

DR NDZ MUNICIPALITY SECTION 52 REPORT FOR THE 1ST QUARTER - 2018/2019 FINANCIAL YEAR



**SECTION 52 REPORT FOR THE 1ST
QUARTER FOR
DR NKOSAZANA DLAMINI ZUMA LOCAL
MUNICIPALITY
2018/2019 FINANCIAL YEAR**

DR NDZ MUNICIPALITY SECTION 52 REPORT FOR THE 1st QUARTER - 2018/2019 FINANCIAL YEAR

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1.1 Purpose

The discussion that follows, in terms of MFMA Section 71 and Section 52(d), intends to inform Council on the progress made thus far in terms of implementing the 2018/2019 budget for the period ending 30 September 2018.

1.2 Executive Summary

• **Legislative Requirements**

Section 52 of the Municipal Finance Management Act states the following - states that the Mayor of a municipality must: -

- (a) Provide general political guidance over the fiscal and financial affairs of the municipality;
- (b) In providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;
- (c) Take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;
- (d) Within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and financial state of affairs of the municipality; and
- (e) Exercise the other power and perform the other duties assigned to the mayor Terms of this Act or delegated by the council to the mayor.

1.3 Resolutions

The following recommendations are linked to the responsibilities of the Mayor as contained in s54 of the MFMA.

It is recommended that the Mayor;

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- Notes the quarterly report on the implementation of the budget in terms of section 52 (d) of the MFMA Act, No, 56 of 2003

2. PART 2 – SUPPORTING DOCUMENTS

2.1. Debtors Age Analysis

The debtor's book is sitting at R 53,4 million as at the end of September 2018. The municipality is currently busy updating the possible latest customer information in the system. Letters of demand has been sent to all customers with arrears amount, some customers have made payment arrangement with the municipality and for others we are waiting for a period of 14 days to pass to see if any payment have been made to municipality before considering the next step.

The municipality will be fast tracking the appointment of attorneys to assist the municipality with the debt collection process.

Financial system service provider will be coming during the month of October 2018 to install the debt collection module in the system to assist with debt collection processes.

2.2 Creditors Age Analysis

The municipality's creditors are paid with 30 days from the date of receiving invoice and the table below extracted in monthly budget statement provide information on creditors age analysis as at 30 September 2018

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AC - AGE ANALYSIS OF CREDITORS (All values in Rand)

Save File as: Muncde_AC_ccyy_Mnn.XLS (e.g. GT411_AC_2005_M10)

Change Year End (ccyy) to Financial Year End (e.g. 2005 for year 2004/2005) and Month End (Mnn) to Active Month (M01=July M12=June)(e.g. M10)

Change Muncde to your own municipal code (e.g. GT411)

If (and only if) Creditors per function not available: list top 10 creditors by name

To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

Year Month

End	End	Mun	Item	Detail	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	Tc
2019	M03	KZN436	0100	Bulk Electricity	0	0	0	0	0	0	0	0	
			0200	Bulk Water	0	0	0	0	0	0	0	0	
			0300	PAYE deductions	0	0	0	0	0	0	0	0	
			0400	VAT (output less input)	0	0	0	0	0	0	0	0	
			0500	Pensions / Retirement deductions	0	0	0	0	0	0	0	0	
			0600	Loan repayments	0	0	0	0	0	0	0	0	
			0700	Trade Creditors	0	0	0	0	0	0	0	0	
			0800	Auditor General	0	0	0	0	0	0	0	0	
			0900	Other	0	0	0	0	0	0	0	0	
			1000	Total	0	0	0	0	0	0	0	0	
			TP01	Igoda Project (Pty) Ltd	2470703.7	0	0	0	0	0	0	0	2 470 7
			TP02	Fleet Horizon	1081045	0	0	0	0	0	0	0	1 081 0
			TP03	Powervision Technology	858484	0	0	0	0	0	0	0	858 4
			TP04	IX Engineers	507300.07	0	0	0	0	0	0	0	507 3
			TP05	Asiphokuhle Training	386750	0	0	0	0	0	0	0	386 7
			TP06	Quit storm Trading	358271.89	0	0	0	0	0	0	0	358 2
			TP07	Enviroserv	230710.83	0	0	0	0	0	0	0	230 7
			TP08	Magqeqqa Trading (PTY) LTD	200000	0	0	0	0	0	0	0	200 0
			TP09	Auditor General	175479.25	0	0	0	0	0	0	0	175 4
			TP10	Rural Metro	132120.05	0	0	0	0	0	0	0	132 1
			TOT	Total	5 421 865	0	0	0	0	0	0	0	6 421 8

2.3 Investment Portfolio Analysis

The following information presents a summary of the municipal short-term investments balances broken down per investment type as at 30 September 2018.

ACCOUNT	AMOUNT
NED BANK	24 755 627.05
FNB	39 817 100.45
STANDARD BANK	20 582 149.50
INVESTEC	87 685.72
PRIMARY	2 245 247.19
SALARIES	303 529.17
CASH AND CASH EQUIVALENT	87 791 339.08

The municipality does not have long-term investments, most of these investments are grants that the municipality received to spend in the budget year therefore cannot be invested for longer periods.

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2.4 Allocation and Grant Receipts and Expenditure

Table below provides information relating to grant receipts.

Name of Grant	Original Budget 2018/2019	Actual Received in Quarter 1	Actual Received YTD 2018/2019	%Received
Equitable Share	111 162 000.00	46 318 000.00	46 318 000.00	42%
Integrated National Electrification	13 540 000.00	7 540 000.00	7 540 000.00	56%
Municipal Infrastructure Grant	26 666 000.00			0%
Financial Management Grant	3 870 000.00	3 870 000.00	3 570 000.00	100%
Provincial of Libraries	2 514 000.00	2 514 000.00	2 514 000.00	100%
Community Library Services Grant	950 000.00	950 000.00	950 000.00	100%
Expanded Public Works	1 596 000.00	400 000.00	400 000.00	25%
Maintenance of Sport Facilities Grant	58 000.00			0%
TOTAL	160 356 000.00	61 592 000.00	61 592 000.00	38%

A total of R 61.6 million has been received by the municipality as at 30 September 2018. the Municipality did not receive any tranche for Municipal infrastructure grant during the first quarter and the follow up communications has been directed to Provincial Treasury for investigations and we are waiting for their response.

2.5 Revenue Collection

The table below indicate the status of collection against budgeted revenue. The municipality has actual collected R 68.3 million year to date against total budget of R 54.6 million year to date and that is 31% of the total budget as at 30 September 2018.

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Revenue source	Original Budget 2018/2018	Month Budget September 2018	YTD Budget	Month Actual Received	YTD actual Received
Rates	36 214 610	3 017 884	9 053 653	1 770 735	3 544 951
Grants	160 356 000	13 363 000	40 089 000	3 464 000	61 592 000
Traffic Fines	412 316	34 360	103 079	2 696	13 039
Other Revenue	21 388 314	1 782 360	5 347 079	1 038 298	3 177 536

2.6 Councillors and Board Members Allowances and Employee Benefits and Operational Expenditure

The table below displays a comparison between operational budget (employee related costs and councillor's remuneration) and the performance against this budget as depicted in the form of Year to date (YTD) Actual figures.

	Original Budget 2018/2019	Quarterly Budget September 2018	YTD Budget	Month Actual Paid	YTD actual paid	YTD % Spent
Employee Related Costs	55 356 399	13 839 100	13 839 100	3 922 477	12 026 311	22%
Remuneration Of Councillors	11 991 370	2 997 842	2 997 842	893 591	2 680 770	22%

Employee Related Costs

The YTD budget for employee related costs is R13 ,8 million against a YTD actual of R12 million, this is due to some of the vacant positions for senior managers that were budgeted and not yet filled by September 2018.

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Remuneration of Councillors

The YTD remuneration of councillor's expenditure as at September is R2,6 million against a YTD budget of R 2,9 million.

Operational Expenditure

The table below displays a comparison between operational budget and the performance against budget as depicted in the form of Year to date (YTD) Actual figures.

	Original Budget 2018/2019	Month Budget September 2018	YTD Budget	Month Actual Paid	YTD actual paid	YTD % Spent
Operating Expenditure	167 723 452	13 976 954	41 930 863	8 798 852	26 079 637	16%

The YTD operating budget is R13.9 million against a YTD actual of R8.7million.

2.7 Capital Programme Performance

Infrastructure projects financed from MIG to be implemented in the 2018/19 and over the 2018/19 MTREF period.

Original Budget 2018/2019	Actual Spent YTD	% Spent
R 26 666 000.00	R 3 747 279.40	14%

Progress of total capital projects against the annual budget is sitting at an actual of 10% as the end of first quarter (September) 2018.

Original Budget 2018/2019	Actual Spent YTD	% Spent YTD
R 78 122 240.00	R 7 879 074.21	10%

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Looking at the findings above it is noted that there has been a poor spending by the end of 1st quarter of the 2018/2019 financial year,

2.8 Other Supporting Documents

2.8.1 Withdrawals report on the Municipality's bank accounts as 30 September 2018

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BANK ACCOUNT WITHDRAWALS NOT IN TERMS OF AN APPROVED BUDGET

Municipal Finance Management Act, section 11(4)

Consolidated Quarterly Report for period 01/07/2018 to 30/09/2018



NAME OF MUNICIPALITY: DR NKOSAZANA DLAMINI ZUMA MUNICIPALITY (KZN436)

Date	Payee	Amount in R'000	Description and Purpose	Authorised by (name and title)
1. Section 11(b) - Expenditure authorised by the MEC for finance in terms of section 26 (4) when a municipality has failed to approve a budget by 31 December;				
	N/A			
2. Section 11(c) - Unforeseeable and unavoidable expenditure authorised by the mayor in terms of section 29 (1);				
	N/A			
3. Section 11(d) - Payments from a trust, charitable or relief fund without budget appropriation in terms of section 12(4);				
	N/A			
4. Section 11(e) - Payments to a person or organ of state of money received by the municipality on behalf of that person or organ of state, including (i) money collected by the municipality on behalf of that person or organ of state by agreement; or (ii) any insurance or other payments received by the municipality for that person or organ of state;				
	N/A			
5. Section 11(f) - Refund money incorrectly paid into a bank account;				
	N/A			
6. Section 11(g) - Refund guarantees, sureties and security deposits;				
	N/A			
7. Section 11(h) - Payments for cash management and investment purposes in accordance with section 13;				
12/07/2018		20 000 000.00	Transfers from Primary Account to Investment Account (Investec Bank)	KMB Mzimela(CFO) and NC Vezi (MM)
03/09/2018		1 000 000.00	Transfers from Money market to Primary Account (FNB)	KMB Mzimela(CFO) and NC Vezi (MM)
14/09/2018		5 000 000.00	Transfers from Money market to Primary Account (FNB)	KMB Mzimela(CFO) and NC Vezi (MM)
21/09/2018		3 010 079.16	Transfers from Money market to Primary Account (FNB)	KMB Mzimela(CFO) and NC Vezi (MM)
8. Section 11(i) - To defray increased expenditure on a multi-year capital project in terms of section 31;				
	N/A			
9. Section 11(j) - Payments for such other purposes as may be prescribed from time-to-time.				
	N/A			

2.9 Municipal Manager's Quality Certificate



Quality Certificate

I, N.C Vezi a Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality hereby certify that the First Quarter budget statement for the financial year 2018/2019 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act.

Print Name: N.C Vezi

Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality, KZN436

Signature: _____

Date: _____

04/10/2018

SUPPLY CHAIN MANAGEMENT QUARTALY REPORT FOR THE MONTHS OF JULY, AUGUST AND SEPTEMBER 2018 – NDZ MUNICIPALITY

AUTHOR: CHIEF FINANCE OFFICER
(File Ref: Budget and Treasury Office)

(1st Level : Manco)
 (2nd Level : Finance Committee)
 (3rd Level : Exco)
 (4th Level : Council)

1. PURPOSE OF REPORT

To present the implementation of the Supply chain management policy to the Committees and Council on purchases made by the municipality for the First Quarter July, August and September 2018.

2. BACKGROUND

The Act on Local Government: Municipal Finance Management Act No 56, 2003, Chapter 11, the municipal supply chain management Regulation, as published in the Government Gazette on 30 May 2005 and the Supply Chain Management Policy as adopted by Council state that a report must be submitted to committees and council, in order to create a transparent image to all processes in the Supply Chain Management Division.

3. LEGAL AND STATUTORY REQUIREMENT

- Constitution of Republic of South Africa Act, No 108 of 1996
- Municipal Finance Management Act, No 56 of 2003
- Preferential Procurement Regulations, 2011
- Board- Based Black Economic Empowerment Amended Act, 2013 (Act No 46 of 2013
- Supply Chain Management Policy

4. RANGE OF PROCUREMENT

- 4.1 Orders up to the transaction value of R1 to R2 000
- 4.2 Three written or verbal quotations for procurements of a transaction value between R2001 to R10 000.
- 4.3 Three different written quotations for procurements between R10 001 to R30 000.
- 4.4 At least three formal written quotes, to be scored on price & targeted goal points designed in terms of the New Preferential Procurement Point Framework Act and regulations as well as the Broad Based Black Economic Empowerment Act for procurements above R30 001 to R200 000.
- 4.5 Bid Process for procurement above R 200 000,00

5. STAFF IMPLICATIONS

5.1 There is no staff implication

6. FINANCIAL IMPLICATIONS/ EXPENDITURE

6.1 QUOTATION ORDERS	: R 2 734 734,11
6.2 DEVIATIONS	: R 0,00
6.3 FUNERAL	: R 7 700,00
6.4 AWARDS MORE THAN R200 000	: R 8 127 791,37
6.5 FUEL ORDERS	: R 8 500,00
6.6 IRREGULAR EXPENDITURE	: R 0,00

7. RECOMMENDATIONS

That this report to be noted by Committee and Council

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1. INTRODUCTION

Regulation 6(3)(4) of the Municipal SCM Regulations requires that on a quarterly basis the accounting officer must submit to the Mayor a report on the implementation of the SCM Policy no later than 10 days after each quarter. Subsection 4 further states that the report must be made public in accordance with section 21A of the Municipal Systems Act.

2. FUNCTIONS OF THE SCM UNIT

2.1. DECLARATION OF INTEREST BY SCM PERSONNEL

All members of Bid Committees had signed declaration of interests and code of conducts.

2.2. ADEQUACY OF PERSONNEL WITHIN SCM

All SCM personal are competence and capable of performing their duties.

3. FUNCTIONING OF BID COMMITTEE

3.1. CONSTITUTION OF BID COMMITTEES

The 3 bid committees namely the Bid Specification Committee, Bid Evaluation Committee and the Bid Adjudication Committee have been constituted adequately in line with the SCM regulation requirements.

3.2. BID COMMITTEE MEMBERS DECLARATIONS

Bid Evaluation and Adjudication Committee members declared their interests at every sitting of the committees held within the 02nd quarter and no conflicts of interests were recorded for discussion.

4. SECTION 114 DEVIATIONS

No awards were made to suppliers other than the ones recommended.

5. REGULATION 32

Regulation 32(1) of the Municipal Supply Chain allows the accounting officer to procure goods or services for the Municipality or Municipal Entity under contract secured by another organ of state.

Date	Supplier	Details	Amount
No Regulation 32 in the 1 st Quarter			

6. REGULATION 36 DEVIATIONS

Date	Supplier	Details	Reason for Deviation	Amount (R)
No deviation identified for the first quarter				

Total for Dev.

R 0,00

7. QUOTATIONS AWARDED BETWEEN R 30 000,01 – R 200 000,00

BIDDERS'S NAME	DESCRIPTION	AMOUNT (R)
No quotation awarded in the first quarter		
Total		R0,00

8. SPEND ANALYSIS

MONTH	July 2018		August 2018		September 2018		Total for the Quarter		%Spend Contribution %
	Procurement Type	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
	Petty Cash	R 12 042,84	R 15 917,00	R 31 164,57	R 59 124,41				0,48%
	Verbal or Written Quotations	R 63 287,70	R 43 775,52	R 139 134,84	R 246 198,06				2,18%
	Formal Written Quotation	R 752 197,90	R 624 117,84	R 1 035 095,89	R 2 411 411,64				19,95%
	Tenders and quotation	R 9 351 428,53	R 0,00	R 0,00	R 9 351 428,53				77,38%
	Petrol Orders	R 0,00	R 0,00	R 8 500,00	R 8 500,00				0,07%
	Funeral Orders	R 3 300,00	R 0,00	R 4 400,00	R 7 700				0,06%
	Irregular Expenditure	R 0,00	R 0,00	R 0,00	R 0,00				0,00%
	Deviations	R 0,00	R 0,00	R 0,00	R 0,00				0,00%
	Totals	R 10 182 256,97	R 683 810,36	R 1 218 295,36	R 12 084 362,64				100,00

8.1. BIDS AWARDED ABOVE -R200 000

LENGTH OF TIME FOR TENDER	APPOINTMENT DATE	CLOSING DATE OF ADVERT	BIDDERS'S NAME	DESCRIPTION	AMOUNT	BBB EE POIN TS CLAI MED
24 days	30/06/2018	28/05/2018	Poweision Computers	Implementation of ICT projects	R 2 936 041,00	20
72 days	09/07/2018	13/03/2018	Blackmoon Investment	Contruction of bus Shelters	R 900 835,90	20
46 days	09/07/2018	04/05/2018	Indabuko Creation	Supply and delivery of Loud hailers	R 129 750,00	20
41 days	09/07/2018	09/05/2018	Phohlophohlo Trading	Concrete Surface at Himeville Transfer station	R 686 287,98	20
41 days	09/07/2018	09/05/2018	Modulua Parkhome	Supply and Delivery of 2 Parkhomes	R 1 224 806,64	20

42 days	30/06/2018	02/05/2018	Nashua PMB	Switthboard Proposal for NDZ Municipality	R 893 412,00	20
31 days	09/07/2018	25/05/2018	Fleet Horizon Solution (Pty) Ltd	Supply and Delivery of 2 Municipal Vehicles	R 1 091 045,01	02
29 days	09/07/2018	23/05/2018	Asiphokuhle Training and Research	Organisational Development projects	R 626 750,00	20
60 days	09/07/2018	12/04/2018	Mabuna Consultant	Provision of Bulwer Precinct plan and Development	R 862 500,00	20
Total					R 8 127 791,37	

8.2. BURIAL ASSISTANCE ORDERS FOR THE PERIOD OF JULY, AUGUST AND SEPTEMBER 2018

Order Number	Family	WD 1	WD 2	WD 3	WD 4	WD 5	WD 6	WD 7	WD 8	WD 9	WD 10	WD 11	WD 12	WD 13	WD 14	WD 15	Total For the Quarter
3197	Robert wood family	R 1 100,00															
2883	Khubone family				R 1 100,00												
2918	Simelane Family	R 1 100,00															
2852	Mhdali Family		R 1 100,00														
3342	Kheswa family																
	Zondi family																
3452	Sibiya family									R 1 100,00							
3482	Madonda family										R 1 100,00						
					R 1100	R 1100					R 1100						
TOTAL					R 1100	R 1100					R 1100						R 7700

8.3. DATABASE REGISTRATION

The suppliers were last invited to register on Central Supplier Database in 2017/2018 financial year

9. CONTRACTS MANAGEMENT

New Contracts in the 01st Quarter

Service Provider	Name of Project	Duration of Contract
No new contract in the first quarter		

10. IRREGULAR EXPENDITURE

Service Provider	Name of Project	Amount	Reason for Irregular
No irregular identified in the first quarter			

11. LEASE AGREEMENTS

No Lease agreement for the 01st Quarter