section Head: Supply Chain Management: Vacant	<ul style="list-style-type: none">○ Oversees the co-ordination and controlling of the implementation of the SCM policy○ Manages bid committees;○ Oversees the management and implementation of SCM supplier database;○ Oversees the management of the bid processes and contracts;○ Oversees all relevant reportin
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	<ul style="list-style-type: none"> ○ Implements the SCM policy for purchases between R30 000 and R200 000; ○ Prepares bid committee agendas and minutes ○ Bid processes including bid opening and placement of advertisements
Senior SCM Clerk: Mrs. N. Dyantyi	<ul style="list-style-type: none"> ○ Implements the SCM Policy for the purchases between R30 000 and R200 000; ○ Prepares bid committees agendas and minutes ○ Bid processes including bid opening and placement of advertisements ○ Monthly reports on all procurements of goods and services;
SCM Clerk: Mr. S.G. Mlenzana	<ul style="list-style-type: none"> ○ Receiving of orders requests and sundry payments; ○ Validating vendor registration; ○ Validating budget and cost centers; ○ Processing of orders ○ Requesting quotations; ○ Filling of documents; ○ Other administrative Supply chain management functions; ○ Monthly reporting ○ Public assistance ○ Updating of SCM supplier database ○ Accepting a new vendor form ○ Upkeep of tax clearance certificate, B-BBEE certificates, ○ Rates and taxes and other changes to service providers as and when required; ○ Contract management

8. COMPETENCY LEVELS OF THE SUPPLY CHAIN MANAGEMENT UNIT:

As per Government Gazette No. 29967 issued on the 15 June 2007- The Municipal Regulations on Minimum Competency levels, 2007 (Effective from 1 July 2007). Regulation in terms of section 168 of the Finance management Act, 2003 (Act No. 56 of 2003) officials appointed in the SCM unit should attain the following:

- (a) Higher education qualification
- (b) Work related experience
- (c) Core managerial and/or occupational competencies
- (d) Competency in the prescribed unit standards

The following officials have been exposed to Supply Chain Management (SCM) training and workshops in order to comply with the Regulations:

Supply Chain Managers			Unit Standards completed		
Designation	Name of Official	Qualifications	Units' standards required as per regulations	Unit standards completed to date	Unit standards still required
SCM: Section Head	Vacant	N/A	N/A	N/A	N/A
SCM: Senior Clerk	N. Dyantyi	NQF 6	116345,119352, 119341,119331, 116364,116343, 116339,119343, 119334,116353	116345,119352, 119341,119331, 116364,116343, 116339,119343, 119334,116353, 116348,119350, 116362,119351, 116351,116341	Completed
SCM: Procurement Clerk	S Mlenzana	Matric- NQF 4	116345,119352, 119341,119331, 116364,116343, 116339,119343, 119334,116353	Not yet enrolled	Not yet enrolled

9. APPLICATION OF SECTION 217 OF THE CONSTITUTION

The municipality contracts goods or services in accordance with a system which is:

- Fair
- Equitable
- Transparent
- Competitive, and
- Cost-effective

10. IMPLEMENTATION OF PREFERENTIAL PROCUREMENT REGULATIONS 2017

The PPPFA regulations became effective on the 1 April 2017.

These Regulations are implemented on a continuous basis by Umsobomvu Local Municipality thus awarding the bids to the highest procurement points scoring bidder.

11. SUPPLY CHAIN MANAGEMENT ACQUISITION PROCESSES

The following thresholds are currently being adhered to in order to support the strategic and operational commitments of the municipality:

- (a) Petty cash purchases- goods are purchased by way of one written quote, up to a transaction value of R2000.00 (VAT included)
- (b) Written or verbal quotations – goods and services are procured by a way of written quotations for a transaction value of R2001 up to R30 000 (VAT included);
- (c) Formal written quotation (7 days bidding process)- goods and services must be procured by way of 7 days bidding process for procurement of a transaction value of R30 001 up to R200 000 (VAT included);
- (d) A competitive bidding process- goods and services are procured by way of a competitive bidding process for-
 - o Procurement above a transaction value of R200 000 (VAT included): and
 - o The procurement of long-term contracts.

12. DEMAND MANAGEMENT- SUPPLIER DATABASE

Suppliers are continuously encouraged to register on the municipality's database as well as on the Central Supplier Database (CSD). Service providers may register on the database at any stage as there is no closing date for registration.

13. REPORTING TO NATIONAL TREASURY

Reports of awards made above R100 000.00 are updated on National Treasury's contract database in terms of MFMA circular no 19 of 2008.

"Approval of tenders not recommended"

- (1) If a tender other than the one recommended in the normal course of implementing the SCM policy of a municipality is approved, the accounting officer of the municipality must, in writing, notify the Auditor-General, the relevant provincial treasury and National Treasury and, in the case of a municipality entity, also the parent municipality, of the reasons for deviating from such recommendation.
- (2) Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.

14. DATABASE OF RESTRICTED SUPPLIERS

Prior to awards, a CSD and National Treasury verification is carried out to ensure that the recommended bidder is not restricted supplier or tender defaulter.

15. SUPPLY CHAIN MANAGEMENT INFORMATION ON WEBSITE

Bid invitation notices are also available on the municipality's website.

16. BIDS AWARDED BY THE BID ADJUDICATION COMMITTEE (ABOVE R200 000) AND WHERE APPLICABLE, RECOMMENDED TO THE ACCOUNTING OFFICER (ABOVE 10 MILLION):

Attached find the bids that were awarded by the bid Adjudication Committee and where applicable, recommended to the Accounting Officer (above R10 million) in terms of the SCM Policy and preferential procurement policy for the 2023/2024 financial year.

TENDER DESCRIPTION	TENDER NO.:	CONTRACTING PARTY	BID TERMS:	DATE OF APPOINTMENT	DEPARTMENT	VALUE
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

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17. BIDS AWARDED BY THE MUNICIPAL MANAGER- FORMAL WRITTEN PRICE QUOTATIONS (R10 001 – TO R30 000):

Attached find the bids that were awarded by the Municipal Manager- formal written quotations in terms of the SCM policy and the preferential Procurement Policy for the 2022/2023 financial period.

TENDER DESCRIPTION	TENDER NO. / DATE	CONTRACTING PARTY	DEPARTMENT	VALUE
TLB CKZ125NC	02/10/2023	BELL EQUIPMENT	TECHNICAL SERVICES	R 17 366,40
MATERIALS	02/10/2023	OVK	TECHNICAL SERVICES	R 10 444,17
POLISHER	04/10/2023	C & S SUPPLIES	CORPORATE SERVICES	R 12 351,00
OVERALLS/BOOTS EPWP	11/10/2023	NGUGODOLA TRADING	TECHNICAL SERVICES	R 25 840,00
ACCOMMODATION	13/10/2023	PROTEA HOTEL	OFFICE OF THE MUNICIPAL MANAGER	R 24 480,00
MATERIALS NPT OFFICE/WORKSHOP	17/10/2023	C & C HARDWARE	CORPORATE SERVICES	R 29 985,20
ACCOMMODATION	24/10/2023	GARDEN COURT	TECHNICAL SERVICES	R 12 240,00
VEHICLES CCG760NC/CK45ZRG/PCJO3LPGP/BSF238NC	26/10/2023	LBBM TRADING	TECHNICAL SERVICES	R 27 491,34
A4 PAPER	01/11/2023	C & S SUPPLIES	FINANCE	R 10 580,00
CASCADE CLAMPS	06/11/2023	PRAYSA TRADE	TECHNICAL SERVICES	R 23 916,55
PPC CEMENT	08/11/2023	BKB	TECHNICAL SERVICES	R 19 926,65
ACCOMMODATION	09/11/2023	BIRCHWOOD HOTEL	OFFICE OF THE MUNICIPAL MANAGER	R 20 400,00
BSF229NC REPAIR	15/11/2023	STATUS TOYOTA/KELSTON	TECHNICAL SERVICES	R 12 353,14
WATER MATERIAL	01/12/2023	OVK	TECHNICAL SERVICES	R 21 236,50
BLACK CHAIRS	04/12/2023	DESLEY MEUBELS	CORPORATE SERVICES	R 25 000,00
BSF233NC STARTER	04/12/2023	STATUS TOYOTA/KELSTON	TECHNICAL SERVICES	R 10 250,97
EPWP TOOLS	04/12/2023	OVK	TECHNICAL SERVICES	R 15 020,80
ELECTRIFICATION KUYASA HALL	05/12/2023	IEEIS GENERAL TRADING	CORPORATE SERVICES	R 30 000,00
6,7MM STONE	12/12/2023	DE AAR STONE CRUSHERS	TECHNICAL SERVICES	R 24 315,55
PPE/BOOTS EPWP	12/12/2023	SENKOSI JOSHUA	TECHNICAL SERVICES	R 23 970,00
SS60 DRUMS/KMS 65	18/12/2023	UVUKOLWAM ENTERPRISE	TECHNICAL SERVICES	R 28 669,50
ADVERT FOR IT	18/12/2023	MEDIA 24	FINANCE	R 11 271,15
				R 437 108,92

18. BIDS AWARDED BY THE MUNICIPAL MANAGER- FORMAL WRITTEN PRICE QUOTATIONS (R30 001 – TO R200 000):

Attached find the bids that were awarded by the Municipal Manager- formal written quotations in terms of the SCM policy and the preferential Procurement Policy for the 2023/2024 financial period.

N	CLOSING DATE	TENDER NUMBER / QUOTATION	AWARDED BIDDER	AMOUNT	DESCRIPTION OF AWARD
1	04/08/2023	UMS/BATTERIES/04/07/2023	PHECRON GROUP	R 54 420,30	
2	04/08/2023	UMS/ELEC/27/07/2023	KUKHANYE FACILITIES SOLUTIONS	R 42 908,80	SERVICE OF OIL CIRCUIT BREAKER (O.C.B)
3	15/08/2023	UMS/ELEC/04/08/2023	KUKHANYE FACILITIES SOLUTIONS	R 66 442,40	CONSTRUCT AND COMMISSION OF LV BUNDLE CONDUCTOR LINE
4	18/08/2023	UMS/ELEC/16/2023	UBER TECHNOLOGIES	R 84 500,00	SUPPLY AND DELIVERY OF ELECTRICAL WORKING TOOLS
5	25/08/2023	UMS/ELEC/MAINTENANCE/17/08/2023	SPECTRUM COMMUNICATION	R 148 060,14	COLESBERG RESEVOIR TELEMETRY REPLACEMENT MAINTENANCE
6	25/08/2023	TS/WS/2023	JICAMA 167 (PTY)LTD	R 199 985,00	SUPPLY AND DELIVERY OF WATER AND WASTE WATER CHEMICALS
7	25/08/2023	UMS/KUYASA/17/08/2023	KUKHANYE FACILITIES SOLUTIONS	R 51 958,28	SUPPLY AND DELIVERY OF KUYASA HALL MATERIAL
8	31/08/2023	UMS/MEDALS/23/08/2023	SENKOSI JOSHUA HOLDINGS (PTY)LTD	R 50 135,00	SUPPLY AND DELIVERY OF TROPHIES AND MEDALS FOR THE 10TH ANNUAL OLIVER TAMBO GAMES
9	31/08/2023	UMS/CATERING/23/08/2023	SENKOSI JOSHUA HOLDINGS (PTY)LTD	R 97 000,00	SUPPLY AND DELIVERY OF CATERING AND MOBILE TOILETS FOR THE 10TH ANNUAL OLIVER TAMBO GAMES
10	31/08/2023	UMS/TRANSPORT/23/08/2023	MAKHATHINI LEGACY (PTY)LTD	R 29 920,00	TRANSPORT OF REFEREES FOR THE 10TH ANNUAL OLIVER TAMBO GAMES
11	05/09/2023	FIN/IT/08/2023	UBER TECHNOLOGIES	R 31 736,32	KASPERSKY ENDPOINT SECURITY RENEWAL
12	20/10/2023	UMS/TOWNHALL/10/10/2023	MPEMBENI HOLDINGS	R 98 817,61	SUPPLY AND DELIVERY OF TOWN HALL MATERIAL

19. PROCUREMENT OF GOODS OR SERVICES THROUGH DEVIATION- FOR THE FIRST QUARTER OF THE 2023-2024 FINANCIAL YEAR:

Deviations for October 2023:

Object Ref	Req Num	Description of Work	Date Created	Deviation Type	Motivation for Deviation	Department	CSD Registration	Order Number	Recommended Supplier	Supplier Price (R)
100896	6447	ADVERT FOR TENDER	2023-10-17	1. Sole Supplier 36 (1) (a) (ii)	THIS IS THE ONLY SERVICE PROVIDER THAT CAN OFFER THESE SERVICES.	Community and Social Services - Community Halls and Facilities	MAAA0056069	G0000109	GROUP EDITORS COMPANY	2 630,29
TOTAL:										2 630,29

Deviations for November 2023:

Object Ref	Req Num	Description of Work	Date Created	Deviation Type	Motivation for Deviation	Department	CSD Registration	Order Number	Recommended Supplier	Supplier Price (R)
114383	6527	TENDER ADVERT	2023-11-17	1. Sole Supplier 36 (1) (a) (ii)	THIS IS THE ONLY SERVICE PROVIDER THAT CAN OFFER THESE SERVICES.	Community and Social Services - Community Halls and Facilities	MAAA0405124	G0000140	THE GRAAFF-REINET ADVERTISER	2 207,78
114385	6529	TENDER ADVERT	2023-11-17	1. Sole Supplier 36 (1) (a) (ii)	THIS IS THE ONLY SERVICE PROVIDER THAT CAN OFFER THESE SERVICES.	Community and Social Services - Community Halls and Facilities	MAAA0405124	G0000139	THE GRAAFF-REINET ADVERTISER	1 147,42
TOTAL:										3 355,20

Deviations for December 2023

Object Ref	Req Num	Description of Work	Date Created	Deviation Type	Motivation for Deviation	Department	CSD Registration	Order Number	Recommended Supplier	Supplier Price (R)
127939	6609	ADVERT FOR IT	2023-12-08	9. Written Quotations awarded without obtaining three quotations (SCM Regulations 16 (c)) & 17 (c)	THIS IS THE ONLY SERVICE PROVIDER THAT CAN OFFER THESE SERVICES THAT ARE REGISTERED ON CSD, AND FOR ATTRACTING MORE SERVICE PROVIDER IN THE PROVINCE.	Community and Social Services - Community Halls and Facilities	MAAA0023907	G0000168	MEDIA24	R 11 271,15
127999	6647	Maintenance for the Dozer	2023-12-20	3. Acquisition of special works of art or historical objects where specifications are difficult to compile. 36 (1) (a) (iii)	Barloworld are the only who deals with service and maintenance for CAT Machinery.	Road Transport - Roads	MAAA0240994	G0000185	BARLOWORLD SOUTH AFRICA	R 113 560,95
TOTAL:										124 832,10

20. PROCUREMENT OF GOODS OR SERVICES THROUGH VARIATION ORDER OR MONTH TO MONTH EXTENSION.

DATE	DESCRIPTION OF GOODS	CONTRACTING PARTY	REASON FOR EXTENSION	DEPARTMENT	VALUE
31/12/2023	Indigent Support	KarooBevarages (Pty) Ltd	New Service provider not appointed yet.	Finance	R 70 065,00
31/12/2023	Security Services	Sinegugu (Pty) Ltd	New Service provider not appointed yet.	Corporate Services	R 31 103,36
31/12/2023	ICT Support Services	Ubertech	New Service provider not appointed yet.	Finance	R 59 332,53
					R 160 500,89

21. CAPITAL PROJECTS THAT WERE DECLARED IRREGULAR DUE TO NON-COMPLIANCE OF THE SCM POLICY & REGULATIONS: AS AT 31 DECEMBER 2023

DATE	DESCRIPTION OF GOODS	CONTRACTING PARTY	REASON FOR IRREGULAR EEXPENDITURE	DEPARTMENT	VALUE
N/A	N/A	N/A	N/A	N/A	N/A

22. CAPITAL PROJECTS THAT DEFERRED TO BE CLASSIFIED AS FRUITLESS AND WASTEFUL WXPENDITURE: AS AT 31 DECEMBER 2023

DATE	DESCRIPTION OF GOODS	CONTRACTING PARTY	REASON FOR IRREGULAR EEXPENDITURE	DEPARTMENT	VALUE
N/A	N/A	N/A	N/A	N/A	N/A

23. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE FROM JULY 2023 TO DECEMBER 2023.

July 2023:

Transaction Details				Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status						
Date of Payment	Payment Number	Amount R	Description of Incident			UI	DP	CC	TR	p	WO	General Comments
04/07/2023	53620	R 730,00	Mr Nkcithiso procured material for BSF 233 NC	TECHNICAL MANAGER: S NKCITHISO	Irregular							SCM PROCESS NOT FOLLOWED CONTRAVENTION OF REGULATION 15
27/07/2023	54081	R 2 976,00	Payment for accommodation for councillors to service provider that is non compliant on tax status	ACTING CHIEF FINANCIAL OFFICER: N THISO	Irregular							SCM NOT FOLLOWED
		R 3 706,00										

August 2023:

Date of Discovery	Date reported to Accounting Officer	Transaction Details				Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditur e	Status						
		Date of Payment	Payment Number	Amount R	Description of Incident			UI	DP	CC	TR	p	WO	General Comments
01/08/2023	01/08/2023	01/08/2023	54150	R 4 587,99	Mr T Msengana procured batteries for BSF 218 NC	MUNICIPAL MANAGER: T MSENGANA	Irregular							SCM PROCESS NOT FOLLOWED CONTRAVENTION OF REGULATION 16
02/08/2023	02/08/2023	02/08/2023	54152	1552,02	Mr Nkcithiso procured material for water	TECHNICAL MANAGER: S NKCITHISO	Irregular							SCM PROCESS NOT FOLLOWED CONTRAVENTION OF REGULATION 16
				R 6 140,01										

October 2023:

Date of Discovery	Date reported to Accounting Officer	Transaction Details				Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status						General Comments
		Date of Payment	Payment Number	Amount R	Description of Incident			UI	DP	CC	TR	p	WO	
02/08/2023		02/08/2023	54151	R 10 667,43	PAYMENT TO ESKOM(FOR INTEREST CHARGES)	ACFO: N THISO	UNAUTHORISED							
21/08/2023		21/08/2023	54236	R 55 736,36	PAYMENT TO CONLOG(CONTRACT EXPIRED 30/12/2019)	ACFO: N THISO	IRREGULAR							
03/10/2023		03/10/2023	55090	R 277 374,35	PAYMENT TO MJILA & PARTNERS THEIR CSD REPORT IS NON-COMPLIANT	MUNICIPAL MANAGER: TW MSENGANA	IRREGULAR							CONTRAVENTION OF REGULATION 43
05/10/2023		05/10/2023	55140	R 900,00	PAYMENT TO MR A KHALANKOM FOR REPAIRS OF CAR SEATS(CK 452R GP)	ASMCS: A KHALANKOMO	IRREGULAR							SCM PROCESS NOT FOLLOWED CONTRAVENTION OF REGULATION 16
16/10/2023		16/10/2023	55198	R 2 671,85	PAYMENT TO ESKOM(FOR INTEREST CHARGES)	ACFO: N THISO	UNAUTHORISED							
				R 347 349,99										

November 2023:

No.	Date of Discovery	Date reported to Accounting Officer	Transaction Details				Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status						General Comments
			Date of Payment	Payment Number	Amount R	Description of Incident			UI	DP	CC	TR	p	WO	
1	14/11/2024		14/11/2024	49925	R 42 676,50	AUTO ASSIST COLESBERG(PAYMENT TO AUTO ASSIST FOR CWM188NC THE COMPANY IS NOT REGISTERED ON CSD)									CONTRAVENTION OF REGULATION 14
					R 42 676,50										

December 2023:

No.	Date of Discovery	Date reported to Accounting Officer	Transaction Details				Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status						General Comments
			Date of Payment	Payment Number	Amount R	Description of Incident			UI	DP	CC	TR	p	WO	
1	08/12/2023		08/12/2023	08/12/2023	R 199 101,11	CONLOG(CONTRACT EXPIRED)	ACFO	IRREGULAR							
2	11/12/2023		11/12/2023	11/12/2023	R 308 312,00	MJILA&PARTNERS(CSD REPORT IS NON-TAX COMPLIANT)	MM	IRREGULAR							CONTRAVENTION OF REGULATION 43
					R 507 413,11										

Municipal manager's quality certificate

I, **Thembisile Weekly Msengana**, municipal manager of Umsobomvu Municipality, hereby certify that the quarterly report for the quarter ending at 30 September 2023, has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the quarterly reports are consistent with the Integrated Development Plan of the municipality.

Print Name **Thembisile Weekly Msengana**

Municipal manager of Umsobomvu Municipality (NC072)

Signature

Date **25/01/2024**