



**MUNICIPAL FINANCE MANAGEMENT ACT
56 OF 2003**

**SECTION 71 REPORT FOR THE MONTH
ENDED 31 DECEMBER 2024**

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Introduction and purpose

Section 7(1) of the municipal Finance Management Act (MFMA) requires from the accounting officer of the municipality, to submit to the mayor of the municipality and the relevant provincial treasury, in the prescribed format and within 10 working days after the end of each month, a statement on the state of the municipality's budget, reflecting the following particulars for that month and for the financial year up to the end of that month:

- (a) Actual Revenue, per revenue source
- (b) Actual Borrowings
- (c) Actual Expenditure, per vote,
- (d) Actual Capital Expenditure, per vote
- (e) The amount of any allocation received
- (f) actual expenditure on those allocations, excluding expenditure on—
 - (i) its share of the local government equitable share; and
 - (ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) Where necessary, an explanation of
 - (i) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - (ii) any material variances from the service delivery and budget implementation plan; and
 - (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

The purpose of the report is to provide the mayor and council with an update on the budget and other important financial matters impacting the municipality.

Legislative compliance

The report is compiled in line with Section 71 of the Municipal Finance Management Act.

Rental from Fixed Assets	135	214	–	19	190	107	82	77%	214
License and permits	383	1,049	–	33	349	525	(176)	-34%	1,049
Operational Revenue	–	20	–	2	2	10	(8)	-79%	20
Non-Exchange Revenue	–	–	–	–	–	–	–		–
Property rates	15,742	21,910	–	1,592	9,832	10,955	(1,123)	-10%	21,910
Surcharges and Taxes	–	9,000	–	–	–	4,500	(4,500)		9,000
Fines, penalties and forfeits	–	66	–	–	–	33	(33)		66
Licence and permits	–	–	–	–	–	–	–		–
Transfers and subsidies - Operational	38,448	40,635	–	13,708	30,407	20,318	10,090		40,635
Interest	559	670	–	–	176	335	(159)		670
Fuel Levy	–	–	–	–	–	–	–		–
Operational Revenue	–	–	–	–	–	–	–		–
Gains on disposal of Assets	(760)	–	–	–	(291)	–	(291)		–
Other Gains	(76)	–	–	–	–	–	–		–
Discontinued Operations	–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)	94,339	142,600	–	20,342	71,298	71,300	(2)	0%	142,600
<u>Expenditure By Type</u>									
Employee related costs	43,543	49,994	–	184	21,475	24,997	(3,522)	-14%	49,994
Remuneration of councillors	5,030	4,811	–	–	2,067	2,406	(339)	-14%	4,811
Bulk purchases - electricity	28,874	28,886	–	–	11,780	14,443	(2,663)		28,886
Inventory consumed	1,736	1,353	–	3	580	677	(96)		1,353
Debt impairment	–	4,350	–	–	–	2,175	(2,175)	-100%	4,350
Depreciation and amortisation	24,611	14,991	–	–	–	7,496	(7,496)	-100%	14,991
Interest	3,388	1,209	–	–	1,483	605	878	145%	1,209

3.2 Grant performance:

This table below present the previous months of December 2024 grant performance against received allocations.

Grants Received

OPERATING	FINAL BUDGET 2024-2025	ALLOCATION RECEIVED FOR SECOND QUARTER	%
NATIONAL TREASURY			
Equitable Share	35,236,000	26,427,000	75%
Financial Management Grant	3,000,000	3,000,000	100%
Expanded Public Works Programme	1,200,000	840,000	70%
TOTAL OPERATING	39,436,000	30,267,000	77%

PROVINCIAL TREASURY			
Library Grant	1,199,000	599,500	50%
TOTAL TROVINCIAL	1,199,000	599,500	50%
TOTAL OPERATING	40,635,000	30,866,500	76%

CAPITAL			
NATIONAL TREASURY			
Municipal Infrastructure Grant	8,610,000	6,510,000	76%
Water Service Infrastructure Grant	30,000,000	24,000,000	80%
TOTAL CAPITAL	38,610,000	30,510,000	79%
ALLOCATION NOT RECEIVED AND RECEIVED	79,245,000	61,376,500	77%

Comments:

- ❖ Operational received **R 30 866 500** for Second quarter, the municipality received equitable share of **R 11 745** million on the 4 December 2024, EPWP **R 540 000** on the 20 December 2024,
- ❖ Capital received **R 30 510 000** for Second quarter. The municipality received **R 3 710** million for MIG on the 6 December 2024

Grant Spending

Allocations	Final Budget 2024-2025	Allocations Received for First Quarter	Actuals Expenditure - Quarter Two 2024-2025	Unspent YTD	%Expenditure Against Allocation for Second Quarter
Financial Management Grant	R3,000,000	R3,000,000	R2,259,845	R740,155	75%
Library Grant	R1,147,000	R599,500	R453,461	R146,039	76%
Expanded Public Works Programme	R960,000	R840,000	R660,470	R179,530	79%
Municipal Infrastructure Grant	R8,610,000	R6,510,000	R6,510,000	R0	100%
Water Service Infrastructure Grant	R30,000,000	R24,000,000	R24,313,902	-R313,902	101%
Total	R43,717,000	R34,949,500	R34,197,677	R751,823	98%

Comments:

- ❖ FMG allocation expenditure R 2 259 845 - 75% for the second quarter, actual amount received R 3 000 000 on August 26, 2024, Unspent amounts to R 740 155.
- ❖ Library actual expenditure for second quarter R 453 461-76%, unspent R 146 039.
- ❖ EPWP expenditure for second quarter R 660 470 - 79%, unspent R 179 530. Second tranche received on the 20 December 2024 R 540 000.
- ❖ MIG total expenditure for second quarter R 6 510 000, the municipality received the second tranche on 6 December 2024 of the amount of R 3 710 million the municipality spent 100% on the allocation received.

❖ WSIG actual expenditure for second quarter R 24 313 902- 101%, the municipality have overspent with R 313 902.

3.3 Investments:

- The municipality's financial records show that the interest earned income of R 682 109.93 for the second quarter.

DAY TO DAY								
ACCOUNT NAME	ACCOUNT NUMBER	INTEREST EARNED _ JULY 2024	INTEREST EARNED _ AUGUST 2024	INTEREST EARNED _ SEPTEMBER 2024	INTEREST EARNED _ OCTOBER 2024	INTEREST EARNED _ NOVEMBER 2024	INTEREST EARNED _ DECEMBER 2024	TOTAL TO DATE
CHEQUE ACCOUNT	52003878794	48,839.76	31,357.86	23,481.71	12,999.96	7,868.84	15,096.75	139,644.88
TOTAL		48,839.76	31,357.86	23,481.71	12,999.96	7,868.84	15,096.75	139,644.88
SAVINGS AND INVESTMENT								
ACCOUNT NAME								
WSIG	62714846500	14,392.74	41,498.46	14,442.15	1,456.58	29,174.27	5,225.41	106,189.61
DISASTER MANAGEMENT	62822654530	28.24	21.77	7.75	7.82	7.48	7.50	80.56
EPWP	62627396915	156.23	1,202.46	1,682.19	1,425.78	641.26	477.17	5,585.09
FMG	62627396155	20.54	568.06	13,846.89	11,128.53	7,492.56	3,491.11	36,547.69
ENERGY	62289233547	20.55	21.27	20.48	20.27	19.53	19.20	121.30
LIBRARY	62627394498	58.57	21.31	21.02	19.54	1,530.18	1,116.28	2,766.90
MIG	62021476313	71,478.98	26,573.99	45,582.60	59,184.48	54,789.39	40,840.40	298,449.84
EQUITABLE SHARE	62627395347	4,739.74	4,562.56	-	-	-	-	9,302.30
7 DAYS INVESTMENT	76200036773	13,241.31	9,667.14	7,087.38	-	6,705.79	-	36,701.62
RETENTION	76203316875	12,255.04	14,775.70	11,820.56	-	-	-	38,851.30
TOTAL		116,391.94	98,912.72	94,511.02	73,243.00	108,229.30	51,177.07	542,465.05
DAY TO DAY & INVESTMENT		165,231.70	130,270.58	117,992.73	86,242.96	116,098.14	66,273.82	682,109.93

3.4 Withdrawals in terms of Section 11(4) of the MFMA

There were no withdrawals that need to be reported in line with Section 11(4) of MFMA. This will be monitored and reported on should the need arise.

3.5 Cost savings disclosure

There was no cost savings observed in the financial year. However, the municipality is in the process of formulating cost cutting measures such as insourcing some services that are currently being provided by external parties. This will be a long-term goal.

3.6 Bank Reconciliations

The bank recon was not complete as at 31 December 2024. Performing bank reconciliations on time remains a challenge. The risk is the largely due to payments being processed on the Bank, before being captured on the system as ideally the functionality of the cashbook is to remit outstanding invoices payments directly from the sub-module creditors systems.

Mitigating processes are in place and the capacity building of staff will commence in January with the financial systems support team.

3.7 Ring-fenced commitments and reserves:

No ring-fenced commitments and reserves for the financial year under review.

3.8 Actual borrowings:

No borrowings were made to the municipality or any other financing/loan activities were undertaken by the municipality for the financial year under review.

Revenue Unit

4.1 Billing vs Collection

Service	Total Billing	Receipts Billi	Prepaid Recei	Total Receipts	Receipts Percentage
Electricity Basic	120,247.12	18,728.58	-	18,728.58	16%
Property Rates	1,591,821.36	753,355.18	-	753,355.18	47%
Water Basic	456,052.09	77,075.05	-	77,075.05	17%
Elec Cons - KVA	157,678.24	12,149.87	-	12,149.87	8%
Refuse Removal	724,868.54	176,400.31	-	176,400.31	24%
Water Cons	544,507.29	217,173.93	1,100.00	218,273.93	40%
Electricity Availability	52,447.91	2,961.71	-	2,961.71	6%
Interest	-	659.01	-	659.01	100%
Elec Cons - KWH	804,836.91	219,664.55	1,984,571.00	2,204,235.55	274%
Sewerage Basic	505,027.99	129,927.38	-	129,927.38	26%
Refuse Availability	53,369.58	3,323.80	-	3,323.80	6%
Rent	21,547.10	500.00	-	500.00	2%
Grand Total	5,032,404.13	1,611,919.37	1,985,671.00	3,597,590.37	71%

For the month of December 2024 (Below), the municipality only managed to collect 71% of what has been billed. This is still below the expected 85% National Treasury guidelines.

The low collection can be attributed to the general economic conditions in the country. However, this cannot be the only driver of low collection. The municipality's credit control processes are currently weak.

The following recommendations are proposed:

- Include in the credit control policy a discount for customers who pay their account before a certain date and those who pay a certain percentage of their outstanding arrears.
- Have a zero-tolerance approach on businesses whose accounts are in arrears.

The above will improve the payment culture of the municipal customers.

4.2 Pre-Paid Sales

Service	Amount
Electricity	1,984,571.00
Water	1,100.00
Total	1,985,671.00

Total sales for the month equalled R1,985,671.00, the bulk of which was from electricity.

4.3 Receivables and Credit Control

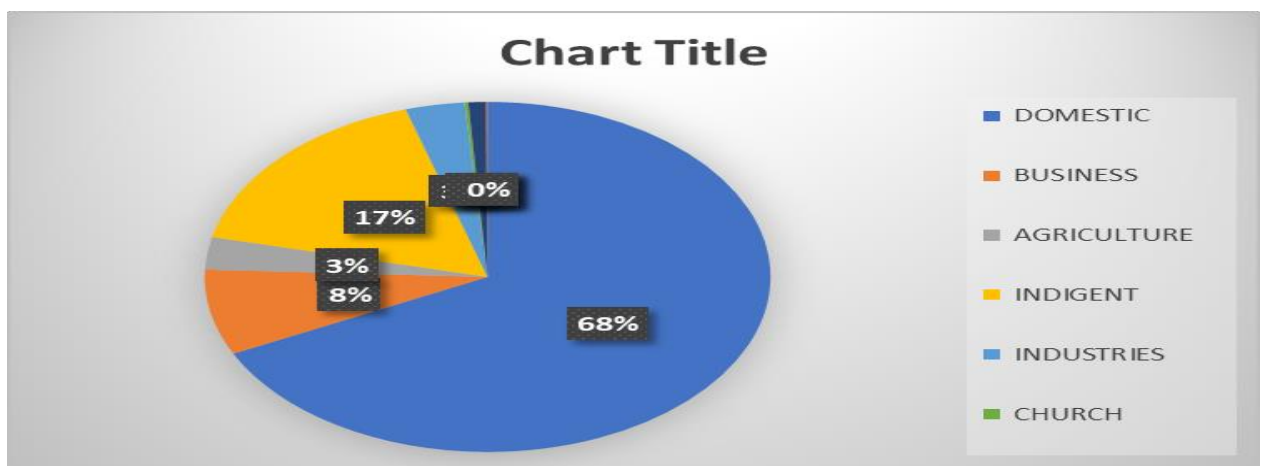
The table below shows the total owed to the municipality as at 31 December 2024 per service. The total debt by customers is sitting at R 101,407,887.40

Service	180 Days	150 Days	120 days	90 Days	60 Days	30 Days	Current	Balance
Interest	-	-	193,679.78	-	-	233,295.21	-	426,974.99
OTHER	-	10,405,750.56	(75,361.18)	(190,984.84)	(92,092.12)	(155,702.39)	(146,905.67)	9,744,704.35
Electricity Basic	536,584.29	15,509.34	98,094.61	79,829.83	85,956.78	95,004.55	120,283.59	1,031,262.99
Water Basic	12,113,785.77	377,650.49	383,828.10	390,679.50	401,644.86	401,269.35	456,181.65	14,525,039.72
Water Consumption	21,856,582.01	794,734.96	532,430.81	318,060.67	512,455.90	521,564.63	544,517.65	25,080,346.63
Interest Property Rates	138.52	-	-	-	-	-	-	138.52
Property Rates	16,649,579.04	577,996.75	694,453.27	894,911.29	1,202,372.03	1,327,723.33	1,591,416.64	22,938,452.35
Elec Consumption KWH	4,523,773.49	264,771.53	341,411.07	488,636.76	711,301.58	531,765.56	804,836.91	7,666,496.90
Refuse Availability	(152,703.83)	34,699.06	40,746.40	45,678.25	46,793.78	47,909.31	53,369.58	116,492.55
Refuse Removal	8,972,154.17	259,497.66	302,945.07	293,424.77	588,853.22	627,308.16	725,044.67	11,769,227.72
Sewerage Basic	9,910,019.16	248,915.48	272,302.28	343,898.56	358,089.35	391,678.91	505,440.52	12,030,344.26
Elec Consumption KVA	(5,398,860.45)	15,389.83	16,199.82	64,529.28	162,268.21	187,107.93	157,678.24	(4,795,687.14)
Electricity Availability	452,083.37	3,262.06	41,430.57	46,647.48	47,947.22	47,947.22	52,447.91	691,765.83
Rent	91,892.93	10,218.59	12,611.25	14,477.76	15,312.29	17,758.95	21,047.10	183,318.87
Grand Total	69,554,037.34	13,008,396.31	2,854,771.85	2,789,789.30	4,040,903.10	4,274,630.72	4,885,358.79	101,407,887.40

The table below shows the outstanding debt per customer group. Non-indigent households account for the greater share of outstanding debt.

GroupDescription	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
DOMESTIC	50,591,094.08	8,427,291.92	1,767,355.56	1,838,065.30	2,321,080.39	2,379,629.07	2,789,331.54	70,113,847.85
BUSINESS	4,055,126.61	355,777.36	249,219.68	274,636.17	965,814.07	1,066,711.90	1,201,267.15	8,168,552.94
AGRICULTURE	2,358,635.46	96,345.27	81,559.26	121,582.76	128,397.22	138,102.33	166,748.49	3,091,370.79
INDIGENT	12,189,971.06	3,805,334.15	436,644.10	189,386.17	221,029.84	206,363.36	192,618.56	17,241,347.25
INDUSTRIES	2,319,909.09	151,336.99	109,221.90	179,609.66	212,470.02	257,560.47	255,491.26	3,485,599.39
CHURCH	174,446.22	13,695.13	3,400.33	4,781.32	8,525.61	9,555.27	10,801.94	225,205.82
GOVERNMENT	(2,177,050.98)	147,921.00	196,686.20	171,151.82	173,083.66	205,998.91	258,523.75	(1,023,685.64)
LIME ACRES	16,645.70	9,865.23	9,865.23	9,820.96	9,747.15	9,882.11	9,820.96	75,647.34
PUBLIC SERVICE INFRASTR	25,260.09	829.27	819.58	755.14	755.14	827.30	755.14	30,001.66
Grand Total	69,554,037.34	13,008,396.31	2,854,771.85	2,789,789.30	4,040,903.10	4,274,630.72	4,885,358.79	101,407,887.40

Businesses owe the municipality a combined total of about R11,000,000.00



Above is a graphic representation of the outstanding debt by the different customer categories.

The following recommendations are proposed:

- Write off the total debt owed by indigent households of R17,000,000. which represents 20% of the total debt over a period of three years at about R6,000,000.00 a year.
- For the municipality to source funds and roll out prepaid water metering specifically for households that apply for indigency. This will assist in stopping such accounts from falling into arrear.

The indigent debt has increased by about R3,000,000 over the financial year. This should not be the case as there are 100% rebates offered, meaning that indigents are consuming more water than it is allocated at 6 kiloliters per month.

Expenditure Unit

5.1. Creditors:

The outstanding balances for creditors at 31 December 2024 are as follows:

Kgatelopele Local Municipality											
Accounts Payable Age Analysis											
Supplier	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days		Current		Balance	
AUD0003 (AUDITOR GENERAL OF SA)	4,005,728.40				1,246,568.00	323,640.48		103,935.63		1,727,916.17	7,407,788.68
BES0002 (BEST ENOUGH TRADING AND PROJECTS 412)	(13,755.15)										(13,755.15)
BUC0003 (BUCO KATHU HARDWARE)	(4,478.00)	(4,478.00)									(8,956.00)
CCG0001 (CCG SYSTEMS)	450,802.50	994,325.05		116,587.00	133,880.50	216,187.00		125,434.50			2,037,216.55
CIG0002 (CIGI CELL)	260,995.90								66,686.95		327,682.85
DEP0004 (DEPARTMENT OF SAFETY & LAISON)	7,145,278.09										7,145,278.09
ESK0001 (ESKOM HOLDINGS)	5,216,443.37	5,563,068.99				3,130,956.56		2,953,024.67			16,863,493.59
ESK0002 (ESKOM HOLDINGS)	6,439,214.51										6,439,214.51
GAR0009 (GARDEN COURT KIMBERLEY)						3,930.00					3,930.00
SPA0001 (GERHARD JOHANNES SPANGENBERG)								32,602.50			32,602.50
HAA0002 (HAAI E)				(11,557.66)		(10,321.11)					(21,878.77)
INF0002 (INFRADEC ADVISORY)								302,799.60			302,799.60
KGA0001 (KGATELOPELE MUNICIPALITY)	320.00										320.00
LEU0001 (LEUTLWETSE M G)			(4,792.31)								(4,792.31)
MAI0003 (MAINE MANAGEMENT & CHARTERED ACCOUNTANT)	67,914.47										67,914.47
MAK0010 (MAKHONATSOTLHE TRADING)			149,500.00								149,500.00
MOS0009 (MOSALAKAE C)	1,495.00										1,495.00
MVD0002 (MVD KALAHARI)	618,671.85										618,671.85
NOR0013 (NORTHERN CAPE BUSINESS FACILITIES)								4,000.00			4,000.00
OKF0003 (OK FOODS DANIELSKU)			1,641.57			569.92					2,211.49
STE0006 (STERLIN SECURITY SERVICES)	46,588.50										46,588.50
SUM0004 (SUMMAT TRAINING INSTITUTE)		174,800.00									174,800.00
THE0019 (THE OASIS)						2,620.00					2,620.00
TOT0001 (TOTAL GEO-SPATIAL INFORMATION SOLUTIONS)								26,386.11			26,386.11
TRA0007 (TRAVELSTART ONLINE TRAVEL OPERATIONS)	(720.00)										(720.00)
Total											41,604,411.56

Table Analysis:

The above table present individual and consolidated amount of money we owe our creditors starting at the time goods and services were procured and capture in the system to date.

Note:

The total money owed to our creditors is R38 388 808.02 for the month of December 2024. The previous month total was R41 604 41156. An increase of 8%

The main creditors for the month amount to:

Creditor	December
Department of Safety	7 145 278.09
AG	7 407 788.68
Eskom	23 302 708.10
	<hr/>
	35 830 202.14
	<hr/>

The above three creditors represent 91% percent of total creditors following payment arrangement proposals, significant payment have been made to these three creditors in the month of December from our equitable share trench, with notable R 7,3 million paid to Eskom. The municipality remains committed to comply with this payment arrangements.

5.2 Councillors and employees' remuneration and employee benefits

The table below indicates amounts paid to employees and councillors as at 31 December 2024.

DECEMBER 2024

MFMA SECTION 66 REPORT: EXPENDITURE ON STAFF BENEFITS																
DEC 2024																
ITEM NO.	DESCRIPTION	COUNCIL	MUN. MAN	CORPORATE SERVICES	FINANCE	HUMAN RESOURCE	REFUSE	PARKS & RECREATION	TECHNICAL SERVICES	PUBLIC SERVICE	ELECTRICITY	SEWERAGE	WATER	VEHICLE REG.	LIBRARY SERVICES	TOTAL
210230000	STANDBY	-	-	-	-	-	-	-	-	905.45	26,458.62	2,716.36	19,502.10	-	-	49,582.53
210170000	ACTING ALLOWANCE	-	30,189.49	-	-	-	-	-	-	-	-	11,563.00	-	-	-	41,752.49
210180000	BONUS	-	-	-	-	22,606.79	-	-	-	-	-	18,802.50	24,538.00	-	16,699.00	82,646.29
210650000	LONG SERVICE	-	-	-	-	-5,191.97	-945.61	-	-	-	-	-	-	-	-	-6,137.58
210330000	LEAVE PAYOUT/DEDUCTION	-	-	-1,205.13	-700.86	30,383.53	-	-1,205.13	4,107.73	-3,012.83	-	-	-	-	-	28,367.31
210120000	TRAVEL ALLOWANCE	-	-	-	-	-	-	-	17,115.53	-	-	-	-	7,021.35	-	24,136.88
210080000	HOUSING ALLOWANCE	-	-	-	1,066.41	-	-	-	17,115.53	-	-	-	-	-	-	18,181.94
	HOUSING SUBSIDY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
210030000	STAFF:CELLULAR & TELEPHONE	39,600.00	400.00	800.00	400.00	-	400.00	-	-	-	-	-	-	-	-	41,600.00
	SUBSISTANCE	10,550.00	-	-	1,050.00	-	1,050.00	-	1,050.00	-	-	-	-	-	-	13,700.00
210410000	MEDICAL AID	-	10,615.80	18,116.76	62,245.20	3,601.20	13,290.00	11,018.40	2,123.40	9,922.80	15,096.00	9,121.20	8,716.20	2,886.00	5,833.20	172,586.16
210420000	PENSION FUND	-	32,842.80	37,079.05	118,341.75	4,091.31	37,048.07	12,270.08	18,656.61	21,734.81	23,466.11	23,428.08	26,687.60	7,517.22	9,309.16	372,472.65
210430000	UIF	1,729.57	1,239.84	2,519.75	5,873.35	354.24	2,753.87	823.69	531.36	1,553.13	885.60	1,416.96	1,415.03	698.35	531.36	22,326.10
210400000	GROUP INSURANCE	-	-	-	827.97	-	-	-	-	-	-	-	-	-	-	827.97
210390000	BARGAINING COUNCIL	119.50	71.70	155.35	394.35	11.95	155.35	59.75	23.90	119.50	59.75	95.60	95.60	35.85	35.85	1,434.00
222530000	SKILLS DEVELOPMENT LEVY	8,191.73	3,207.99	2,658.02	9,419.52	1,172.97	3,020.90	730.38	1,886.96	1,250.38	1,910.95	1,894.36	2,238.98	908.62	695.95	39,187.71
	TOTAL	851,979.47	374,583.68	363,475.80	1,137,028.27	124,973.10	364,642.92	93,057.02	223,595.94	160,563.03	229,149.98	227,985.49	267,678.03	105,184.14	84,822.02	4,608,718.89

Table Analysis:

The above table gives an overview of both salaries and third-party expenditure incurred covering the period ending 31 December 2024.

Month to month variances will mostly be payment of Salary & Wages, Bonuses, acting allowances and Long Service Bonuses paid that will vary from month-to-month.

Supply Chain Management

6.1 Procurement Plan

The 2024/25 procurement plan has been delayed after treasury advised us to halt the implementation of the procurement plans because of possible discrepancies in our preferential procurement policy. The Preferential procurement policy has been updated and are ready for tabling to council. Measure has been put in plan to catch up with the backlog caused by the delay

No	Project	Procurement Method	Progress	Date of Advert
1	Supply, Delivery and Installation of Prepaid water Meters	14 days tender advertisement	To be advertised	Still waiting for specifications
2	Provision of Security Services	30 days tender advertisement	To be advertised	20 January 2025
3	Provision of Landfill Site Management Services	Appointed	Appointed	29 October 2024
4	Compilation of Grap Assets Register	30 days tender advertisement	To be advertised	12 February 2025
5	Supply and Delivery of Cleaning Materials	30 days tender advertisement	To be advertised	20 January 2025
6	Supply and Delivery of Furniture and Office Equipment	30 days tender advertisement	To be advertised	20 January 2025
7	Refurbishment of Municipal Properties	14 days tender advertisement	Appointed	20 August 2024
8	Provision of Short-Term insurance	30 days tender advertisement	To be advertised	20 January 2024
9	Supply and Delivery of Protective Clothing	30 days tender advertisement	To be advertised	12 February 2025

10	Review of expression of interest on appointment of panel of contractors to assist with construction	30 days tender advertisement	Appointed	18 October 2024
11	Review of expression of interest on appointment of panel of consultants for professional engineering related services	30 days tender advertisement	Evaluation stage	18 October 2024
12	Supply and Delivery of information and Communication technology Equipment	30 days tender advertisement	To be advertised	20 January 2025
13	Refurbishment of Bulk water Infrastructure	30 days tender advertisement	Appointed	04 December 2024
14	Supply and Delivery of 25kg Pothole mix bags and SS60% anistable Drums	30 days tender advertisement	To be advertised	10 March 2025
15	Panel of Repairs of Municipal Vehicles	14 days advertisement	To be advertised	10 January 2025
16	Review of Spatial Development Framework, Land use skill and Land use bylaw	14 days advertisement	To be advertised	12 February 2025

6.2 Irregular Expenditure

There was no irregular expenditure incurred for the identified for the Month.

6.3 Deviations register

DEVIATION REGISTER							
						DECEMBER	2024
	DATE	SUPPLIER	DESCRIPTION	REASON	REGULATION 36	PAYMENT VOUCHER	AMOUNT (VAT INCLUSIVE)
01	03/12/2024	TFC Operations	Petrol and diesel	Exemption from 3 quotes: Fuel and oil	In any other exceptional case where it is impractical or impossible to follow the official procurement processes	50044051	R 83 011,75
03	24/12/2024	TFC Operations	Petrol and diesel	Exemption from 3 quotes: Fuel and oil	In any other exceptional case where it is impractical or impossible to follow the official procurement processes	50044140	R 70 608,32
04	24/12/2024	UD Truck	Repairs and Maintenance	Exemption from 3 quotes: General repairs and maintenance of agent products	In any other exceptional case where it is impractical or impossible to follow the official procurement processes	50044141	R 17 904,05
							R 171 524,12

6.4 Expenditure on local SMMEs

The table below illustrates the percentage of expenditure incurred on local SMME's and other businesses in comparison to total purchases in the **December 2024**.

Month	LOCAL SMME'S		Average
	Total Expenditure	Local Expenditure	
October	R 671 233,42	R 597 406,32	88.85%
November	R 6 628 263,20	R 6 471 565,15	97.64%
December	R 1 191 206,87	R 923 490,69	77.53%

Main objectives of local SMME'S are:

- to increase local government support for SMME development in Kgatelopele.
- to achieve a greater contribution by SMMEs in local economies; and
- the creation of job opportunities to reduce unemployment and poverty.

6.5 Ring-fenced commitments and reserves:

No ring-fenced commitments and reserves for the financial year under review.

6.6 Challenges

- **Order Processing:**

We request that orders or requisitions be done at least 3 days so that we can be afforded the time and space to attend to other daily office operations such as reports, bookings, sourcing quotations etc.

- **Last minutes requests**

We request that officials avoid last minute requests at all times because this creates lots of pressure for SCM unit. E.g. an official will to the office today requesting SCM to do accommodation booking the next day. Request especially from office of the mayor, were u find that a request comes late in the day and we have to book for several people, sometimes at towns where accommodation is limited. This results in officials rejecting the places where bookings were done because of accommodation standards.

- The challenge of service providers who are reluctant to register on the National Treasury's Central Supplier Database (CSD) is still surfacing
- Incomplete request that are not fully authorized and without specifications.
- Lack of proper document management in registry to safe guard SCM documents.
- Lack of Storage to keep tender document.
- End-users not assisting the demand management process by submitting their needs and specifications.
- End-users who submit requests with quotations not sourced by SCM.
- Requests for traveling that are not accompanied by a complete itinerary and required travel arrangements.
- HOD's not always available to approve requests and invoices.
- End-user departments not having proper documents such as guideline policies and maintenance plans to facilitate the process of demand planning.
- Network connectivity to access the remote server.

Below is a list of actions taken to improve the unit.

No	Component	Description	Note
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1.	SCM	Checklist	A checklist has been developed with the assistance of internal audit to ensure that no irregular expenditure is incurred.
2.	SCM	Demand Management and market research	A demand management plan has been developed and demand officer will be working closely with requesting departments to develop specifications.
3	SCM	Expansion of registry Office	Registry need to be expanded and more storage files is needed in order to keep tender documents and file in a safe place.
4.	SCM	New financial system	The new scm module has a comprehensive module which allow end users to submit and have request approved on the system. this will assist some of the challenges stated above in relation to scm requisition.
5	SCM	Central supplier database	Requesting suppliers who are not registered on central supplier database to come to SCM unit so that we can register them.

The table below shows the targeted turn-around times for SCM in order to improve efficiency in the unit.

Value of request	Type of items	Days to issue order or appointment letter	Supplier delivery time	Total turn-around time
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Less than R 2 000	Catering, groceries, stationery, valves, accommodation	2 days	2 days	4 days
R 2 000 to R 10 000	Cleaning material	2 days	3 days	5 days
R 10 000 to R 30 000	Store items	3 days	5 days	8 days
R 30 000 to R 300 000	Laptops, lawnmowers, sewerage pumps, PPE	8 days	7 days	15 days
Above R 300 000	Tender processes	6 weeks	7 days	7 Weeks

Assets Unit

7.1 SUMMARY OF ASSETS TO DATE

MOVABLE ASSETS

Row Labels	Sum of Cost Closing	Sum of Depreciation Financial YTD	Sum of Accumulated Depreciation Closing	Sum of Carrying Value Closing
Heritage Assets	265 000.00	-	-	265 000.00
Heritage Assets	265 000.00	-	-	265 000.00
Intangible assets	2 053 851.33	(318 840.18)	(1 467 348.31)	586 503.02
Computer Software	2 053 851.33	(318 840.18)	(1 467 348.31)	586 503.02
Property Plant & Equipment	16 358 159.84	(1 263 486.61)	(13 431 707.39)	2 926 452.45
Computer Equipment	2 841 967.84	(291 271.52)	(2 299 349.73)	542 618.11
Furniture & Office Equipment	2 162 338.21	(169 129.79)	(1 596 683.92)	565 654.29
Machinery & Equipment	2 401 039.03	(231 286.13)	(2 154 147.17)	246 891.85
Transport Assets	8 952 814.76	(571 799.17)	(7 381 526.56)	1 571 288.21
Grand Total	18 677 011.17	(1 582 326.80)	(14 899 055.69)	3 777 955.48

IMMOVABLE ASSETS

- Immovable Assets verification has to be done once in a financial year. We will then discuss the appropriate time for this with the CFO and Deputy CFO.
- Immovable Assets verification has to be done once in a financial year. We propose to do a verification during January 2025 with a view to address issues raised during the current Audit process.

7.1.2 WORK IN PROGRESS

Description of Projects		Name of Main Contractors	Project Start Month	Completion Month	Project Value	Funding Source	Progress (%)	Challenges	Recommended Actions
Construction of Sports Facility		Zalisile Msebenzi Civils	Jun 21	Jun 24	R 14 163 617.53	MIG	100%	Getting the soccer pitch to the required standard for the opening/hand over by the Minister.	Community Services Department to assist with the maintenance of the pitch.
Construction of Concrete perimeter palaside Fencing		Best Enough Trading and Projects CC	Jul 23	Feb 24	R 1 052 239.40	RBIG	100%	N/A	N/A
Eradication of Conservancy Tanks and connection to municipal sewer network Phase 2.2		Taanil Construction and Projects	Sep 23	Jun 24	R 58 922 698.33	WSIG	82%	Phase 2.1 is completed. Phase 2.2 is on 82% and the overall project is on 82%	-
Replacement of Existing Asbestos	Thakalatlou: Replacement of Existing Asbestos	Taanil Construction and Projects	May 23	Feb 24	R 25 643 156.04	RBIG	100%	N/A	N/A
	Rhodes: Replacement of Existing Asbestos	Phepheng Construction	Jun 23	Mar 24			100%	N/A	N/A
	Danielskuil: Replacement of Existing Asbestos	Taanil Construction and Projects	Jul 23	Apr 24			100%	N/A	N/A
Upgrades of Kuilsville Storm Water		Comoway	Sep 23	Mar 24	R 8 488 411.50	MIG	98%	Slow delivery of material. But pace has improved.	Keep on doing proper monitoring and engage at sight of challenges.
Danielskuil: Solid waste disposal site (966) PH1		Taanil Construction and Projects	Jul 22	Apr 24	R 65 646 506.79	MIG	78%	Installation of the Liner	Additional Funds
Danielskuil Replacement of Asbestos Cement Water Pipes		Oitsegodira General Dealer (PTY) LTD	Jul 23	Feb 24	R 19 436 770.82	MIG	100%	N/A	N/A
Danielskuil Construction of Roads		Taanil Construction and Projects	Jun 24	Jun 25	R 23 295 486.06	MIG	35%	Damage to existing infrastructure	-

The table above outline the projects / work in progress as at 31 December 2024.

As at 30 June the municipality had 14 projects which was in was in progress and reported on. Of the 14, 6 project was completed at 30 June and transferred to completed assets while 8 Project was carried into the 2024/25 Financial year. The majority of the outstanding projects are at an advance stage of completion.

1. REPAIRS AND MAINTENANCE

Department	Dec 24
Community Hall and Facilities	-
Electricity	2 680.00
Information Technology	-
Maintenance of Buildings	-
Mayor and Council	-
Recreational Facilities	25 255.55
Road and Traffic Regulations	-
Sewerage	-
Solid Waste removal	9 313.19
Water Distribution	-
Total	R37 248.74

Table Analysis:

- The above information is a presentation of all expenditure incurred on Repairs and Maintenance of municipal buildings analyzing transactions during December 2024.

- The total expenditure for the period under review is R 37 248.74.

2. INVENTORY VERIFICATION PLAN

MOVABLE ASSETS VERIFICATION	PLANNED DATE	
Inventory Stock Count	After the 2024 Audit process.	From 1 February 2025
Asset Verification	After the 2024 Audit process.	From 1 February 2025

1. LOST ASSETS

- There were no assets that was reported as lost during this period.

3. CHALLENGES

- Lack of capacity in terms of training of officials to fully analyses, interpret and apply Accounting Practices that conforms to the requirements of GRAP.
- Officials removing assets from its location to another office without informing Assets Controller
- Misuse of Municipal Vehicles.

- Municipal officials not requesting Inventory Stock items on the system

4. PLANS TO IMPROVE

- We request training on Assets Management and Inventory Management.
- Inventory stock items should be requested on the system by the end -users.
- We need to look at measures to educate officials on the use of municipal assets and hold people accountable for misuse.
- The stores building needs urgent repairs. The working condition on this building is not conducive.

Finance department audit action plans.

REVENUE UNIT: EXTERNAL AUDIT

NO.	FINDING	ACTION TO ADRESS FINDING
1.	AR issue 1. (Properties in the name of municipality)	Management reassessed the initial approach of fully reversing and writing off all accounts in the name of the municipality. The reassessment was based on the detailed analysis of the accounts and that the consumers are occupying the properties and that other customers are paying, and proof of payment is available. Management is reviewing all the accounts in the name of the municipality and compile supporting documents for properties not utilised by the municipality such as proof of payments, rental contracts, indigents applications, and physical verification of the properties to collect details of the property owners.

1.	AR issue 2 (Incomplete billing)	Management has done the full data analysis of the billing report and identified the accounts and services which are not consistent and are being verified per each customer account totalling 1 832. Management is ensuring that for consumption, there is a reading and billing as at 30 June 2024 to ensure that all the missed billings have been considered for the year as it will be the billing at year end. The basic charges will be adjusted for the missing periods for both prior year and current year separately.
2.	AR issue 3 (Indigent customers)	Management is compiling the documents for the indigent customers as reported on the finding as most of them relate to the deceased estates. The properties have not been transferred to the beneficiaries and management takes the approach of allowing the beneficiaries to apply as an indigent customer and this become the support for the charges made, until the property has been transferred to the new customer.
3.	Issue 4 (incorrect deductions and rebate on property rates)	Management is recalculating the effect of the reductions or rebate and proposing the adjusting journal for both prior year and current year. Management noted that for Residential property, the maximum deduction was incorrectly set at R40 000 instead of R30 000 and Residential Indigent was set at R50 000 instead of R40 000.

Finance department key performance indicators.

Supply Chain Unit

COMPONENT	NO.	KPI	TARGET	PROGRESS
SCM	1.	To prepare 1x Procurement plan by 30 June 2025	100%	In progress
	2.	To provide 100% Compliance with the procurement plan by 30 June 2025	100%	20%
	3.	To provide 12 Monthly reports on irregular expenditure	100%	In progress
	4.	To ensure formulation of SLAs by 30 June 2025	100%	On -going

COMPONENT	NO.	KPI	TARGET	STATUS
Asset	<i>KPI 40</i>	Number of updated Assets Register by 30 June 2025.	100%	100%
	<i>KPI 41</i>	Number of Inventory Count undertaken at Stores by 30 June 2025.	100%	Continuous
	<i>KPI 42</i>	Number of Asset Disposal List by 30 June 2025.	100%	100%

Municipal Manager quality certification:

I, Adv. W. Blundin Municipal Manager of Kgatelopele Local Municipality, hereby certify that the monthly budget statement for December 2024 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that act.

Approved by: 

Adv W. Blundin

Municipal Manager

