

TMDM COUNCIL MEETING

ANNEXURE H

JANUARY 2025

**REPORT OF THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL
 SECOND QUARTER PERFORMANCE REPORT (Municipal Finance Management Act,
 Section 52(d))**

1. EXECUTIVE SUMMARY

The purpose of this item is to report to Council on progress made in terms of the quarterly performance report for the quarter ended 31 December 2024.

2. BUSINESS PLAN

None

3. COMPLIANCE WITH STRATEGIC OBJECTIVE

Good governance

4. POLICY

TMDM Financial Management Policy.

5. ANNEXURE

Fourth Quarter Performance Report

6. DELEGATED AUTHORITY

Council

7. LEGAL REQUIREMENTS

Municipal Finance Management Act No. 56 of 2003

8. BACKGROUND

Municipal Finance Management Act Sec. 52(d), the Executive Mayor of a municipality must within 30 days of the end of each quarter, submit a report to Council on the implementation of the budget and financial state of affairs of the municipality.

9. FINANCIAL IMPLICATIONS

The total operating income received amounts to	R 51 898 006
The total operating expenditure amounts to	R 47 207 394
The total capital expenditure amounting to	R 253 598



10. STAFF IMPLICATIONS

None

11. RISK IMPLICATIONS

Non-compliance with MFMA sec. 52(d)

12. RECOMMENDATION

It is recommended that

- Council approves the section 52(d) report for the second quarter ended 31 December 2024 be noted and accepted.

13. RECOMMENDED FOR SUBMISSION

Cllr. AC Msibi
Executive Mayor










**MFMA Section 52D Performance Report –
Second Quarter
2024/2025**

-1 INTRODUCTION

This report presents performance activities of the second quarter of 2024/2025 financial year. The report is a requirement as per section 52 of the Municipal Finance Management Act No. 56 of 2003 (MFMA), which provides for the Executive Mayor, to submit to council within 30 days of the end of each quarter, a report on the implementation of the budget and financial state of affairs of the municipality.

The format of the report should be compliant with the 2024/2025 Service Delivery and Budget Implementation Plan (SDBIP) as adopted by council.

The report encompasses respective departmental performance from period 01 October to 31 December 2024. Seven (7) departments including the office of the municipal manager are reported on:

-  Office of the Municipal Manager
-  Budget and Treasury Office
-  Corporate Services
-  Community Services
-  Local Economic Development and Tourism Department
-  Infrastructure Service
-  Rural Development and Agriculture

The first section of the report contains the Monthly Budget Statements for the three months October, November and December 2024 as required by section 71 of the MFMA. In this section, a report on the financial state of the municipality is presented.

The second section of the report contains supply chain management implementation report for the period.

PART 1: PERFORMANCE REPORT

The report encompasses respective departmental performance from period 01 October 2024 to 31 December 2024.

Department (VOTE)	Responsible Official
Office of the Municipal Manager (Vote: Executive and Council)	Municipal Manager - Me. TPM Lebenya
Chief Financial Officer (Vote: Finance and Administration)	Chief Financial Officer – Mr. MD Mhlahlo
Corporate Services (Vote: Finance and Administration: HR, Admin.)	Director Corporate Services – Mr. RS Mokoena
Infrastructure Services (Vote: Water, Sanitation, Roads and Electricity)	Director Technical Services – Mrs. M Nkomo
Laboratory Services (Vote: LAB)	Director Technical Services – Mrs. M Nkomo
Local Economic Development (Vote: LED)	Acting Director Community Services – Mr. LW Moshwaliba
Community Services (Vote: Community Services)	Acting Director Community Services –Mr. LW Moshwaliba
Rural Development and Agriculture	Acting Director Community Services – Mr. LW Moshwaliba

PART 2: FINANCIAL STATE OF THE MUNICIPALITY**2.1 The overall operating results for the quarter ending 31 December 2024.**

Description	Approved Budget	Second Quarter Results	Year to date (YTD)	%
INCOME				
Operating Revenue	178 030 256	51 898 006	120 198 044	68%
EXPENDITURE				
Operating Expenditure	169 927 169	47 207 394	84 691 707	50%
Capital Expenditure	8 103 087	253 598	322 383	4%
TOTAL EXPENDITURE	178 030 256	47 460 992	85 014 090	47%
Surplus / (Deficit)	-	4 437 014	35 183 954	

The municipality received income for the second quarter amounting to R 51 898 006 and the total income received for the year amounts to R 120 198 044 which represents of the total 68% Approved budget of R178 030 256.

The municipality's operating expenditure for the second quarter amounts to R 47 207 394 and total expenditure for the year amounts to R84 691 707 which represents 50% of the total operating expenditure budget of R 169 927 169.

The Capital expenditure for the second quarter amounts to R253 598 and the total capital expenditure for the year amounts to R322 383 which represents 4% of the total capital budget of R 8 103 087.

2.2 Actual Revenue, per revenue source

Source of Income	Revenue		Variance	Explanation of material differences
	Projected for 2 nd Quarter	Actual received for the 2 nd Quarter		
Equitable Share	46 576 000	46 576 000	-	NONE
FMG	-	-	-	NONE
EPWP Grant	861 000	861 000	-	NONE
Rural Assets Man	-	-	-	NONE
Energy Efficiency & Demand Grant	1 500 000	1 500 000	-	NONE
AGRI-Seta Grant	302 769	302 769	-	NONE
Interest Received	1 083 453	1 308 012	224 559	Higher investment made during the second quarter of the year.
Other Revenue	5 218 836	1 350 225	(3 913 668)	None cash items such as cash backed reserves are recorded on the statement of position.
TOTAL INCOME	55 542 058	51 898 006		

2.3 Short term Investments as of 31 December 2024

Banking Institution	Type of Account	Opening Balance	Investment Amount	Interest Earned	Amount Withdrawn	Closing Balance
ABSA	Fixed Deposit	10 044 895	27 000 000	1 147 527	30 000 000	8 192 423
ABSA	Call Account	5 307 059	10 000 000	192 738	1 000 000	14 499 798
ABSA	Call Account	3 596 683	-	148 733	-	3 745 416
ABSA	Call Account	14 266 23	-	640 327	-	14 906 564
NEDBAN K	Call Account	7 233 571	-	249 940	-	7 483 512
TOTAL		40 448 446	37 000 000	2 379 266	31 000 000	48 827 712

At the end of the second quarter the municipality showed a positive bank balance of R 48 827 712 on all investment accounts

2.4 Actual Expenditure per category

Operating Expenditure per Category	Approved Budget	Expenditure		(YTD) Expenditure	% Exp to date
		Projected per quarter	Actual per 2 nd Quarter		
Employee Cost	104 459 428	26 114 857	25 575 898	51 243 014	49%
Councillors Allowance	8 795 892	2 198 973	2 446 263	4 526 357	51%
General Expenditure	53 495 884	13 373 971	18 520 346	27 571 613	52%
Property, Plant and Equipment	8 103 087	2 025 771	253 598	322 383	4%
Depreciation	3 175 965	793 991	664 887	1 350 723	43%
TOTAL	178 030 256	44 507 563	47 460 992	85 014 090	48%

2.5 Actual Expenditure per Vote including Capital.

Department	Expenditure		Variance	%Exp
	Projected per Quarter	Actual Results per quarter		
Office of the Speaker	1 508 345.02	1 482 395.67	25 949.35	98%
Office of the Chief Whip	172 970.50	165 347.00	7 623.50	96%
MAYCO and Council	2 435 796.75	2 608 798.90	(173 002.15)	107%
Office of the Executive Mayor	2 724 625.25	2 626 004.42	98 620.83	96%
Municipal Manager	7 220 810.75	7 786 738.64	(565 927.89)	108%
IDP	595 933.52	479 346.66	116 586.86	80%
LED	1 160 709.75	1 051 607.21	109 102.54	91%
Budget and Treasury	9 254 963.91	9 410 679.29	(155 715.38)	102%
Corporate Services	8 036 426.50	6 761 567.76	1 274 858.74	84%
Community Services	7 108 288.25	7 074 421.36	33 866.89	100%
Infrastructure	6 416 573.25	5 353 375.45	1 063 197.80	83%
Rural Development and Agricultural	1 237 036.75	1 119 058.72	117 978.03	90%
Laboratory	1 601 095.00	1 541 561.02	59 533.98	96%
	49 473 575.20	47 460 902.10	2 012 673.10	96%



FINANCE DEPARTMENT

SCM UNIT

SECTION 3: SUPPLY CHAIN MANAGEMENT QUARTERLY REPORT: OCTOBER 2024 TO DECEMBER 2024

TO: CHIEF FINANCIAL OFFICER

DATE: 09 JANUARY 2025

1. PURPOSE

In terms of Section 27 of this District Municipality's Supply Chain Management Policy, the accounting officer shall report to council on monthly basis and to the mayor quarterly on the implementation of the SCM Policy.

This report shall assist Council to maintain oversight over the implementation of the Policy to ensure that it is implemented within the scope of applicable legislation.

2. BACKGROUND

The Supply Chain Management Policy was reviewed and submitted for council consideration and subsequently adopted for implementation on the 01 April 2023. The review came about as the result of the amendments to the Preferential Procurement Policy Framework Act (PPPFA) and its Regulations which came into effect on 16 January 2023.

The Policy has since been implemented in line with Section 111 of MFMA (Act No. 56 of 2003).

3. REPORTING

This report is prepared in line with Section 27 of TMDM Supply Chain Management Policy, in terms of which the Accounting Officer shall report monthly to the National Treasury and Municipal Council on the implementation of Supply Chain Management Policy.

- 3.1 Deviation processes followed (Example: non-utilisation of provider list)
- 3.2 Late bids admitted and approved
- 3.3 Process disputes
- 3.4 Value for money (this centres around people's perceptions on whether resources have been well used to impact upon specific outcomes)
- 3.5 Unsolicited bids considered
- 3.6 Non-compliance

3.1 DEVIATION PROCESSES FOLLOWED

Section 27.3.1.3 of the Municipality’s SCM Policy requires that the Municipality report monthly to Council on deviations approved from normal supply chain processes.

Deviations approved by the accounting officer during the period **01 – 31 DECEMBER 2024**

The deviations are detailed below per recurring services/ goods as follows:

Supplier	Services/ goods received	Date of payment	Total cost
KAHO YA SETJHABA HOLDINGS	VIP TOILETS SEPT – OCT 2024	05/12/2024	R270,250.00
QWAQWA RADIO	RADIO TALK SHOW 15 NOV-06 DEC	12/12/2024	R24,000.00
DIHLABENG FM	RADIO TALK SHOW 15 NOV-06 DEC	12/12/2024	R24,000.00
SETSOTO RADIO	RADIO TALK SHOW 15 NOV- -06 DEC	12/12/2021	R27,000.00
TOTAL			

3.2 LATE BIDS ADMITTED AND APPROVED

Section 27.3.1.6 of the Municipality’s SCM Policy requires that the Municipality report monthly to Council on late bids admitted and approved

Bids below were admitted late and approved:

Supplier	Services/Goods	cost
None		
TOTAL		

3.3 PROCESS DISPUTES

Section 27.3.1.5 of the Municipality’s SCM Policy requires that the Municipality report monthly to Council on process disputes

Bids below were subjected to process disputes:

Supplier/ service provider	Goods/ services	Bid amount
None		
TOTAL		

3.4 VALUE FOR MONEY

Section 27.3.1.8 of the Municipality’s SCM Policy requires Municipality to report monthly to Council on whether it receives value for money. The aim is to answer the question “Was this the cheapest way of producing the desired outputs?”

Following are procurements in terms of which the Municipality did not receive value for money

Supplier/ service provider	Goods/ services	Bid amount
None		
TOTAL		

3.5 UNSOLICITED BIDS CONSIDERED

Section 27.3.1.9 of the Municipality's SCM Policy requires that the Municipality report monthly to Council on unsolicited bids considered.

Below were unsolicited bids considered:

Supplier/ service provider	Goods/ services	Bid amount
None		
TOTAL		

3.6 NON- COMPLIANCE

The Municipality's Supply Chain Management Policy prohibits business transactions with a person/bidder:

- whose tax matters are not in order;
- who is in the service of the state;
- whose name appears in the Treasury's Database of Restricted Suppliers (Treasury's SCM Circular dated 30/09/2011);
- not registered as a prospective supplier on the CSD (Treasury Circular no.3 of 2015/2016);
- whose Municipal Rates and Taxes and Municipal Services charges are not in arrears for the period more than three months (SCM Policy 19.2.3.1)

The Policy further outlines processes that must be followed when requesting/ procuring goods or services above the following ranges:

- R 0 – R 2,000 > Petty cash purchases
- R 2,001 – R 10,000 > Written or verbal quotations (VAT Included)
- R 10,001 – R 200,000 > At least three quotations must be solicited
- R 30,000 < In addition, advertise for at least seven days on website and on official notice board of municipality all requirements exceeding R30 000 (VAT included)
- R 200,001 > Competitive bidding process

Despite the above regulated requirements, the following conditions could still not be complied with:

3.6.1. Tax clearance certificates were not obtained from the following suppliers:

Supplier	Services/Goods	cost
None		
TOTAL		

3.6.2. The declarations of interest were not obtained from the following suppliers:

Supplier	Services/Goods	Cost
None		
TOTAL		

3.6.3 None Compliance / Irregular Expenditure

Supplier	Services/Goods	Cost
TOTAL		

3.6.4 Awards made in terms of Supply Chain Management Regulation, Section 32

Service Provider	Project Discretion	Department	Amount
None			

Prepared by:

Reviewed by:

 Date: 09/01/2025

Mrs Litelu Moratuwa
Senior Supply Chain Practitioner

 Date: 14/01/2025

Mr Simon Thamaha
Manager: Supply Chain Management

Approved by:

_____ Date: _____

Mr M.D. Mhlahlo
Chief Financial Officer

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Accounts Payable Transactions
 Thabo Mofutsanyana District Municipality

From: 2024/11/01

To: 2025/01/09

Accounts Payable Transactions

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<u>Supplier</u>	<u>Date</u>	<u>Reference</u>	<u>Code</u>	<u>Debit</u>	<u>Credit</u>	<u>Description</u>	<u>Audit No.</u>
Supplier: SET001 - SETSOTO FM STEREO							
		Opening Balance		0.00			
SET001	2024/12/12	112	SINV		27 000.00	radio talk show on safety food a	5982.0001
SET001	2024/12/12	900242013	PM	27 000.00		PAYMENTS 12.12.2024	5989.0001
		Closing Balance			0.00		

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Accounts Payable Transactions
Thabo Mofutsanyana District Municipality

From: 2024/12/01
To: 2025/01/09

Accounts Payable Transactions

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<u>Supplier</u>	<u>Date</u>	<u>Reference</u>	<u>Code</u>	<u>Debit</u>	<u>Credit</u>	<u>Description</u>	<u>Audit No.</u>
Supplier: QWA001 - QWA QWA RADIO							
		Opening Balance		0.00			
QWA001	2024/12/12	2024120624	SINV		24 000.00	radio talk show for food safety a	5982.0004
QWA001	2024/12/12	900242013	PM	24 000.00		PAYMENTS 12.12.2024	5989.0003
		Closing Balance			0.00		

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Accounts Payable Transactions
Thabo Mofutsanyana District Municipality

From: 2024/12/01
To: 2025/01/09

Accounts Payable Transactions

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<u>Supplier</u>	<u>Date</u>	<u>Reference</u>	<u>Code</u>	<u>Debit</u>	<u>Credit</u>	<u>Description</u>	<u>Audit No.</u>
Supplier: DIH 001 - DIHLABENG FM STEREO							
		Opening Balance		0.00			
DIH 001	2024/12/12	24	SINV		24 000.00	radio talk show for food awarene	5982.0003
DIH 001	2024/12/12	900242013	PM	24 000.00		PAYMENTS 12.12.2024	5989.0006
		Closing Balance			0.00		

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Accounts Payable Transactions
 Thabo Mofutsanyana District Municipality

From: 2024/12/01
 To: 2025/01/09

Accounts Payable Transactions

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<u>Supplier</u>	<u>Date</u>	<u>Reference</u>	<u>Code</u>	<u>Debit</u>	<u>Credit</u>	<u>Description</u>	<u>Audit No.</u>
Supplier: KAH001 - KAH YA SETJHABA HOLDINGS							
		Opening Balance		28 750.00			
KAH001	2024/12/05	20102024tm	SINV		4 025.00	vip toilets rental for tmdm	5941.0001
KAH001	2024/12/05	27102024tm	SINV		40 250.00	vip toilets rental for tmdm	5941.0002
KAH001	2024/12/05	10112024tm	SINV		40 250.00	vip toilets rental for tmdm	5941.0004
KAH001	2024/12/05	17112024tm	SINV		40 250.00	vip toilets rental for tmdm	5941.0005
KAH001	2024/12/05	24112024tm	SINV		40 250.00	vip toilets rental for tmdm	5941.0006
KAH001	2024/12/05	29112024tm	SINV		28 750.00	vip toilets rental for tmdm	5941.0007
KAH001	2024/12/05	20102024tm-a	SINV		36 225.00	VIP Toilets for TMDM	5942.0001
KAH001	2024/12/05	03112024TM	SINV		40 250.00	VIP Toilets for TMDM	5942.0002
KAH001	2024/12/05	900242005	PM	270 250.00		PAYMENTS 05.12.2024	5943.0001
		Closing Balance		28 750.00			

REGISTER OF DEVIATIONS

Name of the Municipality: Thabo Mofutsanyana District Municipality									
Reporting Period: 2nd Quarter of Fin/Yr. 2024 - 2025									
No	Date of Deviation	Date approved by Accounting officer	Transaction details				Date Approved by Council	Service Provider	Reason for Deviation
			Date of Payment	Payment Number	Amount	Description of Incident			
1	29/08/2024	Unspecified	31/10/2024	900241970	172 500.00	Delivering 2 x VIP toilets for use by (males and females) at municipality's Main Buildings	MAAAA0483485	Electricity was low and the water pumps were not able to pump water, thus creating a health hazard for employees.	
2	29/08/2024	Unspecified	05/12/2024	900242005	270 250.00	Delivering 2 x VIP toilets to be used by males and females at Municipality's Main Buildings. These were hired for 6 weeks (7 days in a week) plus an additional 5 days at R2 850 (VAT inc.) each p/d from 14 Oct until 29 Nov 2024	MAAAA0483485	Electricity was low and the water pumps were not able to pump water inside the buildings. As a result, the toilets were without water, thus creating a health hazard for employees.	

3	07/11/2024	07/11/2024	12/12/2024	900242013	24 000.00	Communicating the Food Safety Awareness through a local radio on an urgent basis.		MAAA0528189	Urging parents around Maluti a Phofung Local Municipality and other surrounding areas to be vigilant on what their children buy and eat at Spaza Shops to limit the disorder caused by deaths of children due to suspected poisoning of food.
4	07/11/2024	07/11/2024	12/12/2024	900242013	27 000.00	Communicating the Food Safety Awareness through a local radio on an urgent basis.		MAAA0236931	Urging parents around Setsoto Local Municipality and other surrounding areas to be vigilant on what their children buy and eat at Spaza Shops to limit the disorder caused by deaths of children due to suspected poisoning of food.
5	07/11/2024	07/11/2024	12/12/2024	900242013	24 000.00	Communicating the Food Safety Awareness through a local radio on an urgent basis.		MAAA1533157	Urging parents around Dihlabeng Local Municipality and other surrounding areas to be vigilant on what their children buy and eat at Spaza Shops to limit the disorder caused by deaths of children due to suspected poisoning of food.

I hereby certify that the above-mentioned information is accurate and complete.

Abbreviations:

- UI: Unauthorized expenditure currently under investigation;
- C: Unauthorized expenditure confirmed;
- DP: Disciplinary process initiated against responsible person;
- CC: Criminal charges laid with SAPS;
- TR: Transferred to receivables for recovery
- P: Paid in or in the process of paying in instalments; or
- WO: Written-off by accounting officer or accounting authority as irrecoverable.

M. Ham
14/01/2025