

11193
FINANCIAL REPORTING AS AT 30 SEPTEMBER 2016

This report is submitted directly to the Executive Committee.

PURPOSE

To submit to Council the interim financial position of the uMhlathuze Municipality for the quarter ended 30 September 2016, as required in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003). The monthly and quarterly requirements in terms of Section 71 and Section 52(d) respectively are also included in this report.

NB: All Annexures are circulated under a separate cover.

IDP STRATEGY AND OBJECTIVES

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial and Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 Ensure GRAP compliance 5.1.1.2 SCOA compliant (new reform) 5.1.1.3 Review of all budget related policies 5.1.1.4 Adherence to all MFMA and budget and reporting 5.1.1.5 Compliance with the Supply Chain Management regulation and PPPFA
	5.1.2 Sustainable Financial and supply chain Management	5.1.2.1 Improve internal communication on budget matters 5.1.2.2 Maintenance of fixed asset register 5.1.2.3 Credit control and debt collection 5.1.2.4 Compliant internal controls 5.1.2.5 Compliant grant reporting 5.1.2.6 Obtain targeted cash-backed statutory reserves 5.1.2.7 Development and appropriate training and assistance to employees 5.1.2.8 Identify and redress water and electricity tampering 5.1.2.9 Demand and acquisition management 5.1.2.10 Warehouse management 5.1.2.11 Contract administration

BACKGROUND

Section 71 of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) prescribes certain conditions that need to be complied with in terms of the mentioned Act.

The Accounting Officer of the Municipality must report, by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury, a statement in the **prescribed format** on the state of the Municipality's budget.

Section 66 of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported upon in a format and for the prescribed period. It is considered appropriate to report on this section of the Act on a monthly basis, to coincide with the reporting requirements of Section 71(1) of the Act.

Section 52 (d) of the Municipal Finance Management Act prescribes that the Mayor of a Municipality must within 30 days of the end of each quarter submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

The additional monthly reporting as required by Council is also included herein. The MFMA requires that the reporting of the budget (Annual, monthly, mid-year and adjustment) be in terms of a prescribed format.

As mentioned above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. National Treasury has issued MFMA Circular No 51 (**DMS 633560**) in which this prescribed format has been set out.

Furthermore, National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare the 2010/2011 Budget as well as the in-year reporting effective from July 2010.

The objectives of the budget formats reforms in terms of these regulations are:

- ❖ To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of Municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

Section 1 of the MFMA defines the Service Delivery and Budget Implementation Plan (SDBIP) as:

"A detailed plan approved by the mayor of a municipality in terms of section 53(l)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate:

- (a) *Projections for each month of:*
 - (i) *Revenue to be collected, by source; and*
 - (ii) *Operational and capital expenditure, by vote.*
- (b) *service delivery targets and performance indicators for each quarter."*

The Service Delivery and Budget Implementation Plan (SDBIP) have been segmented into five components. These are:

- ❑ Component 1: Monthly projections of revenue (including capital grants) to be collected for each source **Annexure Z (DMS 1140776)**;
- ❑ Component 2: Monthly projections of expenditure (operating and capital) and revenue for each vote **Annexure AA (DMS 1140776)**;
- ❑ Component 3: Quarterly projections of service delivery targets and performance indicators for each vote **Annexure AB - AH (DMS 1140776)**;
- ❑ Component 4: Ward information for expenditure and service delivery **Annexure AI and AJ (DMS 1140776)**; and
- ❑ Component 5: Detailed capital works plan broken down by ward over three years **Annexure AK (DMS 1140776)**.

DISCUSSION

This report and the supporting schedules will be forwarded to National and Provincial Treasury as required in terms of Section 71 and Section 74 of the MFMA in both printed and electronic formats.

TABLE OF CONTENTS

PART 1 - IN-YEAR REPORT	
1.	Mayor's Report
2.	Resolutions
3.	Executive Summary
3.1	Executive Summary – Status of mSCOA Project
3.2	Executive Summary – Operating Budget
3.3	Executive Summary – Cash Flow Situation
3.4	Executive Summary – Grants Balances
3.5	Executive Summary – Capital Budget Summary
3.6	Executive Summary – Expenditure per Category
3.7	Executive Summary – Revenue per Category
3.8	Executive Summary – Tenders Awarded
3.9	Executive Summary – Surplus and Deficit by Service Category
3.10	Executive Summary – Debtors Age Analysis
3.11	Executive Summary – Employee Debt and Councillor Debt
3.12	Executive Summary – Outstanding Creditors
4.	Exception Reporting – General
4.1	Exception Reporting – Employee Related Costs
4.2	Exception Reporting – Employee Related Costs - Overtime
4.3	Exception Reporting – Volume of Transfers
4.4	Exception Reporting – Over-expenditure of Line Items
5.	Exception Reporting – Departmental
5.1	Exception Reporting – Community Services
5.2	Exception Reporting – Corporate Services
5.3	Exception Reporting – Financial Services
5.4	Exception Reporting – Municipal Manager
5.5	Exception Reporting – Infrastructure and Technical Services
6.	Proposed Adjustment Budget
7.	In-year budget statement tables

PART 2 - SUPPORTING DOCUMENTATION	
8.	Debtors' Analysis
9.	Creditors' Analysis
10.	Investment portfolio analysis
11.	Allocation and grant receipts and expenditure
12.	Councillor allowances and employee benefits
13	Material variances to the Service Delivery and Budget Implementation Plan (SDBIP Component 5 Summary)
14.	Capital programme performance
15.	Municipal Manager's quality certification
PART 3 – OTHER LEGISLATIVE REQUIREMENTS	
16.	Withdrawals
17.	Supply Chain Management Policy
PART 4 – ADITIONAL REPORTING REQUESTED BY COUNCIL	
18.	Bursaries - Personnel
19.	Bursaries – Dependants
20.	Professional Fees
21.	Legal fees
22.	Loan of Council equipment and material
23	Courses, Seminars and Workshops
24.	Losses to Council Property
25.	Asset written off
26.	Bad debts written off
27.	Proceeds from Land Sales

1. **MAYOR'S REPORT**

In terms of the Budget Regulations, Part 1 in-year reporting, the Mayor is required to provide a report / comments on:

“(a) **a summary of whether the Municipality's budget is being implemented in accordance with the service delivery and budget implementation plan and any service delivery agreements with municipal entities.**”

The Mayor has considered the Section 71 report for the month of September 2016, and the performance of the Municipality against its budget is in line with the budget that was approved by council in May 2016. A detail of all the points highlighted by the Mayor is included in the report.

Operational Expenditure

The monthly budget statement summary (Table C1) for the quarter ended 30 September 2016 (year to date actual), shows a surplus of R81,7 million. This implies that the municipality has been able to raise its budgeted income and has successfully collected such billed income as well.

Capital Expenditure

Council is only in the first quarter of the financial year and capital expenditure is low at R43,2 million (8,00%). This is based on the Proposed Adjusted Capital Budget of R540 million.

Cash Flow

In terms of Council's Adopted Working Capital Policy the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 2,50:1 (493 421/197 501). Therefore the Municipality has a positive bank balance to defray its expenses.

(b) **a summary of any financial problems or risks facing the municipality or any such entity; and**

Currently there are **no** financial problems or major risks facing the municipality based on this report that requires intervention. However, I would like to highlight the following which needs to be managed very closely:

1. Although Council has made good progress in the implementation of mSCOA, it remains a challenge because this is the first time using a system that is supposed to be compliant with the mSCOA regulations, and it is the first for the financial system vendor as well;
2. The collection of outstanding debt remains a challenge more especially in the Traditional Areas. Although Council is doing well when comparing the Municipality with Metros and others, Council still needs to do more on this front;
3. Slow capital expenditure remains a challenge with a 8,00% as at 30 September 2016. It is therefore requested that administration must work hard to better the last year expenditure performance of 78,50%. Council will carry on monitoring the pattern of this expenditure.
4. Drought is a reality and as a Municipality we need a strategy to respond to this challenge.

(c) **any other information considered relevant by the Mayor**

From the report overtime remains a challenge and the departments have explained the reasons why such overtime was necessary. It is requested though that the overtime expenditure be managed.

2. **RESOLUTIONS**

Refer to the recommendations contained in this report.

3. EXECUTIVE SUMMARY

3.1 Status of MSCOA (Municipal Standard Chart of Accounts) Pilot Project

The status in executive summary form is as follows:

Governance and Change Management:

- Both the Executive and Senior Management are supporting the initiative which greatly assists the polling out of the project.
- Reporting continues on a monthly basis both to Council and the National Treasury.

Primary Challenges:

- Due to the unexpected time taken in developing the financial system whilst in the live environment, the Finance Team has spent a lot more time than expected in ensuring transaction integrity, than the Team should have in reviewing the mSCOA structure itself. The National Treasury has a very structured “Questions and Answers platform which the Technical members of the Finance Team are not interrogating /exploiting sufficiently. The system now is a lot more stable than 15 months ago, therefore, allowing the core project team to interrogate the chart itself more critically going forward;
- There are still supplier payment delays and some procurement delays with reasons found in most cases lying with the officials not following correct procedure and not that of the mSCOA initiative or the Financial System itself;
- Some critical processes are only working partially:
 - Discount facility;
 - Retentions;
 - Cessions;
 - Costing module;
 - Project based accounting and budgeting;
 - Management Accounting; and
 - Payroll interface/link to the chart.
- Some installed and commissioned management processes are not been used at all or only partially. The specific functionality that is not used currently is the:
 - The Bids Module – Currently Bids are only captured at the end of the Bid Committee Process. Whereas to ensure proper control, the Process should commence at Bid Specifications; and
- Some un-commissioned processes / functionality that according to the project plan should have been functional by 30 June 2016 are not:
 - Budget Model;
 - Assets Module;
 - Fleet Module;
 - Works Orders/Costing Module,
 - General Financial Enquiries Module for Expenditure & SCM; and
 - Statutory Reporting Module.

- Given that the Municipality is pursuing a complete Enterprise Resource Planning solution, it may not be prudent to pursue these uncommission modules at this stage until the project team is exactly certain which direction the Administration taking going forward.
- The National Treasury has now finally settled with their final version of the chart itself – Version 6 which will be the legal version for implementation on 1 July 2017. The municipal current chart is a hybridised version of 5.3, 5.4 and 5.5 as we were piloting the chart.

The project was run on a strict Project Management basis and project issues are well documented and managed. Council is currently in the "hand holding" phase of the project which was planned to end at the end initially in September 2015 and extended to 30 June 2016. Given that not all the modules are yet commissioned, the way forward is busy been formulated, hence, not yet finalised. It is expected that by the next summary report, the Chief Financial Officer will be able to report on such.

3.2 Operating Budget

The following table represents an executive summary for the financial period ended 30 September 2016:

DESCRIPTION	ADOPTED BUDGET 2016/2017	PRO-RATA BUDGET (YTD)	ACTUAL SEPTEMBER 2016 (YTD)	% OF PRO- RATA BUDGET SPENT
		R	R	%
Revenue (excluding capital grants)	2,635,836,500	658,959,125	751,795,887	114.09%
Expenditure	2,629,336,500	657,334,125	670,089,089	101.94%
	6,500,000	1,625,000	81,706,798	

As can be seen from the table above, Actual Surplus for the month ended 31 August 2016 is significantly higher than the Budgeted Surplus.

Actual revenue to Budgeted revenue is higher than the adopted budget. Actual expenditure to Budgeted expenditure is higher than the budget limit.

3.3 Cash Flow Situation

Details of Bank Balances

DESCRIPTION	CASH ON HAND AT 30 SEPTEMBER 2016	CASH OBLIGATIONS	POLICY TARGET	(SHORTFALL)/ SURPLUS AT 30 SEPTEMBER 2016
	R	R	R	R
Conditional Grants	44,995,673	44,995,673	44,995,673	-
External Loan	85,023,486	85,023,486	85,023,486	-
Workings Capital	493,420,841	197,501,133	395,002,266	98,418,575
Total (incl. investments)	623,440,000	327,520,292	525,021,425	98,418,575

Council's Working Capital Policy

In terms of Council's Adopted Working Capital Policy the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 2,50: 1 (493 421/197 501).

MFMA Circular 71

The Cash/Cost Coverage ratio in terms of MFMA Circular 71 is [(Cash and Cash Equivalents - Unspent Conditional Grants – External loans) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)] **and the norm is one (1) to three (3) times the average monthly creditors.**

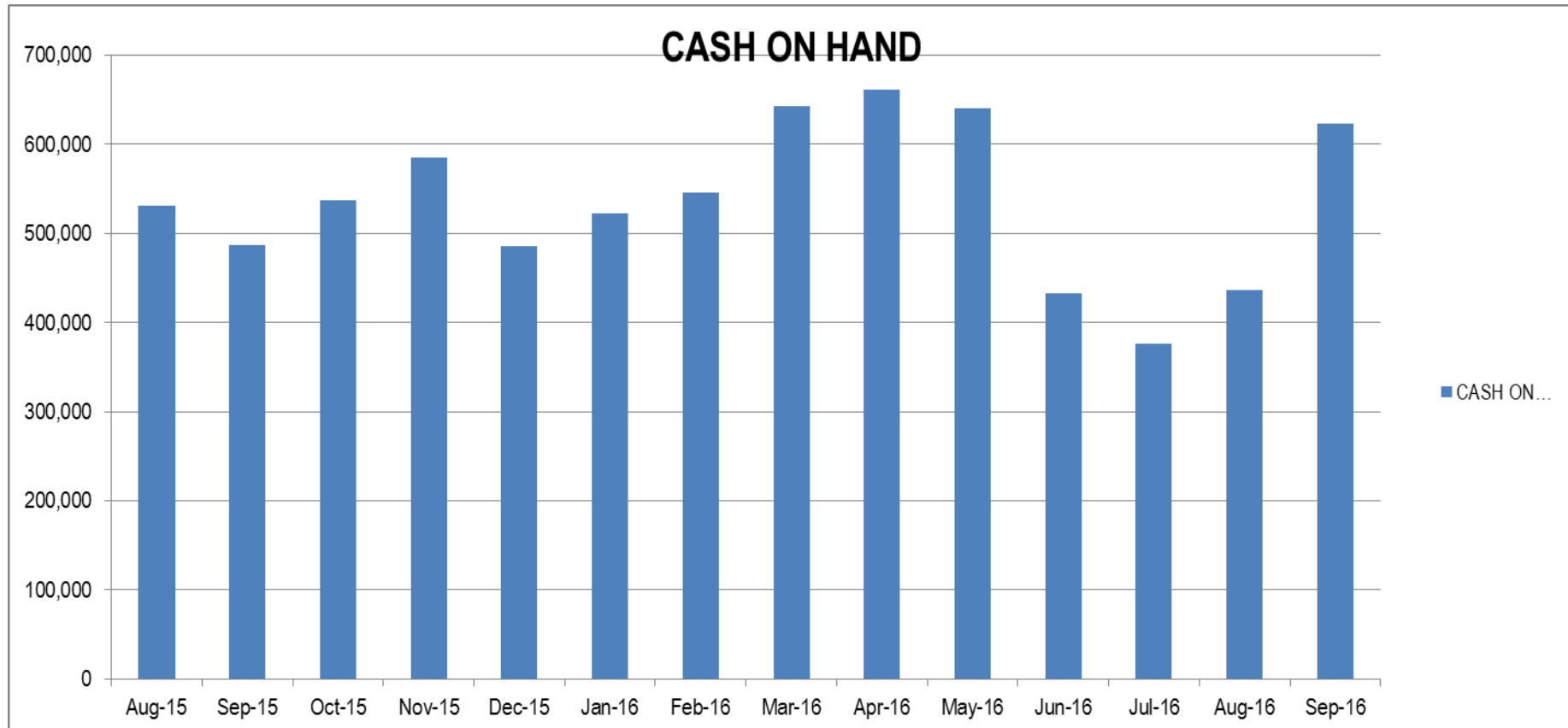
The calculation for the above ratio is as follows: [(248 440 – 44 996 – 85 023) + 375 000) / (2 629 336 – 252 372 – 6 950) / 12] which currently sits at 2,50:1.

It therefore needs to be noted that both in terms of Council's Policy and the National Treasury MFMA Circular 71, the City of uMhlathuze has suitable cash coverage.

Bank Balance Trend since August 2015

Table:

	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	June-16	July-16	Aug-16	Sep-16
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash on Hand	531 182	486 628	537 500	585 547	485 395	521 772	545 885	643 000	660 924	639 902	432 557	375 903	436 305	623 440



3.4 Grants Balances

DESCRIPTION OF GRANT	AMOUNT GAZETTED FOR JULY 2016	AMOUNT GAZETTED FOR AUGUST 2016	AMOUNT GAZETTED FOR SEPTEMBER 2016	TOTAL TO BE RECEIVED AS AT 30/06/2017	AMOUNT RECEIVED AS AT 30/09/2016	ACTUAL EXPENDITURE AS AT 30/09/2016	% SPENT	COMMENTS
NATIONAL TREASURY								
Equitable Share	40,281,000	65,872,000	-	263,487,000	106,153,000	65,871,750	25%	
Municipal Infrastructure Grant	-	28,907,000	-	99,817,000	28,907,000	18,724,568	19%	This expenditure is as per claims submitted to COGTA.
Financial Management Grant	-	2,537,000	-	2,537,000	2,537,000	272,134	11%	Spending is in accordance with the cash flow submitted to National Treasury for the grant
Municipal Water Infrastructure Grant	-	-	15,276,000	50,921,000	15,276,000	-	0%	No expenditure has been incurred to date
Extended Public Works Pogramme	-	1,265,000	-	5,061,000	1,265,000	935,793	18%	The grant is for the operational expenditure for EPWP
Infrastructure Skills Development Grant	-	-	3,000,000	6,500,000	3,000,000	1,230,048	19%	The 2015/2016 grant was over-spent by R967 267.76 This expenditure will be recovered from the 2016/2017 allocation.
Municipal Demarcation Grant	1,943,000	1,457,000	-	7,286,000	1,943,000	382,461	5%	This grant is for the dis-establishment of Ntambanana Municipality.
TOTAL NATIONAL TREASURY GRANTS	42,224,000	100,038,000	18,276,000	435,609,000	159,081,000	87,416,754	20%	

DESCRIPTION OF GRANT	AMOUNT GAZETTED FOR JULY 2016	AMOUNT GAZETTED FOR AUGUST 2016	AMOUNT GAZETTED FOR SEPTEMBER 2016	TOTAL TO BE RECEIVED AS AT 30/06/2017	AMOUNT RECEIVED AS AT 30/09/2016	ACTUAL EXPENDITURE AS AT 30/09/2016	% SPENT	COMMENTS
PROVINCIAL TREASURY								
Provincialisation of Libraries	6,947,000	-	-	6,947,000	-	4,565,378	66%	Expenditure shown is the total operating cost of the Libraries for the period.
Community Library Services Grant (Cyber cadets)	1,253,000	-	-	1,253,000	-	239,685	19%	Expenditure shown is the total operating cost of the Cybercadets for the period.
Housing Operating Account	-	-	-	-	-	2,531,355	0%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Museum Subsidy	175,000	-	-	175,000	-	2,888,434	1651%	Expenditure shown is the total operating cost of the Museum.
TOTAL PROVINCIAL TREASURY GRANTS	8,375,000	-	-	8,375,000	-	10,224,852	122%	
TOTAL GRANTS AND SUBSIDIES	50,599,000	100,038,000	18,276,000	443,984,000	159,081,000	97,641,606	22%	

It is important to note that Council's application to NT for the approval of the 2015/16 Roll-over of unspent conditional grants was unsuccessful. The application was for R 10,4 million for the Municipal Water Infrastructure Grant (MWIG), the Water Services Operating Subsidy (WSOS) as well as the Expanded Public Works programme. National Treasury in their letter dated 7 October 2016 (DMS 1163392) stated that criteria provided in MFMA circular no. 75 was used when considering the application. This means that Council will have to relook at the approved Capital Budget with a view of reprioritising the programmes to cater for the shortfall of R10 million not approved by National Treasury.

3.5 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 30 September 2016:

FUNCTION	ADOPTED BUDGET 2016/2017	ROLL OVERS	PROPOSED ADJUSTMENT BUDGET 2016/2017	ACTUAL SEPTEMBER 2016 (YTD)	% OF ADOPTED BUDGET SPENT	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%	%
Community and Social Services	13,000,000	6,049,800	19,049,800	2,306,293	17.74%	12.11%
Corporate Services	43,000,000	5,019,400	48,019,400	11,829,145	21.15%	19.62%
Electricity and Gas	128,900,000	5,547,100	134,447,100	1,010,989	0.00%	0.00%
Environmental Protection	-	327,900	327,900	-	0.00%	0.00%
Planning and Development	7,000,000	450,000	7,450,000	-	0.00%	0.00%
Public Safety	-	6,994,900	6,994,900	-	0.00%	0.00%
Road Transport	111,107,500	25,786,900	136,894,400	21,143,184	0.75%	0.72%
Sport and Recreation	25,723,900	8,118,600	33,842,500	(173,066)	0.00%	0.00%
Waste Management	3,500,000	-	3,500,000	-	0.00%	0.00%
Waste Water Management	44,122,400	2,050,600	46,173,000	4,075,978	-0.93%	-0.87%
Water	103,043,300	1,077,300	104,120,600	3,049,479	0.55%	0.54%
	479,397,100	61,422,500	540,819,600	43,242,002	9.02%	8.00%

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADOPTED BUDGET 2016/2017	ROLL OVERS	PROPOSED ADJUSTMENT BUDGET 2016/2017	ACTUAL SEPTEMBER 2016 (YTD)	% OF ADOPTED BUDGET SPENT	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%	%
External Financing Fund	200,000,000	29,383,000	229,383,000	7,552,038	3.78%	3.29%
Capital Replacement Reserve	133,650,000	30,569,500	164,219,500	23,898,864	17.88%	14.55%
MIG	94,826,100	-	94,826,100	11,791,100	12.43%	12.43%
Government Grants - National	50,921,000	-	50,921,000	-	0.00%	0.00%
Government Grants - Provincial	-	-	-	-	0.00%	0.00%
Insurance	-	1,470,000	1,470,000	-	0.00%	0.00%
TOTAL	479,397,100	61,422,500	540,819,600	43,242,002	9.02%	8.00%

3.6 Expenditure per Category

EXPENDITURE BY TYPE	ADOPTED BUDGET 2016/2017	PRO-RATA BUDGET (YTD)	ACTUAL SEPT 2016 (YTD)	% OF PRO- RATA BUDGET SPENT
Employee related costs	676,868,500	169,217,125	157,448,742	93.05%
Remuneration of Councillors	26,461,500	6,615,375	5,678,729	85.84%
Debt Impairment	6,950,000	1,737,500	-	0.00%
Depreciation and asset impairment	252,372,900	63,093,225	63,093,225	100.00%
Finance Charges	80,335,400	20,083,850	20,083,850	100.00%
Bulk Purchases - Electricity	1,008,533,700	252,133,425	306,597,772	121.60%
Bulk Purchases - Water	120,080,800	30,020,200	27,392,242	91.25%
Other Materials	53,843,700	13,460,925	9,048,227	67.22%
Contracted Services	182,758,200	45,689,550	39,015,506	85.39%
Transfers and grants	12,681,100	3,170,275	1,985,919	62.64%
Other Expenditure	208,450,700	52,112,675	39,744,877	76.27%
TOTAL	2,629,336,500	657,334,125	670,089,089	101.94%

Bulk Purchases – Electricity: Electricity purchases are higher in July and August due to the increase tariff charged by Eskom in the winter months. Tata Steel has not operated since 10 July 2015 subsequent to its liquidation. Included in Electricity purchases are amounts in terms of the Generation Purchase agreement with Mondi.

3.7 Revenue per Category

The source of funding for the above comprises the following revenue categories:

REVENUE BY SOURCE	ADOPTED BUDGET 2016/2017	PRO-RATA BUDGET (YTD)	ACTUAL SEPT 2016 (YTD)	% OF PRO- RATA BUDGET SPENT
Rates	402,140,000	100,535,000	102,676,559	102.13%
Service Charges – Electricity revenue	1,424,840,300	356,210,075	445,474,216	125.06%
Service Charges – Water revenue	265,520,000	66,380,000	73,839,373	111.24%
Service Charges – Sanitation revenue	86,820,000	21,705,000	21,362,668	98.42%
Service Charges – Refuse revenue	71,020,000	17,755,000	18,390,562	103.58%
Rental of facilities and equipment	12,099,300	3,024,825	3,537,867	116.96%
Interest earned – external investments	29,000,000	7,250,000	7,561,362	104.29%
Interest earned – outstanding debtors	100,000	25,000	8,645	34.58%
Fines	3,732,300	933,075	522,849	56.04%
Licences and permits	3,630,500	907,625	890,123	98.07%
Agency services	7,000,000	1,750,000	1,625,756	92.90%
Operating Grants and Subsidies	298,236,900	74,559,225	68,435,510	91.79%
Other Revenue	31,697,200	7,924,300	7,470,397	94.27%
TOTAL	2,635,836,500	658,959,125	751,795,887	114.09%

The above table represents operating revenue per category as at 30 September 2016.

3.9 Surplus and Deficit by Service Category

	ADOPTED BUDGET 2016/2017			ACTUAL AS AT 30 SEPTEMBER 2016		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R'000	R'000	R'000	R'000	R'000	R'000
Rates and General Services						
Executive and Council	168	10,972	(10,804)	37	(1,796)	1,833
Budget and Treasury Office	441,662	5,688	435,974	111,378	(2,951)	114,329
Corporate Services	14,020	120,719	(106,699)	2,128	20,831	(18,703)
Community and Social Services	11,861	46,918	(35,057)	1,035	14,180	(13,145)
Sport and Recreation	4,131	127,848	(123,717)	1,036	27,968	(26,932)
Public Safety	4,750	109,674	(104,924)	887	25,834	(24,947)
Housing	1,400	17,168	(15,768)	2,137	3,632	(1,495)
Health	14	9,202	(9,188)	-	2,082	(2,082)
Planning and Development	1,947	49,883	(47,936)	294	10,348	(10,054)
Road Transport	10,502	205,019	(194,517)	2,504	44,648	(42,144)
Waste Water Management (Sanitation) (Portion of PMU funded by Rates & General Services)	16,558	13,750	2,808	1,213	2,849	(1,636)
Total Rates and General Services	507,013	716,841	(209,828)	122,649	147,625	(24,976)
Airport	646	816	(170)	-	130	(130)
Trading Services						
Electricity	1,434,071	1,231,933	202,138	448,458	360,765	87,693
Water	345,645	385,447	(39,802)	95,142	92,569	2,573
Clarified Water	22,200	9,894	12,306	4,457	1,181	3,276
Sewerage	202,184	174,289	27,895	50,175	39,884	10,291
Refuse Removal	124,080	110,120	13,960	31,625	27,936	3,689
Total Trading Services	2,128,180	1,911,683	216,497	629,857	522,335	107,522
Total Service Category	2,635,839	2,629,340	6,499	752,506	670,090	82,416

NOTES:

OFFICIAL FINAL VERSION

RPT 161204
Page 15 of 73

The table above sets out the surplus and deficit for each service category. It is important to note that although the trading services namely Electricity, Water, Sewerage and Refuse Removal are expected to be profitable, only Electricity, Sewer and Refuse services are making surpluses.

As part of Council's revenue enhancement policy approved in July 2013, a considerable effort needs to be made to improve the surplus for the remaining trading services by reducing expenditure or increasing revenue.

The main aim of this table is to provide information to departments in order for them to manage their respective services and ensure that revenue and expenditure is in line with budget expectations.

3.10 Debtors Age Analysis

➤ Debtors age analysis by category

DEBTORS AGE ANALYSIS BY CATEGORY	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Government	6,914,763	10,024,350	11,126	3,134,877	20,085,116
Business	226,948,645	8,039,600	10,861,802	84,363,259	330,213,306
Households	52,074,780	3,422,790	4,644,977	63,704,586	123,847,133
Other	3,997,477	478,086	988,738	13,868,880	19,333,181
Total	289,935,665	21,964,826	16,506,643	165,071,602	493,478,736
%	58.75%	4.45%	3.34%	33.45%	

FINANCIAL REPORTING ON INCOME / DEBT

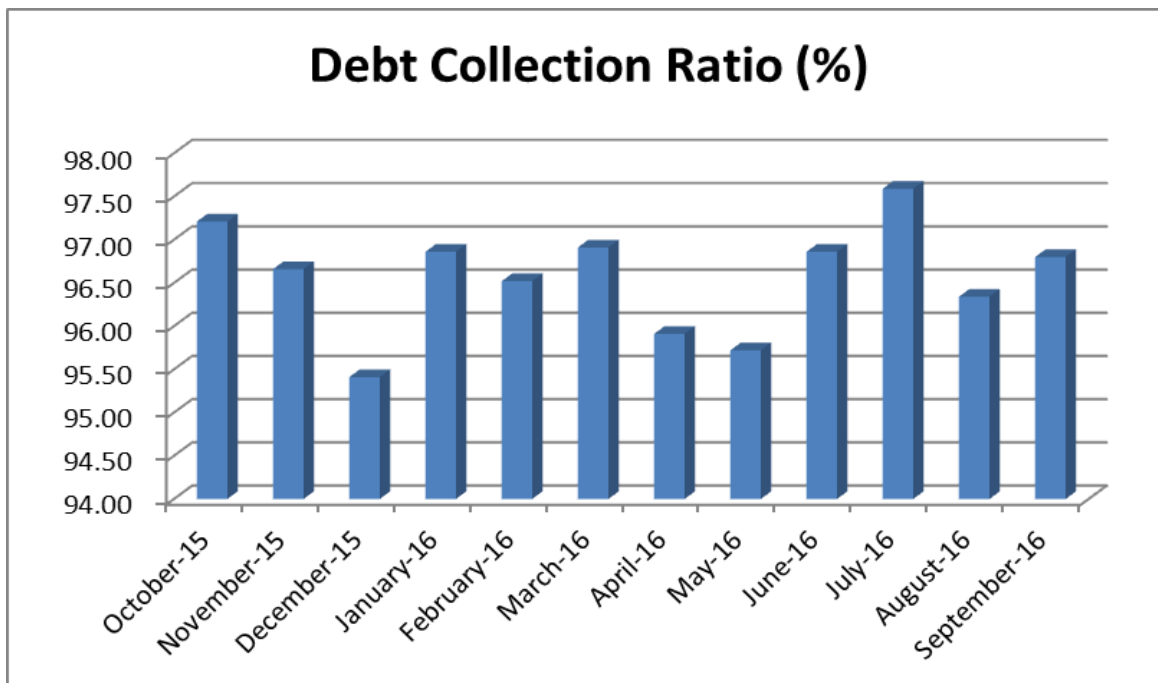
Section 216 (1)(c) of the Constitution and section 2 of the Municipal Finance Management Act (MFMA) enable National Treasury to introduce uniform treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National Treasury determined the formulas for every financial ratio in terms of Circular 71. These formulas will therefore be used in the reporting.

➤ Debt Collection Rate

The Ratio indicates the collection rate; i.e. level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. The following formula and norm is included in the circular:

<i>Formula (As per circular 71)</i>	<i>Norm</i>
Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100	The norm is 95%

Month	Debt Collection Ratio (%)
September-16	96.80
August-16	96.34
July-16	97.59
June-16	96.86
May-16	95.72
April-16	95.91
March-16	96.91
February-16	96.52
January-16	96.86
December-15	95.41
November-15	96.66
October-15	97.21
September-15	99.18
August-15	95.76



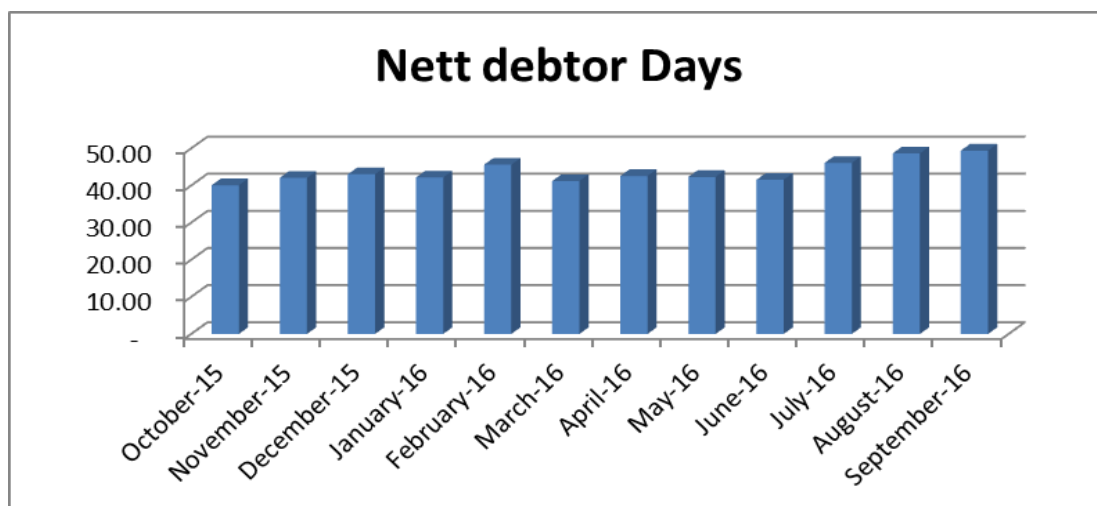
➤ **Net Debtors Days**

This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for a Municipality or Municipal Entity to receive payment from its Consumers for bills/invoices issued to them for services.

The Ratio exclude balances for Debtors, which the Municipality or Municipal Entity has assessed as potentially irrecoverable, and is also a good indication of the effectiveness of credit control procedures within the Municipality as well as the extent to which the Municipality has provided for doubtful Debts.

Formula (As per circular 71)	Norm
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

Month	Net Debtor Days
September-16	49.40
August-16	48.65
July-16	46.08
June-16	41.54
May-16	42.30
April-16	42.55
March-16	41.20
February-16	45.60
January-16	42.14
December-15	43.03
November-15	42.04
October-15	40.07
September-15	45.70
August-15	44.48





Top Ten Business Debts

The top 10 arrear Accounts				
Acc No	Name	90 days+	Grand Total	Comments
		R	R	
1441047	TATA STEEL KZN (PTY) LTD	52 145 636.02	61 673 698.05	<p>Tata Steel KZN (Pty) Ltd in Liquidation. This account is for electricity and the second account is for rates and basic charges. The company was placed in liquidation following failed business rescue proceedings. A separate detailed report did serve before Council in this regard. The matter is being handled by the Liquidator that was appointed by the Master of High Court. The Liquidator has placed the property up for auction / tender as the previous negotiations with possible purchasers did not materialise. The Liquidator advised that a compromise offer is expected to be issued by the 3rd week of January 2016. The Liquidator has now advised that he will be requesting clearance figures and proceed with the transfer of the property. It is still expected that the full outstanding amount will be recovered. The application for clearance has not been made yet. There is no further progress to report. The liquidator advised that there are 2 possible new purchasers for the plant. The one company wants to re-open the plant and the other one wants to break it down and sell its assets. The company that wants to re-open the plant has submitted a proposal to Council regarding the electricity tariff. This proposal will be submitted to Council by the I&TS Department shortly. Further discussions were held between the Municipal Manager and the relevant Departments together with the prospected purchaser regarding negotiations about the electricity tariff. It was agreed that submissions would be made to Council and a separate report would be submitted to Council in this regard. There were negotiations between the liquidator and a company that is interested in the purchasing of the plant and re-opening it. The company also submitted a proposal to Council regarding the applicable tariffs which served under a separate report. The matter is currently before the High Court for approval of the transaction. If approved it will be submitted to the Competition Commission for their approval. If all is approved, the new company will start up the plant with 3 months thereafter. There is also another offer to purchase the plant with the Liquidator, which will also be submitted to the Court for consideration. There are no details available of what the offer entails. It is expected that the account will be settled when the transfer of ownership of the property takes place. The sale was approved by the Court but an application was made for appeal. The application for appeal was denied. The only outstanding issue for the sale to proceed now is the approval from the Competition Tribunal.</p>
				<p>Update Sept 2016 There has been an application for special leave to appeal to the Supreme Court of Appeal, which must still be heard. The approval of the transaction by the Competition Tribunal is also outstanding. Update Sept 2016 There has been an application for special leave to appeal to the Supreme Court of Appeal, which must still be heard. The approval of the transaction by the Competition Tribunal is also outstanding.</p>

The top 10 arrear Accounts				
Acc No	Name	90 days+	Grand Total	Comments
		R	R	
1854904	BASFOUR 3721 (PTY) LTD	13 791 109.88	20 631 109.88	<p>Basfour 3721 (Pty) Ltd / Indlovu Dev Trust Trustees is the account for the commission in respect of the 40% on sales above the agreed threshold in respect of the Golf Estate. The developer disputed the account. The dispute is of a contractual nature. The account was handed over to Council's attorneys. Summons was issued and the case was defended. The setting down of the court date by the Registrar of the High Court for the claim is still awaited. Council launched an anti-dissipation order application in an attempt to prevent the debtor from selling all his assets. This application is set down for March 2016. This was to try and prevent a case where Council could be successful with the court case but still have no assets to attach A decision was also taken to refuse the issuing of clearance certificates but was abandoned on legal advice. There has been some different interpretations regarding certain provisions in the original agreement. Specifically the provisions regarding the levying of rates and the payment of commission of the developed properties of the developer within the estate. It was now advised by Council's attorneys that the correct interpretation in respect rates is that the developer must be charged rates from the date the development was completed. An additional amount of rates of approximately R2 million will be charged. The attorneys also advised that the commission should only be charged on the vacant erven in the estate and not on the developed sectional title units. The current debt in respect of commission of R21 million will therefore reduce with R7 million rands.</p>
				<p>Update Sept 2016 There is no further progress as the court date is awaited. Update Sept 2016 There is no further progress as the court date is awaited.</p>
1610626	TISAND (PTY) LTD	3 703 735.14	4 047 983.47	<p>This account for Tisand (Pty) Ltd is in respect of the water surcharge being levied against the debtor. The matter is under dispute. Council obtained advice from its attorneys. The advice is currently being studied and will be reported on in due course.</p> <p>Update Sept 2016 There is no further progress to report.</p>
1929003	ZOTEC DEVELOPMENT(PTY) LTD	3 192 360.05	3 192 360.05	<p>Zotec Development (Pty) Ltd refers to an account for contribution charges after the development of the Old Mill Estate in Empangeni. The developer disputed the charges. The matter is set down for Arbitration.</p> <p>Update Sept 2016. There is no further progress as the arbitration date is awaited.</p>
1461195	TATA STEEL KZN (PTY) LTD	2 251 150.15	3 088 078.27	

NOTES:

OFFICIAL FINAL VERSION

RPT 161204
Page 20 of 73

The top 10 arrear Accounts				
Acc No	Name	90 days+	Grand Total	Comments
		R	R	
2289941	PANDA PETROLEUMS	1 682 365.13	2 476 917.18	<p>This debt is in respect of rental of town land in respect of the proposed truck stop in Alton. The debtor's failure to adhere to the agreement has been reported to the DMM City Development, Property Division to give the debtor notice in terms of the agreement. The debtor's account is also in process of being handed over to Council's attorneys for collection. The account was handed over for collection and the attorney proceeded with the required statutory notices before summons will be issued. Correspondence was received to the effect that Panda alleges that there has been an agreement that the account will be waived. The matter is being investigated.</p> <p>Update Sept 2016 Internal comments from the relevant departments are still being awaited.</p>
416383	RIVER ROCK INVEST (PTY) LTD	1 610 587.69	1 838 175.01	<p>River Rock Investments accounts is in respect of unpaid charges in respect of rental and payment of rates of the caravan park where the agreement do not provide for rates that are under dispute. Matter still under consideration by the Legal services and the Department of City Development. River Rock are paying their monthly charges, excluding the disputed charge.</p> <p>Update Sept 2016. This matter is outstanding since 2009. There is no further progress to report.</p>
1940649	SHIFTING SANDS PROPERTY INVESTMENT	941 419.44	1 126 396.81	<p>The account is in respect of services to a business park in Empangeni. The charges were charges related to the previous owner and there was a large amount corrected once off on the account. There were some aspects of the account that were under dispute, which required correction. These matters were resolved by the Metered Services Section within the Finance Department. The customer is paying the amount off in instalments. The customer did not honour the arrangements and notices of default were issued. Further meetings were held with the client and his attorneys and a substantial payment (R200,000) was made towards the account. A new payment arrangement was also concluded and the debtor will now continue to pay towards the debt in instalments.</p> <p>Update Sept 2016. The debtor is honouring the arrangement and paying in instalments.</p>

The top 10 arrear Accounts				
Acc No	Name	90 days+	Grand Total	Comments
		R	R	
1929028	PSE DEVELOPMENT INITIATIVES (PTY) LTD	610 328.66	610 328.66	<p>This account for contribution charges after the development of certain low cost housing initiatives around Ngwelezane.</p> <p>The debtor paid R300 000 towards the debt and requested some leniency for the balance based on leniency that was given to various other developers of low cost housing in Ngwelezane and Esikheleni. A separate report will serve in this regard. The report is currently in circulation for comments.</p> <p>Update Sept 2016.</p> <p>There is no further progress to report.</p>
392020	RIVER ROCK INVEST (PTY) LTD	586 719.90	1 507 212.61	
Total		80 515 412.06	100 192 259.99	

Government Debt

The top 10 government debtors are as follows:

The top 10 arrear Govt Accounts Accounts are :				
Account	Registered Name	Address	90 Days +	Grand Total
1552325	RSA	Stand 16832/0, AGRICULTURAL PROPERTIES	596 800.95	670 846.35
2202725	MINISTER OF LAND AFFAIRS	Stand 15829/0, MKWANAZI NORTH	427 747.81	939 403.01
1991812	PROVINCE OF KWAZULU NATAL	Stand 8917/0, CARSDALE	359 655.05	436 353.89
1552318	RSA	Stand 16802/0, AGRICULTURAL PROPERTIES	211 780.33	254 038.21
1552357	RSA	Stand 16833/0, AGRICULTURAL PROPERTIES	161 894.24	194 263.12
2292976	DEPARTMENT OF PUBLIC WORKS	Stand 13661/0, MANDLAZINI VILLAGE	134 884.92	243 353.20
315314	DEPARTMENT OF PUBLIC WORKS	Stand 385/0, ESIKHAWINI H	115 920.00	234 060.00
281009	DEPARTMENT OF PUBLIC WORKS	Stand 2062/0, ESIKHAWINI J	99 220.83	109 553.95
2292951	DEPARTMENT OF PUBLIC WORKS	Stand 13645/0, MANDLAZINI VILLAGE	92 810.71	167 444.83
1554227	DEPARTMENT OF PUBLIC WORKS	Stand 168/0, VULINDLELA	88 093.05	164 398.77
			2 288 807.89	3 413 715.33

Comments regarding Government Debt

Extensive individual reporting per account was included in previous reports. Following a previous Council resolution, the relevant government departments were engaged through official correspondence from the Mayor. Despite these letters and a continued effort from the staff in the Credit Control section, having meetings and writing numerous letters and e-mails, the accounts as listed above remain unpaid. It must be noted that the Government has 396 accounts with Council and the majority of these accounts have been paid. It is only a certain small group of accounts, where the relevant departments indicated that the properties / usage of the properties must still be verified by the user department and the applicable Department of Public Works, where the accounts are not paid. A decision was therefore taken to issue notices of disconnection of services to all government departments owing and to keep the services disconnected until all the accounts are paid. These notices were issued in early February 2016 and the electricity was disconnected during the March 2016. Several government institutions were disconnected and a positive reaction was received. Several meeting were immediately held with Council officials and some long outstanding debts were settled. The only problematic accounts that remain are being investigated and it is expected to be resolved soon. The pressure will be kept up and further disconnections will be scheduled if further results are not forthcoming.

Update September 2016

The matter is ongoing.

3.11 Employee Debt / Councillor Debt

At a previous Financial Services Portfolio Committee meeting, Councillors requested that Official's and Councillor's debt be submitted to Council.

Employee debt amounts to R 167 074,26 as per **Annexure AL - DMS 1140776**.

Councillor's debt amounts to R 20 818,72 as per **Annexure AM - DMS 1140776**.

3.12 Outstanding Creditors

At a previous Financial Services Portfolio Committee meeting, Councillors requested that creditors greater than R100 000 outstanding for 90 days and longer are submitted to Council:

Creditor	90 Days	120 Days	120 Days +	Explanation
	R	R	R	
Tobies Civil Construction	0	0	224 257,00	Invoice in dispute by Infrastructure and Technical Services PMU Section.
Department of Water and Sanitation	0	0	8 328 453,55	Invoice was In dispute by Infrastructure and Technical Services Water Section. Department to process requisition
CSIR	0	0	3 827 786,00	Budget is required for invoice to be processed. Infrastructure and Technical Services – Water and Sanitation to get budget approval from Council.

4. EXCEPTION REPORTING ON OPERATING EXPENSES – FOR ENTIRE MUNICIPALITY

The Chief Financial Officer will highlight what he deems are important observations on the operating expenditure in this Section, where after Departments will provide specific comment on their own sections.

It is very important for Council and the Administration to understand that although the liquidity situation is improving and there is a surplus on the current figures, expenditure has to take place in accordance with the approved budget. **If not, the objective of attempting to create internal reserves for future Capital Expenditure from accumulated cash reserves is not going to materialise.**

4.1 Employee related costs

Although total employee related expenditure is within budgetary limits, overtime expenditure has exceeded its budgetary limits by 25%.

4.1.1 Employee Related Costs – Overtime

Below is a table indicating overtime expenditure at the request of Council, which allows this expenditure to be monitored and managed on a monthly basis:

EXPENDITURE PER CATEGORY	ADOPTED BUDGET 2016/2017	PROPOSED ADJUSTED BUDGET 2016/2017	PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL SEPT 2016 (YTD)	(OVER)/ UNDER EXPENDITURE	% OF PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R		R	R	R	%
Overtime - Non-structured	23 205 400	19 382 500	4 845 625	6 266 872	(1 421 247)	129%
Overtime - Structured	9 812 700	13 735 600	3 433 900	4 180 984	(747 084)	122%
Shift Additional Remuneration	1 927 300	1 927 300	481 825	528 231	(46 406)	110%
TOTAL	34 945 400	35 045 400	8 761 350	10 976 087	(2 214 737)	125%

The table below represents the over-expenditure incurred on overtime for respective department for the month September 2016. The relevant departments have supplied the comments for the over-expenditures incurred on overtime.

DEPARTMENT	PROPOSED ADJUSTED BUDGET 2016/2017	PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL SEP 2016 (YTD)	(OVER)/ UNDER EXPENDITURE	% OF PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Corporate Services	513,200	128,300	175,100	(46,800)	136%
Infrastructure and Technical Services	13,904,100	3,476,025	5,607,460	(2,131,435)	161%
Total	14,417,300	3,604,325	5,782,560	(2,178,235)	160%

Detailed explanations that have been provided by the departments on the over-expenditure reflected in the table above have been included below (5. Exception Reporting - Departmental).

In terms of Council Resolution 10542 dated 01 December 2015, Council resolved that:

“2. the overtime paid as compensation for officials that were required to perform overtime work be condoned by Council.”

During the period September 2016 the employees in the following functions worked overtime of more than 15 hours per week which is the maximum that may be allowed in terms of Council's revised overtime policy (**DMS 854249**). The detailed information is contained in **Annexure AQ (DMS 1140776)**.

The following tables sets out the applicable information:

OVERTIME - SEPTEMBER 2016						
FUNCTION	FUNCTION DESCRIPTION	NORMAL OVERTIME				
		1.5 OVERTIME	2.0 OVERTIME	TOTAL HOURS	MAXIMUM HRS ALLOWED PER MONTH	DIFFERENCE
FX016001001003	Water Treatment - Scientific Services Total	267.00	57.00	324.00	180.00	144.00
FX015001002003	Sewerage - Sewerage Network Total	2,475.00	961.50	3,436.50	2,460.00	976.50
FX015001002002	Sewerage - Pumpstations Total	22.00	40.00	62.00	60.00	2.00
FX014001004	Street Cleansing Total	144.00	240.00	384.00	360.00	24.00
FX014001003	Solid Waste Removal Total	248.00	400.00	648.00	600.00	48.00
FX012001004002	Roads - Urban Roads Total	46.50	15.00	61.50	60.00	1.50
FX002001002	Street Lighting Total	389.00	150.50	539.50	360.00	179.50
FX002001001004	Electricity and Gas Distribution and Planning Total	930.50	397.50	1,328.00	1,020.00	308.00
FX002001001001	Marketing and Customer relations Total	178.00	52.00	230.00	180.00	50.00
	Grand Total	4,700.00	2,313.50	7,013.50	5,280.00	1,733.50

It is important to note that these overtime hours are above the regularity amount allowed.

4.2 Volume of Transfers

Type of Transfer of Funds	July 2016	August 2016	September 2016	Total Number of Transfers
Capital	1	-	2	3
Operating	47	41	30	118
Total	48	41	32	121

The table below reflects the value of transfer of funds per department:

Department	July 2016	August 2016	September 2016	Total Value of Transfers
City Development	107,000	2,409,800	86,000	2,602,800
Community Services - Health and Public Safety	6,576,500	2,546,000	1,480,600	10,603,100
Corporate Services	179,500	547,600	50,000	777,100
Financial Services	57,000	1,842,400	-	1,899,400
ITS - Electrical Supply Services	-	36,000	66,200	102,200
ITS - Engineering Support Services	150,000	8,243,600	-	8,393,600
ITS - Roads and Stormwater	467,300	2,000	350,000	819,300
ITS - Water and Sanitation Services	2,321,200	180,900	3,561,000	6,063,100
Office of The Municipal Manager	10,200	140,000	-	150,200
Total	9,868,700	15,948,300	5,593,800	31,410,800

The table indicated above shows the Virements received by Financial Services in September 2016 from the various departments.

Virements received so early in the financial year is an indication of bad planning by the respective user departments.

4.3 Over-expenditure of line items

In terms of Council Resolution 8260 dated 4 December 2012, Council requested that:

“4. a Municipal Manager submits to Council, on a quarterly basis, a comprehensive report on all over expenditure incurred within the organisation.”

In order to provide financial information to Council, the finance department has prepared a table showing over-expenditure of certain line items. In order to provide relevant information only line items with an over-expenditure of the budget **exceeding 10%** has been shown. Line items for which an annual expense is paid in a lump sum as a once-off payment, for example SALGA annual levies, have also not been included.

The Chief Financial Officer will not comment on the specific reasons for over expenditures as this will be provided by the Departments themselves. However, with regards to line items highlighted in bold the Chief Financial Officer is able to provide comments. Departments will be expected to provide comments relating to other over expenditure line items.

The table below indicates the line items that are overspent:

SHORT CODE	ADOPTED BUDGET 2016/2017	PRO RATA BUDGET (YTD)	ACTUAL SEPT (YTD)	% OVER PRO- RATA BUDGET
	R	R	R	%
058 - Bulk Purchases - Electricity	1,008,533,700	252,133,425	306,597,772	22
124 - Material and Supplies	25,942,900	6,485,725	7,898,740	22
138 - Operating Leases Transport Assets/Machinery and Equipment	5,286,400	1,321,600	2,291,163	73
150 - Contracted Services: Safeguard and Security	22,203,300	5,550,825	11,443,052	106
168 - Storage of Files (Archiving)	58,900	14,725	22,048	50
198 - Repairs and Maintenance - Buildings Structural	7,754,800	1,938,700	3,374,530	74
204 - Repairs and Maintenance - Distribution Mains	1,399,000	349,750	658,942	88
217 - Repairs and Maintenance - It Maintenance	1,585,700	396,425	871,407	120
228 - Repairs and Maintenance - Parks Maintenance	57,574,400	14,393,600	16,576,808	15
238 - Repairs and Maintenance - Retic. Maintenance	154,291,500	38,572,875	51,309,836	33
240 - Repairs and Maintenance - Road Maintenance	295,600	73,900	87,396	18
242 - Repairs and Maintenance Stormwater Network (All P/Lines)	11,914,300	2,978,575	4,894,680	64
250 - Repairs and Maintenance - Street Names And Traffic Signs	160,400	40,100	113,044	182
258 - Repairs and Maintenance - Traffic Signs And Road Markings	4,249,200	1,062,300	1,426,508	34

Security - The table below indicates the pro-rata budget and actual expenditure for the line item. It is clearly evident that the expenditure is increasing at an alarming rate over the years:

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016			2016/2017	
LINE ITEM	YEAR ACTUAL	YEAR ACTUAL	YEAR ACTUAL	YEAR ACTUAL	ADJUSTED BUDGET	YEAR ACTUAL	ADOPTED BUDGET 2016/2017	PRO-RATA BUDGET	ACTUAL YTD
	R	R	R	R	R	R		R	R
SAFEGUARD AND SECURITY	20,267,420	20,908,176	24,679,748	30,950,032	22,208,800	37,924,078	22,203,300	5,550,825	11,443,052

The spending patterns per department are as follows:

EXPENDITURE PER DEPARTMENT	ADOPTED BUDGET 2016/2017	PRO-RATA BUDGET (YTD)	ACTUAL (YTD)	UNDER/ (OVER) EXPENDITURE	% OF PRO- RATA BUDGET OVERSPENT
	R	R	R	R	%
CITY DEVELOPMENT	2 028 600	507 150	743 592	(150 318)	147%
COMMUNITY SERVICES	9 024 100	2 256 025	4 474 189	(1 736 827)	198%
CORPORATE SERVICES	2 215 700	553 925	1 242 534	(226 730)	224%
FINANCIAL SERVICES	1 319 200	329 800	640 692	(153 502)	194%
INFRASTRUCTURE AND TECHNICAL SERVICES	7 595 700	1 898 925	4 042 344	(1 319 443)	213%
OFFICE OF THE MUNICIPAL MANAGER	20 000	5 000	-	3 333	0%
TOTAL	22 203 300	5 550 825	11 143 351	(3 583 487)	201%

It is apparent from the information contained in the table above that the 2016/17 Approved Budget will not be sufficient. The Department concerned needs to investigate the possible reduction of expenditure.

IT Maintenance

This is expenditure incurred by Corporate Services – ICT section for maintenance of various IT equipment. The department has already spent 55% of the total Adopted Budget.

Maintenance - Street Names and Traffic Signs

This is expenditure incurred by ITS – Transport, Roads and Stormwater section for the replacement of Street name boards and Traffic signs that have been damaged due to vandalism or vehicle accidents. The department has already spent 70% of the total Adopted Budget.

5. EXCEPTION REPORTING - DEPARTMENTAL

5.2 COMMUNITY SERVICES, HEALTH AND PUBLIC SAFETY AND RECREATIONAL AND ENVIRONMENTAL SERVICES

5.2.1 OVERTIME

COMMUNITY SERVICES, HEALTH AND PUBLIC SAFETY											
OVERTIME											
FUNCTION	DESCRIPTION	PROPOSED ADJUSTED BUDGET 2016/2017				PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL SEPTEMBER 2016 (YTD)				UNDER/ (OVER) EXPENDITUR E
		NON- STRUCTURE D	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL		NON- STRUCTURED	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R	R
COMMUNITY SERVICES AND HEALTH											
FX011001007	Police Forces, Traffic and Street Parking Co	1,000,000	2,000,000	40,700	3,040,700	760,175	7,497	867,897	12,080	887,474	(127,299)
FX014001003	Solid Waste Removal	1,500,000	4,581,700	-	6,081,700	1,520,425	30,720	1,659,464	-	1,690,184	(169,759)
FX014001004	Street Cleansing	-	4,911,000	-	4,911,000	1,227,750	-	1,277,185	-	1,277,185	(49,435)
FX015001001	Public Toilets	193,400	-	-	193,400	48,350	48,656	-	-	48,656	(306)
Total		2,693,400	11,492,700	40,700	14,226,800	3,556,700	86,873	3,804,546	12,080	3,903,499	(346,799)

❑ Police Forces, Traffic and Street Parking Control

No comments received from department.

❑ Solid Waste, Street Cleaning and Public Toilets

The month at hand had a holiday and Waste Management works in full capacity during holidays. Holidays are paid under overtime hence it impacts in the expenditure. The Section has removed some staff members at supervisory level from overtime and standby and will monitor expenditure and service. Section cannot further decrease staff as this will definitely impact negatively on service delivery, therefore this should be addressed during budgeting.

COMMUNITY SERVICES - ENVIRONMENTAL AND RECREATION SERVICES											
OVERTIME											
FUNCTION	DESCRIPTION	PROPOSED ADJUSTED BUDGET 2016/2017				PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL SEPTEMBER 2016 (YTD)				UNDER/ (OVER) EXPENDITUR E
		NON- STRUCTURE D	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL		NON- STRUCTURED	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R	R
COMMUNITY SERVICES RECREATION											
FX001001005002	Halls	120,000	56,300	-	176,300	44,075	878	73,378	-	74,256	(30,181)
FX013002004001	Sport Development and Sportfields	320,200	63,200	-	383,400	95,850	-	102,817	-	102,817	(6,967)
FX013001001	Beaches and Jetties	30,400	369,500	-	399,900	99,975	-	119,802	-	119,802	(19,827)
Total		470,600	489,000	-	959,600	239,900	878	295,997	-	296,875	(56,975)

❑ **Municipal Halls**

The frequent usage of our halls is quiet high. Big events are done in Municipal halls that lead to overtime being an option. The officials have to ensure that Municipal properties are clean, monitored, taken care off and enable the next client to get the facility in a clean, conducive and user friendly condition. Our Facilities has recently refurbished especially Empangeni Hall that has now got new advanced lighting system, sliding doors and air conditioners to be operated by our staff only not the Hirers to avoid recurrence on damages.

❑ **Sport Development and Sports field**

Sport and Recreation over spent on overtime in the previous month due to many events that took place at sport facilities. Officials had to prepare the fields and do cleaning while the events were in progress. In the case of Thanda Royal Zulu home matches, it is the PSL requirement that officials have to be on site for the duration of the match.

❑ **Beaches and Jetties**

The warm weather experienced during this period resulted in public flocking to the beaches. Facilities being available 7 days a week, including the recent public holidays, resulted in the increased overtime expenditure. The continuous maintaining of the Blue Flag Status criteria also requires that staff be present at all times to ensure that the facility is kept to the required standard at all times and thus contributing to the over-expenditure. Cognisance should be taken that each New Year the Financial Department is cutting budget for overtime while the demand for overtime is increasing due to the increase in visitors utilizing the beach area during weekends and public holidays.

5.3 CORPORATE SERVICES

5.3.1 OVERTIME

CORPORATE SERVICES											
OVERTIME											
FUNCTION	DESCRIPTION	PROPOSED ADJUSTED BUDGET 2016/2017				PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL SEPTEMBER 2016 (YTD)				UNDER/ (OVER) EXPENDITUR E
		NON- STRUCTURE D	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL		NON- STRUCTURED	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R	R
ADMINISTRATION											
FX005001001	Administrative and Corporate Support	225,400	65,000	59,700	350,100	87,525	78,514	-	39,269	117,783	(30,258)
FX004001001001	Mayor & Council	57,600	72,900	-	130,500	32,625	-	57,317	-	57,317	(24,692)
Total		283,000	137,900	59,700	480,600	120,150	78,514	57,317	39,269	175,100	(54,950)

□ Administration and Corporate Support, Mayor and Council

Admin & Support: The over expenditure was incurred due to agenda deliveries done on weekends and after hours.

Mayor and Council: Over expenditure was incurred due to loud hailing and attending meetings/functions over weekends.

5.4 FINANCIAL SERVICES

5.4.1 OVERTIME

FINANCIAL SERVICES											
OVERTIME											
FUNCTION	DESCRIPTION	PROPOSED ADJUSTED BUDGET 2016/2017				PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL SEPTEMBER 2016 (YTD)				UNDER/ (OVER) EXPENDITUR E
		NON- STRUCTURE D	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL		NON- STRUCTURED	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R	R
FX005001013	SupplyChain Management	142,100	-	-	142,100	35,525	42,549	648	-	43,197	(7,672)
Total		142,100	-	-	142,100	35,525	42,549	648	-	43,197	(7,672)

□ Supply Chain Management

The Supply Chain Management Unit (SCMU) provides support service to various user departments that must ensure that municipal services are provided 24 hours a day.

The unit personnel are therefore required on rotation basis to be on standby in order to issue breakdown materials after hours to ensure the continuity of service delivery, unfortunately it impossible to budget the exact amount for this unplanned overtime for breakdowns.

The only planned overtime is the issuing of fuel every Saturday and some public holidays. The Unit's overtime is inherent to the needs of user departments and it is therefore difficult to ascertain and budget for the number of breakdowns during the year.

5.5 INFRASTRUCTURE AND TECHNICAL SERVICES

5.5.1 OVERTIME

INFRASTRUCTURE AND TECHNICAL SERVICES											
OVERTIME											
FUNCTION	DESCRIPTION	PROPOSED ADJUSTED BUDGET 2016/2017				PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL SEPTEMBER 2016 (YTD)				UNDER/ (OVER) EXPENDITUR E
		NON- STRUCTURE D	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL		NON- STRUCTURED	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R	R
ELECTRICAL SUPPLY SERVICES											
FX002001001004	Electricity and gas Distribution and Planning	5,206,400	-	-	5,206,400	1,301,600	1,642,078	-	-	1,642,078	(340,478)
Total		5,206,400	-	-	5,206,400	1,301,600	1,642,078	-	-	1,642,078	(340,478)

□ Electricity and Gas Distribution

The overtime over-expenditure for September 2016 was due to the list of long duration overtime below:

- 7 August 2016 - Aries Substation - MV Cable fault - Golf Estate - Duration 5 hours.
- 12 August 2016 - John Ross Overhead Line - 2 x MV Cable faults and a crutch failure - Duration 48 hours.
- 19 August 2016 - Mini Sub 37 eSikhaleni J Section - MV cable fault between mini sub 3 and mini sub 4 - Duration 7 hours.
- 23 August 2016 - Mini Substation eSikhaleni J Section - MV cable fault between Mini substation 6 and Cygnus Mini Sub - Duration 12 hours.
- 15 August 2016 - Empangeni Main Sub - Durnford substation - Durnford medium voltage bushing and Copper Drive mini substation bushing faulty - Duration 8 hours.
- 21 August 2016 - eNseleni MV Overhead line - Pole damaged by car - Duration 5 hours.
- 14 August 2016 - Ngwelezane Main Sub - Mini sub damaged by vehicle - Duration 6 hours.

INFRASTRUCTURE AND TECHNICAL SERVICES											
OVERTIME											
FUNCTION	DESCRIPTION	PROPOSED ADJUSTED BUDGET 2016/2017				PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL SEPTEMBER 2016 (YTD)				UNDER/ (OVER) EXPENDITUR E
		NON- STRUCTURE D	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL		NON- STRUCTURED	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R	R
ENGINEERING SUPPORT SERVICES											
FX010001007003	Project Management Unit - Extended Public Works Program			-	-	-	7,009	-		7,009	(7,009)
FX005001005	Fleet Management	518,700	-	-	518,700	129,675	135,775	-	-	135,775	(6,100)
Total		518,700	-	-	518,700	129,675	142,784	-	-	142,784	(13,109)

□ **Fleet Management**

The overtime can be attributed to a high number of break downs experienced, due to the age of some of the Fleet operating. A high number of punctures are also experienced and all accidents that take place with Fleet has to be attended to by the Workshop. The provision of stand by generators also impacts negatively on the overtime. The overtime is scrutinized by the Superintendent in charge of the relative Section and then approved by the Workshop Manager. Instructions have been issued to Supervisors to manage overtime and scrutinize for correctness prior to authorizing.

INFRASTRUCTURE AND TECHNICAL SERVICES											
OVERTIME											
FUNCTION	DESCRIPTION	PROPOSED ADJUSTED BUDGET 2016/2017				PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL SEPTEMBER 2016 (YTD)				UNDER/ (OVER) EXPENDITUR E
		NON- STRUCTURE D	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL		NON- STRUCTURED	STRUCTURE D	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R		R	R	R	R		R	R
WATER AND SANITATION SERVICES											
FX015001002002	Sewerage - Pumpstations	326,600	-	92,900	419,500	104,875	182,162	-	25,451	207,612	(102,737)
FX015001002003	Sewerage - Sewerage Network	4,688,700	-	-	4,688,700	1,172,175	1,806,988	-	-	1,806,988	(634,813)
FX016001002001	Water Distribution - Rural Water	1,377,800	-	-	1,377,800	344,450	903,985	-	-	903,985	(559,535)
FX016001002002	Water Distribution - Urban Water	1,257,600	-	-	1,257,600	314,400	903,985	-	-	903,985	(589,585)
Total		7,650,700	-	92,900	7,743,600	1,935,900	3,797,119	-	25,451	3,822,569	(1,886,669)

❑ **Sewerage – Pump station**

Empangeni Group pumps and Reservoirs - reservoir readings, cleaning of screens at pump stations and inspections. This is a daily task done by Empangeni Plumbers. Our section assists them to alternate weekends including public holidays so that their Staff has a weekend off.

Arboretum and Alton Macerator - Shortage of staff at both Macerators. Staffs are required to work double shifts when the Staffs are off sick/leave. Standby personnel are called out to purchase food for staff working overtime. There are Blockages, overflows and electrical problems. Personnel are called out after hours at various pump stations. Planned overtime implemented 30/1/16. Critical pump stations inspected over weekends (Dumisani Makhaye Village 2, Hillview, Aquadene 1, Veldenvlei Main, Meerensee Main, and Arboretum Main). This is a temporary arrangement until the problematic pump stations are upgraded. Please take NOTE the pump stations are near residential areas, this measure is taken to prevent residents from being exposed to sewer and any contamination that could be caused by an overflow. .

❑ **Sewerage – Sewerage Network**

Time as a factor is the leading cause in over expenditure on the sewer network vote. All jobs undertaken require the intervention of other sections which in fact is not to our full control. The system in-efficiency not only negatively influence the response time to unplanned breakdowns but compromises our ability to undertake planned jobs. Below are over-expenditure contributing factors.

- **Vegetation** - Sewer lines running along greenbelt areas and under trees require cutting (Parks), as they pose two types of problems: Their roots damages pipes and limit working space for Jetting machine etc. during sewer leaks;
- **Material** - Due to some fitting items not available at the stores (SCM), it takes longer to outsource material fittings. Some items which are on the stock list are also on Zero stock, the availability of material fittings possess a huge challenge;
- **Sewer connections (Existing/Illegal Sewer connections)** - This is where Home/House upgrades/extensions take place and the connections are constructed and connected to the municipal sewer system following unsuitable construction procedure which later cause problems;
- **Old Sewerage infrastructure** - The sewer network system inability to withstand the increasing demand and capacity of waste water/material disposed by consumers;
- **Non-sewer/wastewater Compounds** - Blockages often occurred due to several items dumped on sewer i.e., Plastics, tin, wood fragments etc.

❑ **Water Distribution – Rural Water**

The over-expenditure is due to the pipe burst experienced on the water infrastructure. Although Weekly Repairs and Maintenance planned material is conducted on the water pipe repairs system, the Maintenance Plan Schedule is often disturbed by the burst pipe emergency works requiring immediate attention. Several factors influencing the increasing number of Water Distribution disturbances thus increasing expenditure for month July;

- Ageing of our main supply pipes - Mainline pipes are too old, resulting in many pipe leaks.
- No water in various areas, most areas in rural areas are supplied by water tankers, due to water crisis, at eNseleni our water tankers deliver water over long periods of time.
- Illegal water connections - Improper connections done by community members to municipality mainline pipes, which later causes problems.

□ **Water Distribution – Urban Water**

Continuous breakdown/failures experienced from Municipal Fleet contribute largely on over expenditure, for example if four vehicles are in the workshop simple means 16 people are redundant and all work that is supposed to be done during the day will escalate on after hours and will be done by standby teams. Shortage of scour valves in our water reticulation network has also been a contributing factor to plumbers working long hours during overtime, for an example after the plumber has isolated the water reticulation line he has to wait approximately 2 hours or more for the line to be empty before commencing work. One of the contributing factor is ageing water infrastructure which resulting an increase in pipeline failures and breakdowns / pipe burst which occurs even after hours. The other factor that contribute is the out dated ArcReader which make plumbers to experience difficulties when they locate valves to isolate water pipe burst. The delay by Supply chain to source materials to repair and TLB or Excavator to expose the pipe burst or water leak also cause plumbers to work long hours during overtime.

As we know City of uMhlathuze is experiencing water shortages and water restriction has commenced, hence water is delivered to communities using water tankers and Jojo's. Water delivery is done till midnight as a result overtime is escalating which is resulting to an over expenditure.

7. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1160145**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEX
Table C1	Monthly Budget Statement Summary	A
Table C2	Monthly Budget Financial Performance (Standard Classification)	B
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	C
Table C3	Monthly Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	D
Table C3C	Monthly Budget Financial Performance (Detail) (Revenue and Expenditure by Municipal Vote)	E
Table C4	Monthly Budget Financial Performance (Revenue by source and Expenditure by Item)	F
Table C5	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	G
Table C5C	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	H
Table C6	Monthly Budgeted Financial Position	I
Table C7	Monthly Budgeted Cash Flows	J
Table SC1	Material variance explanations	K
Table SC2	Monthly Performance indicators	L
Table SC3	Aged Debtors	M
Table SC4	Aged Creditors	N
Table SC5	Investment Portfolio	O
Table SC6	Transfers and grant receipts	P
Table SC7(1)	Transfers and grant expenditure	Q
Table SC7(2)	Expenditure Against Approved Rollovers	R
Table SC8	Councillor and Staff Benefits	S
Table SC9	Monthly actuals and revised targets for cash receipts (cash flow)	T
Table SC12	Monthly capital expenditure trend	U
Table SC13a	Monthly capital expenditure on new assets by asset class	V
Table SC13b	Monthly capital expenditure on the renewal of existing assets by asset class	W
Table SC13c	Monthly repairs and maintenance expenditure by asset class	X
Table SC13d	Monthly depreciation by asset class	Y

PART 2 - SUPPORTING DOCUMENTATION

8. DEBTORS ANALYSIS

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 30 September 2016.

9. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 30 September 2016.

10. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment portfolio (**Annexure O**) for the month ended 30 September 2016.

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) for the month ended 30 September 2016.

12. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 30 September 2016.

13. MATERIAL VARIANCES TO THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP COMPONENT 5 SUMMARISED)

The first quarter progress on the quarterly projections of Service Delivery Targets and performance indicators is indicated on **Annexures AK**.

Although the detailed Component 5 **is attached as Annexure AK**, the tables below depict a summary of the most applicable components thereof.

NB: (Please note when looking at the detailed version of Component 5 **attached as Annexure AK** each vote is illustrated in number order on the extreme left, vote detail of which is illustrated over 3 pages).

DEPARTMENT	ADOPTED 2016/2017	ROLL OVERS	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET
DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT	30,000,000	7,967,700	37,967,700	8,457,992	22%
CITY DEVELOPMENT	30,000,000	7,967,700	37,967,700	8,457,992	22%
DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES	30,000,000	21,093,700	51,093,700	1,189,464	2%
COMMUNITY SERVICES, PUBLIC HEALTH AND EMERGENCY SERVICES	14,500,000	9,396,200	23,896,200	188,247	1%
RECREATION AND ENVIRONMENTAL SERVICES	15,500,000	11,697,500	27,197,500	1,001,217	4%
DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES	21,000,000	-	21,000,000	9,180,395	44%
ADMINISTRATION	21,000,000	-	21,000,000	9,180,395	44%
HUMAN RESOURCES	-	-	-	-	0%
CHIEF FINANCIAL OFFICER	15,000,000	-	15,000,000	-	0%
FINANCIAL SERVICES	15,000,000	-	15,000,000	-	0%
DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE AND TECHNICAL SERVICES	383,397,100	32,361,100	415,758,200	24,414,151	6%
ELECTRICAL SUPPLY SERVICES	128,900,000	5,547,100	134,447,100	1,010,989	1%
ENGINEERING SUPPORT SERVICES	101,826,100	4,228,100	106,054,200	4,684,650	4%
TRANSPORT, ROADS AND STORMWATER	79,750,000	22,585,900	102,335,900	18,718,512	18%
WATER AND SANITATION	72,921,000	-	72,921,000	-	0%
OFFICE OF THE MUNICIPAL MANAGER	-	-	-	-	0%
TOTAL OFFICE OF THE MUNICIPAL MANAGER	-	-	-	-	0%
TOTAL CAPITAL BUDGET	479,397,100	61,422,500	540,819,600	43,242,002	8%

NO	FUNCTION	FUNCTION DESCRIPTION	SHORT CODE (GL CODE) (2016/17)	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FIN	ADOPTED 2016/2017	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET	QUARTER 1 PROJECT PROGRESS/STATUS
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT										
1	FX001001005003	Municipal Buildings	532_192	MAYORAL RESIDENCE	CAPITAL REPLACEMENT RESERVES		300 000	-	0%	Appointment letter to the responsive bidder to be circulated in the first week of October 2016.
2	FX001001005003	Municipal Buildings	532_217	CONSTRUCTION OF SMME RETAIL PARKS (RICHARDS BAY AND ESIKHALENI)	CAPITAL REPLACEMENT RESERVES	5 000 000	5 000 000	-	0%	Tender closing date is on the 16th of October 2016.
3	FX001001005003	Municipal Buildings	532_233	CONSTRUCTION OF SMME RETAIL PARKS (RICHARDS BAY AND ESIKHALENI)	CAPITAL REPLACEMENT RESERVES		888 800	155 000	17%	Tender closing date is on the 16th of October 2016.
12	FX010001005	Economic Development/Planning	528_7	FENCING - VARIOUS AGRICULTURAL PROJECTS	CAPITAL REPLACEMENT RESERVES		450 000	-	0%	Project is 14% completed. The project was set aside for the Vukuphile Programme and hence the procurement process was delayed by various external and internal factors concerning the Vukuphile Programme of which the major delay amongst others was sourcing of funds.
15	FX012001004002	Roads - Urban Roads	572_98	CONSTRUCTION OF STEEL BRIDGE	EXTERNAL FINANCING FUND	1 000 000	1 000 000	-	0%	RPT 160934 - Tender 8/2/1/UMH55-16/17: Feasibility study for the implementation of the Richards Bay Steel Bridge conceptual re-design has been drafted for the Bid Spec Committee.
16	FX012001005	Taxi Ranks	532_219	CONSTRUCTION OF TAXI RANKS (BUILDINGS AND SURROUNDING) - LOT 63, RICHARDS BAY AND A RANK)	CAPITAL REPLACEMENT RESERVES	7 000 000	7 000 000	154 996	2%	1.Lot 63 - Project is 27% Completed. 2.Empangeni A Rank: Project has been put on-hold. 3.Richards Bay Rank: Tender Document & Specification Report completed and to serve before BSC on the 13th of October 2016.
17	FX012001005	Taxi Ranks	532_227	CONSTRUCTION OF TAXI RANKS (BUILDINGS AND SURROUNDING) - LOT 63, RICHARDS BAY AND A RANK)	CAPITAL REPLACEMENT RESERVES	-	3 201 000	-	0%	1.Lot 63 - Project is 27% Completed. 2.Empangeni A Rank: Project has been put on-hold. 3.Richards Bay Rank: Tender Document & Specification Report completed and to serve before BSC on the 13th of October 2016.

NO	FUNCTION	FUNCTION DESCRIPTION	SHORT CODE (GL CODE) (2016/17)	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FIN	ADOPTED 2016/2017	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET	QUARTER 1 PROJECT PROGRESS/STATUS
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT										
18	FX015001001	Public Toilets	532_225	CONSTRUCTION OF MARKET STALLS (NSELENI, MADLANKALA & EMPANGENI)	CAPITAL REPLACEMENT RESERVES	7 000 000	7 000 000	1 966 600	28%	1. Nseleni: Project is 78% Completed. 2.Mandlankala & Empangeni: Awaiting construction drawings.
19	FX015001002003	Sewerage - Sewerage Network	632_146	AQUADENE BULK SERVICES (SANITATION)	EXTERNAL FINANCING FUND	5 000 000	5 000 000	3 046 126	61%	Project is 52% Completed and 11 weeks behind. The delays are due to pipe bursting which will be done by a Specialist Contractor (Trench less technologies). Once this is sorted significant progress is expected. There are negotiations with the Council's Water and sanitation Department for assistance.
20	FX015001002003	Sewerage - Sewerage Network	632_152	AQUADENE BULK SERVICES (SANITATION)	EXTERNAL FINANCING FUND	-	2 050 600	-	0%	Project is 52% Completed and 11 weeks behind. The delays are due to pipe bursting which will be done by a Specialist Contractor (Trench less technologies). Once this is sorted significant progress is expected. There are negotiations with the Council's Water and sanitation Department for assistance.
21	FX016001002002	Water Distribution - Urban Water	632_148	AQUADENE BULK SERVICES (WATER)	EXTERNAL FINANCING FUND	5 000 000	5 000 000	3 135 270	63%	Project is 80% completed and 4 weeks behind. The delay (Pressure testing, tie-in to existing water infrastructure and finalising the electrical works on the pump station) does not have any major effect on the programme.
22	FX016001002002	Water Distribution - Urban Water	632_153	AQUADENE BULK SERVICES (WATER)	EXTERNAL FINANCING FUND	-	1 077 300	-	0%	Project is 80% completed and 4 weeks behind. The delay (Pressure testing, tie-in to existing water infrastructure and finalising the electrical works on the pump station) does not have any major effect on the programme.
TOTAL CITY DEVELOPMENT						30 000 000	37 967 700	8 457 992	22%	

NO	FUNCTION	FUNCTION DESCRIPTION	SHORT CODE (GL CODE) (2016/17)	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FIN	ADOPTED 2016/2017	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET	QUARTER 1 PROJECT PROGRESS/STATUS
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES										
COMMUNITY SERVICES, PUBLIC HEALTH AND EMERGENCY SERVICES										
33	FX001001005003	Municipal Buildings	532_226	CONSTRUCTION OF MUNICIPAL POUND	CAPITAL REPLACEMENT RESERVES	1 000 000	1 000 000	-	0%	Ongoing
35	FX003001003	Pollution Control	536_115	AIR POLLUTION EQUIPMENT	CAPITAL REPLACEMENT RESERVES		327 900	-	0%	Completed monitoring station project in previous financial year. Monthly payment to be processed from balance remaining until final hand over of stations.
40	FX005001005	Fleet Management	500_365	TRAFFIC ENFORCEMENT VEHICLES	CAPITAL REPLACEMENT RESERVES	4 000 000	4 000 000	-	0%	Quotations in respect of the road block trailer was completed through SCM on 09/09/2016 and SCM was given instruction to procure. Balance of vehicles will be procured on the RT-57-16 National Treasury tender.
41	FX005001005	Fleet Management	600_124	REFUSE TRUCKS	EXTERNAL FINANCING FUND	5 500 000	5 500 000	-	0%	The tender 8/2/1/UMH23-16/17 was tabled at the BSC and the advert will close on 10 October 2016
44	FX005001006003	Occupational Clinic	532_229	OCCUPATIONAL HEALTH CLINIC	CAPITAL REPLACEMENT RESERVES		280 500	188 247	67%	100% completion is expected by 14 October 2016. Currently awaiting the completion of floor vinyl sheeting and resizing of doors.
50	FX005001006003	Occupational Clinic	544_16	FURNITURE FOR NEW OCCUPATIONAL HEALTH CLINIC	CAPITAL REPLACEMENT RESERVES		133 000	-	0%	Orders were placed for furniture after finalisation of roll over from previous financial year and will be delivered on completion of clinic.
56	FX005001012	Security Services	536_113	SECURITY BICYCLE PROJECT	CAPITAL REPLACEMENT RESERVES	500 000	500 000	-	0%	Specifications were obtained for radio upgrades and radios for bicycle project

NO	FUNCTION	FUNCTION DESCRIPTION	SHORT CODE (GL CODE) (2016/17)	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FIN	ADOPTED 2016/2017	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET	QUARTER 1 PROJECT PROGRESS/STATUS
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES										
COMMUNITY SERVICES, PUBLIC HEALTH AND EMERGENCY SERVICES										
62	FX005001012	Security Services	536_116	SECURITY BICYCLE PROJECT	CAPITAL REPLACEMENT RESERVES		1 659 900	-	0%	Specifications were obtained for radio upgrades and radios for bicycle project
63	FX011001005	Fire Fighting and Protection	632_156	ESIKHALENI FIRE STATION - PLAN AND CONSTRUCT	EXTERNAL FINANCING FUND		6 886 000	-	0%	Severe delays have been experienced with the completion of this project rolled over from previous financial year due to the non-performance of the initially appointed contractor. The contract was terminated and a new service provider appointed. A verbal indication received from IT & S who is responsible for the execution of this project was received indicating that construction will once again resume on Monday, 10 October with expected completion by December 2016.
64	FX011001005	Fire Fighting and Protection	632_155	RICHARDS BAY FIRE STATION - PLAN AND CONSTRUCT PHASE ONE	EXTERNAL FINANCING FUND		108 900	-	0%	2015/16 Roll-over funds finalised - funds were transferred to the following projects for completion, fire pump for 4x4, furniture, radios and air conditioner at Richards Bay fire station
70	FX014001003	Solid Waste Removal	532_225	ESTABLISHMENT TRANSFER STATION ESIKHALENI	CAPITAL REPLACEMENT RESERVES	1 500 000	1 500 000	-	0%	eSikhaleni recycling centre budget has been transferred to Mzingazi recycling centre. The tender was tabled at BSC and the advert closes on 7 October 2016.
71	FX014001003	Solid Waste Removal	536_112	SKIPS	CAPITAL REPLACEMENT RESERVES	2 000 000	2 000 000	-	0%	The procurement of skips have been initiated under section 32. The tender number is 8/2/1/UMH81-16/17 to be awarded during October 2016
TOTAL COMMUNITY SERVICES, HEALTH AND PUBLIC SAFETY						14 500 000	23 896 200	188 247	1%	

NOTES:

OFFICIAL FINAL VERSION

RPT 161204
Page 45 of 73

NO	FUNCTION	FUNCTION DESCRIPTION	SHORT CODE (GL CODE) (2016/17)	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FIN	ADOPTED 2016/2017	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET	QUARTER 1 PROJECT PROGRESS/STATUS
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES										
RECREATION AND ENVIRONMENTAL SERVICES										
77	FX001001005002	Halls	532_237	NGWELEZANE HALL - EXTENSION	CAPITAL REPLACEMENT RESERVES		14 300	-	0%	Balance of funding to be utilised for tinting of windows at the Ngwelezane's supper room
80	FX001001005002	Halls	532_220	HALLS	CAPITAL REPLACEMENT RESERVES	4 000 000	4 438 000	756 958	17%	R 3.5m of available funding allocated for completion of Ngwelezane Hall R 200 000 earmarked for completion of uMsasandla Hall - previous contract was terminated due to non-performance (Req 0155846) R 200 000 earmarked for procurement of trailers for transportation of equipment between the various halls (Req 015852) R 100 000 for procurement of tables and chairs for Port Dunford and Mandlazin Halls (Req 015854) R 438 000 for procurement of vehicle to serve Halls & Thusong Centres at Ntambanana
81	FX001001005002	Halls	532_230	PAVING - NSELENI HALL	CAPITAL REPLACEMENT RESERVES		1 193 400	417 324	35%	Project commenced during June 2016 through Vukupile Programme. Stormwater drain connections are complete and layer works commenced
89	FX001001005002	Halls	632_xx	ENSELENI HALL - UPGRADE (CONSTRUCT FENCING AND LIFT FOR DISABLED)	EXTERNAL FINANCING FUND		236 500	-	0%	Extension of change rooms have been completed. Remaining funds to be utilised for the installation of lift for the disabled as well as a construction of a fence. Awaiting prices/quotes.
91	FX001001005002	Halls	932_03	MANDLAZINI HALL (INSURANCE)	INSURANCE		1 470 000	-	0%	Tender 8/2/1/umh124-15/16 was cancelled in terms of CR 11051 dated 14/09/2016, due to incompleteness and time delays. Tender to be re-advertised on 06/10/2016 with compulsory site meeting on 14/10/2016. Closing date scheduled for 21/10/2016.
97	FX001001006001	Libraries and Archives	632_158	ESIK LIBRARY - EXTENSION	EXTERNAL FINANCING FUND		226 700	-	0%	2015/16 Roll-over funds finalised. Funding to be used for the replacement of air-conditioners at Felixton and Brackenham Libraries respectively and to improve security measures at Aquadene.
112	FX013001002	Community Parks (including Nurseries)	532_xx	ESIKHALENI PARK (POOL AREA)	CAPITAL REPLACEMENT RESERVES		875 400	-	0%	Project to be done to EPWP program. Materials will be supplied and various requisitions have been submitted (Reqs 015576, 015579, 0723, 16932, 016477, 016481, 016491, 016528, 015778, 9863).

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PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES										
RECREATION AND ENVIRONMENTAL SERVICES										
113	FX013001002	Community Parks (including Nurseries)	532_222	BEAUTIFICATION (ALL AREAS)	CAPITAL REPLACEMENT RESERVES	3 000 000	3 000 000	-	0%	Specifications for braai stand been finalised and call for quotes be done in second quarter. For eSikhaleni and DMV - Specifications for outdoor fitness gym been finalised. Walkway lighting specifications been finalised. Awaiting final plan for survey of walkway. Trees for planting in Main Road in Ngwelezane been finalised (including POS at DMV)
138	FX013002004001	Sport Development and Sportfields	532_218	FLOODLIGHTS - VARIOUS SPORTSFIELDS	CAPITAL REPLACEMENT RESERVES	6 000 000	6 000 000	-	0%	Project has commenced. Central sports field schedule is available on DMS 1161508. The lights and structures are in manufacturing stage. The soccer field 2 tender specs are available on DMS 1161491, but is still being updated. Soccer field 2 schedule is available on DMS 1161511.
139	FX013002004001	Sport Development and Sportfields	532_64	FLOODLIGHTS - VARIOUS SPORTSFIELDS	CAPITAL REPLACEMENT RESERVES		164 900	-	0%	
142	FX013002004001	Sport Development and Sportfields	532_61	FLOODLIGHTS -CENTRAL SPORTSFIELDS	CAPITAL REPLACEMENT RESERVES		6 560 000	-	0%	
143	FX013002004001	Sport Development and Sportfields	532_221	UPGRADING RURAL SPORTSFIELDS	CAPITAL REPLACEMENT RESERVES	2 500 000	2 500 000	-	0%	Specifications finalised for re-surfacing of courts Tender 8/1/2/1/umh76-16-17 - Veldenvlei Tender 8/1/2/1/umh79-16-17 - Kwatsheka Tender 8/1/2/1/umh77-16-17 - Bomvini Tender 8/1/2/1/umh78-16-17 - Mcabango (Vulindlela) Tender 8/1/2/1/umh18-16-17 - Madlebe Palisade Fencing Tenders to be advertised on 06/10/2016. Compulsory site meeting on 13/10/2016. Closing date 21/10/2016. Tender 8/1/2/1/umh75-16-17 - Muzuvukile Combicourts - to serve at Spec Com on 24/10/2016
144	FX013002004001	Sport Development and Sportfields	532_59	CONSTRUCTION OF COMBI COURT AT MANDLAZINI	CAPITAL REPLACEMENT RESERVES		-	(173 066)		No comments required
149	FX013002004001	Sport Development and Sportfields	632_16	LIGHTING SPORTS GROUND	EXTERNAL FINANCING FUND		444 500	-	0%	Project has commenced. Central sports field schedule is available on DMS 1161508. The lights and structures are in manufacturing stage. The soccer field 2 tender specs are available on DMS 1161491, but is still being updated. Soccer field 2 schedule is available on DMS 1161511.
155	FX013002004001	Sport Development and Sportfields	632_28	FLOODLIGHTS - VARIOUS SPORTSFIELDS	EXTERNAL FINANCING FUND		73 800	-	0%	
TOTAL RECREATION AND ENVIRONMENTAL SERVICES						15 500 000	27 197 500	1 001 217	4%	
TOTAL COMMUNITY SERVICES						30 000 000	51 093 700	1 189 464	2%	

NOTES:

OFFICIAL FINAL VERSION

RPT 161204
Page 47 of 73

NO	FUNCTION	FUNCTION DESCRIPTION	SHORT CODE (GL CODE) (2016/17)	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FIN	ADOPTED 2016/2017	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET	QUARTER 1 PROJECT PROGRESS/STATUS
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES										
ADMINISTRATION										
164	FX001001005003	Municipal Buildings	532_223	RENOVATIONS - CIVIC CENTRE	CAPITAL REPLACEMENT RESERVES	3 000 000	3 000 000	385 277	13%	1. Foyer tender closing date 07/10/2016 amount committed R 862 637; 2. Council chambers renovations R 1 135 292 committed; 3. Civic centre repairs R600 000.00 committed
182	FX005001007	Information Technology	632_150	FIBRE LINK TO ESIKHALENI & NSELENI	EXTERNAL FINANCING FUND	18 000 000	18 000 000	8 795 118	49%	Project on track as per project plan. VIBE #1745
TOTAL ADMINISTRATION						21 000 000	21 000 000	9 180 395	44%	
HUMAN RESOURCES										
187	FX005001006004	Training and Industrial Relations	536_xx	LION ALCOMETERES WITH SOFTWARE	CAPITAL REPLACEMENT RESERVES		-	-		
188	FX005001006004	Training and Industrial Relations	536_xx	SAFETY EQUIPMENT - EVACUATION CHAIRS	CAPITAL REPLACEMENT RESERVES		-	-		
189	FX005001006004	Training and Industrial Relations	544_xx	GENERAL	CAPITAL REPLACEMENT RESERVES		-	-		
TOTAL HUMAN RESOURCES						-	-	-		
TOTAL CORPORATE SERVICES						21 000 000	21 000 000	9 180 395	44%	

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PROJECTS UNDER THE RESPONSIBILITY OF THE CHIEF FINANCIAL OFFICER										
203	FX005001007	Information Technology	632_148	FINANCIAL ERP SYSTEM	EXTERNAL FINANCING FUND	15 000 000	15 000 000	-	0%	Technical presentations 12 & 13/10/2016. Tender close 30/10/2016
TOTAL FINANCIAL SERVICES						15 000 000	15 000 000	-	0%	

NO	FUNCTION	FUNCTION DESCRIPTION	SHORT CODE (GL CODE) (2016/17)	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FIN	ADOPTED 2016/2017	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET	QUARTER 1 PROJECT PROGRESS/STATUS
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE AND TECH										
ELECTRICAL SUPPLY SERVICES										
205	FX001001005003	Municipal Buildings	532_228	STANDBY QUARTERS AT SERVICES CENTRE ELECTRICITY	CAPITAL REPLACEMENT RESERVES		1 048 400	572 314	55%	This is a roll over .The project is in 95% complete. The invoice was submitted on 16/09/2016 and waiting for purchase order. The 95% completion refers to the total amount R2 800 000. The 55% refers to the roll over.
213	FX002001001004	Electricity and Gas Distribution and Planning	572_97	ENERGY SAVING INITIATIVE	CAPITAL REPLACEMENT RESERVES	8 900 000	8 900 000	135 100	2%	Advert; 7 October 2016, Site meeting : 14 October 2016, Closing: 21 October 2016.The two percent is for 11 kV metering unit Tender no . 8/2/1/UMH12 - 16/17
215	FX002001001004	Electricity and Gas Distribution and Planning	632_154	BUILDING OF NEW 132/11KV 120MVA SUBSTATION ON N2 SOUTH CORRIDOR SUBSTATION	EXTERNAL FINANCING FUND		1 000 000	-	0%	Not enough for the successful bidder hence it has cancelled ,the funds will be used for Cygnus Transformer protection schemes and 132kV network protection grading.
217	FX002001001004	Electricity and Gas Distribution and Planning	636_49	SCORPIO SUBSTATION 132/11KV 20MVA TRANSFORMER REFURBISHMENT	EXTERNAL FINANCING FUND		2 500 000	-	0%	To be done on deviation , report to be circulated for signature by Operations and Maintenance .Invoice still with SCM for purchase order. Purchase order 12526, invoice amount = R2 850 000.00 and Purchase Order 12380 ,invoice amount R108 562.20 - LH Marthinusen
220	FX002001001004	Electricity and Gas Distribution and Planning	672_99	132KV BREAKERS REPLACEMENT AT POLARIS SUBSTATION	EXTERNAL FINANCING FUND		409 100	303 575	74%	Funds were used to pay Master Plan consultant, the consultant was paid, there is a saving of R 100 000 to be used for pre-marketing and geo-tech Studies for A1276 and A1277

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PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE AND TECH										
ELECTRICAL SUPPLY SERVICES										
221	FX002001001004	Electricity and Gas Distribution and Planning	672_95	POWER SYSTEM MODELLING SOFTWARE	EXTERNAL FINANCING FUND		500 000	-	0%	The software is purchased and delivered ,awaiting for completion of training (07 October 2016) .The invoice is circulating for signatures totalling to R 498 412 .88
222	FX002001001004	Electricity and Gas Distribution and Planning	672_96	NETWORK MASTER PLAN	EXTERNAL FINANCING FUND		89 600	-	0%	To be used on pre-marketing and geo-tech Studies for A1276 and A1277 there were transfers for furniture still waiting for signatures. The requisition for furniture is RQ 016062
225	FX002001001004	Electricity and Gas Distribution and Planning	672_93	132KV OIL FILLED CABLES IN THE SOUTH DUNES BETWEEN HYDRA AND CAPELLA SUBSTATIONS	EXTERNAL FINANCING FUND	100 000 000	100 000 000	-	0%	Tender to close on the 7th of October 2016,site meeting on the 30th of September 2016
227	FX002001001004	Electricity and Gas Distribution and Planning	672_94	ELECTRIFICATION BRACKENHAM	EXTERNAL FINANCING FUND	9 000 000	9 000 000	-	0%	Advert; 29 September 2016, Site meeting : 6 October 2016, Closing : 14 October 2016
234	FX002001002	Street Lighting	576_33	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	CAPITAL REPLACEMENT RESERVES	11 000 000	11 000 000	-	0%	Consultant appointed, designs are complete, tender for appointment of contractor is circulating for comments, to serve on BSC on the 13th of October 2016. Invoice is with SCM
TOTAL ELECTRICAL SUPPLY SERVICES						128 900 000	134 447 100	1 010 989	1%	

NO	FUNCTION	FUNCTION DESCRIPTION	SHORT CODE (GL CODE) (2016/17)	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FIN	ADOPTED 2016/2017	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET	QUARTER 1 PROJECT PROGRESS/STATUS
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE AND TECH										
ENGINEERING SUPPORT SERVICES										
243	FX001001005003	Municipal Buildings	532_231	CIVIC CENTRE - ROOFING AND WATER PROOFING	CAPITAL REPLACEMENT RESERVES		139 000	-	0%	Project to be completed by end October 2016. Awaiting invoice.
246	FX001001005003	Municipal Buildings	632_151	STRUCTURAL INSPECTION OF MUNICIPAL BUILDINGS	EXTERNAL FINANCING FUND		1 143 100	591 733	52%	Project completed. Requisitions to be processed and paid.
252	FX005001005	Fleet Management	550_140	REPLACEMENT OF YELLOW PLANT	CAPITAL REPLACEMENT RESERVES	-	837 200	626 640	75%	Project completed 2 x TLB's received.
253	FX005001005	Fleet Management	600_122	REPLACEMENT VEHICLES	EXTERNAL FINANCING FUND		-	110 340		Reallocation of VAT on the 4x4 bakkies
257	FX005001005	Fleet Management	650_42	REPLACEMENT OF YELLOW PLANT	EXTERNAL FINANCING FUND		2 108 800	2 108 800	100%	Project completed 2 x TLB's received.
260	FX005001007	Information Technology	536_114	ASSET MAINTENANCE MANAGEMENT SYSTEM	CAPITAL REPLACEMENT RESERVES	7 000 000	7 000 000	-	0%	Procurement process has been initiated - RPT 161252 and RPT161250 and adverts - architecture : DMS 1162064. Policy DMS 1162068
265	FX012001004003	Roads - Rural Roads	872_22	ROADS PROJECTS - MADLANZINI ROAD (TARRING MAIN ROAD)	MIG	16 357 500	16 357 500	303 075	2%	Project commenced in September 2016. Had labour issues on site.
266	FX013002004001	Sport Development and Sportfields	832_16	SPORTS PROJECTS	MIG	14 223 900	14 223 900	-	0%	To be done via Vukupile Learnership programme. To be advertised on the 13 October 2016 (invited tender).

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PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE AND TECH										
ENGINEERING SUPPORT SERVICES										
269	FX015001002003	Sewerage - Sewerage Network	832_17	RURAL SANITATION	MIG	32 122 400	32 122 400	8 515 994	27%	2 x tenders closing on the 28 October 2016. Current projects are on 45% programme and awaiting certificates to be processed.
270	FX016001002001	Water Distribution - Rural Water	884_37	RURAL/SEMI-URBAN AREAS	MIG	32 122 300	32 122 300	2 972 031	9%	1 x Tender closing on the 28 October 2016. Current projects are on 90% programme and awaiting certificates to be processed
271	FX015001002003	Sewerage - Sewerage Network	632_11	RURAL SANITATION (COUNTER FUNDING)	EXTERNAL FINANCING FUND		-	(7 486 142)		Reallocation of 2015/16 expenditure funded in previous financial year through own funding now funded in 2016/17 financial year through MIG
272	FX016001002001	Water Distribution - Rural Water	684_8	RURAL WATER WATER SUPPLY	EXTERNAL FINANCING FUND		-	(2 944 469)		
273	FX016001002001	Water Distribution - Rural Water	684_9	MKHWANAZI NORTH BULK WATER SUPPLY PHASE 5	EXTERNAL FINANCING FUND		-	(113 353)		
274	FX016001002001	Water Distribution - Rural Water	884_xx	RURAL HOUSEHOLDS INFRASTRUCTURE	GOVERNMENT - NATIONAL		-	-		
TOTAL ENGINEERING SUPPORT SERVICES						101 826 100	106 054 200	4 684 650	4%	

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PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE AND TECH										
TRANSPORT, ROADS AND STORMWATER										
284	FX012001004002	Roads - Urban Roads	572_100	WALKWAYS AND BRIDGES	CAPITAL REPLACEMENT RESERVES		1 452 400	481 527	33%	Project has been awarded for the construction of Walkways. Name of Contractor: Cfiso Trading Project Start Date: 24 October 2016
285	FX012001004002	Roads - Urban Roads	572_102	TRAFFIC CALMING	CAPITAL REPLACEMENT RESERVES		783 500	-	0%	Project has been awarded for the construction of Traffic Calming. Name of Contractor: Liwa Construction Project Start Date: 24 October 2016
286	FX012001004002	Roads - Urban Roads	572_94	ESIKHALENI INTERSECTION	CAPITAL REPLACEMENT RESERVES	18 000 000	25 479 700	-	0%	Contractor appointed on condition of EIA approvals. Busy with sorting out Encroachment. WULA can only commence when there is a solution with Social Issues. Suitable Taxi alternative still under discussion.
287	FX012001004002	Roads - Urban Roads	572_95	ROADS RESEALING	CAPITAL REPLACEMENT RESERVES	36 750 000	37 531 800	18 098 823	48%	Progress as per Schedule.
289	FX012001004002	Roads - Urban Roads	572_103	CIVIC SERVICES INFILL AREAS (J1 & H3 AREA)	CAPITAL REPLACEMENT RESERVES		1 560 400	133 122	9%	J1 Legal Services is in the process of making a settlement with the Contractor. Thereafter, Project will commence and will be done In-House.

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PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE AND TECH										
TRANSPORT, ROADS AND STORMWATER										
293	FX012001004002	Roads - Urban Roads	572_96	UPGRADE ROADS - EMPANGENI & AQUADENE	CAPITAL REPLACEMENT RESERVES	5 500 000	5 500 000	-	0%	Storm water Consultant has been appointed. Consultant for Aquadene is busy with Design Documentation. Consultant for Empangeni Mega Housing is busy with Design & Documentation, only if Counter Funding is required.
298	FX012001004002	Roads - Urban Roads	672_90	PEDESTRIAN BRIDGES RURAL AREAS	EXTERNAL FINANCING FUND	3 000 000	3 000 000	-	0%	Project is in Tender Stage Tender Closing Date: 07 October 2016
301	FX012001004002	Roads - Urban Roads	672_91	BUS SHELTERS & LAYBYES - ALL AREAS	EXTERNAL FINANCING FUND	2 000 000	2 000 000	-	0%	Project is in BEC Stage BEC Report at SCM Unit BEC REPORT NO. 160887 Projected Award Date: November 2016
302	FX012001004002	Roads - Urban Roads	672_97	BUS SHELTERS & LAYBYES - ALL AREAS	EXTERNAL FINANCING FUND	-	66 900	-	0%	Project to be done Via Quotation in November 2016
304	FX012001004002	Roads - Urban Roads	672_98	ROADS RESEALING	EXTERNAL FINANCING FUND		10 461 200	5 040	0%	Progress as per Schedule.
305	FX012001004002	Roads - Urban Roads	672_92	UPGRADE ROADS - EMPANGENI & AQUADENE	EXTERNAL FINANCING FUND	14 500 000	14 500 000	-	0%	Storm water Consultant has been appointed. Consultant for Aquadene is busy with Design Documentation. Consultant for Empangeni Mega Housing is busy with Design & Documentation, only if Counter Funding is required.
TOTAL TRANSPORT, ROADS AND STORMWATER						79 750 000	102 335 900	18 718 512	18%	

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PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE AND TECH										
WATER AND SANITATION										
321	FX015001002003	Sewerage - Sewerage Network	632_149	MZINGAZI SEWER	EXTERNAL FINANCING FUND	7 000 000	7 000 000	-	0%	Project on Advert stage. Closing Date :28 October 2016 Anticipated Commencement Date: November 2016 Completion Date: June 2017
333	FX016001002002	Water Distribution - Urban Water	684_21	WATER LOSS AND DROUGHT RELIEF PROJECT	EXTERNAL FINANCING FUND	15 000 000	15 000 000	-	0%	As per JOC committee resolution, Funds has been distributed according to the following:
334	FX016001002002	Water Distribution - Urban Water	884_33	RICHARDS BAY PIPE REPLACEMENT (MWG)	GOVERNMENT - NATIONAL	5 000 000	5 000 000	-	0%	Contractor Appointed on July 2016 under Section 32. The project is currently under construction. The project anticipated completion date is 20 May 2017. First Invoice expected to be submitted by the Contractor by the end of October 2016.
336	FX016001002002	Water Distribution - Urban Water	884_34	NGWELEZANE PIPE REPLACEMENT (MWG)	GOVERNMENT - NATIONAL	5 000 000	5 000 000	-	0%	Contractor Appointed on July 2016 under Section 32. Contractor on site. Site establishment completed. Materials on site. All Contractual documentations in place. Contract progressing well. The service Provider expected to submit the invoices by the end of October. Completion Date : September 2017
338	FX016001002002	Water Distribution - Urban Water	884_35	REDUCTION OF NON-REVENUE	GOVERNMENT - NATIONAL	15 000 000	15 000 000	-	0%	Report to serve on BSC on 6 October 2016. Anticipated Commencement date: 01 February 2017 Completion date: December 2017 Expenditure is expected to start reflecting by the end of March 2016
341	FX016001002002	Water Distribution - Urban Water	884_36	ESIKHALENI WASTE WATER TREATMENT WORKS (MWG)	GOVERNMENT - NATIONAL	5 921 000	5 921 000	-	0%	Project under design stage. Anticipated Commencement Date: November 2016 Completion Date :April 2017

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PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE AND TECH										
WATER AND SANITATION										
342	FX016001002002	Water Distribution - Urban Water	884_38	KWA DUBE RETICULATION (MWIG)	GOVERNMENT - NATIONAL	5 000 000	5 000 000	-	0%	Consultant appointed and busy with the tender documents. Commencement Date: November 2016 Completion Date : June 2017
343	FX016001002002	Water Distribution - Urban Water	884_40	EMPANGENI WATER NETWORK IMPROVEMENTS (MWIG)	GOVERNMENT - NATIONAL	10 000 000	10 000 000	-	0%	Contractor Appointed on July 2016 under Section 32. Contractor on site. Site establishment completed. Materials on site. All Contractual documentations in place. Contract progressing well. The service Provider expected to submit the invoices by the end of October, therefore the first expenditure will start to reflect by the end of October 2016. Completion Date: May 2017
344	FX016001002002	Water Distribution - Urban Water	884_39	KWA MADLEBE RETICULATION (MWIG)	GOVERNMENT - NATIONAL	5 000 000	5 000 000	-	0%	Consultant appointed and busy with the tender documents. Commencement Date: November 2016 Completion Date : June 2017
TOTAL WATER AND SANITATION						72 921 000	72 921 000	-	0%	
TOTAL INFRASTRUCTURE AND TECHNICAL SERVICES						383 397 100	415 758 200	24 414 151	6%	

NO	FUNCTION	FUNCTION DESCRIPTION	SHORT CODE (GL CODE) (2016/17)	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FIN	ADOPTED 2016/2017	PROPOSED ADJUSTED BUDGET 2016/17	YTD AT 30/09/2016	PERCENTAGE SPENT OF PROPOSED ADJUSTED BUDGET	QUARTER 1 PROJECT PROGRESS/STATUS
OFFICE OF THE MUNICIPAL MANAGER										
346	FX001001005003	Municipal Buildings	532_xx	FINANCE AND ADMIN (OFFICE OF THE MUNICIPAL MANAGER) PROJECTS	CAPITAL REPLACEMENT	-	-	-		
347	FX008001001	Governance Function	544_xx	FURNITURE - INTERNAL AUDIT SECTION	CAPITAL REPLACEMENT	-	-	-		
TOTAL OFFICE OF THE MUNICIPAL MANAGER						-	-	-		
TOTAL CAPITAL BUDGET						479 397 100	540 819 600	43 242 002	8.00%	

NOTES:

OFFICIAL FINAL VERSION

RPT 161204
Page 57 of 73

14. **CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 30 September 2016:

- Table C5 - Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding (**Annexure G**).
- Table C5C - Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding (**Annexure H**).
- Table SC12 - Monthly capital expenditure trend (**Annexure U**).
- Table SC13A - Monthly capital expenditure on new assets by asset class (**Annexure V**).
- Table SC13B - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W**).
- Table SC13C - Monthly repairs and maintenance expenditure by asset class (**Annexure X**).
- Table SC13D - Monthly depreciation by asset class (**Annexure Y**).

Actual capital expenditure which represents payments made during the reporting period, constitutes only 8,00% (R43,2 million) of the Proposed Adjustment budget of R540,8 million. Refer to 3.5 above for capital budget summary.

15. **MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

Refer to **DMS 1162891 (Annexure AR)**.

PART 3 - OTHER LEGISLATION REQUIREMENTS

16. **WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS**

In accordance with Section 11(4) of the Municipal Finance Management Act 2003 (No 56 of 2003) the Accounting Officer must within 30 days after the end of each quarter table a consolidated report of all withdrawals made in terms of Sub-section (1) (b) to (j) during that quarter and submit a copy of the report to the relevant Provincial Treasury and the Auditor-General. Refer to **Annexure AP (DMS 1140776)** for Form D.

“Withdrawals from municipal bank accounts-

“(b) to defray expenditure authorised in terms of Section 26(4).”

None

“(c) to defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1).”

The purpose of this section can be divided into two sub-sections:

- **Unbudgeted, unavoidable expenditure, some of which has, and some of which still needs to be approved by Council.**

Unbudgeted and unavoidable expenditure for the quarter ended 30 September 2016:

Function	Function Description	Short Code	Short Code Description	Revised Budget	Commitment	Total Expenditure YTD	Available Budget (incl Committed funds)
FX001001003	Cemeteries Funeral Parlours and Crematoriums	164_1	Accommodation	400.00	-	1 730.18	-1 330.18
FX001001003	Cemeteries Funeral Parlours and Crematoriums	164_8	Air Transport	300.00	-	2 137.42	-1 837.42
FX001001005001	Buildings Maintenance	196_B4	Building Equipment Electrical - Unplanned Maintenance - Contracted Services	11 800.00	-	14 019.00	-2 219.00
FX001001005002	Halls	164_1	Accommodation	400.00	-	7 745.26	-7 345.26
FX001001008	Museums and Art Galleries	027_0	Catering Municipal Activities	101 100.00	-	115 198.00	-14 098.00
FX001001008	Museums and Art Galleries	039_1	Transport: Events	-	-	16 000.00	-16 000.00
FX002001001003	Process Control Systems	164_8	Air Transport	100.00	-	10 805.42	-10 705.42
FX002001001004	Electricity and Gas Distribution and Planning	124_1	Materials and Supplies	60 000.00	-	119 209.00	-59 209.00
FX002001001004	Electricity and Gas Distribution and Planning	198_A2	Buildings Structural - Planned Maintenance - Material	5 900.00	-	8 975.00	-3 075.00
FX002001001004	Electricity and Gas Distribution and Planning	232_A2	Plumbing - Planned Maintenance - Material	1 100.00	-	10 344.67	-9 244.67
FX002001001004	Electricity and Gas Distribution and Planning	232_B2	Plumbing - Unplanned Maintenance - Material	2 100.00	-	12 099.49	-9 999.49
FX002001002	Street Lighting	058_0	Electricity: ESCOM	-	-	21 992.19	-21 992.19
FX002001002	Street Lighting	252_20B2	Streetlight Poles - Unplanned Maintenance - Material East	491 700.00	-	549 095.25	-57 395.25
FX004001001001	Mayor and Council	040_16	Contracted Services Valuers	-	-	16 237.00	-16 237.00
FX004001001001	Mayor and Council	044_44	Artists and Performers	370 500.00	-	467 500.00	-97 000.00

Function	Function Description	Short Code	Short Code Description	Revised Budget	Commitment	Total Expenditure YTD	Available Budget (incl Committed funds)
FX004001001001	Mayor and Council	164_5	Transport without Operator: Car Rental	99 200.00	-	109 648.12	-10 448.12
FX005001001	Administrative and Corporate Support	164_1	Accommodation	4 200.00	-	6 337.19	-2 137.19
FX005001006003	Occupational Clinic	046_1	Registration Fees: Professional and Regulatory Bodies	2 500.00	-	12 163.13	-9 663.13
FX005001006003	Occupational Clinic	164_1	Accommodation	500.00	-	9 583.16	-9 083.16
FX005001009	Marketing Customer Relations Publicity and Media Co-ordination	046_1	Registration Fees: Professional and Regulatory Bodies	12 600.00	-	74 598.74	-61 998.74
FX005001012	Security Services	164_1	Accommodation	35 000.00	-	60 049.96	-25 049.96
FX005001013	Supply Chain Management	124_1	Materials and Supplies	30 000.00	-	31 396.23	-1 396.23
FX005001014	Valuation Service	164_8	Air Transport	2 500.00	-	4 083.60	-1 583.60
FX007001001	Housing	150_2	Security Services	-	-	66 751.56	-66 751.56
FX010001005	Economic Development/Planning	040_18	Agriculture	-	-	1 814.96	-1 814.96
FX010001005	Economic Development/Planning	046_2	Registration Fees: Seminars Conferences Workshops and Events	1 400.00	-	5 087.72	-3 687.72
FX010001006	Town Planning Building Regulations and Enforcement and City Engineer	124_1	Materials and Supplies	12 600.00	-	14 084.84	-1 484.84
FX010001006	Town Planning Building Regulations and Enforcement and City Engineer	164_1	Accommodation	3 300.00	-	8 234.74	-4 934.74
FX012001004002	Roads - Urban Roads	124_1	Materials and Supplies	29 700.00	-	48 935.12	-19 235.12
FX012001004002	Roads - Urban Roads	242_A4	S.W.N. (All P/Lines) - Planned Maintenance - Contracted Services	-	-	32 340.00	-32 340.00
FX012001004002	Roads - Urban Roads	250_A2	Street Names And Traffic Signs - Planned Maintenance - Material	62 400.00	-	80 704.09	-18 304.09

NOTES:

OFFICIAL FINAL VERSION

RPT 161204
Page 60 of 73

Function	Function Description	Short Code	Short Code Description	Revised Budget	Commitment	Total Expenditure YTD	Available Budget (incl Committed funds)
FX012001004003	Roads - Rural Roads	022_9	Advertising Public Marketing Tenders	-	-	5 969.74	-5 969.74
FX012001005	Taxi Ranks	150_3	Safeguard and Security	-	-	21 632.80	-21 632.80
FX013001001	Beaches and Jetties	044_70	Maintenance of Unspecified Assets	-	-	178 830.96	-178 830.96
FX013001001	Beaches and Jetties	124_1	Materials and Supplies	28 800.00	-	61 718.75	-32 918.75
FX013002003002	Recreational Facilities - Parks Administration	164_1	Accommodation	2 000.00	-	6 738.95	-4 738.95
FX013002004001	Sport Development and Sportfields	027_0	Catering Municipal Activities	23 000.00	-	103 987.80	-80 987.80
FX013002004001	Sport Development and Sportfields	044_51	Catering Services	102 800.00	-	158 402.50	-55 602.50
FX013002004001	Sport Development and Sportfields	124_1	Materials and Supplies	49 400.00	-	52 067.88	-2 667.88
FX013002004001	Sport Development and Sportfields	150_1	Management of Informal Settlements	-	-	10 110.67	-10 110.67
FX014001003	Solid Waste Removal	124_1	Materials and Supplies	250 000.00	-	252 440.25	-2 440.25
FX014001003	Solid Waste Removal	124_2	Consumable Stores - Standard Rated	250 000.00	-	539 965.32	-289 965.32
FX014001003	Solid Waste Removal	124_3	Finished Goods	220 000.00	-	454 000.00	-234 000.00
FX015001002002	Sewerage - Pumpstations	124_3	Finished Goods	12 800.00	-	20 645.00	-7 845.00
FX015001002002	Sewerage - Pumpstations	164_1	Accommodation	6 000.00	-	7 580.42	-1 580.42
FX015001002002	Sewerage - Pumpstations	210_B2	Fixed Equipment Buildings - Unplanned Maintenance - Material	583 400.00	130 199.20	520 916.82	-67 716.02

Function	Function Description	Short Code	Short Code Description	Revised Budget	Commitment	Total Expenditure YTD	Available Budget (incl Committed funds)
FX016001002001	Water Distribution - Rural Water	204_A2	Distribution Mains - Planned Maintenance - Material	12 000.00	-	115 693.50	-103 693.50
FX016001002001	Water Distribution - Rural Water	224_A2	Meters - Planned Maintenance - Material	176 400.00	-	729 115.00	-552 715.00
FX016001002002	Water Distribution - Urban Water	204_A2	Distribution Mains - Planned Maintenance - Material	42 700.00	-	136 831.62	-94 131.62
FX016001002002	Water Distribution - Urban Water	204_B2	Distribution Mains - Unplanned Maintenance - Material	25 100.00	-	63 469.66	-38 369.66
FX016001002002	Water Distribution - Urban Water	238_A4	Retic. Maintenance - Planned Maintenance - Contracted Services	516 400.00	-	589 100.00	-72 700.00
				3 642 100.00	130 199.20	5 968 118.68	-2 456 217.88

The Budget Office will be communicating with the respective user departments regarding this over expenditure. Progress thereon will be reported to Council on the next quarterly report.

All operating and capital transfers between votes approved by Council and delegated authority.

The table below depicts all operating and capital budget transfers from 1 July to 30 September 2016:

OPERATING					
DEPARTMENT	FROM		TO		AMOUNT
	FUNCTION	GL CODE	FUNCTION	GL CODE	R
City Development	FX005001014	040_16	FX005001014	040_16	1,982,300.00
City Development	FX005001014	040_16	FX005001007	126_1	353,000.00
City Development	FX005001014	040_16	FX005001014	022_9	60,000.00
City Development	FX005001014	124_2	FX005001014	046_01	4,500.00
City Development	FX009002006	044_51	FX009002006	040_35	67,000.00
City Development	FX010001002	022_3	FX012001005	022_5	40,000.00
City Development	FX010001005	022_9	FX012001005	022_9	30,000.00
City Development	FX010001005	040_35	FX010001002	138_16	20,000.00
City Development	FX010001005	040_35	FX010001002	044_86	20,000.00
City Development	FX010001005	040_35	FX010001005	044_37	10,000.00
City Development	FX010001005	040_35	FX010001002	124_1	10,000.00
City Development	FX010001005	044_51	FX010001005	044_44	5,000.00
City Development	FX010001006	164_8	FX010001006	164_2	1,000.00
Community Services - Public Health And Emergency Services	FX011001007	027_0	FX011001007	044_86	1,000.00
Community Services - Public Health And Emergency Services	FX011001007	027_0	FX011001007	124_1	55,000.00
Community Services - Public Health And Emergency Services	FX003001003	027_0	FX003001003	164_1	15,000.00
Community Services - Public Health And Emergency Services	FX005001006003	044_24	FX005001006003	022_9	14,000.00
Community Services - Public Health And Emergency Services	FX011001007	088_2	FX011001007	044_69	14,000.00
Community Services - Public Health And Emergency Services	FX0120012001	124_3	FX012002001	124_2	10,000.00
Community Services - Public Health And Emergency Services	FX014001003	010_0	FX014001003	036_0	8,800.00
Community Services - Public Health And Emergency Services	FX014001003	124_3	FX014001003	022_9	30,000.00
Community Services - Public Health And Emergency Services	FX014001003	170_0	FX014001003	012_1	16,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	124_3	150,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	138_15	500,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	164_13	10,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	164_1	50,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	164_8	60,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	164_9	30,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	044_51	300,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	044_44	300,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	186_0	200,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	027_0	100,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	044_74	100,000.00
Community Services - Recreational And Environmental Services	FX001001003	003_1	FX001001003	003_2	648,100.00

OPERATING					
DEPARTMENT	FROM		TO		AMOUNT
	FUNCTION	GL CODE	FUNCTION	GL CODE	R
Community Services - Recreational And Environmental Services	FX001001005002	124_3	FX001001005002	164_2	3,000.00
Community Services - Recreational And Environmental Services	FX001001005002	124_3	FX001001005002	164_2	3,000.00
Community Services - Recreational And Environmental Services	FX001001005002	138_15	FX001001005002	124_1	100,000.00
Community Services - Recreational And Environmental Services	FX001001008	021_0	FX001001008	074_66	390,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	090_5	200,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	003_2	100,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	021_0	400,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	138_16	200,000.00
Community Services - Recreational And Environmental Services	FX001001008	074_66	FX001001008	044_44	500,000.00
Community Services - Recreational And Environmental Services	FX003001003	027_0	FX003001003	150_3	20,000.00
Community Services - Recreational And Environmental Services	FX011001007	003_1	FX011001007	003_2	2,000,000.00
Community Services - Recreational And Environmental Services	FX012001005	003_1	FX012001005	003_2	139,700.00
Community Services - Recreational And Environmental Services	FX013001001	003_1	FX013001001	003_2	200,000.00
Community Services - Recreational And Environmental Services	FX013001002	228_A2	FX013001002	153_1	180,000.00
Community Services - Recreational And Environmental Services	FX013002003003	003_1	FX013002003003	003_2	172,000.00
Community Services - Recreational And Environmental Services	FX013002004001	022_3	FX013002004001	124_3	100,000.00
Community Services - Recreational And Environmental Services	FX013002004001	044_44	FX013002004001	124_3	50,000.00
Community Services - Recreational And Environmental Services	FX013002004001	044_57	FX013002004001	124_3	100,000.00
Community Services - Recreational And Environmental Services	FX013002004001	044_85	FX013002004001	124_3	100,000.00
Community Services - Recreational And Environmental Services	FX013002004001	074_66	FX013002004001	138_16	100,000.00
Community Services - Recreational And Environmental Services	FX013002004001	074_66	FX013002004001	124_3	1,400,000.00
Community Services - Recreational And Environmental Services	FX013002004001	124_1	FX013002004001	124_3	50,000.00
Community Services - Recreational And Environmental Services	FX013002004001	124_3	FX013002004001	044_85	200,000.00
Community Services - Recreational And Environmental Services	FX013002004001	124_3	FX013002004001	022_9	30,000.00
Community Services - Recreational And Environmental Services	FX013002004001	124_3	FX013002004001	164_2	10,000.00
Community Services - Recreational And Environmental Services	FX013002004001	124_3	FX013002004001	164_4	5,000.00
Community Services - Recreational And Environmental Services	FX013002004001	124_3	FX013002004001	164_6	10,000.00
Community Services - Recreational And Environmental Services	FX013002004001	124_3	FX013002004001	164_1	10,000.00
Community Services - Recreational And Environmental Services	FX013002004001	138_15	FX013002004001	044_58	6,000.00
Community Services - Recreational And Environmental Services	FX014001003	003_1	FX014001003	003_1	230,400.00
Community Services - Recreational And Environmental Services	FX014001004	003_1	FX014001004	003_2	793,500.00
Community Services - Recreational And Environmental Services	FX13001002	003_1	FX13001002	003_2	100,000.00
Corporate Services - Administration	FX004001001001	022_3	FX004001001001	044_44	360,000.00
Corporate Services - Administration	FX004001001001	022_3	FX004001001001	150_2	30,000.00
Corporate Services - Administration	FX004001001001	074_66	FX005001001	044_16	45,000.00
Corporate Services - Administration	FX004001001001	074_66	FX005001001	044_16	2,500.00

OPERATING					
DEPARTMENT	FROM		TO		AMOUNT
	FUNCTION	GL CODE	FUNCTION	GL CODE	R
Corporate Services - Administration	FX004001001001	074_66	FX005001001	044_16	14,000.00
Corporate Services - Administration	FX005001007	001_1	FX005001007	001_1	65,000.00
Corporate Services - Administration	FX005001007	126_11	FX005001007	079_2	100,000.00
Corporate Services - Human Resources	FX005001006004	031_0	FX012001004002	031_0	1,400.00
Corporate Services - Human Resources	FX005001006004	031_0	FX010001006	031_0	2,600.00
Corporate Services - Human Resources	FX004001001001	155_3	FX004001001001	155_2	40,000.00
Corporate Services - Human Resources	FX005001001	027_0	FX005001001	022_9	7,000.00
Corporate Services - Human Resources	FX005001006004	031_0	FX005001006001	031_0	900.00
Corporate Services - Human Resources	FX005001006004	031_0	FX010001005	031_0	800.00
Corporate Services - Human Resources	FX005001006004	031_0	FX010001002	031_0	5,600.00
Corporate Services - Human Resources	FX005001006004	031_0	FX004001002001	031_0	5,500.00
Corporate Services - Human Resources	FX005001006004	031_0	FX011001007	031_0	3,800.00
Corporate Services - Human Resources	FX005001006004	031_0	FX005001007	031_0	3,200.00
Corporate Services - Human Resources	FX005001006004	031_0	FX010001005	031_0	2,200.00
Corporate Services - Human Resources	FX005001006004	031_0	FX001001005002	031_0	2,800.00
Corporate Services - Human Resources	FX005001006004	031_0	FX010001002	031_0	21,500.00
Corporate Services - Human Resources	FX005001006004	031_0	FX010001006	031_0	30,000.00
Corporate Services - Human Resources	FX005001006004	031_0	FX001001008	031_0	1,500.00
Corporate Services - Human Resources	FX005001006004	031_0	FX010001005	031_0	1,500.00
Corporate Services - Human Resources	FX005001006004	040_7	FX005001006004	012_1	8,800.00
Corporate Services - Human Resources	FX00500100604	031_0	FX010001002	031_0	21,500.00
Financial Services	FX005001003001	001_1	FX005001003001	072_1	34,500.00
Financial Services	FX005001003001	001_1	FX005001003001	164_10	1,500.00
Financial Services	FX005001003001	001_1	FX005001003001	164_2	1,500.00
Financial Services	FX005001003001	001_1	FX005001003001	164_1	10,000.00
Financial Services	FX005001003001	001_1	FX005001003001	164_2	1,500.00
Financial Services	FX005001003001	001_1	FX005001003001	002_1	48,900.00
Financial Services	FX005001003001	001_1	FX005001003001	009_1	6,000.00
Financial Services	FX005001003001	001_1	FX005001003001	046_3	600.00
Financial Services	FX005001003001	001_1	FX005001003001	159_0	6,000.00
Financial Services	FX005001003001	001_1	FX005001003001	027_0	20,000.00
Financial Services	FX005001003001	001_1	FX005001003001	040_1	350,000.00
Financial Services	FX005001003001	001_1	FX005001003001	040_12	772,100.00
Financial Services	FX005001003001	001_1	FX005001003001	046_2	60,000.00
Financial Services	FX005001003001	001_1	FX005001003001	072_1	350,000.00
Financial Services	FX005001003001	001_1	FX005001003001	164_1	92,900.00
Financial Services	FX005001003001	001_1	FX005001003001	164_2	20,200.00
Financial Services	FX005001003001	001_1	FX005001003001	164_4	11,000.00

OPERATING					
DEPARTMENT	FROM		TO		AMOUNT
	FUNCTION	GL CODE	FUNCTION	GL CODE	R
Financial Services	FX005001003001	001_1	FX005001003001	164_6	39,000.00
Financial Services	FX005001003001	001_1	FX005001003001	164_10	7,500.00
Financial Services	FX005001003002	124_1	FX005001003002	222_B4	1,000.00
Financial Services	FX005001003002	124_1	FX005001003002	040_5	16,000.00
Financial Services	FX005001003002	124_1	FX005001003002	022_9	40,000.00
Financial Services	FX005001003002	124_1	FX005001003002	222_B4	1,200.00
Financial Services	FX005001003002	124_1	FX005001003002	044_20	8,000.00
Infrastructure And Technical Services - Electrical Supply	FX002001001004	022_9	FX002001001002	164_1	36,000.00
Infrastructure And Technical Services - Electrical Supply	FX002001001004	022_9	FX002001001002	164_2	5,600.00
Infrastructure And Technical Services - Electrical Supply	FX002001001004	022_9	FX002001001002	164_1	24,000.00
Infrastructure And Technical Services - Electrical Supply	FX002001001004	022_9	FX005001006004	072_1	36,600.00
Infrastructure And Technical Services - Engineering Support Services	FX005001005	124_1	FX005001005	124_4	5,000,000.00
Infrastructure And Technical Services - Engineering Support Services	FX005001005	124_1	FX005001005	164_1	40,000.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007002	044_42	FX01001007002	022_09	150,000.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	009_1	19,000.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	159_1	23,900.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	046_3	1,100.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	012_1	9,600.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	018_1	150,000.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	040_8	2,304,000.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	164_1	607,200.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	046_1	9,600.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	170_0	7,200.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	072_1	57,000.00
Infrastructure And Technical Services - Engineering Support Services	FX010001007004	001_1	FX010001007004	164_5	15,000.00
Infrastructure And Technical Services - Transport, Roads And Stormwa	FX012001004002	076_4	FX012001004002	076_2	2,000.00
Infrastructure And Technical Services - Transport, Roads And Stormwa	FX012001004002	254_A2	FX012001004002	222_B4	40,000.00
Infrastructure And Technical Services - Transport, Roads And Stormwa	FX012001004003	247_A2	FX012001004003	247_A4	300,000.00
Infrastructure And Technical Services - Transport, Roads And Stormwa	FX015001003	242_A4	FX012001004002	001_1	67,300.00
Infrastructure And Technical Services - Transport, Roads And Stormwa	FX015001003	244_A4	FX015001003	001_1	400,000.00
Infrastructure And Technical Services - Water And Sanitation	FX015001002002	210_A4	FX015001002002	210_B2	400,000.00
Infrastructure And Technical Services - Water And Sanitation	FX015001002003	027_0	FX016001002003	012_1	3,600.00
Infrastructure And Technical Services - Water And Sanitation	FX015001002003	027_0	FX015001002003	012_1	8,800.00
Infrastructure And Technical Services - Water And Sanitation	FX015001002003	027_0	FX016001002003	012_1	8,800.00
Infrastructure And Technical Services - Water And Sanitation	FX015001002003	027_0	FX015001002002	022_7	5,000.00

OPERATING					
DEPARTMENT	FROM		TO		AMOUNT
	FUNCTION	GL CODE	FUNCTION	GL CODE	R
Infrastructure And Technical Services - Water And Sanitation	FX015001002003	238_B2	FX016001002002	224_A4	1,500,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001002	238_A4	FX016001002002	224_A4	1,500,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001003	022_3	FX005001006004	001_1	20,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001003	022_3	FX016001001003	072_1	10,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001003	027_0	FX005001006004	001_1	20,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001003	027_0	FX016001001003	072_1	10,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001003	046_2	FX016001001003	072_1	29,900.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001003	062_4	FX016001001003	072_1	50,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001003	062_4	FX005001007	126_2	35,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001003	124_1	FX016001001003	022_7	6,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001001003	155_0	FX016001001003	155_1	6,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001002002	027_0	FX015001002003	022_9	150,000.00
Office Of The Municipal Manager	FX004001002002	001_2	FX010001001	008_1	140,000.00
Office Of The Municipal Manager	FX005001009	022_5	FX005001009	012_1	10,200.00
TOTAL OPERATING TRANSFERS					29,012,200.00

CAPITAL					
DEPARTMENT	FROM		TO		AMOUNT
	FUNCTION	GL CODE	FUNCTION	GL CODE	R
Community Services - Recreational And Environmental Services	FX001001005002	532_41	FX005001006003	532_229	88,600.00
Infrastructure And Technical Services - Transport, Roads And Stormwater	FX002001001004	672_29	FX002001001004	636_55	10,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001002002	684_21	FX016001002002	636_46	800,000.00
Infrastructure And Technical Services - Water And Sanitation	FX016001002002	684_21	FX005001005	600_125	1,500,000.00
TOTAL CAPITAL TRANSFERS					2,398,600.00

“(d) in the case of a bank account opened in terms of Section 12 to make payments from the account in accordance with Sub-section (4) of that section.”

None

“(e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state:”

R23 294 077,10 (NPA vehicle licence pay over).

“(f) to refund money incorrectly paid into a bank account.”

R4 174,51

This type of refund occurs when a company/individual pays funds into Council’s bank account in error. This amount is made up as follows:

NAME OF CREDITOR	AMOUNT	DETAILS
	R	
Thumbtribe Trading	4,174.51	Payment Duplicated
	4,174.51	

“(g) to refund guarantees sureties and security deposits.”

R880 167,22 (Refund of credit balances and deposits debtors accounts).

“(h) for cash management and investment purposes in accordance with Section 13.”

Refer to **Annexure O** and **Annexure S**.

17. SUPPLY CHAIN MANAGEMENT POLICY

Clause 6 of the Municipal Supply Chain Management Policy (SCM Policy) relates to Section 117 of the Municipal Finance management Act (MFMA), which provides that a Councillor may not be member in terms of Section 7 (3) in which Council must maintain oversight over the implementation of this policy.

The Supply Chain Management Policy was revised and adopted by Council (CR11022) in 13 July 2016 in a bid to fully comply with the SCM Regulations communicated under National Treasury general notice 868, Gazette no. 27636

- **Monthly Stock Count**

Stock Count was conducted from 19; 26, 27; 29, 30 September 2016

- **Staffing**

Staffing of a Supply Chain Management Unit has become critical. The Contract Management sub-unit needs more resources in terms of personnel, right now only an Accountant position has been filled and the incumbent is not coping. If she is sick or had to attend to other personal matter, her work is not attended to and this has serious implications on the pay contractors on time. This then expose Supply Chain Management Unit to the risk of irregular payments. Another area of concern is the Demand and Acquisition sub-unit that needs to be capacitated. However, the Unit has managed to appoint five employees that would start on 1 November 2016.

Also Bid Administration Sub-unit is a requirement that is becoming critical with numerous legislative requirement and National Treasury monitoring and evaluation reporting in order for the Supply Chain Management Unit (SCMU) to take control of the Bid Administration and processes linked to it. The cancellation of bids and the failure by end-users to observe

certain legislative requirements are a concern. The establishment of a Bid Administration Unit needs urgent attention.

Two Assistant Storemen positions were advertised and filled internally. These positions were vacant after the promotion and early retirement of Storemen. Five (5) Accounting Clerk positions were advertised and filled (by two (2) uMfolozi TVET College interns, one(1) National Treasury Intern and two (2) youth from the community that were placed on the experiential learning.

- **Training**

The Supply Chain Management Policy, Clause 8, the training of officials involved in implementing the Supply Chain Management Policy should be in accordance with National Treasury guidelines on supply chain management training.

The following trainings and workshops were attended:

Date	Officials Attended	Training/Workshop	Venue
July - Sept.	3	Municipal Management Financial Program (National Treasury Competency Levels) · Ms N Dlamini · Ms Z mthembu · Mr B Khumalo	Richards Bay Library
July - Sept.	3	Local Government Accounting Certificate (LGAC) Programmed · Ms T Ndlovu · Mr T Ndlovu · Ms C Mkhwanazi	Richards Bay Library
8 - 9 September 2016	1	Getting Acquainted With General Conditions of Contract (GCC 2015)	SAICE, Durban
21 - 22 September 2016	7	Getting Acquainted With General Conditions of Contract (GCC 2015)	SAICE, Ulundi
30 September 2016	2	Introduction to the draft Public Procurement Bill	KZN Provincial Treasury, Pietermaritzburg
Outreach Programmes			
25 August 2016	3	Shanduka Black Umbrella Procurement Workshop	Richards Bay
29 September 2016	1	Women's Workshop SCM Policy Presentation	Empangeni Civic Hall

- **Supply Chain Management Module**

It was reported in the last financial year that the Financial Services department was nominated by National Minister of Finance to be one of the pilot sites for SCOA (Standard Chart of Account) project. During the first three quarters of 2015/16 Financial year, the system has not performed to the expected levels. This affected performance of Supply Chain Management Unit and slowed the pace of deliverables from the unit. There is continuation of challenges experienced with the system but each challenge is handled as it arises

- **Capturing of vendors on Council's database**

The total number of vendors on database 4 484:

MONTH	NUMBER OF VENDORS
Jul-16	53
Aug-16	35
Sep-16	62
	150

- **Reporting of supply chain management awards above R100 000 captured on the National Treasury database**

Sections 74(1) and 104(1)(b) of the Municipal Finance Management Act (MFMA) prescribes the following regarding general reporting obligations:

"The accounting officer of a municipality [and municipal entity] must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required."

Since 1 July 2006, in terms of National Treasury Circular MFMA Circular No 34, municipalities and municipal entities are required to submit a separate report for each contract awarded (and signed) above R100 000, and which must be submitted within 15 days of the end of each month. A backlog still exists with the Capturing of data, mainly due to the fact that the database is very slow during working hours.

A list of orders in excess of R100 000 is included under - **Annexure AN (DMS 1140776)**.

- **Reporting on the Supply Chain Management Policy in terms of Section 36 (2) in which any deviation from the Supply Chain Management Policy must be approved by the Municipal Manager**

The Supply Chain Management Policy, prescribe on Clause 36(2) *The accounting officer must record the reasons for any deviations in terms of sub Clauses (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.* The reporting is delegated to User Department to complete this task.

There was no departmental reporting to Council of deviations committed during Quarter 1. It has been observed that the User Departments are delaying the reporting of these deviations to Council. This will definitely result in an audit query.

Number of Deviations for Quarter 1 = 31, view **Annexure AO (DMS 1140776)**.

DEPARTMENT	QUANTITY
Corporate Services (CS)	09
Financial Services (FS)	01
Infrastructure and Technical Services (I&TS)	12
City Development	02
Community Services (COMS)	07
Office of the Municipal Manager	00
Total	31

- **Report on Objections and Complaints**

Refer to Section 1 of this report for a detailed list:

In terms of the Supply Chain Management Policy, Clause 49, *Persons aggrieved by **decisions** or **actions** taken in the implementation of this Supply Chain Management system, may lodge within 14 days of the decision or action:*

- (a) *if the **objection or complain is against the procurement process**, submit a written **objection or complaint against the decision or action** to the accounting officer of the municipality who shall, in turn, within 24 hours refer the written objection or complaint to the dependent and impartial refer the written objection or complaint to the dependent and impartial person referred to in Clause 50 for resolution:*

JULY TO SEPTEMBER 2016	
REPORT ON OBJECTIONS AND COMPLAINTS (In terms of SCMP, clause 50)	
Details of objections or complains	Letters received during the quarter
Against the procurement process	0
Against the decision or action	0

RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES (In terms of SCMP, Clause 50)	
Details of decision or action and queries	Cases during the quarter
taken in the implementation of the procurement process in terms of the supply chain management system; or	0
any matter arising from a contract awarded in the course of the supply chain management system;	0

MUNICIPAL BID APPEALS TRIBUNAL (In terms of SCMP, Clause 50A)		
Case referred by Bidder	0	

PART 4 - ADDITIONAL REPORTING REQUESTED BY COUNCIL

18. LOSSES TO COUNCIL'S PROPERTY

The table below represents losses to Council property for the period 1 July to 30 September 2016:

DESCRIPTION	AREA	DEPT/DIVISION	V NUMBER	REGISTRATION NUMBER	DAMAGE	EXCESS	COST TO COUNCIL	SHE NO
					R	R	R	
Glass Replacement	Empangeni	Comms	V0251	NRB 64550	3,135.00	812.25	812.25	17484
Theft	Richards Bay	I&TS - Scientific			10,570.00	1,000.00	1,000.00	18230
Vehicle Damage	Richards Bay	Comms - Traffic	V0256	NRB 55259	5,000.00	5,000.00	5,000.00	158
Glass Replacement	Mangezi Street	Comms - Parks	V1086	NRB 39773	652.94	652.94	652.94	74
Glass Replacement		Comms - Fire	V0281		1,345.07	1,345.07	1,345.07	188
Glass Replacement	John Ross	Comms - Parks	V1086	NRB 39773	696.06	696.06	696.06	230
Vehicle Damage	Richards Bay Deport	Comms - Waste	V1153	NRB 35924	6,332.70	5,000.00	5,000.00	204
Liability Claim	Richards Bay	I&TS - Roads			3,233.38	5,000.00	3,233.38	
Glass Replacement	DMV - Empangeni	Comms - Halls	V1016	NRB 23065		500.00	500.00	281
Theft	Empangeni	CD - Human Set			20,844.90		15,844.90	299
Glass Replacement	John Ross	Comms - Cemetery			655.50		655.50	389
Glass Replacement	Alton	I&TS - Buildings	V1085	NRB 40068	2,322.18	922.59	922.59	402
Liability Claim	Empangeni	I&TS - Roads			1,150.00	5,000.00	1,150.00	
Liability Claim	Mandlazini Rd	I&TS - Roads			2,266.48	5,000.00	2,266.48	
TOTAL					58,204.21	30,928.91	39,079.17	

ENVIRONMENTAL IMPLICATIONS

None

FINANCIAL IMPLICATIONS

This has been covered in detail throughout the report.

LEGAL IMPLICATIONS

The monthly and quarterly financial report is prepared in terms of Section 71 and Section 72 of the Municipal Finance Management Act, 2003 (MFMA), (Act 56 of 2003).

COMMENTS OF THE CHIEF FINANCIAL OFFICER

Refer to the Executive summary contained in this report for comments.

RECOMMENDED THAT:

1. the financial position of the uMhlathuze Municipality as at 30 September 2016, as required in terms of Section 71 and Section 66 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003), and as set out in the monthly budget statement tables **(DMS 1160145)** including the quarterly requirements in terms of Section 52(d) be noted;
2. the overtime hours worked above the maximum allowed hours of 15 per week under point 4.2 of the report be condoned; and
3. the comments on the Municipal Standard Chart of Accounts (mSCOA) project status included under point 3.1 of the report be noted.