

# **GREATER TZANEEN MUNICIPALITY**



## **AUGUST 2019/2020 FINANCIAL REPORT**

# AUGUST 2019/20 FINANCIAL REPORT

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## 1. BUDGET PERFORMANCES

### 1.1 OPERATING EXPENDITURE V/S CAPITAL EXPENDITURE

| Description              | Allocation<br>(R)    | Adjustment<br>Budget<br>(R) | August<br>(R)     | YTD<br>Expenditure<br>(R) | %YTD<br>Expenditure | % YTD<br>Target |
|--------------------------|----------------------|-----------------------------|-------------------|---------------------------|---------------------|-----------------|
| Operating Expenditure    | 1,309,239,841        | 1,309,239,841               | 60,051,450        | 107,523,709               | 8.21%               | 16.66%          |
| Capital Expenditure      | 142,484,850          | 142,484,850                 | 24,246,351        | 29,801,091                | 20.92%              | 16.66%          |
| <b>TOTAL EXPENDITURE</b> | <b>1,451,724,691</b> | <b>1,451,724,691</b>        | <b>84,297,801</b> | <b>137,324,801</b>        | <b>9.46%</b>        | <b>16.66%</b>   |

### OPERATIONAL EXPENDITURE

The actual operational expenditure represents 8.21% of the budgeted operational expenditure which is also less than the 16.66% that could have been spent. The Operational expenditure does not include water and sewer expenses. A provision for bad debt and depreciation has not been allocated. It must be mentioned that an amount of R88.3 million which represents bulk electricity purchased for July 2019 payable in August 2019 has not been included in the year to date expenditure. If the bulk electricity purchase, provision for bad debts and depreciation is included, the percentage year to date will increase to 15%.

### CAPITAL EXPENDITURE

Expenditure incurred on Capital amounted to R24 246 351 at the end of Aug 2019. The total capital expenditure to date amounts to R 29 801 091 and the percentage spending is currently at 21%.

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## 1.2 SALARIES

| Description           | Allocation<br>(R)  | Adjustment<br>Budget<br>(R) | August<br>(R)     | YTD<br>Expenditure<br>(R) | %YTD<br>Expenditure | % YTD<br>Target |
|-----------------------|--------------------|-----------------------------|-------------------|---------------------------|---------------------|-----------------|
| Employee Related Cost | 357,715,346        | 357,715,346                 | 26,094,965        | 54,242,826                | 15.16%              | 16.66%          |
| <b>TOTAL</b>          | <b>357,715,346</b> | <b>357,715,346</b>          | <b>26,094,965</b> | <b>54,242,826</b>         | <b>15.16%</b>       | <b>16.66%</b>   |

## 1.3 OVERTIME

| Department                         | Allocation<br>(R) | Adjustment<br>Budget<br>(R) | August<br>(R)    | YTD<br>Expenditure<br>(R) | %YTD<br>Expenditure | % YTD<br>Budget |
|------------------------------------|-------------------|-----------------------------|------------------|---------------------------|---------------------|-----------------|
| 01-Municipal manager               | 0                 | 0                           | 14,237           | 27,001                    | 0.00%               | 16.66%          |
| 02-Planning & economic development | 0                 | 0                           | 0                | 0                         | 0.00%               | 16.66%          |
| 03-Financial services              | 837,457           | 837,457                     | 165,611          | 292,124                   | 34.88%              | 16.66%          |
| 04-Corporate services              | 563,047           | 563,047                     | 77,317           | 155,974                   | 27.70%              | 16.66%          |
| 05-Engineering services            | 2,341,123         | 2,341,123                   | 168,110          | 280,917                   | 12.00%              | 16.66%          |
| 06-Community services              | 18,261,099        | 18,261,099                  | 1,197,753        | 2,541,409                 | 13.92%              | 16.66%          |
| 07-Electrical engineering          | 19,099,228        | 19,099,228                  | 598,919          | 1,255,404                 | 6.57%               | 16.66%          |
| <b>Total</b>                       | <b>41,101,954</b> | <b>41,101,954</b>           | <b>2,221,947</b> | <b>4,552,829</b>          | <b>11.08%</b>       | <b>16.66%</b>   |

The actual salary expenditure which includes social contributions represents 15.16% of the budgeted salary amount for the period under review. An amount of R4.5 million was paid for overtime which is less than the R6.8 million budgeted for the financial year.

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## 1.4 REMUNERATION ON COUNCILLORS

| Description                 | Allocation<br>(R) | Adjustment<br>Budget<br>(R) | August<br>(R)    | YTD<br>Expenditure<br>(R) | %YTD<br>Expenditure | % YTD<br>Target |
|-----------------------------|-------------------|-----------------------------|------------------|---------------------------|---------------------|-----------------|
| Remunerations of Councilors | 28,302,991        | 28,302,991                  | 2,196,104        | 4,393,121                 | 15.52%              | 16.66%          |
| <b>TOTAL</b>                | <b>28,302,991</b> | <b>28,302,991</b>           | <b>2,196,104</b> | <b>4,393,121</b>          | <b>15.52%</b>       | <b>16.66%</b>   |

## 2 GRANTS AND SUBSIDIES RECEIVED

| Description      | Allocation<br>(R)  | Adjustment<br>Budget<br>(R) | August<br>Receipt<br>(R) | YTD<br>Receipt<br>(R) | %YTD<br>Receipt |
|------------------|--------------------|-----------------------------|--------------------------|-----------------------|-----------------|
| EQUITABLE SHARES | 360,693,000        | 360,693,000                 | 0                        | 159,872,000           | 44.32%          |
| FMG              | 2,145,000          | 2,145,000                   | 2,145,000                | 2,145,000             | 100.00%         |
| INEP             | 20,000,000         | 20,000,000                  | 0                        | 4,000,000             | 20.00%          |
| MIG              | 94,263,000         | 94,263,000                  | 0                        | 31,236,000            | 33.14%          |
| EPWP             | 5,749,000          | 5,749,000                   | 1,438,000                | 1,438,000             | 25.01%          |
| <b>TOTAL</b>     | <b>482,850,000</b> | <b>482,850,000</b>          | <b>3,583,000</b>         | <b>198,691,000</b>    | <b>41.15%</b>   |

An amount of R198.6 million which represents 41.15% of all grants budgeted for has been received during the financial year.

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## 3 PERFORMANCE ON CONDITIONAL GRANTS

| Description      | Budget<br>(R)      | Adjustment<br>Budget<br>(R) | August<br>Spending<br>(R) | YTD receipt<br>(R) | YTD spent<br>(R)   | Total<br>unspent/<br>overspent<br>(R) | % Spent<br>from<br>receipt |
|------------------|--------------------|-----------------------------|---------------------------|--------------------|--------------------|---------------------------------------|----------------------------|
| EQUITABLE SHARES | 360,693,000        | 360,693,000                 | 0                         | 159,872,000        | 159,872,000        | 0                                     | 100.00%                    |
| FMG              | 2,145,000          | 2,145,000                   | 100,590                   | 2,145,000          | 207,727            | 1,937,273                             | 0.00%                      |
| INEP             | 20,000,000         | 20,000,000                  | 156,215                   | 4,000,000          | 156,215            | 3,843,785                             | 3.91%                      |
| MIG              | 94,263,000         | 94,263,000                  | 22,129,486                | 31,236,000         | 26,386,363         | 4,849,637                             | 84.47%                     |
| EPWP             | 5,749,000          | 5,749,000                   | 694,967                   | 1,438,000          | 1,384,028          | 53,972                                | 0.00%                      |
| <b>TOTAL</b>     | <b>482,850,000</b> | <b>482,850,000</b>          | <b>23,081,258</b>         | <b>198,691,000</b> | <b>188,006,333</b> | <b>10,684,667</b>                     | <b>94.62%</b>              |

It is clear from the tables above that R188 million of the R198.6 million grant money received was spent, 94.62% of grant money received for the financial year was spent.

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## 4 REVENUE BILLED FROM SERVICES CHARGES

| Description     | Original Budget    | Adjustment Budget  | July Billing      | YTD Billing        | % YTD Billing | % YTD Target  |
|-----------------|--------------------|--------------------|-------------------|--------------------|---------------|---------------|
| Property Rates  | 140 000 000        | 140 000 000        | 9 438 848         | 18 811 301         | 13.44%        | 16.66%        |
| Water           | 25 284 000         | 25 284 000         | 2 295 324         | 2 825 220          | 11.17%        | 16.66%        |
| Sewer           | 7 800 100          | 7 800 100          | 538 814           | 882 803            | 11.32%        | 16.66%        |
| Solid Waste     | 35 021 657         | 35 021 657         | 2 448 098         | 5 155 913          | 14.72%        | 16.66%        |
| Electricity     | 577 501 000        | 577 501 000        | 52 183 791        | 98 648 096         | 17.08%        | 16.66%        |
| Income foregone | -38 200 000        | -38 200 000        | 3 329 696         | 6 626 895          | -17.35%       | 16.66%        |
| <b>TOTALS</b>   | <b>747 406 757</b> | <b>747 406 757</b> | <b>70 234 571</b> | <b>132 950 229</b> | <b>17.79%</b> | <b>16.66%</b> |

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## 5. REVENUE COLLECTED FROM SERVICES CHARGES

| Description     | Original Budget    | Adjustment Budget  | July Receipt      | YTD Billing        | YTD receipt        | %YTD Receipt Per Billing | % YTD Receipt Per Budget |
|-----------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------------|--------------------------|
| Property Rates  | 140 000 000        | 140 000 000        | 8 393 691         | 18 811 301         | 15 438 324         | 82.07%                   | 11.03%                   |
| Water           | 25 284 000         | 25 284 000         | 1 362 509         | 2 825 220          | 2 946 544          | 104.29%                  | 11.65%                   |
| Sewer           | 7 800 100          | 7 800 100          | 462 919           | 882 803            | 901 501            | 102.12%                  | 11.56%                   |
| Solid Waste     | 35 021 657         | 35 021 657         | 2 516 292         | 5 155 913          | 5 778 149          | 112.07%                  | 16.50%                   |
| Electricity     | 577 501 000        | 577 501 000        | 44 693 884        | 98 648 096         | 86 163 262         | 87.34%                   | 14.92%                   |
| Income foregone | -38 200 000        | -38 200 000        | 3 329 696         | 6 626 895          | 6 626 895          | 100.00%                  | -17.35%                  |
| <b>TOTALS</b>   | <b>747 406 757</b> | <b>747 406 757</b> | <b>60 758 991</b> | <b>132 950 229</b> | <b>117 854 675</b> | <b>88.65%</b>            | <b>15.77%</b>            |

## 6. BANK BALANCE

| Name of institution | Cash in the Bank at 31 August 2019 |
|---------------------|------------------------------------|
| ABSA                | R65,814,108.24                     |

Council had a positive Bank Balance of R 65,814,108.24 at the end of August 2019.



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## 7. BANK RECONCILIATION

|   | August-19                     |
|---|-------------------------------|
| BALANCE ACCORDING TO BANK STATEMENT           | R 7 762 462.93                |
| BALANCE ACCORDING TO BANK STATEMENT           | R 8 475 926.28                |
| BALANCE ACCORDING TO BANK STATEMENT(SAVINGS)  | R 443 290.95                  |
| BALANCE ACCORDING TO BANK STATEMENT(CALL ACC) | R 49 132 428.08               |
|   | <hr/>                         |
|   | R 65 814 108.24               |
| Less: OUTSTANDING CHEQUES                     | -R 7 624 440.06               |
|   | <hr/>                         |
|   | R 58 189 668.18               |
| Add: R/D CHEQUES                              | R 127 900.57                  |
|   | <hr/>                         |
|   | R 58 317 568.75               |
| Less: OUTSTANDING DEPOSITS                    | -R 5 854 197.64               |
|   | <hr/>                         |
|   | R 52 463 371.11               |
| Add: CASH ON HAND                             | R 63 652.19                   |
|   | <hr/>                         |
|   | R 52 399 718.92               |
| Add: PAYMENTS IN BANK NOT IN C/B              | 880.62                        |
|   | <hr/>                         |
| BALANCE ACCORDING TO CASHBOOK                 | <b><u>R 52 400 599.54</u></b> |

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## 8. INVESTMENT AS AT 31 August 2019

### 8.1 LONG TERM INVESTMENTS

| Name of institution | Balance as at 31 August 2019 |
|---------------------|------------------------------|
| Liberty life        | R15 203 153.90               |
| Standard Bank       | R17 388 103.00               |

An Annual investment of R860 000.00 has been made with Liberty to repay a loan of R15 million on maturity date. The loan bears interest on variable rate and the value of the investment amounts to R15 096 341. An investment of R 11 350 000 has been made with Standard Bank to repay a loan of R30 million on maturity date. The loan bears interest at a rate of 12.09% and the value of the investment amounts to R 16 125 318.

### 8.2 SHORT TERM INVESTMENTS

| Institution Name | Type of Account | Rate  | Amount                |
|------------------|-----------------|-------|-----------------------|
| Absa             | Call Account    | 6.15% | R15 000 000.00        |
| Nedbank          | Call Account    | 6.00% | R10 000 000.00        |
| Investec         | Call Account    | 6.35% | R20 000 000.00        |
| <b>Total</b>     |                 |       | <b>R45 000 000.00</b> |

Council had R45 million on short term investments as at 31 August 2019

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## 9. DEBT MANAGEMENT

### 9.1 LONG TERM LOAN

Greater Tzaneen Municipality has 5 loans with 3 different institutions. Attached is a list of loans with balances and interests amounts paid.

| COMPANY NAME  | TYPE OF LOAN | DATE OF LOAN TAKEN | OPENING BALANCE     | 31-Jul         |                | 31-Aug          |                 | Closing Balance     |
|---------------|--------------|--------------------|---------------------|----------------|----------------|-----------------|-----------------|---------------------|
|               |              |                    |                     | Capital        | Interest       | Capital         | Interest        |                     |
| DBSA          | STOCK        | 1/10/2009          | 15'000'000          | Nil            | Nil            | Nil             | Nil             | 15'000'000          |
| ABSA          | ANNUITY      | 2/6/2011           | 16'848'523          | Nil            | Nil            | Nil             | Nil             | 16'848'523          |
| DBSA          | ANNUITY      | 1/11/2010          | 30'170'361          | 296,527        | 342,887        | 152'268         | 167' 384        | 30'018'094          |
| STANDARD BANK |              | 3/11/2015          | 30'000'000          | Nil            | Nil            | Nil             | Nil             | 30'000'000          |
| DBSA          | STOCK        |                    | 40'000'000          | Nil            | Nil            | Nil             | Nil             | 40'000'000          |
| DBSA (New)    | ANNUITY      | 1/10/2018          | 20'000'000          | Nil            | Nil            | Nil             | Nil             | 20'000'000          |
| <b>TOTAL</b>  |              |                    | <b>152' 018'884</b> | <b>296,527</b> | <b>342,887</b> | <b>152' 268</b> | <b>167' 384</b> | <b>152' 866'616</b> |

Long term loan expenditure paid for August 2019 is R 152' 268

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## 10. CREDITORS AGE ANALYSIS

Trade creditors not paid within 30 days as at 31 August 2019:

| N<br>O | SUPPLIER<br>NAME                            | DESCRIPTION/<br>NATURE OF<br>SERVICE | CHQ<br>/GRN<br>NUMBER/<br>REF | 30<br>DAYS | 60 DAYS | 90<br>DAYS | 120<br>DAYS | 150<br>DAYS | TOTAL   | REASON FOR<br>DEVIATION/COMMENT  |
|--------|---|--------------------------------------|-------------------------------|------------|---------|------------|-------------|-------------|---------|--|
| 1      | VOLTEX<br>TZANEEN                           | ELECTRICAL<br>EQUIPMENT              | 151148                        | 152        | -       | -          | -           | -           | 151,300 | Tax Invoice received but<br>not yet due for payment  |
| 2      | MAGIC<br>BUILDERS<br>CENTRE (PTY)<br>LTD    | BUILDING<br>MATERIAL                 | 151106                        | 1,400      |         |            |             |             | 152,506 | Tax Invoice received but<br>not yet due for payment  |
| 3      | WATLTONS                                    | STATIONARY                           | 151146                        | 1,929      | -       | -          | -           | -           | 153,075 | Tax Invoice received but<br>not yet due for payment  |
| 4      | CARINE<br>BORDUURDERS<br>BK                 | EMBROIDERY/<br>CLOTHING              | 150992                        | 19,043     | -       | -          | -           | -           | 170,035 | Tax Invoice not signed off<br>by user department, due<br>to work not done to<br>satisfaction |
| 5      | FORMS MEDIA<br>INDEPENDENT<br>(AFRICA)(PTY) | STATIONARY                           | 151154/15<br>1115/1511<br>16  | 2,382      | -       | -          | -           | -           | 2,382   | Tax Invoice received but<br>not yet due for payment  |
| 6      | BEKMAR<br>IRRIGATION                        | ELECTRICAL<br>EQUIPMENT              | 151151/15<br>1149/1511<br>50  | 3,034      | -       | -          | -           | -           | 3,034   | Tax Invoice received but<br>not yet due for payment  |

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|    |  |                        |                             |               |                  |          |          |          |                  |   |
|----|--|------------------------|-----------------------------|---------------|------------------|----------|----------|----------|------------------|---|
| 7  | DEDEYA TRADING ENTERPRISE              | MAINTENANCE            | 151134/15<br>1139           | 21,665        |                  |          |          |          | 21,665           | Tax Invoice not signed off by user department, due to work not done to satisfaction |
| 8  | RM LIGHTING                            | ELECTRICAL EQUIPMENT   | 151083/15<br>1084           | 3,160         |                  |          |          |          | 3,160            | Tax Invoice received but no banking details,  |
| 9  | RIVISI ELECTRICAL CONTRACTOR           | ELECTRICAL MAINTENANCE | 150456 -<br>150474          |               | 142,033          |          |          |          | 142,033          | Tax Invoice not signed off by user department, due to work not done to satisfaction |
| 10 | KAMO JOU TRADING AND PROJECTS          | MACHINE HIRE           | 150255-<br>57/150673<br>-75 | 0             | 957,284          |          |          |          | 957,284          | Tax Invoice not signed off by user department, due to work not done to satisfaction |
| 11 | TOPHILL HOME PROJECTS AND CONSTRUCTION | UNIFORM SUPPLY         | 150710 /<br>150732          | 0             | 173,745          |          |          |          | 173,745          | Tax Invoice not signed off by user department, due to work not done to satisfaction |
|    |  |                        | <b>TOTAL</b>                | <b>52,764</b> | <b>1,273,062</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>1,325,826</b> |   |

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Sundry creditors not paid within 30 days as at 31 August 2019:

| NO | SUPPLIER NAME | DESCRIPTION/<br>NATURE OF SERVICE | CHQ /GRN<br>NUMBER/REF | 30 DAYS           | 60 DAYS           | 90<br>DAYS | 120<br>DAYS | 150<br>DAYS | TOTAL              | REASON FOR<br>DEVIATION/COMMENT   |
|----|---------------|-----------------------------------|------------------------|-------------------|-------------------|------------|-------------|-------------|--------------------|---|
| 1  | ESKOM         | BULK<br>PURCHASES                 | 9725598889             | 61,041,867        | 58,317,024        | -          | -           | -           | 119,358,891        | Current Tax Invoice<br>received not yet due<br>(payable 02 Oct 2019 )<br>– Payment Arrangement<br>made to address arrears<br>due to Cash flow<br>challenges |
|    |               |                                   | <b>TOTAL</b>           | <b>61,041,867</b> | <b>58,317,024</b> | <b>0</b>   | <b>0</b>    | <b>0</b>    | <b>119,358,891</b> |   |

The total outstanding creditors as per the creditors' age analysis amounted to R 119 358 891.02 at the end of August 2019

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## 11. REVENUE MANAGEMENT

### 11.1 RATES AND SERVICE CHARGES OUTSTANDING - AGE ANALYSIS

| RATES AND SERVICE CHARGES OUTSTANDING - AGE ANALYSIS |                    |                    |                   |                   |                   |                       |                   |                    |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|--------------------|
| Age Analysis   | Rates              | Electricity        | Refuse            | Sewerage          | Water             | Total - Rates & Serv. | Total Sundry      | Total              |
| Current  | 9 681 959          | 61 794 406         | 3 302 211         | 737 708           | 3 460 067         | 78 976 351            | -1 794 676        | 77 181 676         |
| 30 days  | 5 053 842          | 15 122 383         | 1 756 973         | 434 730           | 2 137 387         | 24 505 314            | 422 830           | 24 928 144         |
| 60 days  | 4 385 889          | 5 664 960          | 1 463 272         | 310 373           | 1 072 151         | 12 896 645            | 344 020           | 13 240 665         |
| 90 days  | 3 927 596          | 3 296 988          | 1 422 664         | 277 775           | 777 456           | 9 702 480             | 154 299           | 9 856 778          |
| 120 days   | 3 806 473          | 8 001 744          | 1 311 636         | 354 479           | 1 724 051         | 15 198 384            | 206 533           | 15 404 917         |
| 120 days plus  | 168 367 837        | 131 534 677        | 73 570 453        | 20 153 650        | 85 309 195        | 478 935 813           | 35 666 373        | 514 602 185        |
| <b>Balance</b>                                       | <b>195 223 596</b> | <b>225 415 158</b> | <b>82 827 210</b> | <b>22 268 715</b> | <b>94 480 308</b> | <b>620 214 987</b>    | <b>34 999 378</b> | <b>655 214 365</b> |

The outstanding rates and service charges increased by 2.66% from R638 million in July to R655 million in August 2019. These amounts include sundry debtors of R34 million.

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## 11.2 AGE ANALYSIS PER DEBTOR CLASSIFICATIONS

| <b>Classification</b> | <b>Current<br/>R</b> | <b>0 - 30<br/>Days<br/>R</b> | <b>31 - 60<br/>Days<br/>R</b> | <b>61 - 90<br/>Days<br/>R</b> | <b>91 - 120<br/>Days<br/>R</b> | <b>Total<br/>R</b> |
|-----------------------|----------------------|------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------|
| <b>Government</b>     | 1 384 252            | 1 030 301                    | 445 407                       | 464 446                       | 12 958 365                     | 16 282 771         |
| <b>Business</b>       | 62 965 125           | 8 438 517                    | 3 917 533                     | 2 491 668                     | 123 531 114                    | 201 343 956        |
| <b>Individuals</b>    | 1 819 090            | 9 649 959                    | 5 761 634                     | 4 260 824                     | 235 653 880                    | 257 145 387        |
| <b>Other</b>          | 6 815 433            | 3 237 251                    | 1 733 567                     | 1 584 609                     | 50 320 369                     | 63 691 229         |
| <b>BALANCE</b>        | <b>72 983 900</b>    | <b>22 356 028</b>            | <b>11 858 141</b>             | <b>8 801 547</b>              | <b>422 463 727</b>             | <b>538 463 342</b> |



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## 11.3 PAYMENT RATES PER TOWN

| PAYMENT RATES PER TOWN - RATES AND SERVICE CHARGE DEBTORS |                   |                    |                  |
|---|-------------------|--------------------|------------------|
| Towns   | Current Account   | Payment Received   | Payment Rate (%) |
| Tzaneen - Urban   | 32 502 326        | -25 161 169        | 77%              |
| Tzaneen - Rural   | 37 036 497        | -28 531 436        | 77%              |
| Nkowankowa  | 4 409 085         | -1 091 527         | 25%              |
| Lenyenye  | 1 023 303         | -316 951           | 31%              |
| Politsi   | 25 884            | -22 550            | 87%              |
| Letsitele   | 3 578 324         | -3 276 414         | 92%              |
| Haenertsburg  | 400 933           | -382 850           | 95%              |
| <b>Aggregate</b>  | <b>78 976 351</b> | <b>-58 782 897</b> | <b>74%</b>       |

## 11.4 INDIGENT REGISTRATION AND ACCESS TO BASIC ELECTRICITY

The number of indigents registered and verified, amounts to 25 693 for the month ended 31 August 2019.

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## 11.5 REVENUE PER SOURCE BILLING VERSUS CASH RECEIVED

| REVENUE PER SOURCE                | BILLING              | CASH RECEIVED          | VARIANCES            |
|-----------------------------------|----------------------|------------------------|----------------------|
| Property Rate + Interest          | 10 426 571.03        | -8 393 691.23          | 2 032 879.80         |
| Electricity                       | 52 183 791.00        | -44 693 884.33         | 7 489 906.67         |
| Water                             | 2 295 323.67         | -1 362 508.97          | 932 814.70           |
| Sewerage                          | 538 813.69           | -462 918.78            | 75 894.91            |
| Refuse Removal                    | 2 448 098.37         | -2 516 291.76          | (68 193.39)          |
| Stand Sale                        | -                    | -1 500.00              | (1 500.00)           |
| Sundry Charges                    | 972 167.91           | -1 352 102.29          | (379 934.38)         |
| Interest charge on services debts | 2 124 195.49         |                        | 2 124 195.49         |
| <b>TOTAL</b>                      | <b>70 988 961.16</b> | <b>(58 782 897.36)</b> | <b>12 206 063.80</b> |

# AUGUST 2019/20 FINANCIAL REPORT

## 12. CAPITAL PROJECTS

| Capital Project  | Original Budget | August     | Actual July to June | % Spent |
|--|-----------------|------------|---------------------|---------|
| Purchase of Fleet: 1xTLB, 1xexcavator, 2xWaste Trucks, 1xLow Bed         | 7,500,000       |            |                     | 0       |
| Purchase of Grass cutting Machines                                       | 800,000         |            |                     | 0       |
| Purchase of mobile Air Qaulity monitoring station and calibrate annually | 85,000          |            |                     | 0       |
| Mopye High School Access Road: Phase 1 of 2 and 2 of 2                   | 14,365,700      | 485,266    | 1,397,793           | 9.73    |
| Paving of Nelson Ramodike High Access Road phase 1 of 2                  | 4,402,376       |            |                     | 0       |
| Upgrading of gravel to tar- Nkowankowa A, Codesa & Hani Street Phase     | 3,000,000       |            |                     | 0       |
| Mulati Access RoadPaving 1 of 3 and 2 of 3 and 3 of 3                    | 19,134,345      | 12,880,458 | 12,880,458          | 67.32   |
| Upgrading of Access Road- Mbambamencisi Phase 1                          | 2,968,065       |            | 1,218,118           | 41.04   |
| Upgrading of Khujwana to Lenyenye Access Road Phase 1 of 3               | 19,554,712      | 7,055,718  | 8,372,675           | 42.82   |
| Paving of moseanoka to Cell C Pharare internal streets in ward 28        | 2,000,000       |            |                     | 0       |
| Relela Access Road 1 of 4 Upgrading from gravel to paving                | 4,402,376       | 1,160,228  | 1,160,228           | 26.35   |
| Matapa to Leseka Access Road Phase 1 of 2 and 2 of 2                     | 4,402,376       |            |                     | 0       |
| Mawa B12 Low Level Bridge  | 2,000,000       |            |                     | 0       |
| Purchasing of tar cutting machines and small compactors                  | 200,000         |            |                     | 0       |
| New generator for georges valley   | 300,000         |            |                     | 0       |
| Area Lighting at R36 Kujwana turn off                                    | 300,000         |            |                     | 0       |
| Upgrading of old fire station building and civic centre                  | 2,500,000       |            |                     | 0       |
| Fencing of cemetery Lesedi Regional Cemetry ( Lenyenye)                  | 350,000         |            |                     | 0       |
| Ablution block with change room at Lesedi Regional Cemetery              | 150,000         |            |                     | 0       |

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|  |           |         |           |        |
|--|-----------|---------|-----------|--------|
| Fence Nkowankowa cemetery extension  | 350,000   |         |           | 0      |
| Construct ablution with change room at Nkowankowa cemetery   | 150,000   |         |           | 0      |
| Additions to existing Tzaneen stores including fencing   | 750,000   |         |           | 0      |
| New Lenyenye Taxi Rank Phase 1 of 2 and 2 of 2   | 8,119,900 | 547,816 | 547,816   | 6.75   |
| Paving of Risaba, Mnisi, shando, to Driving school internal streets  | 2,000,000 |         |           | 0      |
| Paving of main road from Ndhuna mandlakazi, Efrika, Zangoma, Mpenyisi to Jamba Cross internal streets( in ward 13, Mandlakazi) | 2,000,000 |         |           | 0      |
| Rehabilitation of Haenertsburg Cementry road   | 1,500,000 |         |           | 0      |
| Miniature Sub- Urban Distribution Networks   | 800,000   |         |           | 0      |
| Substation Tripping Batteries  | 100,000   |         |           | 0      |
| Provision of Electrical Tools-Customer Retail  | 50,000    |         |           | 0      |
| Provision of Electrical Tools-Operation and Maintenance  | 50,000    |         |           | 0      |
| Replacement of Existing Air Conditioners in Municipal Buildings  | 150,000   |         |           | 0      |
| Purchase of the Mayoral Car  | 1,200,000 |         |           | 0      |
| Purchase of the Speaker's Car  | 700,000   |         |           | 0      |
| New generator for Head office  | 400,000   |         |           | 0      |
| Installation Entrance Street Lights R71  | 500,000   |         |           | 0      |
| R71 Deerpark Traffic Circle Lights SANRAL  | 1,600,000 |         |           | 0      |
| High Mast Lights at Dan Village  | 1,200,000 |         |           | 0      |
| New Electricity Connection -Consumer Contribution  | 7,500,000 | 318,272 | 1,063,604 | 14.18  |
| New Electricity Connection -Consumer Contribution  | 7,500,000 | 686,150 | 750,331   | 10     |
| Renewal Repairs & Maintenance on Prepaid Meters- (Talana Politsi, Mieliekloof and Tarentaalrand)                               | 300,000   | -       | 332,888   | 110.96 |

# AUGUST 2019/20 FINANCIAL REPORT

|   |                    |                    |                    |               |
|---|--------------------|--------------------|--------------------|---------------|
| Rebuilding of Lines- Green frog-Haenertsburg in phases                                    | 1,050,000          |                    |                    | 0             |
| Rebuilding of Lines-Gravelotte- De Neck   | 1,000,000          |                    |                    | 0             |
| Rebuilding of Lines 33 KV-Lalapanzi/Waterbok  | 600,000            |                    | 69,722             | 11.62         |
| Rebuilding of Mashuti 11KV Line (2 km)  | 400,000            |                    |                    | 0             |
| Rebuilding of Yamorna & Shivulari 11KV Line (4 km)  | 600,000            |                    |                    | 0             |
| Rebuilding of Deeside 11KV Line (2,5 km)  | 600,000            |                    | 183,551            | 30.59         |
| Rebuilding of Ledzee 11KV Line from LZ44 to Vandergruy Farm(2,5 km)                       | 1,400,000          |                    |                    | 0             |
| Rebuilding of Lines- Letsitele Valley Substation- Bosbou & all T offs                     | 500,000            |                    |                    | 0             |
| Rebuilding of Rooikoppies 11KV lines (5 km)   | 500,000            |                    | 711,462            | 142.29        |
| Rebuilding of Mieliekloof & Deerpark 11KV lines (2,5 km)                                  | 500,000            |                    |                    | 0             |
| Rebuilding of Letaba Feeder 33KV lines (2,5 km)   | 1,000,000          |                    |                    | 0             |
| Substation Fencing at major substations in phases   | 500,000            |                    |                    | 0             |
| Replace 2 x 15 MVA 66/11 Kv Transformers with 2 x 20 MVA at Tzaneen Mainsub Phase 1 and 2 | 5,000,000          |                    |                    | 0             |
| Replace 11KV & 33KV Auto Reclosers p.a (x5) (Item B53 6/14)                               | 1,000,000          |                    |                    | 0             |
| Refurbishment of Ebenezer 33KV Feeder (2,5 km)  | 1,000,000          |                    |                    | 0             |
| Rebuilding of Valencia 11KV Lines   | 500,000            |                    |                    | 0             |
| Purchase of Geographical Information Systems Equipments                                   | 1,000,000          |                    |                    | 0             |
| Rebuilding of Lines Thabina Valley  |                    | 578,789            | 578,789            | 0             |
| Rebuilding of Lines Blacknoll   |                    | 38,320             | 38,320             | 0             |
| <b>Total</b>  | <b>142,484,850</b> | <b>24,246, 351</b> | <b>29,801, 091</b> | <b>20.92%</b> |

# AUGUST 2019/20 FINANCIAL REPORT

## MUNICIPAL INFRASTRUCTURE GRANT

The below spending on MIG grant figure, includes work in progress to date.

|  |  |
|--|--|
| Moruji to Maswi Tar Road                       | The road is surfaced and open to chainage 12,05km. The Contractor is busy with construction of drains. (No expenditure for August and Accumulated expenditure is R116 248 425.28)                              |
| Upgrading of Lenyenye Taxi Rank                | The project is on adjudication stage (Expenditure for August is R 629 988.70 and Accumulated expenditure R2 363 492.75 )   |
| Upgrading of Mulati Access Road                | The Contractor has construction of the RAL intersection, pre-shaping of the base for up to chainage 5.8kms. (Expenditure for August is R14 265 903.06 and Accumulated expenditure is R23 457 342.70)           |
| Upgrading of Lenyenye to Khujwana Access Road  | The Contractor has primed from chainage 0-1, 7kms, sub base up to chainage 4,4kms and has commenced with construction of the drains. (no expenditure for August and Accumulated expenditure is R16 235 970.77) |
| Upgrading of Mbambamencisi Access Road         | The Contractor has Completed 100% of the laying of interlocking bricks and is now busy with placing of the kerbs. (No expenditure for August and Accumulated expenditure is R5 979 641.97 )                    |
| Construction of Mawa Block 12 Low level bridge | A Contractor has been appointed. Site Handover is scheduled for the 12/08/2019 (No expenditure for August and accumulated expenditure is R623 318.07 )   |
| Upgrading of Relela Access Road                | The Contractor has established the site and is now busy with clearing of the bypass (Expenditure for August is R1 334 262.23 and accumulated expenditure is R3 291 262.24 )                                    |
| Mmatapa to Leseke Access Road                  | The Contractor has established the site and is now busy with clearing of the bypass, excavation and construction on the roadbed. (No expenditure for August and accumulated is R3 162 875.22)                  |
| Upgrading of CODESA to Hani Street Paving      | The Contractor has completed the construction of the base and kerbs. They are busy the construction of V-drains. (No expenditure for August and Accumulated expenditure is R8 488 772.96)                      |
| Mopye High School Access Road                  | The Contractor has completed the Construction of the roadbed and is busy with construction of the base. (Expenditure for August is R349 007.75and Accumulated expenditure is R4 748 627.84 )                   |
| Nelson Ramodike High School Access Road        | The Contractor has established the site and is now busy with clearing of the bypass (No expenditure for August and accumulated expenditure is R3 213 290.71)   |

# AUGUST 2019/20 FINANCIAL REPORT

## 13. EXPENDITURE PER VOTE

| Row Labels                                       | Budget               | August            | July to August     | % Spent       |
|--|----------------------|-------------------|--------------------|---------------|
| <b>02-Expense</b>                                | <b>1 327 039 599</b> | <b>60 051 450</b> | <b>107 523 709</b> | <b>8.10%</b>  |
| <b>01-Municipal manager</b>                      | <b>75 195 251</b>    | <b>5 963 211</b>  | <b>13 707 503</b>  | <b>18.23%</b> |
| 051EMPLOYEE RELATED COSTS - WAGES & SALARIES     | 17 526 612           | 1 349 910         | 2 698 585          | 15.40%        |
| 053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS | 6 797 693            | 403 746           | 794 964            | 11.69%        |
| 058REMUNERATIONS OF COUNCILLORS                  | 28 302 991           | 2 196 104         | 4 393 121          | 15.52%        |
| 064DEPRECIATION                                  | 162 351              | 0                 | 0                  | 0.00%         |
| 066REPAIRS AND MAINTENANCE                       | 2 006                | 0                 | 0                  | 0.00%         |
| 074CONTRACTED SERVICES                           | 400 000              | 0                 | 0                  | 0.00%         |
| 077GRANTS & SUBSIDIES PAID-UNCONDITIONAL         | 2 450 000            | 103 100           | 258 562            | 10.55%        |
| 078GENERAL EXPENSES - OTHER                      | 19 553 598           | 1 910 351         | 5 562 271          | 28.45%        |
| <b>02-Planning &amp; economic development</b>    | <b>31 408 863</b>    | <b>3 225 593</b>  | <b>5 613 077</b>   | <b>17.87%</b> |
| 051EMPLOYEE RELATED COSTS - WAGES & SALARIES     | 15 016 418           | 1 192 952         | 2 808 628          | 18.70%        |
| 053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS | 2 430 938            | 186 886           | 377 975            | 15.55%        |
| 064DEPRECIATION                                  | 311 650              | 0                 | 0                  | 0.00%         |
| 066REPAIRS AND MAINTENANCE                       | 35 321               | 0                 | 0                  | 0.00%         |
| 068INTEREST EXPENSE - EXTERNAL BORROWINGS        | 420 248              | 0                 | 0                  | 0.00%         |
| 074CONTRACTED SERVICES                           | 1 389 150            | 18 703            | 35 084             | 2.53%         |
| 078GENERAL EXPENSES - OTHER                      | 11 805 138           | 1 827 053         | 2 391 389          | 20.26%        |
| <b>03-Financial services</b>                     | <b>111 690 531</b>   | <b>5 601 148</b>  | <b>9 873 550</b>   | <b>8.84%</b>  |
| 051EMPLOYEE RELATED COSTS - WAGES & SALARIES     | 35 721 383           | 2 642 714         | 5 642 989          | 15.80%        |
| 053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS | 7 817 390            | 518 558           | 1 042 943          | 13.34%        |
| 060BAD DEBTS                                     | 17 900 000           | 0                 | 0                  | 0.00%         |
| 062COLLECTION COSTS                              | 1 200 000            | 0                 | 0                  | 0.00%         |
| 063INVENTORY SURPLUS/LOSS                        | 0                    | 0                 | 0                  | 0.00%         |

# AUGUST 2019/20 FINANCIAL REPORT

|  |                    |                   |                   |               |
|--|--------------------|-------------------|-------------------|---------------|
| 064DEPRECIATION                                  | 700 010            | 0                 | 0                 | 0.00%         |
| 066REPAIRS AND MAINTENANCE                       | 76 165             | 2 112             | 3 851             | 5.06%         |
| 074CONTRACTED SERVICES                           | 9 608 383          | 384 677           | 384 677           | 4.00%         |
| 076GRANTS & SUBSIDIES PAID                       | 2 145 000          | 100 590           | 207 727           | 9.68%         |
| 077GRANTS & SUBSIDIES PAID-UNCONDITIONAL         | 4 000 000          | 533 367           | 533 367           | 13.33%        |
| 078GENERAL EXPENSES - OTHER                      | 32 522 200         | 1 419 129         | 2 057 996         | 6.33%         |
| <b>04-Corporate service</b>                      | <b>63 300 011</b>  | <b>5 233 228</b>  | <b>9 344 728</b>  | <b>14.76%</b> |
| 051EMPLOYEE RELATED COSTS - WAGES & SALARIES     | 30 303 166         | 2 414 489         | 4 908 533         | 16.20%        |
| 053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS | 7 484 435          | 477 802           | 957 893           | 12.80%        |
| 064DEPRECIATION                                  | 1 715 059          | 0                 | 0                 | 0.00%         |
| 066REPAIRS AND MAINTENANCE                       | 358 950            | 77 767            | 87 495            | 24.38%        |
| 068INTEREST EXPENSE - EXTERNAL BORROWINGS        | 39 929             | 3 348             | 10 205            | 25.56%        |
| 074CONTRACTED SERVICES                           | 3 900 000          | 107 601           | 169 049           | 4.33%         |
| 078GENERAL EXPENSES - OTHER                      | 19 498 472         | 2 152 221         | 3 211 553         | 16.47%        |
| <b>05-Engineering services</b>                   | <b>194 367 232</b> | <b>6 243 836</b>  | <b>11 287 231</b> | <b>5.81%</b>  |
| 051EMPLOYEE RELATED COSTS - WAGES & SALARIES     | 35 968 516         | 2 751 924         | 5 561 467         | 15.46%        |
| 053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS | 8 341 430          | 507 000           | 1 014 135         | 12.16%        |
| 064DEPRECIATION                                  | 79 558 205         | 0                 | 0                 | 0.00%         |
| 066REPAIRS AND MAINTENANCE                       | 48 383 347         | 2 098 453         | 2 475 990         | 5.12%         |
| 068INTEREST EXPENSE - EXTERNAL BORROWINGS        | 2 796 472          | 0                 | 0                 | 0.00%         |
| 074CONTRACTED SERVICES                           | 2 226 642          | 67 313            | 134 210           | 6.03%         |
| 078GENERAL EXPENSES - OTHER                      | 17 092 620         | 819 146           | 2 101 430         | 12.29%        |
| <b>06-Community services</b>                     | <b>259 801 370</b> | <b>19 748 075</b> | <b>35 538 655</b> | <b>13.68%</b> |
| 051EMPLOYEE RELATED COSTS - WAGES & SALARIES     | 99 922 871         | 7 856 580         | 16 667 166        | 16.68%        |
| 053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS | 21 051 120         | 1 528 632         | 3 060 599         | 14.54%        |
| 060BAD DEBTS                                     | 41 800 000         | 0                 | 0                 | 0.00%         |
| 064DEPRECIATION                                  | 5 526 841          | 0                 | 0                 | 0.00%         |



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|  |                      |                   |                    |              |
|--|----------------------|-------------------|--------------------|--------------|
| 066REPAIRS AND MAINTENANCE                       | 684 653              | 6 938             | 36 420             | 5.32%        |
| 074CONTRACTED SERVICES                           | 55 962 588           | 3 738 986         | 7 144 482          | 12.77%       |
| 076GRANTS & SUBSIDIES PAID                       | 5 749 000            | 694 967           | 1 384 028          | 24.07%       |
| 077GRANTS & SUBSIDIES PAID-UNCONDITIONAL         | 456 000              | 26 000            | 26 000             | 5.70%        |
| 078GENERAL EXPENSES - OTHER                      | 28 648 297           | 5 895 971         | 7 219 960          | 25.20%       |
| <b>07-Electrical engineering</b>                 | <b>591 276 341</b>   | <b>14 036 359</b> | <b>22 158 966</b>  | <b>3.75%</b> |
| 051EMPLOYEE RELATED COSTS - WAGES & SALARIES     | 58 552 235           | 3 549 953         | 7 273 538          | 12.42%       |
| 053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS | 10 781 138           | 713 819           | 1 433 413          | 13.30%       |
| 060BAD DEBTS                                     | 12 900 000           | 0                 | 0                  | 0.00%        |
| 064DEPRECIATION                                  | 46 139 397           | 0                 | 0                  | 0.00%        |
| 066REPAIRS AND MAINTENANCE                       | 21 985 823           | 304 214           | 2 966 199          | 13.49%       |
| 068INTEREST EXPENSE - EXTERNAL BORROWINGS        | 11 401 665           | 164 036           | 500 065            | 4.39%        |
| 072BULK PURCHASES                                | 403 000 000          | 8 725 127         | 8 725 127          | 2.17%        |
| 074CONTRACTED SERVICES                           | 200 119              | 0                 | 1 295              | 0.65%        |
| 076GRANTS & SUBSIDIES PAID                       | 20 000 000           | 156 215           | 156 215            | 0.78%        |
| 077GRANTS & SUBSIDIES PAID-UNCONDITIONAL         | 1 221 812            | 0                 | 0                  | 0.00%        |
| 078GENERAL EXPENSES - OTHER                      | 5 094 152            | 422 995           | 1 103 115          | 21.65%       |
| <b>Grand Total</b>                               | <b>1 327 039 599</b> | <b>60 051 450</b> | <b>107 523 709</b> | <b>8.10%</b> |

# AUGUST 2019/20 FINANCIAL REPORT

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## Reason for variance

### Municipal Manager

General expense: The legal division overspend on legal fees, the vote has an allocation of R12.5 million and spend R4.2 million which is 34% of the budget

### Planning and Economic Development

General expense: LED overspend due to GTEDA 1<sup>st</sup> tranche payment

### Corporate Services

Repairs and Maintenance: Due to payment to service provider (Least Cost Communication) for VoIP phone call

### Communication Services

General expenses: Overspending due to once off payment to SALGA for membership fees

### Electricity Services

General expenses: The division overspending due to payments of electricity to ESKOM

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## 14. EXPENDITURE PER ITEM

| Row Labels                                       | Budget               | August            | July to August     | % Spent      |
|--|----------------------|-------------------|--------------------|--------------|
| <b>02-Expense</b>                                | <b>1 327 039 599</b> | <b>60 051 450</b> | <b>107 523 709</b> | <b>8.10%</b> |
| 051EMPLOYEE RELATED COSTS - WAGES & SALARIES     | 293 011 201          | 21 758 522        | 45 560 905         | 15.55%       |
| 053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS | 64 704 144           | 4 336 443         | 8 681 920          | 13.42%       |
| 058REMUNERATIONS OF COUNCILLORS                  | 28 302 991           | 2 196 104         | 4 393 121          | 15.52%       |
| 060BAD DEBTS                                     | 72 600 000           | 0                 | 0                  | 0.00%        |
| 062COLLECTION COSTS                              | 1 200 000            | 0                 | 0                  | 0.00%        |
| 063INVENTORY SURPLUS/LOSS                        | 0                    | 0                 | 0                  | 0.00%        |
| 064DEPRECIATION                                  | 134 113 513          | 0                 | 0                  | 0.00%        |
| 066REPAIRS AND MAINTENANCE                       | 71 526 265           | 2 489 484         | 5 569 954          | 7.79%        |
| 068INTEREST EXPENSE - EXTERNAL BORROWINGS        | 14 658 314           | 167 384           | 510 270            | 3.48%        |
| 072BULK PURCHASES                                | 403 000 000          | 8 725 127         | 8 725 127          | 2.17%        |
| 074CONTRACTED SERVICES                           | 73 686 882           | 4 317 281         | 7 868 797          | 10.68%       |
| 076GRANTS & SUBSIDIES PAID                       | 27 894 000           | 951 772           | 1 747 970          | 6.27%        |
| 077GRANTS & SUBSIDIES PAID-UNCONDITIONAL         | 8 127 812            | 662 467           | 817 930            | 10.06%       |
| 078GENERAL EXPENSES - OTHER                      | 134 214 477          | 14 446 865        | 23 647 714         | 17.62%       |
| <b>Grand Total</b>                               | <b>1 327 039 599</b> | <b>60 051 450</b> | <b>107 523 709</b> | <b>8.10%</b> |

The actual operational expenditure represents 8.10% of the budgeted operational expenditure which is less than the 16.66% budget target.

# AUGUST 2019/20 FINANCIAL REPORT

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## 15. Supply Chain Management

### Performance Statistics

| 1. Requisitions processed to orders in AUGUST 2019 (Acquisition Management) |      |              |
|---|------|--------------|
| Description   | 2019 | Year to Date |
| Requisitions received from demand Management                                | 264  | 457          |
| Total number of orders processed for the AUGUST 2019                        | 264  | 457          |
| Total number of deviation orders processed for AUGUST 2019                  | 12   | 12           |
| Total number of orders above R30 000 for AUGUST 2019                        | 24   | 24           |
| Difference between requisitions received and orders processed               | 0    | 0            |
| Number of canceled orders AUGUST 2019                                       | 0    | 0            |

# AUGUST 2019/20 FINANCIAL REPORT

## 2. Approved deviations for AUGUST 2019

| Order No | Business Name         | Description     | Amount      | Reason for Deviation |
|----------|-----------------------|-----------------|-------------|----------------------|
| D5021TZA | AFROCENTRICE PROJECTS | PLATESPIN FORGE | R 79 842.10 | EMERGENCY            |
| D4777TZA | BB UD TZANEEN         | HOOK ASSY       | R 5 120.14  | EMERGENCY            |
| D5038TZA | BB UD TZANEEN         | BAR             | R 4 918.43  | EMERGENCY            |
| D4984TZA | BB UD TZANEEN         | OIL FILTER      | R 2 069.14  | EMERGENCY            |
| D4876TZA | BB MOTORS             | SEAT ASSY-FR    | R 5 021.65  | EMERGENCY            |
| D4866TZA | BELL EQUIPMENT        | SERVICE         | R 40 650.27 | EMERGENCY            |
| D4799TZA | LETABA HERALD         | ADVERT          | R 7 820.00  | NEWSPAPER            |
| D4951TZA | LETABA HERALD         | ADVERT          | R 6 704.00  | NEWSPAPER            |
| D4854TZA | LETABA HERALD         | ADVERT          | R 14 605.00 | NEWSPAPER            |
| D5017TZA | LETABA HERALD         | ADVERT          | R 10 115.40 | NEWSPAPER            |
| D4857TZA | PAY DAY SOFTWARE      | MSCOA ALIGNMENT | R 36 938.00 | EMERGENCY            |
| D4764TZA | SONCO VOERTUIE        | CALL OUT        | R 2 492.28  | EMERGENCY            |

# AUGUST 2019/20 FINANCIAL REPORT

| 3. Orders per supplier above R30 000 for the AUGUST 2019 |                       |                            |
|--|-----------------------|----------------------------|
| Company Name   | Orders in August 2019 | Expenditure in AUGUST 2019 |
| AFROCENTRICE PROJECTS                                    | D5021TZA              | R 79 842.10                |
| BUKUTA   | D5002TZA              | R 162 097.10               |
| BUKUTA   | D4926TZA              | R 161 718.75               |
| BELL EQUIPMENT   | D4866TZA              | R 40 650.27                |
| ETROSTAX   | D4925TZA              | R 59 662.00                |
| HULELASI CONSTRUCTION                                    | D4943TZA              | R 110 601.48               |
| KAMO JOU TRADING   | D4841TZA              | R 94 611.65                |
| KAMO JOU TRADING   | D5033TZA              | R 140 954.00               |
| LADINE ENGINEERING                                       | D4775TZA              | R 124 216.97               |
| MATHOTHOKHA TRADING                                      | D4941MDC              | R 110 601.48               |
| MALOKA MACHABA   | D5009TZA              | R 62 100.00                |
| PAY DAY SOFTWARE   | D4857TZA              | R 36 938.00                |
| SELBY CONSTRUCTION                                       | D4793TZA              | R 117 185.00               |
| SELBY CONSTRUCTION                                       | D4792TZA              | R 171 637.50               |
| SELBY CONSTRUCTION                                       | D4871TZA              | R 53 868.42                |
| SELBY CONSTRUCTION                                       | D4940MDC              | R 110 601.48               |
| SELBY CONSTRUCTION                                       | D5020TZA              | R 162 097.10               |
| SELEMA TRADING   | D4842TZA              | R 134 762.75               |

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|                       |          |   |            |
|-----------------------|----------|---|------------|
| SELEMA TRADING        | D5001TZA | R | 162 097.10 |
| SELEMA TRADING        | D4944MDC | R | 169 918.25 |
| TNE ADVISORY SERVICES | D4923TZA | R | 172 500.00 |
| BUKUTA                | D4939MDC | R | 221 191.46 |
| BUKUTA                | D4945MDC | R | 246 813.00 |
| MOEPENG TRADING 40    | D4835TZA | R | 702 752.35 |
| WANGA POWER PROJECTS  | D4872MDC | R | 274 985.83 |

## 4. Bids closed in AUGUST 2019

| Bid No.       | Description   | User Dept.        | Briefing session | Closing date   | Status           |
|---------------|---|-------------------|------------------|----------------|------------------|
| SCMU 08/2019  | Pool of four Service providers for personal protective clothing   | Mr T. Mushiana    | 27 June          | 02 August 2019 | Evaluation stage |
| SCMUQ 04/219  | Review of 2019/2019 Annual Statement  | Mr A.N Mathebula  | N/A              | 08 August 2019 | Evaluation stage |
| SCMU 05/2019  | Panel of professional Service providers for financial internal and Audit and government for the period of 3 years | Ms. M.P Makhubela | 01 August 2019   | 16 August 2019 | Evaluation stage |
| SCMUQ 06/2019 | Hire of 70 Seater Luxury Bus to Zambia for 10 days  | Mr D.B Phakula    | 14 August 2019   | 20 August 2019 | Awarded          |

# AUGUST 2019/20 FINANCIAL REPORT

|                  |  |                   |                   |                   |         |
|------------------|--|-------------------|-------------------|-------------------|---------|
| SCMUQ<br>05/2019 | Hire of 14 Mini Bus to Zambia for<br>10 days | Mr D.B<br>Phakula | 14 August<br>2019 | 20 August<br>2019 | Awarded |
| SCMU<br>16/2018  | Construction Of Lenyenye Taxi<br>rank        | Mr M.J<br>Matlala | Mr M.J<br>matlala | 23 August<br>2019 | Awarded |

## 5. Bids under Adjudication in AUGUST 2019

| Bid No.         | Description   | User Dept.    | Closing date | BAC Date | Status / Outcome of BAC    |
|-----------------|---|---------------|--------------|----------|----------------------------|
| SCMU<br>06/2019 | Printing and posting of<br>consumer and sundry<br>debtors statements for<br>the period of 3 years | Ms. R Viljoen | 24-May-19    | 7-Aug-19 | Waiting for<br>appointment |

## 6. Bids approved/awarded by Municipal Manager in AUGUST 2019

| Bid No. | Description | Company Name | Closing date | Date of Award | Contract period | Contract amount |
|---------|-------------|--------------|--------------|---------------|-----------------|-----------------|
| None    |             |              |              |               |                 |                 |

## 7. Bids approved/awarded by Chief Financial Officer in AUGUST 2019

| Bid No. | Description | Company Name | Closing date | Date of Award | Contract period | Contract amount |
|---------|-------------|--------------|--------------|---------------|-----------------|-----------------|
| None    |             |              |              |               |                 |                 |



# AUGUST 2019/20 FINANCIAL REPORT

| 8. Contracts reported to CIDB I-Tender for completion in AUGUST 2019 (reporting awards) |                          |              |                    |             |                 |
|---|--------------------------|--------------|--------------------|-------------|-----------------|
| Contract number   | Name of the contract/bid | Company Name | Date of completion | Report Date | Contract amount |
| None  |                          |              |                    |             |                 |

| 9. Awards contracts/bids reported to I-Tender in AUGUST 2019 (reporting awards) |               |              |               |             |                 |
|---|---------------|--------------|---------------|-------------|-----------------|
| Contract number   | Contract Name | Company Name | Date of Award | Report Date | Contract amount |
| None  |               |              |               |             |                 |

| 10. Awards contracts/bids reported to Official Website of the Municipality in AUGUST 2019 (reporting awards) |               |              |               |             |                 |
|--|---------------|--------------|---------------|-------------|-----------------|
| Contract number  | Contract Name | Company Name | Date of Award | Report Date | Contract amount |
| None   |               |              |               |             |                 |

| 14. Awards contracts/bids reported to National Treasury in AUGUST 2019 (reporting awards) |                          |              |               |             |                 |
|---|--------------------------|--------------|---------------|-------------|-----------------|
| Contract number   | Name of the contract/bid | Company Name | Date of Award | Report Date | Contract amount |
| None  |                          |              |               |             |                 |

# AUGUST 2019/20 FINANCIAL REPORT

## Major achievements for AUGUST 2019

| Summary of SCM process (Descriptions)   | Aug-19 |
|---|--------|
| Number of new accredited suppliers registered with municipal's database         | 0      |
| Number of orders processed  | 264    |
| Number of approved deviations from SCM procedures                               | 12     |
| Number of orders above R30,000.00 processed                                     | 24     |
| Number of bids approved (considered) by BSC                                     | 5      |
| Number of bids approved by MM for advertisement from BSC                        | 6      |
| Number of new bids advertised   | 8      |
| Number of bids closed   | 6      |
| Number of bids evaluated by BEC (recommended further for consideration)         | 0      |
| Number of bids adjudicated by BAC (recommended further for consideration by MM) | 0      |
| Number of Bids/contracts approved and appointed by CFO                          | 0      |
| Number of Bids/contracts approved and appointed by MM                           | 0      |
| Number of Contract report to Treasury   | 0      |
| Number of Contract report to Official Website                                   | 0      |

# AUGUST 2019/20 FINANCIAL REPORT

| Key challenges – coming AUGUST 2019   |  |
|---|--|
| SUPPLY CHAIN MANAGEMENT CHALLENGES  | RECOMMENDATIONS:   |
| <ul style="list-style-type: none"> <li>Slow network/internet application affecting CSD verification accessing CSD report</li> </ul>               | <ul style="list-style-type: none"> <li>IT should consider procuring fast internet application / license e.g. wi-fi or wireless network</li> </ul>  |
| <ul style="list-style-type: none"> <li>SCM does not have safe storage system to file non-appointed bids</li> </ul>                                | <ul style="list-style-type: none"> <li>Council should consider budgeting/acquiring a bulk storage system for budget &amp; treasury department/SCM</li> </ul>   |
| <ul style="list-style-type: none"> <li>SCM do not have safe archive system (electronic or Manual)</li> </ul>                                      | <ul style="list-style-type: none"> <li>IT division should consider developing E-filing for Budget &amp; Treasury / SCM as a back-up system for AG</li> </ul>   |
| <ul style="list-style-type: none"> <li>Office space</li> </ul>  | <ul style="list-style-type: none"> <li>SCM have five permanent employees utilising three congested offices with files &amp; documents</li> </ul>   |
| <ul style="list-style-type: none"> <li>Cheque requisition compromise SCM reporting (SCM compliance) of deviation &amp; payment process</li> </ul> | <ul style="list-style-type: none"> <li>All cheque requisition should be approve/process by SCM and cheque order be generated (financial system be updated by service provider to allow once-off service providers for cheque orders and cheque order book be developed. All department are requested to use deviation book available from SCM offices</li> </ul> |
| <ul style="list-style-type: none"> <li>Department did not report any completion of project to SCM</li> </ul>                                      | <ul style="list-style-type: none"> <li>Department(s) should starts submitting the bidder's performance report to SCM. The report should cover all payment, current status of bid/progress reports and estimated time to complete a project(s)</li> </ul>   |

# AUGUST 2019/20 FINANCIAL REPORT

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Payment certificate and proof of payment are not submitted to SCMU for project monitoring &amp; reporting</li> </ul>  | <ul style="list-style-type: none"> <li>• Payment certificate (copy of approved certificate) should be submitted to SCM</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Project completion certificate not submitted to SCM by user department</li> </ul>   | <ul style="list-style-type: none"> <li>• Completion certificate drafted by PMU should be submitted to SCM / Assets for projects reporting/ monitored)</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Procurement plan implemented but most user department/divisions did not submit Spec</li> </ul>  | <ul style="list-style-type: none"> <li>• All department must submit spec/request as indicated on procurement plan to comply</li> </ul>  |
| <ul style="list-style-type: none"> <li>• SLA not sign by both Accounting office and appointed services provider before commencement date</li> </ul>  | <ul style="list-style-type: none"> <li>• All department should consider having department contract management system / key personnel to update departmental contracts and procurement plan quarterly</li> </ul> |
| <ul style="list-style-type: none"> <li>• Contract management by departments/legal division are not update</li> </ul>   | <ul style="list-style-type: none"> <li>• SLA and bid document should be sign by both parties before the project commencement date</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Finance system supplied by Fujitsi does not allow SCM to use tender/ quotation number as order number to assist on prevent overspending/ irregular expenditure</li> </ul> | <ul style="list-style-type: none"> <li>• New system on progress for implementation.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• On SLA Commencement date of all bids awarded in 2018 is the handover of the project, but the department does not inform supply chain on the handover date.</li> </ul>     | <ul style="list-style-type: none"> <li>• All departments must inform supply chain about the handover date so that they can report commencement date of the project monthly.</li> </ul>                          |

# AUGUST 2019/20 FINANCIAL REPORT

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## 11. FRUITLESS AND WASTEFUL EXPENDITURE

| Fruitless and wasteful expenditure       |                    |        |            |            |
|--|--------------------|--------|------------|------------|
| Name of Suppliers                        | Department         | Date   | Payment No | Amount     |
| Forest Fig Properties-NYDA Office Rental | Corporate Services | Jul-19 | 1082316    | R242.78    |
| Forest Fig Properties-NYDA Office Rental | Corporate Services | Jul-19 | 1082457    | R318.33    |
| Compensation Commission                  | Finance            | Aug-19 | 1082804    | R70,751.90 |
| Forest Fig Properties-NYDA Office Rental | Corporate Services | Aug-19 | 1082855    | R1,701.69  |

The Fruitless and wasteful expenditure incurred during the month of August 2019 amounts to R 72,453.59.

# AUGUST 2019/20 FINANCIAL REPORT

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## 12. IRREGULAR EXPENDITURE

| Irregular Expenditure to Date |                  |                 |
|-------------------------------|------------------|-----------------|
| Department                    | Year             | YTD Expenditure |
| MM                            | 2019/2020        |                 |
| Council                       | 2019/2020        |                 |
| Corporate Services            | 2019/2020        |                 |
| Community Services            | 2019/2020        | 1,185, 756.48   |
| Finance                       | 2019/2020        | 72, 084.91      |
| PED                           | 2019/2020        |                 |
| Electrical Services           | 2019/2020        |                 |
| Engineering Services          | 2019/2020        |                 |
| <b>TOTAL</b>                  | <b>2019/2020</b> | 1, 257, 841.39  |

# AUGUST 2019/20 FINANCIAL REPORT

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## 13. ASSET MANAGEMENT

### 1. PURPOSE:

The Asset Management Division of the Municipality is required to submit the following information to the Accounting Authority on a quarterly basis, in respect of each material Asset Management transactions, as well as on the overall implementation of the Asset Management Policy in the entity as a whole. In addition the GTM must report to the Finance Committee in respect of the following as it relates to Asset Management:

- A. Monthly Analysis Reports,
- B. Achievements,

### 2. REPORTING REQUIREMENTS:

#### A. QUATERLY PERFORMANCE ANALYSIS REPORTS:

##### ASSET PROCUREMENT ANALYSIS REPORT:

This section of the report relates to the asset spend analysis (quantum and rand value) during the past quarter for all asset transactions.

| THRESHOLD– ASSET PURCHASES                           | QUANTITY | VALUE             |
|--|----------|-------------------|
| Transactions Exceeding R 1 000                       | 1        | R51 625.77        |
| Transactions Not Exceeding R 1 000                   |          | -                 |
| <b>TOTAL ASSET TRANSACTION VALUE (Including VAT)</b> |          | <b>R51 625.77</b> |

# AUGUST 2019/20 FINANCIAL REPORT

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The various threshold values in the table above, determines the nature of the asset as well as the appropriate accounting treatment as follows:

**a. TRANSACTIONS NOT EXCEEDING R 1 000:**

- Accounting Treatment - Fixed Asset Not Capitalised
  - Asset recorded in the Fixed Asset (Inventory) Lists.
  - Asset recorded in the Fixed Asset Register - Minor Asset.

**b. TRANSACTIONS EXCEEDING R 1 000:**

- Accounting Treatment - Fixed Asset is Capitalised
  - Asset recorded in the Fixed Asset (Inventory) Lists.
  - Asset recorded in the Fixed Asset Register - Major Asset.

**ASSET DISPOSAL ANALYSIS REPORT:**

This section of the report relates to the asset disposals (quantum and rand value) that occurred during the past quarter for all disposal transactions by means of a transfer, donation, and tender or competitive sale process.



# AUGUST 2019/20 FINANCIAL REPORT

| THRESHOLD– ASSET PURCHASES                     | QUANTITY | VALUE        |
|--|----------|--------------|
| Asset Disposals through Transfers              | -        | R nil        |
| Asset Disposals through Donations              | -        | R nil        |
| Asset Disposals through Tender or Sale Process |          | R nil        |
| <b>TOTAL TRANSACTION VALUE (Including VAT)</b> | <b>-</b> | <b>R nil</b> |

| INTANGIBLE ASSETS | QTY | VALUE    |
|-------------------|-----|----------|
| Transfers in      |     | -        |
| <b>TOTAL</b>      |     | <b>-</b> |

## PROPERTIES

| THRESHOLD– ASSET PURCHASES | QTY | VALUE         | EXTENSION/ERF |
|----------------------------|-----|---------------|---------------|
| Properties Transfers in    | 0   | R 0.00        |               |
| Properties Transfers out   | 0   | R 0.00        |               |
|                            |     | <b>R 0.00</b> |               |

# AUGUST 2019/20 FINANCIAL REPORT

## JOURNALS

| Date  | Account Name                     | Account      | Debit         | Credit        |
|---|----------------------------------|--------------|---------------|---------------|
| 1 2019/08/31  | Work In Progress                 | 363/410/4005 | 23,357,947.98 |               |
|   | Pavements, Bridges & Storm water | 195/600/5202 |               | 22,129,486.01 |
|   | Electricity Reticulation         | 173/600/5005 |               | 631215.58     |
|   | Electricity Reticulation         | 183/600/5005 |               | 134596.57     |
|   | Electricity Reticulation         | 183/600/5105 |               | 462,649.82    |
| <b><i>Capitalisation of WIP for the month</i></b>                 |                                  |              |               |               |
| 2 2019/08/31  | Plant and Machinery              | 408/400/4005 | 20,854.47     |               |
|   | Office Equipment                 | 410/400/4005 | 31,640.87     |               |
|   | Electricity Reticulation         | 183/600/5105 |               | 20,854.47     |
|   | Public Relations                 | 003/078/1353 |               | 31,640.87     |
| <b><i>Recognition of current year additions- Other Assets</i></b> |                                  |              |               |               |

# AUGUST 2019/20 FINANCIAL REPORT

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## A. ACHIEVEMENTS:

The GTM Asset Register was updated and maintained during the Month as assets are received.  
The process of tagging and recording of assets was also done.  
Movement of assets was done.  
Preparation of AFS is in place

## B. CHALLENGES:

The Asset Management faces the following challenges:

1. Shortage of staff
2. Issuing of electrical infrastructure without the completing the forms for identifications and locations

## 14. AUDIT FINDINGS

The Municipality got qualified audit opinion from Auditor General during the 2017/2018 financial year. An audit action plan has been developed and maintained on a monthly basis to address findings raised by Auditor General.

## 15. FUEL EXPENDITURE

The total fuel expenditure for the month of August 2019 amounted to R671 395.94 (debit payment R667 281.26 and issues R4 114.68)

# AUGUST 2019/20 FINANCIAL REPORT

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## 16. MSCOA PROGRESS

### Status of MSCOA SebataEMS Implementation:

#### Solution Functionality Readiness:

- Status
  - Adjustment Budget and 2019/20 Budget captured and submitted to NT
  - 19/20 Draft IDP and Budget tabled in MSCOA 6.3
  - KPI's Linking to IDP in progress
  - Configuration set up in Test Site
  - Business process alignment: mSCOA SebataEMS business processes were aligned to Greater Tzaneen processes ready to be used at 1 July 2019.
  - Water and Sewerage management – Solution Documented
  - Costing Solution – Demonstrated, and well accepted, Fleet Management Solution to be build, manual work around to be find
  - Assets solution to be demonstrated, defect on depreciation calculation to be fixed

# AUGUST 2019/20 FINANCIAL REPORT

- Summary View

|           |                    | Config Test | Process Demo | Users Mapped | Users Trained | Status   |
|-----------|--------------------|-------------|--------------|--------------|---------------|----------|
| Budget    | Adjustment Budget  | Y           | Y            | Y            | Y             | On Track |
| Budget    | Budget 2019/20     | Y           | Y            | Y            | Y             | On Track |
| Inventory | Inventory          | Y           | Y            | Y            |               | On Track |
| SCM       | Vendor Management  | Y           | Y            | Y            |               | On Track |
| SCM       | Requisition        | Y           | Y            | No           |               | Behind   |
| SCM       | Quotation          | Y           | Y            | Y            |               | On Track |
| SCM       | Contracts          | Y           | Y            | Y            |               | On Track |
| SCM       | Purchase Order     | Y           | Y            | Y            |               | On Track |
| SCM       | Goods Receipt Note | Y           | Y            | Y            |               | On Track |
| AP        | Invoice            | Y           | Y            | Y            |               | On Track |
| AP        | Payment Run        | Y           | Y            | Y            |               | On Track |
| FIN       | Cash Book          | Y           | Y            | Y            |               | On Track |

# AUGUST 2019/20 FINANCIAL REPORT

|         |            |     |     |     |     |          |
|---------|------------|-----|-----|-----|-----|----------|
| FIN     | Loans      | Y   | Y   | Y   |     | On Track |
| FIN     | Investment | Y   | Y   | Y   |     | On Track |
| INV     | Inventory  | Y   | Y   | Y   |     | On Track |
| Assets  | Assets     | Y   | No  | No  |     | Behind   |
| Costing | Costing    | Y   | Y   | Y   |     | On Track |
| HR      | Payroll    | N/a | N/a | N/a | N/a | N/a      |
| Billing | Billing    | Y   | Y   | Y   |     | On Track |
|         |            |     |     |     |     |          |

## Data Conversion Status

- **Status**
  - All data sets and load programs tested
- **Next Steps**
  - Extract All data files, do final test on load files and conduct reconciliations
  - Load All Billing data, conduct billing run and compare results to ensure all billing settings are correct

# AUGUST 2019/20 FINANCIAL REPORT

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- **Summary View**

|           |                             | Load Tested | Program | Data Tested | Data Reconciled |
|-----------|-----------------------------|-------------|---------|-------------|-----------------|
| GL        | GL Opening Balances         | Y           |         | Y           | Y               |
| Inventory | Inventory Opening Balances  | Y           |         | Y           | Y               |
| SCM       | Open Invoices               | Y           |         | No          | No              |
| Assets    | Opening Balances            | Y           |         | Y           | No              |
| HR        | Employees and Org Structure | Y           |         | Y           | Y               |
| Finance   | Loans Captured              | Y           |         | Y           | No              |
| Finance   | Investments Captured        | Y           |         | Y           | No              |
| Finance   | Cash Book Captured          | Y           |         | y           | No              |
| Billing   | Billing /Revenue            | Y           |         | y           | No              |

**Interface Readiness:**

- **Status**

- Interface files tested with test data

- **Next Steps**

- Test interfaces with real data end to end with 3<sup>rd</sup> party sign-off

# AUGUST 2019/20 FINANCIAL REPORT

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- **Summary View**

|                    |                                 | Tested | 3 <sup>rd</sup> Party |
|--------------------|---------------------------------|--------|-----------------------|
| CSD                | Central Supplier Data Base      | Yes    | Yes                   |
| Payroll File       | Payroll information from Payday | Yes    | No                    |
| Bank File          | Bank files from ABSA            | Yes    | No                    |
| Bank File          | Payment File                    | No     | No                    |
| Meter Reading File | Meter Readings                  | Yes    | No                    |

Ms M.P MAKHUBELA

CHIEF FINANCIAL OFFICER



# AUGUST 2019/20 FINANCIAL REPORT

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## GLOSSARY OF ABBREVIATIONS

| Abbreviation | Description                             |
|--------------|---|
| BAC          | Bid Adjudication Committee              |
| BEC          | Bid Evaluation Committee                |
| UD           | User Department                         |
| CS           | Corporate Services                      |
| CFO          | Chief Financial Officer                 |
| SCMU         | Supply Chain Management Unit            |
| BSC          | Bid Specification Committee             |
| CK           | Company Registration                    |
| MFMA         | Municipal Finance Management Act        |
| SCMP         | Supply Chain Management Policy          |
| G.T.M        | Greater Tzaneen Municipality            |
| NT           | National Treasury                       |
| BO           | Buy Order                               |
| RF           | Requisition Form                        |
| BF           | Bid File                                |
| CIDB         | Construction Industry Development Board |

# AUGUST 2019/20 FINANCIAL REPORT

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|       |                                      |
|-------|--------------------------------------|
| SP    | Service Provider                     |
| MM/AC | Municipal Manager/Accounting Officer |
| BCM   | Bid Committee Member                 |
| TCC   | Tax Clearance Certificate            |