BUDGET AND TREASURY DIRECTORATE

IMVABA EZEL'INGQAKA

MNQUMA

LOCAL MUNICIPALITY

QUARTERLY REPORT TO COUNCIL

FOR THE QUARTER ENDING 30 SEPTEMBER 2021

Compiled By: ______________________________

M. Matomane
Chief Financial Officer

Signed by: ______________________________

S. Mahlasela
Municipal Manager

Endorsed by: ______________________________

Cllr. L. Mgandela
Portfolio Head: BTO

Recommended by: ______________________________

Cllr. S. Ncetezo
Executive Mayor

1. REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2021

1. PURPOSE

The purpose of the report is to present the implementation of the budget and the financial state of affairs of the municipality for the quarter ending 30 September 2021 (Q1).

2. LEGAL AND OR STATUTORY REQUIREMENT

In terms of section 52(d) of the Municipal Finance Management Act No. 56 of 2003, 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 financial state of affairs of the municipality.

3. BACKGROUND EXPOSITION, FACTS AND OR PROPOSAL

The council approved the budget of the municipality on the 27th of May 2021, 1st Adjustment budget on the 27th August 2021 .

The report presents the implementation of the approved budget including the financial performance and financial position of the municipality for the quarter ending 30 September 2021.

The report further gives detail on the implementation of finance related policies as approved by council.

4. REVENUE COLLECTION, DEBT MANAGEMENT AND INDIGENT POLICY IMPLEMENTATION

REVENUE COLLECTION

The property rates policy, credit control and debt management policy and the indigent policy were adopted by council and are implemented on a monthy basis. This is done to ensure that all properties valued as per the general valuation roll and supplementary valuation rolls are billed as per the values in the valuation rolls and approved tariff structure and also to ensure that revenue due to the municipality is collected and the financial system is effective and has accurate consumer data.

MSCOA IMPLEMENTATION

The municipality is live on four modules which are Planning, Billing, SCM and Ledger. Payroll and Assets modules will be live by end of September. The municipality is using mSCOA chart v6.5 as per Treasury requirements There is an improvement in terms of functioning of the system as there are few challenges and their turnaround time is satisfactory.

The following table summarizes revenue for the period ending 30 September 2021**:**

Description	Budget Year 2021/22							
	Budget Year 2020/21	Budget Year 2021/22	1st Adjustment Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
R thousands		**R'000**		**R'000**	**R'000**	**R'000**	**R'000**	**%**
Revenue By Source								
Poperty rates	54 627	60 000	60 000	1 727	20 992	15 000	-5 992	(40%)
Service charges - refuse revenue	5 300	6 000	6 000	615	837	1 500	663	44%
Rental of facilities and equipment	3 725	5 000	5 000	690	1200	1 250	50	4%
Interest earned - external investments	5 639	4 000	4 000	506	1 606	1 000	-606	(61%)
Interest earned - outstanding debtors	9 237	14 673	14 673	1 276	2 465	3 668	1 203	33%
Fines	10 653	8 000	8 000	548	1533	2 000	467	23%
Licences and permits	1 550	1 500	1 500	106	279	375	96	26%
Agency services	4 500	4 000	4 000	371	950	1 000	50	5%
Transfers recognised - operational	280 246	290 236	296 675	20 067	157 721	74 169	-83 552	(113%)
Other revenue	1 325	1 643	1 643	199	272	411	139	34%
Gains on disposal of PPE	0	250	250	0	0	63	63	100%
Total Revenue (excluding capital transfers and contributions)	**376 802**	**395 302**	**401 741**	**26 105**	**187 855**	**100 435**	**-87 420**	**187%**

EXPLANATORY NOTES ON REVENUE

Comparisons of the figures are based on the year to date budget (YTD) against year to date income billed and collected. Billing has been performed for the months of July 2021 and August 2021, and receipts for the period July 2021 to September 2021 have already been captured into the system.

Property Rates

Properties are levied based on the current valuation roll. The municipality has billed R 20 992 000 which is 40% more than the budgeted billing of R 15 000 000.

Service charges – Refuse billed

The billing for refuse is R 837 000 which is 44% lower than the budgeted billing of R1 500 000.

Rental of facilities and equipment

This is made up of rentals for Flats, Fingoland Mall, Transkei Quarries and the Country Club. The billing for rentals is R 1 200 000 which is 4% lower than the budgeted billing of R 1 250 000.

Interest on investments

The municipality has received an interest of R1 606 000 which is 61% greater than of the budgeted amount of R 1 000 000.

Interest on Outstanding debtors

Interest is charged on outstanding debtors based on prime rate + 2% at the time of billing. Interest charged on outstanding debt is R 2 465 000 which is 33% less than the budgeted billing of R 3 668 000.

Fines

R 1 533 000 has been raised on issued traffic fines which is 23% lower than the budgeted amount of R 2 000 000.

Licences and permits

This is made up of cash from bookings for learners licences, driver's licence renewals, temporals, PDP.

R 279 000 has been collected which is 26% less than the budgeted collection of R 375 000.

Agency services

This is 19% commission received from the Department of Transport for collection of licensing of cars on behalf of the Department of Transport. R 950 000 has been received which is 5% lower than the budgeted amount of R 1 000 000.

Transfers recognized – operational

R157 721 000 has been received for operating grants which are as follows:

- Municipal Iinfrastructure Grant (MIG)
- Integrated National Electrification Programme Grant (INEG)
- Equitable Share Grant, Financial Management Grant (FMG)
- Department of Economic Development, Environmental Affairs and Tourism Grant (DEDEAT)
- Department of Sport, Recreation, Arts and Culture Grant (DSRAC) and
- Expanded Public Works Programme **(**EPWP)

Other revenue

This source of revenue is made up of rentals on advertising sites, clearance certificates, licences for businesses and hawkers, hall rentals, building plan fees and cemetery fees. R272 000 has been received which is 34% lower than the budgeted amount of R 411 000.

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COMPARISON BETWEEN AMOUNT BILLED AND AMOUNT COLLECTED FOR THE QUARTER

The table below shows total amounts billed and collected from July 2021 to Septmeber 2021:

Service Type	Billing for Q1	Collections for Q1	Collection % for Q1
Rates	24 712 589	21 783 475	88%
Rental	866 831	187 270	22%
Refuse	1 506 286	1 530 058	102%
TOTAL	**R 27 085 706**	**R 23 500 803**	**87%**

GRANTS RECEIVED AS AT 30 JUNE 2021

The municipality on a yearly basis is allocated with funds from the Division of Revenue Act (DoRA), allocation.The municipality has received R 157 721 000 as at the end of September 2021. Interest earned from these grants is transferred to operating bank account on a monthly basis. Below is the detail of grants received to date. All grants allocated to the municipality have been committed.

Name of Grant	Allocation as per DoRA	Actual Received	Date Received
MIG	66 145 000	9 237 000	**16/07/2021**
MIG		19 462 000	**23/09/2021**
TOTAL	**66 145 000**	**28 699 000**	
Minerals & Energy (INEG)	9 135 000	3 500 000	**23/07/2021**
Equitable share	282 161 000	117 567 000	**06/07/2021**
FMG	1 850 000	1 850 000	**26/08/2021**
DEDEAT	5 000 000	5 000 000	**13/07/2021**
DSRAC	500 000	500 000	**17/08/2021**
EPWP		605 000	**10/09/2021**
TOTAL	**362 441 000**	**157 721 000**	

5. DEBT MANAGEMENT

5.1 CONSUMER DEBTORS

Below is the outstanding debtors summary report per institution from the debtors age analysis. An amount of R 221 850 097 is still outstanding as at 31 August 2021.

Institution Name	Institution Code	Amount (R)
Dept. of Education	1001	212 128
Dept. of Justice	1002	1 378 489
Dept. of Health	1003	284 957
Dept. of Public Works	1004	11 380 126
Dept of Rural Development		0
Councillors	2001	35 795
Employees	2002	-10 972
ECDC	3000	7 848 424
Butterworth Businesses	3001	30 732 172
Centane Businesses	3002	2 827 503
Ngqamakwe Businesses	3003	2 877 853
Butterworth Residences	4001	984 895
Nqamakwe Residences	4002	3 428 120
Centane Residences	4003	2 712 293
Staff Rental	4004	1 293
Flats	4005	17 912 836
Cuba	4006	16 714 585
Mchubakazi	4007	15 722 292
Ibika	4008	18 724 036
Town Residences	4009	22 257 208
Msobomvu	4010	18 461 420
Vulli Valley	4011	22 887 409
Zizamele	4012	13 823 211
Coloured	4013	5 003 516
Municipal properties	4014	0
Farms	9010	5 650 507
TOTAL		R221 850 096

5.2 DEBTORS AGE ANALYSIS

5.2.1 AGE ANALYSIS PER SERVICE TYPE

TYPE OF SERVICE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	180 DAYS	TOTAL
RATES	R4 115 338	R6 929 732	R8 103 170	R4 276 418	R3 852 649	R137 426 332	R164 703 646
REFUSE	R718 451	R705 402	R699 173	R691 661	R686 721	R38 208 994	R41 710 402
RENTALS	R506 533	R425 065	R416 700	R409 918	R407 654	R13 791 403	R15 957 273
TOTAL	**R5 340 322**	**R8 060 199**	**R9 219 043**	**R5 377 997**	**R4 947 024**	**R189 426 729**	**R 221 850 097**

5.2.2 AGE ANALYSIS OF DEBTORS BY INSTITUTION

INSTITUTION	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	180 DAYS	TOTAL
GOVERNMENT	R1 395 734	R2 763 898	R2 808 924	R1 586 333	R1 189 492	R15 179 395	R24 923 776
BUSINESS	R1 461 463	R1 942 000	R2 820 847	R509 285	R507 396	R34 916 927	R42 157 918
HOUSEHOLDS	R2 483 133	R3 354 301	R3 589 272	R3 282 379	R3 250 135	R139 330 407	R155 289 627
TOTAL	**R5 340 330**	**R8 060 199**	**R9 219 043**	**R5 377 997**	**R4 947 023**	**R189 426 729**	**R 221 850 097**

5.2.3 AGE ANALYSIS FOR DEBT OWED BY STAFF AND COUNCILLORS

AGE ANALYSIS FOR STAFF

In terms of the section 10(a) of the Credit Control and Debt Management Policy – "A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than three months and a municipality may deduct any outstanding amounts from staff member's salary after this period." There are no employees owing the municipality more than 90 days. The ones that are reflected on the above table relates to current month.

AGE ANALYSIS FOR COUNCILLORS

In terms of Section 12A of the Municipal Systems Act, 2000: "A councilor may not be in arrears to the municipality for rates and service charges for a period of longer than 3 months''. There are no councilors owing the municipality more than 90 days. The ones that are reflected on the above table relates to current month.

5.3 INDIGENT POLICY IMPLEMENTATION

The indigent policy was adopted by council and is implemented at all times and all households who qualify as indigent beneficiaries receive free basic services and the operation is run entirely to all 31 Mnquma wards to enforce adherence to the policy. The Mnquma indigent steering committee has been established and is fully functional.

The municipality has submitted an application to the Department of Energy for the installation of non-grid electrification for the second phase.

Below is the number of households supported with 50kWh free basic electricity (FBE) as per the indigent policy section 7.6.1(a) .The approved list of indigent beneficiaries for FBE is 5459.

JUL	AUG	SEPT
5 673 Households	Zero Households	3 561 Households

In July the municipality was billed for 5 794 FBE claims that was submitted by Eskom, out of the total number received 121 beneficiares were disputed as they belonged to Intsika Yethu Local Municipality. In August there was 98 FBE claims that were submitted by Eskom which were disputed as they belonged to Intsika Yethu Local Municipality.

6. CASH AND CASH EQUIVALENTS, GRANTS RECEIVED AND UNSPENT CONDITIONAL GRANTS

6.1 CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER 2021

The table below shows balances on the municipality's bank accounts. The investment and interest on investment registers are done and are balanced every month. Interests earned from investments are transferred to the primary bank account on a monthly basis. These are the cumulative movements as at 30 September 2021.

NAME	OPENING BAL	DEPOSITS	INTEREST EARNED	INTEREST TRANSFERRED	WITHDRAWALS	CLOSING
Municipal Infrastructure Grant Investment (MIG)	6 556 970	28 699 000	58 532	(71 169)	(14 204 836)	**21 038 497**
Finance Management Grant (FMG)	1 109	1 850 000	4 072	(708)	(111 871)	**1 742 603**
Mnquma Call Account	12 728 766	63 359 013	208 901	-	(33 500 000)	**42 796 681**
Electrification (INEP)	5 189	3 500 000	11 832	(8 879)	(2 657 354)	**850 789**
EPWP	1 099	605 000	6	(103)	(330 628)	**275 375**
LGSETA	351 698		1 971	(2 532)	(49 980)	**301 157**
TOA	1 543 796	76 458 000	581 467	-	(39 000 000)	**39 583 263**
e-NATIS	382 332	3 279 416	4 939	-	(2 914 661)	**752 025**
DSRAC	1 090 391	500 000	7 734	(6 752)	(2 375)	**1 588 998**
VAT	100 504 276	3 644 912	620 716	-	-	**104 769 905**
DEDEAT	-	5 001 000	11 510	(1 644)	-	**5 010 866**
Cheque Account						**1 485 311**
TOTAL	**123 165 626**	**186 896 341**	**1 511 680**	**(91 786)**	**(92 771 704)**	**220 195 469**

6.2 UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are reconciled with their relevant accounts on a monthly basis and the expenditure incurred on grant funding is transferred from the investment account to the primary bank account and revenue is recognized when the expenditure is incurred. As as 30 September 2021 the municipality had R 36 916 330 unspent conditional grant funds.

Name of Grant	Opening Balances	Grant Received	Expenditure Incurred	Closing Balance
MIG	6 529 698	28 699 000	(14 568 184)	20 660 513
FMG	0	1 850 000	(140 206)	1 709 794
INEG	0	3 500 000	(2 657 354)	842 646
EPWP	0	605 000	(605 000)	0
0LGSETA	350 584	0	(74 970)	275 614
DSRAC	1 088 243	500 000	(30 521)	1 557 722
DEDEAT	0	5 000 000	0	5 000 000
EDSMG	6 870 040	0	0	6 870 040
TOTAL	**14 838 565**	**40 154 000**	**(18 076 235)**	**36 916 330**

The difference on expenditure reported on table 6.1 above and table 6.2 is due to expenditure incurred and interest received not yet transferred from the investment account to the primary bank account.

7. EXPENDITURE AND PAYROLL MANAGEMENT

7.1 OPERATING EXPENDITURE INCURRED FOR THE PERIOD ENDING 30 SEPTEMBER 2021

Description R thousands	Budget Year 2021/2022					
	Original Budget R'000	1st Adjusted Budget	YearTD actual R'000	YearTD budget R'000	YTD variance R'000	YTD variance %
Expenditure By Type						
Employee related costs	215 751	215 751	45 779	53 938	8 159	85%
Remuneration of councillors	29 744	29 744	7 328	7 436	108	99%
Debt impairment	46 073	46 073	–	11 518	11 518	0%
Depreciation & asset impairment	110 026	110 026	–	27 506	27 506	0%
Finance charges	20	20	–	5	5	0%
Inventory Consumed	4 700	4 809	608	1 202	594	51%
Contracted services	34 569	33 675	9 118	8 419	(699)	108%
Transfers and subsidies -Bulk/Led	10 850	17 289	1 514	4 322	2 808	35%
Other expenditure	43 266	48 070	13 316	12 017	(1 299)	111%
Capital Expenditure	160 395	171 700	18 076	42 925	24 849	42%
Total Expenditure	**655 394**	**677 156**	**95 739**	**169 289**	**73 550**	**57%**

- **Employee related costs**
  R 45 779 000 has been spent on Employee related costs which is 85 %of the targeted expenditure of R 53 938 000.
- **Remuneration of councilors**
  Expenditure incurred is sitting at R 7 328 000 which is 99% of the targeted expenditure of R 7 436 000.00 .
- **Debt impairment**
  This will be calculated when preparing the Annual Financial Statements.
- **Depreciation and impairment**
  This will be calculated when preparing the Annual Financial Statements.
- **Finance charges**
  The expenditure remains on the targeted expenditure of R 5000.

- **Other materials**
  Expenditure on Other materials is sitting at R 608 000 which is 51 % of the targeted expenditure of R 1 202 000.

- **Contracted services**
  Expenditure on contacted services is sitting at R 9 118 000 which is 108 % more than the targeted expenditure of R 8 419 000 .

- **Transfers recognised - operational**
  Expenditure on Transfers recognised – operational (Electricity for Indigent) is sitting at R 1 514 000 which is 35% to the targeted expenditure of R4 322 000 .

- **Other expenditure**
  R 13 316 000 has been spent which is 11% more than the targeted expenditure of R 12 017 000.

7.2 ACTUAL BORROWINGS

There are no existing borrowings as at 30 September 2021

7.3 AMOUNT PAID TO CREDITORS FROM - 01 JULY 2021 TO 30 SEPTEMBER 2021

EXPENDITURE	JULY	AUGUST	SEPTEMBER	TOTAL
Expenditure incurred	14 521 004.23	13 600 446.32	18 000 190.35	46 121 640.90
TOTAL	**14 521 004.23**	**13 600 446.32**	18 000 190.35	**46 121 640.90**

The amount owed by the Municipality to creditors as at 30 September 2021 amounts to R 2 208 193.54

7.4 CAPITAL PROJECTS AS AT 30 SEPTEMBER 2021

7.4.1 CAPITAL PROJECTS PER DIRECTORATE

DIRECTORATE	ORIGINAL BUDGET 2021-2022	1ST ADJUSTMENT BUDGET 2021-2022	ACTUAL TO DATE	VARIANCE	% SPENT
INFRASTRUCTURAL PLANNING AND DEVELOPMENT	139 515 336	148 164 849	17 419 989	130 744 860	12
BUDGET AND TREASURY	10 900 000	11 985 238	0	11 985 238	0
CORPORATE SERVICES	3 445 000	3 458 446	25 070	3 433 376	1
LOCAL ECONOMIC DEVELOPMENT	5 155 000	6 181 444	558 186	5 623 258	9
COMMUNITY SERVICES	1 160 000	1 689 997	0	1 689 997	0
STRATEGIC MANAGEMENT	220 000	220 000	0	220 000	0
TOTAL PER DIRECTORATE	**160 395 336**	**171 699 974**	**18 003 245**	**153 696 729**	**10**

7.4.2 CAPITAL PROJECTS PER FUNDING SOURCES

FUNDING SOURCES	ORIGINAL BUDGET 2021-2022	1ST ADJUSTMENT BUDGET 2021-2022	ACTUAL TO DATE	VARIANCE	% SPENT
EQUITABLE SHARE	64 869 688	69 644 629	1 787 972	67 856 657	3
MUNICIPAL INFRASTRUCTURE GRANT	62 837 748	69 367 446	13 557 919	55 809 527	20
INTERGRATED NATIONAL ELECTRIFICATION PLAN	9 135 000	9 135 000	2 657 354	6 477 646	29
DEPARTMENT OF HUMAN SETTLEMENT	8 900 000	8 900 000	0	8 900 000	0
OTP	14 652 900	14 652 900	0	14 652 900	0
CAPITAL PROJECTS PER FUNDING	**160 395 336**	**171 699 975**	**18 003 245**	**153 696 730**	**10**

The tables above illustrate that Capital project expenditure to date is 10% compared to the budget.

8 PAYROLL MANAGEMENT

8.1 SALARIES AND ALLOWANCES FROM 01 JULY 2021 TO 30 SEPTEMBER 2021

The Council approved the Expenditure Management policy on the 28 of May 2021. The purpose is to report on the payroll expenditure on the employee related costs and Remuneration of Councillors for the quarter ending 30 September 2021 as per Section 66 as per the Municipal Finance Management Act.

The expenditure incurred for the quarter on employee related costs is as follows:

EXPENDITURE	JULY	AUGUST	SEPTEMBER	TOTAL
Salaries	10 723 008.52	10 760 153.16	10 761 276.84	32 244 438.52
Salaries Councillors	1 341 521.57	1 341 521.57	1 341 521.57	4 024 564.71
Traditional Leaders	36 000,00	36 000,00	36 000,00	108 000.00
Unpaid leave	-11 579.43	-7 451.31	-43 431.07	-62 461.81
Performance Bonus	-	-	-	
Leave Pays	38 653.06	39 520.51	90 701.38	168 874.95
Overtime	43 533.98	9 265.80	46 826.29	-62 461.81
Wages (EPWP Casuals)	321 240.00	354 040.00	352 240.00	1 027 520.00
Wages (Ward Committee)	370 800,00	369 600.00	368 670.97	1 109 070.97
Bonus	1 199 868,79	817 568.28	710 900.82	2 728 337.89
Long Service Bonus	17 896.75	57 724.22	73 956.34	149 577.31
Housing Subsidy	19 290.20	19 290.20	19 290.20	57 870.60
Travel	118 599.52	118 599.52	118 599.52	355 798.56
Data Card – employees	36 300,00	36 300,00	36 300,00	108 900
DatRa Card Councillors	18 600.00	18 600.00	18 600.00	55 800.00
M/Vehicle	439 606.51	439 606.51	439 606.51	1 318 819.53
Rental Allowance	-	-	-	-
Other Allowances:				
Salgbc	4 367.20	4 367.20	4 367.20	13 101.60
Acting Allowance	9 672.57	4 736.16	59 321.02	73 729.75
Danger llowance	-	-	-	-
Shift Allowance	45 524.90	44 729.64	48 488.45	138 742.99
Night Allowance	12 898.08	12 516.48	21 293.28	46 707.84
Standby All	3 858.09	1 986.08	4 436.72	10 280.89
Cell phone – Employees	156 403.87	156 022.92	155 903.87	468 330.66
Cell phone – Councillors	210 800.00	210 800.00	210 800.00	632 400.00
Cell phone- Traditional leaders	6 000.00	6 000.00	6 000.00	18 000.00
Pension	1 905 021.13	1 915 315.79	1 919 027.72	5 739 364.64
Med. Aid	783 955.58	789 490.43	784 795.12	2 358 241.13
Uif	76 209.96	76 752.79	76 760.66	229 723.41
Sdl	135 078.03	135 962.70	137 997.85	409 038.58
Total	**17 537 766.89**	**17 769 018.65**	**17 800 251.26**	**53 107 036.80**

9 IMPLEMENTATION OF SCM POLICY

1. Introduction

In terms of clause 6(1)(3) of the Municipal Supply Chain Management Regulations, 2005, which deals with the Oversight role of council of municipality or board of directors of municipal entity:

(1) *The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.*

(2) *The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality or the board of directors of the municipal entity, as the case may be.*

(3) *In accordance with Regulation 6(2)(a)(i) of the SCM Regulations the Accounting Officer must "within 30 days of the end of each financial year, submit a report on the implementation of the Supply Chain Management Policy of the municipality to the Council of the municipality."*

2. SCM Policy & Procedures

2.1 Adoption of Policy by Council

- ***The council has reviewed the hereunder SCM policy has be:***

  - ***Supply Chain Management (SCM) policy for General Goods and Services***
  - ***SCM policy for Infrastructure Delivery Management***

In compliance with Circular 77 of the MFMA: Model SCM Policy for Infrastructure Delivery Management the municipality has an approved Supply Chain Management Infrastructure Delivery Management Policy. Supply Chain Management Infrastructure Delivery Management Policy is a stand-alone SCM Policy. In that regard the municipality has the hereunder reviewed supply chain management policies:

Supply Chain Management policy for General Goods and Services

SCM system for Infrastructure Delivery Management)

Policies are reviewed on annual basis and Mnquma Local Municipality has reviewed the above supply chain management policies on the 27 May 2021, Council Resolution Number SCM4/21/007.1.3.1.

2.2 SCM Procedures

Supply Chain Management Procedures with supply chain management checklist are implemented.

2.3 Delegations

Supply Chain Management Delegations are detailed in the policy.

2.4 Infrastructure Procurement

The Council has adopted the Supply Chain Management policy for Infrastructure Procurement and Delivery Management.

3. Functioning of the SCM Unit

3.1 SCM Structure:

The Supply Chain Management Unit (SCM) is fully established and functional:

1) SCM Manager (Senior SCM Practitioner)
2) Demand Officer
3) Acquisition Officer
4) Contract Management Officer
5) X0 Supply Chain Management Practitioners

The Supply Chain Management division operates under direct supervision of the Chief Finance Officer (CFO). SCM Manager (Senior SCM Practitioner) is responsible for the day to day management of the division.

3.2 Declaration of Interest:

All SCM Personnel declared has declared their interests for financial year 2021/2022.

3.3 Code of Conduct for SCM Practitioners:

All supply chain management officials have signed the code of conduct for SCM practitioners.

3.4 Training of SCM Personnel

The municipality has provided the hereunder training to all supply chain management officials:

- System (Inzalo Enterprise Management Solutions (EMS)) - Supply Chain Management Module

4. Functioning of Bid Committees

4.1 Bid Committees are constituted in line with Regulations 27, 28 &29.

- Bid Specification Committee (BSC)
- Bid Evaluation Committee (BEC)
- Bid Adjudication Committee (BAC)

4.2 Infrastructure Committees are aligned with the standard for Standard for Infrastructure Delivery Management (SPDIM)

4.3 Bid Committee Terms of Reference are in place and included in the committee’s reports.

5. Reporting Items

5.1 Deviations

5.1.1 Section 114 (Approval of tenders not recommended)

- There were no un-recommended tenders approved.

5.1.2 Regulation 32 (Procurement of goods and services under contracts secured by other organs of State)

- No procurement done applying Regulation 32

5.1.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)

Deviation register for the quarter ending March 2021 has been prepared in compliance with Regulation 36 of Local Government: Municipal Finance Management Act (56/2003) Municipal Supply Chain Management (SCM) Regulations which states that:

The accounting officer may –

(a) Dispense with the official procurement processes established by Mnquma local municipality supply chain management policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only:

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos, nature reserves or game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature

and;

Section 17.1 (C) of Local Government: Municipal Finance Management Act (56/2003): Municipal Supply Chain Management (SCM) Regulations: Formal written price quotations:

17.1 (c) A supply chain management policy must stipulate the conditions for

the procurement of goods or services through formal written price quotations, which must include conditions stating -that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.

(See the attached deviations Register: July 2021- September 2021- SCM Annexure A)

5.2 Unauthorized, Irregular, Fruitless & Wasteful Expenditure

National Treasury issued Circular 68 during April 2013 which provides guidance into irregular expenditure, associated registers and the investigation processes with regard to irregular expenditure. This Circular clearly indicates that irregular expenditure is only recognized when the expenditure is paid. There is no fruitless and wasteful expenditure incurred for this quarter.

5.3 Central Suppliers Database *(CSD)*

i) The municipality is utilizing the Central Suppliers database for all the procurement and there are no challenges in logging on to the system.

5.4 Procurement Plan Implementation

i) Report on implementation of procurement plan for financial 2021/2022
The procurement plan for financial year 2021/2022 has been implemented.

ii) Supply Chain Management division coordinated the development of 2021/2022 procurement plan in consultation with end-user directorates through IDP directorate sessions and a draft procurement plan has been prepared.

The municipal directorates procurement plans are linked to the annual budget, and were consolidated to be the municipal annual procurement plan for 2021/2022 financial year.
See the attached municipal procurement plan implantation report for 2021-2022 (Annexure B)

5.5 Bids Awarded >R30K as at 30 September 2021

No.	**Project**	**Date Advertised**	**Date Closed**	**Type**	**Status**
1	Construction of Cuba Community Hall	12-Apr-21	12-May-21	Formal Tender	Awarded
2	Construction of Emalongweni to Siphahleni AR	12-Apr-21	13-May-21	Formal Tender	Awarded
3	Supply and Delivery of five (05) Security Guard Houses	26-Apr-21	12-May-21	Formal Tender	Awarded
1	Hiring of High Pressure Jet Truck for a period of 05 Days	30-Apr-21	10-May-21	Informal Tender	Awarded
1	Supply and Delivery of Cleaning Material for a period of a year	05-May-21	08-Jun-21	Formal Tender	Awarded
1	Supply and Delivery of Electrical Equipment	05-May-21	19-May-21	Formal Tender	Awarded

No.	Project	Date Advertised	Date Closed	Type	Status
1	Supply and Delivery of Refuse Bags for a period of a year	05-May-21	10-Jun-21	Formal Tender	Awarded
1	Appointment of a Service Provider to Train 21 officials on municipal governance	14-May-21	21-May-21	Formal Tender	Awarded
1	Construction of Masizakhe to Nzanzana AR	17-May-21	19-Jun-21	Formal Tender	Awarded
1	Construction of Rhaladiya to Jingqi AR	17-May-21	19-Jun-21	Formal Tender	Awarded
1	Construction of Gcina (Esingeni) AR	17-May-21	22-Jun-21	Formal Tender	Awarded
1	Supply and Delivery of LED Street Lights	17-May-21	02-Jun-21	Formal Tender	Awarded
1	Construction of Fihlani AR	17-May-21	24-Jun-21	Formal Tender	Awarded
1	Construction of Ibika Internal Streets	17-May-21	23-Jun-21	Formal Tender	Awarded
1	Rehabilitation of Msobomvu Main Road	17-May-21	17-Jun-21	Formal Tender	Awarded
1	Supply & Installation of 90 hawkers Stalls	17-May-21	29-Jun-21	Formal Tender	Awarded
1	Construction of Ntseshe Community Hall	17-May-21	30-Jun-21	Formal Tender	Awarded
1	Construction of Thongwana Outdoor Sport Facility	17-May-21	28-Jun-21	Formal Tender	Awarded
1	Supply, Delivery and Installation of Network Cabling for LED Offices and Network Point for Municipality Mobile Offices	17-May-21	01-Jun-21	Formal Tender	Awarded
1	Construction of Zizamele Internal Streets (Gravel)	17-May-21	18-Jun-21	Formal Tender	Awarded
1	Paving of Vuli-Valley Main Road	25-May-21	25-Jun-21	Formal Tender	Awarded
1	Supply and Installation of 20 LED Street Lights Along Mthatha Street & King Street	25-May-21	25-Jun-21	Formal Tender	Awarded
1	Electrification of Qwanguleni Ext, Ntandathu, Ntshatshongo, Enqileni, Mnyameni, Mnyameni Myeki and Macibe Phesheya kweDiphu	25-May-21	29-Jun-21	Formal Tender	Awarded
1	Cleaning of Extension 24 & 14, Vuli Valle, Mchubakazi, Cuba Flats, 282 Housing and Zizamele for a Period of two (02) years	04-Jun-21	05-Jul-21	Formal Tender	Awarded
1	Supply And Delivery of 84 Laptops and laptop bags	29-Jul-21	13-Aug-21	Formal Tender	Awarded

5.6 Municipal Bid Appeals (if applicable)

i) There were no bids appeals received for the quarter.

*5.7 **Contract Management***

Contract register and commitments is maintained and updated on monthly basis

(See the attached Contracts Register and Commitments Register as at 30 September 2021

5.7.2 Variations

i) Variations within 15% or 20% (this can part of contract register)

There were no variations within 15% or 20% for the quarter.

ii) Variations above 15% or 20% (*Comply with MFMA S116(3)*) (this can be part of contracts register)

There were no variations above 15% or 20% for this quarter.

5.7.3 Supplier Performance Management

In terms of Section (2) (b) of the MFMA — The performance of the contractors under the contract or agreement are monitored on a monthly basis.

5.9 Unsolicited Bids (if any)

There were no unsolicited bids for this quarter (30 September 2021).

5.10 List of Bids advertised

i) Website

ii) E-tender portal

iii) CIDB (on applicable tenders)

iv) Notice Board

List of advertised bids for the quarter is attached

6. Preferential Procurement Policy Framework Act (PPPFA), Reg. 2017

*6.1 **Contracts with Pre-Qualification (Regulation 4)***

No Contracts with pre-qualification for this reporting quarter

6.2 Contracts with Objective Criteria (Section 2(1)(f) PPPF Act)

None

6.3 (Contract Participation Goals) (Regulation 4)- Sub Contracting

There were no contracts above R 30 million for this quarter

7. **Risk Management**

Report on the progress of mitigating the risks identified within SCM.

Risk description as per the risk register	**Action to address the risk**	**Timeframe**	**Action owner**	**Progress to date**
Inadequate implementation of SCM procedures	1. Implement and report on the implementation of SCM Regulations and Financial procedures. 2. Review the SCM Policy as and when new regulations becomes effective.	30 September 2021	Manager SCM	Report on implementation of SCM policy were presented to the Council On quarterly bases 2. Supply Chain management policy has been reviewed and approved by the Council on the 28 May 2020.
Ineffective Procurement plan	Lack of co-operation by all Directorates	30 September 2021	Manager SCM	Procurement plan for financial year 2020/2021 has been developed, implemented and reported monthly and quarterly to the Council
1. Non-credible contracts and commitments register 2. Poor Contract Management	1. Inadequate update and review of commitments and contract register. 2.Poor Planning	30 September 2021	Manager SCM	Contract and Commitments register has been updated. Suppliers has been assessed for performance (Suppliers performance report)

9. Fraud Prevention Policy

The municipality has reviewed and adopted the Fraud prevention policy on the 27 May 2021 and is implemented.

10. IMPLEMENTATION OF ASSET MANAGEMENT POLICY

10.1 INTRODUCTION AND BACKGROUND INFORMATION

The Asset Management Section of the Municipality is the custodian of the Municipality's Fixed Asset Register and shall ensure that a complete, accurate and up to date asset register is maintained. No amendments to the asset register shall be made other than those authorized by the Manager: Assets, Fleet and Logistics and the Chief Financial Officer.

Ensuring that physical asset verification is conducted quarterly in all areas where Municipal assets are kept is crucial more than the accounting of the assets on the accounting books as this should provide accuracy between the asset register and what is on the floor. To update the asset register upon any event occurring to municipal assets (i.e. acquisition, disposal, theft and/or loss) is also a key duty to the section as it will provide completeness and accuracy of the fixed asset register. The results of this verification must be reported to the Municipal Manager.

ADOPTION AND IMPLEMENTATION OF AN ASSET MANAGEMENT POLICY

Asset Management Policy was reviewed in the year 2021 and was adopted by the council to be effective on the 01 July 2021.

Asset management division is made up of 4 employees:

- Manager: Mrs Z.P. Mhlaluka
- Accountant: Ms. A.Mketsi
- Junior Accountants: Ms U.Mpeluza & Ms.B.Mehlwana

10.2 CLASSIFICATION OF ASSETS

On the basis of physical attributes, movable assets can be of two types:

- Tangible Assets; and
- Intangible Assets.

Tangible Assets are those assets that can identified and also have physical existence or substance. The municipality has got the following classes of assets on tangible assets:

- Machinery and Electrical Equipment
- Furniture and fittings;
- Office Equipment;
- Security Measures
- Transport Assets
- Computer equipment

Intangible Assets on the other hand are assets (other than cash and cash equivalents) which can be distinguished separately from other assets of an institution but do not have any physical existence or substance. Examples of the intangible assets would be a goodwill, copyrights, patents, software etc. of which the municipality does not have intangible assets.

The municipality also owns infrastructure assets by the following classes:

- Land;
- Roads infrastructure;
- Buildings;
- Investment property;
- Community Assets.
- Parks & Cemeteries

10.3 PHYSICAL VERIFIATION OF MOVABLE ASSETS

The Asset Management section conducts a full asset verification (100% testing on the existence of assets and completeness of the FAR) on a quarterly basis. The asset verification for the 1^{th} Quarter is complited and the Asset Management Section is preparing for the second Quarter

10.4 PHYSICAL VERIFICATION PROCESS

The process of the physical verification, as outlined on the asset count procedures, is as follows:

- Notification via email from the Asset Management Office was communicated to all office bearers to be aware of the commencement date and schedule of this project.
- Drafting and Printing of a sufficient number of data-collection sheets;
- Printing of office-by-office *assets listings.* The direction of testing for this is from the system to the floor (existence of the Fixed Asset Register);

10.5 ASSET VERIFICATION SCHEDULE

A schedule of the verification was issued to all employees. This verification schedule serves as a guideline to the asset management section of how the routine of the verification should be conducted and at the same time as a written instruction to the employees to cooperate with the team when it comes to access to offices, time frame where access to each office should be granted and asset movement restriction between offices. The locations are as follows:

- Main Building
- Town Hall licensing offices
- Customer care
- LED Offices (Geech and Robinson Street)

- Moth Hall (Stanford Street)
- Community Services
- Msobomvu Traffic department
- Justice Office (Traffic)
- New Building
- Stores
- Khanya building
- Strategic Offices
- Butterworth swimming pool
- Centane Offices
- Ngqamakhwe

10.6 CHALLENGES OF PHYSICAL ASSET VERIFICATION

- Asset Movements – Assets are being moved without the knowledge of asset management office, as a result the asset register is not in line with the assets on the floor in terms of location.
- Acquisition of assets – assets are being purchased by the Directorates without notifying or following proper procedures, that results in having assets that are not recorded as additions.

10.7 ASSETS ADDITIONS

Assets additions include all assets listed under ***Annexure*** *starting* from the 01 July 2021 to date . These assets include movable assets and Immovable assets. Movable assets purchased as from the 1st July 2021 to 30th June September 2021 amount to **R 99 316,15 (VAT Exclusive)**. Roads infrastructure additions and community assets, funded by the Municipal Infrastructure Grant and INEP, amount to **R 15 018 388.32 (VAT Exclusive)**
Upon purchase of assets, an asset acquisition form is in place to be signed by the requester, Head of Department, Asset Management Official and the Chief Financial Officer to give consent of the demand, availability of funding, classification, etc. The asset is delivered at Asset Management for the asset to be barcoded, recorded on the additions register and delivered to the end-user. The acquisition form is signed by the end user.
Details of the assets on the above-mentioned annexure do not include depreciation, accumulated depreciation and book value. It only includes the acquisition date and value.

10.8 LEASES

Operating lease register is updated in a monthly basis. The reconciliation is done monthly reconciling between the operating lease contracts and invoices. Treasury allowed the Municipality to participate in transversal contract and it is still in progress. The expenditure for the quarter is R **216 529,97 (Vat inclusive).**

10.9 DISPOSAL OF ASSETS

During asset verification there were assets that needed to be disposed due to their condition and that their maintainance cost is too high. Two assets (Bus and a Quantum) were approved for disposal but not yet dIsposed.

Two other vehicles are recommended to be disposed off as their cost to repair is higher that than their current value. These are:

1. CHERRY PICKER – FRP 064 EC
2. TOYOTA HILUX SRX – MNQUM5 EC

10.10 INSURANCE CLAIMS

The claims for insurance are logged as and when they happen. The register is updated on an ongoing basis.

11. ADOPTION AND IMPLEMENTATION OF FLEET MANAGEMENT POLICY

11.1 INTRODUCTION AND BACKGROUND INFORMATION

The Fleet Management Section of the Municipality is the custodian of the Municipality's Fleet Register and shall ensure that a complete, accurate and up to date fleet register is maintained. Amendments to the fleet register is done in conjunction with Asset Management Section as per the asset register. Any changes that are done by asset are being communicated to Fleet Section. Vehicles are assigned to Directorates and are managed by fleet for repairs and maintenance. Ensuring that physical inspection is conducted quarterly in all Municipal vehicle is crucial more than the accounting of the fleet on the accounting books as this should provide accurate information on the condition of the vehicles. This information also assists in updating the condition on the asset register.

11.2 ADOPTION AND IMPLEMENTATION OF FLEET MANAGEMENT POLICY

Fleet Management Policy was reviewed in 2020/21 and was adopted by the council to be effective on the 01 July 2021. Fleet Management section is made up of 2 employees. Since the fleet management system is functional. Currently the structure is as follows:

- Manager: Mrs Z.P.Mhlaluka
- Fleet Officers - Zandile Malangeni and Khanyo Camagu

11.3 CLASSIFICATION OF VEHICLES

The municipality maintains and update the Vehicle Register and their classifications. The reconciliation was done between the eNatis, Fleet Register and Asset Register

11.4 PHYSICAL INSPECTION OF VEHICLES

The physical inspection for vehicles is conducted when the vehicle is issued and returned. It is done by 2 fleet officers (Zandile Malangeni and Khanyo Camagu). The purpose of this inspection is to verify if all vehicles have accessories, dents, odometer reading, trip authorities, log books and expiry date of license discs. It also assists in verifying the existence of the vehicle. The findings and recommendations are communicated to the Executive management.

11.5 PHYSICAL INSPECTION PROCESS

The process of the vehicle inspection, is outlined on the inspection procedures, as follows:

- Drafting and Printing of a sufficient number of data-collection sheets;
- Printing of vehicle *listings.* The direction of testing for this is from the listing to the floor.

11.6 INSPECTION OF VEHICLE SCHEDULE

12. A schedule of the inspection will be issued to all directorates. This schedule serves as a guideline to the fleet management section of how the routine of the inspection will be conducted and at the same time as a written instruction to the employees to cooperate with the team when it conducts the inspection. The drivers will be requested to avail vehicles to fleet management office at as per the schedule. The inspection books were developed for all buildings where the driver and security signs when the vehicle is going out and when is coming back. These books are returned to the Fleet Office on a weekly basis.

12.1 LIST OF VEHICLES

The Municipality has 55 vehicles including Plant and Trucks, these are listed as follows:

No	Asset No	Description	Make	Model	Purchase date
1	FLW695EC	NISSAN UD TRUCK	NISSAN	UD	2009/07/01
2	FMF933EC	TANKER WATER 10 000LITRE	PIUSI	2010	2009/07/01
3	FNN778EC	GRID ROLLER	NONE	NONE	2009/07/01
4	FRP064EC	CHERRY PICKER	NONE	NONE	2009/07/01
5	FWR647EC	TRAILER	VENTER	GENIE TZ-34 20	2009/07/01
6	FWR653EC	LOWBED - MAN TGS 27.480 BBS-L	MAN	TGS27.480	2009/07/01
7	FXZ839EC	MAN CLA 26.280	MAN	CLA 26.280	2009/07/01
8	HBN412EC	COMPACTOR REFUSE - UD 330WF	NISSAN	UD TRUCKS	2009/07/01
9	HBN419EC	TRAILER	VENTER	FLAT BED	2009/07/01
10	HFG693EC	TRAILER	VENTER	NONE	2009/07/01
11	HKP016EC	GRADER	NONE	NONE	2009/07/01
12	HKP022EC	GRADER	NONE	NONE	2009/07/01
13	HLH282EC	BACKHOE LOADER/ TLB	NONE	NONE	2009/07/01
14	FCX279EC	TOYOTA QUANTUM	TOYOTA	QUANTUM	2009/07/01
15	HML527EC	TOYOTA LDV	TOYOTA	CORROLA 1.8	2009/07/01
16	HML534EC	TOYOTA COROLLA	TOYOTA	CORROLA 1.8	2009/07/01
17	HML537EC	TOYOTA COROLLA	TOYOTA	CORROLA 1.8	2009/07/01
18	JHZ632EC	TOYOTA FORTUNER	TOYOTA	FORTUNER	2019/03/25
19	JHZ640EC	TOYOTA FORTUNER	TOYOTA	FORTUNER	2019/03/25
20	JJP173EC	ISUZU BAKKIE	ISUZU	NONE	2019/03/29
21	JJP179EC	ISUZU BAKKIE	ISUZU	NONE	2019/03/29
22	JJS474EC	TOYOTA ETIOS SEDAN	TOYOTA	ETIOS	2019/04/26
23	JJS490EC	TOYOTA ETIOS SEDAN	TOYOTA	ETIOS	2019/04/26
24	JJS505EC	TOYOTA ETIOS SEDAN	TOYOTA	ETIOS	2019/04/26
25	JKM321EC	ISUZU DOUBLE CAB D-MAX	NONE	NONE	2019/06/11
26	JKM339EC	ISUZU DOUBLE CAB D-MAX	NONE	NONE	2019/06/11

No	Asset No	Description	Make	Model	Purchase date
27	MNQ00831	BATTERY CHARGER	HAWKINS	6 60GX	2009/07/01
28	MNQ06776	EXCAVATOR	VOLVO	NULL	2009/07/01
29	MNQ07263	GRID ROLLER	CAT	NONE	2009/07/01
30	MNQ07265	HAULER	BELL	NONE	2018/07/01
31	MNQ07940	CRANE	NONE	NONE	2009/07/01
32	MNQUM1EC	BUS	HYNO BUS	BUSMARK 2000	2009/07/01
33	MNQUM2EC	TOYOTA HILUX	TOYOTA	HILUX	2009/07/01
34	MNQUM4EC	TOYOTA HILUX CAR	TOYOTA	HILUX	2009/07/01
35	MNQUM5EC	TOYOTA HILUX SRX	TOYOTA	HILUX	2009/07/01
36	JPJ594EC	GRADER	BELL	BELL GRADER	2020/07/27
37	HYB762L	BOMAG ROLLER	BM1300/35	BOMAG	2020/09/29
38	JTB649EC	BACKHOE LOADER/ TLB	TLB 4*4	315SL	2020/12/09
39	JTB652EC	BOMAG ROLLER	DRUM	BW211D/40	2020/12/09
40	MNQ09460	TRAILER	None	None	2021/06/10
41	MNQ09459	TRAILER	None	None	2021/06/10
42	MEMYYDGMSRH000299	TRACTOR LANDINI SOULS DT90 WORLDTRAC 65KW 4X4 WITH SHUTTLE	Landini Souls	DT90 Worldtrack	2021/06/10
43	MEMWDGMSRH000272	TRACTOR LANDINI SOULS DT90 WORLDTRAC 65KW 4X4 WITH SHUTTLE	Landini Souls	DT90 Worldtrack	2021/06/10
44	JPC123EC	TOYOTA ETIOS SEDAN	TOYOTA SPRINT	SPRINT	2020/07/13
45	JPC119EC	TOYOTA ETIOS SEDAN	TOYOTA	ETIOS SPRINT	2020/07/13
46	JPC109EC	TOYOTA HILUX CAR	TOYOTA	ETIOS SPRINT	2020/07/14
47	JPC114EC	TOYOTA HILUX CAR	TOYOTA	HILUX 2016 SINGLE CAB	2020/07/14
48	JPZ493EC	ISUZU N SERIES TRUCK	ISUZU	N SERIES CAGE TRUCK	2020/07/30
49	JPZ507EC	ISUZU N SERIES TRUCK	ISUZU	N SERIES CAGE TRUCK	2020/07/30
50	VIN2412BFJP000028	FUSO FM15-253 TRUCK	FUSO	TIPPER TRUCK	2020/08/13
51	JST133EC	NISSAN UD TRUCK	NISSAN	UD COMPACTOR TRUCK	2020/08/17
52	JSJ022EC	ISUZU DOUBLE CAB D-MAX	ISUZU	ISUZU CAB	2021/01/21
53	JTR438EC	FUSO FM15-253 TRUCK	FUSO	TIPPER TRUCK	2021/02/01
54	JTR440EC	HINO 700 2838 TIPPER TRUCK	FUSO	TIPPER TRUCK	2021/02/01
55	JTR434EC	FUSO FM15-253 TRUCK	FUSO TIPPER	NONE	2021/02/01

12.2 REPAIRS AND MAINTENANCE

Vehicle repairs and maintenance is the responsibility of fleet section. They have to ensure that all vehicles are repaired and maintained.The driver is responsible to report faults or accidents to the fleet management section. The fleet section has to facilitate the repairs by preparing requisition. The expenditure for the 1st quarter ending 30th September 2021 is **R231 020,48.**

12.3 FUEL CONSUMPTION REPORT

Fuel consumption report is compiled using the statement received from Wesbank and the order that was done for vehicles with no fuel cards. The total expenditure for the 1st quarter ending 30th September 2021 is **R690 086,68**

13. STORES MANAGEMENT

i. Purpose:

The purpose of this report is to present the status on Inventory as per the MFMA Implementation of GRAP 12.37, and Logistics procedures in order to ensure existence, completeness and accuracy of the Inventory control.

ii. GRAP Compliance and Implementation of Inventory control

The stock take is performed in a monthly basis. The internal audit section is invited for the year end stock take only. Due to challenges the stock is managed outside the system. The spreadsheet report for the issues and purchases was prepared and it is updated as and when the transactions occur. The bin cards system is also maintained where the purchases and issues for each commodity code are recorded. These are updated as and when the transaction occurs. The spreadsheet was compiled using bin cards information and the actual goods received book and the bin cards.

iii. STOCK TAKE

The stock take is performed on a monthly basis. The stock take for the 1st quarter was performed

iv. RECONCILIATION

The reconciliation was done between the opening balances as at 1st July 2021 and the stock take balances on a monthly basis. There are issues that were identified by AG, those will be corrected as a prior period error. The internal controls were intensified by ensuring that ensuring that:

- The stock take is strictly done on a monthly basis (100%)
- The stock take will be done only by Stores officials
- No stock will be issued without a signed requisition by relevant officials, exception will be done only on emergencies.
- Proper recording of issues with its requisition as a POE and purchases with the order, delivery note and invoice is maintained.
- Weekly reconciliation on stock movement and challenges encountered to be reported immediately.
- Bin cards are updated immediately after the stock issue or purchase and the balances on the bin cards are equal to the stock on hand.
- Proper recording of short delivered orders.

v. PURCHASES OF STOCK ITEMS

Stock items are currently purchased as and when required through SCM processes by means of requesting quotations. Due to the delays that we encountered in this process, we requested that the Municipality must have contracts for a period of one year for all stock items.

14. Staff Implications

None

15. Financial Implications

This report details the implementation of the approved budget and related policies.

16. Annexures

1. Schedule of payments from 01 July 2021 to 30 September 2021
2. Detailed capital projects as at 30 September 2021
3. Deviations register from 01 July 2021 to 30 September 2021
4. Contracts and Commitments register as at 30 September 2021
5. Suppliers quarterly assessment report – 30 September 2021
6. Updated 2021-2022 procurement plan as at 30 September 2021
7. Additions register for Immovable assets from 01 July 2021 to 30 September 2021
8. Additions register for movable assets from 01 July 2021 to 30 September 2021
9. Operating Lease register from 01 July 2021 to 30 September 2021
10. Insurance claims from 01 July 2021 to 30 September 2021
11. Repairs and Maintenance report and expenditure from 01 July 2021 to 30 September 2021
12. Fuel expenditure from 01 July 2021 to 30 September 2021
13. Stock take report for 01 July 2021 to 30 September 2021

17. Recommendations

- It is hereby recommended that the Council approves the report for the quarter ending 30 September 2021.