

27/10/2020

PRESENTATION TO NCOP

BY

THE EXECUTIVE MAYOR

CLLR: N.W SPEELMAN



PRESENTATION OUTLINE

1. **MUNICIPAL OVERVIEW**
2. **GOOD GOVERNANCE**
3. **MUNICIPAL AUDIT OUTCOMES**
4. **FINANCIAL MANAGEMENT**
 - 3.1 **REVENUE COLLECTION**
 - 3.2 **DEBTORS AGE ANALYSIS**
 - 3.3 **MUNICIPAL DEBT**
4. **FINANCIAL RECOVERY STRATEGIES**
5. **UIF EXPENDITURES**
6. **USAGE OF CONSULTANTS**
7. **CONDITIONAL GRANTS SPENDING**
8. **OVERSIGHT STRUCTURES**
9. **SUPPORT REQUIRED**



MUNICIPAL OVERVIEW

◉ State of the Municipality

- The Municipality serves approximately 115 632 households (Census 2011) in its entire area of jurisdiction comprising of six (6) Towns and six (6) Townships.
- The Sewer network comprises of **1534km** with **25 929** manholes, **57** pump stations and **12** WWTW.
- The Municipality is experiencing various challenges such theft and vandalism, illegal mining activities, misuse of sewer, ageing infrastructure, etc that cause ineffective delivery of sanitation services to the Communities that it serves.



GOOD GOVERNANCE

Structure	Functionality	Role	Reporting structure	Challenges
Council	Functional	Approval of policies and bylaws Approval of the IDP and budget	Council	None
Mayoral Committee	Functional	To assist The Executive Mayor to execute his role.	Council	None
Section 79 Committee	Functional	Over seeing the functioning of the departments.	Council	None
Rules and ethics Committee	Functional	To ensure adherence of council rules and regulations	Council	None



GOOD GOVERNANCE CONTI..

Structure	Functionality	Role	Reporting structure	Challenges
MPAC	Functional	Validate performance report of the municipality and conduct or recommends investigations on Unauthorized irregular expenditure	Council	No research capacity to strengthen knowledge of the structure
Local Labor Forum	Functional	To manage the working relationship between the employer and the employees	Executive Mayor, Management and Labor	None



MUNICIPAL AUDIT OUTCOMES FOR THE PAST THREE YEARS

Financial Year	Opinion
2016/17	Unqualified
2017/18	Qualified
2018/19	Qualified



FINANCIAL MANAGEMENT

Revenue Collection

Actual billing by source vs actual receipt

ACTUAL BILLING BY SOURCE AGAINST ACTUAL RECEIPTS			
JUNE 2020			
SOURCE	Billing for year to date	Actual for year to date	% Collected
Assessment rates	496 569 244	218 874 497	44%
Electricity	677 964 602	682 560 305	101%
Water	568 998 424	126 488 872	22%
Sanitation	246 338 200	63 941 643	26%
Refuse removal	154 768 645	35 401 106	23%
Interest - Debtors	34 973 244	2 774 743	8%
Rentals	8 010 369	4 660 241	58%
Other Revenue	7 511 372	43 441 514	578%
TOTAL REVENUE	2 195 134 100	1 178 142 921	53.67%



FINANCIAL MANAGEMENT CONTI..

Debtors age analysis at 30 June 2020

AGE ANALYSIS OF DEBTORS FOR THE MONTH JUNE 2020

Detail	> 30 days	>30 <60 days	> 60 < 90 days	> 90 < 120 days	> 120 < 150 days	> 150 < 180 days	> 180 < 1 year	Over 1 year	Total
Water	39 961 025	28 313 626	24 898 439	30 394 990	36 444 856	24 373 271	230 944 572	861 975 184	1 277 305 965
Electricity	48 355 262	18 555 244	12 716 222	9 410 828	7 516 043	8 198 483	46 424 544	154 614 434	305 791 059
Property Rates	22 544 386	10 542 243	8 785 343	8 261 562	7 725 913	7 481 416	44 812 206	255 914 196	366 067 263
Sewerage	14 168 154	11 065 241	10 691 181	10 530 423	10 380 220	10 269 006	67 498 027	394 628 958	529 231 211
Refuse	8 588 602	6 841 694	6 582 109	6 463 632	6 366 427	6 292 055	41 424 839	256 374 965	338 934 323
Housing (Rental)	1 274 798	1 267 198	1 259 445	1 254 804	1 256 944	1 248 520	8 586 502	73 643 360	89 791 570
Interest on arrear	15 762 254	16 357 727	17 783 686	17 434 107	18 879 349	18 747 250	121 215 222	752 738 622	978 918 217
Other	201 763	121 790	147 053	130 692	839 700	462 582	7 100 706	10 639 205	19 643 492
Total	150 856 245	93 064 762	82 863 479	83 881 036	453 89 409	77 072 583	568 006 617	2 760 528 925	3 905 683 100

FINANCIAL MANAGEMENT CONTI..

Municipal Debt

Detail	< 0 - 30 days	> 30 < 60 days	> 60 < 90 days	> 90 < 120 days	> 120 < 150 days	Total
Bulk Electricity	83 164 156	-	92 201 482	-	3 159 712 117	3 335 077 755
Bulk Electricity - FBE	741 139	725 070	-	1 401 141	-	2 867 350
Bulk Electricity - Small Accounts	-	-	-	-	-	-
Bulk Water	69 430 144	63 285 170	61 751 700	118 762 163	3 628 257 264	3 941 486 441
PAYE deductions						-
VAT (output less input)						-
Pensions/Retirement	12 721 219					12 721 219
Loan repayments						-
Trade Creditors	101 758 176	50 429 373	10 290 077	8 682 490	171 822	171 331 940
Auditor General	251 041	221 892	86 513	1 959 891	3 201 608	5 720 945
Other						-
Total	268 065 875	114 661 506	164 329 773	130 805 685	6 791 342 811	7 469 205 649



FINANCIAL RECOVERY STRATEGIES

Revenue Enhancement and Cost Recovery	<ul style="list-style-type: none">• Development of Financial Recovery Plan• Development of Revenue Enhancement Strategy• Implementation of Cost Containment Regulation
Cash flow management	<ul style="list-style-type: none">• Optimise the Cash Flow to correctly reflect the Financial Commitment.
Financial Controls	<ul style="list-style-type: none">• Review internal control,policies and delegation where need arises regarding financial management
Liability Management	<ul style="list-style-type: none">• Review all current and non-current liabilities and ensure that financial obligations are met timeously



UNAUTHORISED , IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE 2017/2018

Financial Year	Total Amount	Amount Condoned	Steps Taken to address the UIF expenditures
2017/2018			
Unauthorised Expenditure	R1 031 091 788	R977 994 504	
Fruitless Expenditure	R194 739,229	R157 128,450	
Irregular Expenditure	R480 882, 766	R422 356,060	



UNAUTHORISED , IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE 2018/2019 CONTINUE....

Financial Year	Total Amount	Amount Condoned	Steps Taken to address the UIF expenditures
2018/19:			
Unauthorised Expenditure	R1 839 056,815	R965 932,246	
Fruitless Expenditure	R363 928,045	R257 042,824	
Irregular Expenditure	R715 327,831	R422 356,060	



USAGE OF CONSULTANTS

No	Consultant	Nature of Work	Contract Period
1.	Fezi	<ul style="list-style-type: none"> • Compilation of Fixed assets Register 	<ul style="list-style-type: none"> • 2 years
2.	Enigma	<ul style="list-style-type: none"> • Debt Recovery on Provincial Government • Vat Recovery 	<ul style="list-style-type: none"> • 3 Years
3.	Skills SA	<ul style="list-style-type: none"> • Grap compliant AFS 	<ul style="list-style-type: none"> • 2 years



MIG : PAST THREE FINANCIAL YEARS PERFORMANCE

2016/17		2017/18		2018/19	
Allocation	Expenditure	Allocation	Expenditure	Allocation	Expenditure
R113 363 000	R113 363 000	R136 216 000	R136 216 000	R116 581 000	R116 581 000



CONDITIONAL GRANTS EXPENDITURE

Funding Source	2019/20Budget	Current Expenditure	Current Progress
MIG	R119 070 000	<i>R82 799 884</i>	Roll-over approved
INEP	R15 545 000	<i>R14 707 717</i>	Roll-over approved
WSIG	R36 000 000	<i>R17 554 061</i>	Roll-over approved
Own	R50 000 000	<i>R20 170 730</i>	



OVERSIGHT STRUCTURES

Structure	Functionality	role	Reporting structure	Challenges
Audit Committee	Functional	Oversees organisational governance, risk management, performance and make recommendations on the compliance matters	Council	Internal Audit Recommendations not fully implemented.
MPAC	Functional	Validate performance report of the municipality and conduct or recommends investigations on Unauthorized irregular expenditure	Council	No research capacity to strengthen knowledge of the structure
Risk management committee	Partly Functional	Assist management to oversee municipal risk management	Senior Management	Risk Management Committee Recommendations not fully implemented.



OVERSIGHT STRUCTURES CONTINUE....

Structure	Functionality	role	Reporting structure	Challenges
Audit steering committee	Functional	Monitor implementation of audit action plan	Mayoral Committee	Audit Steering Committee Mostly Scheduled during Audit Season.
Internal Audit	Partly Functional	Provides assurance and consulting services to management on risk management , governance and internal controls	Audit Committee	Recommendations from Internal Audit not fully implemented.
Financial Misconduct board	Not Functional	Investigates allegations and Adjudicate cases of financial misconduct within the municipality	Council	Training and Development of Financial Misconduct Board



10. SUPPORT REQUIREMENTS

No	Challenges	Support Requirements	Stakeholder
1.	Ageing infrastructure	<ul style="list-style-type: none"> Refurbishment of infrastructure and development of maintenance plan 	<ul style="list-style-type: none"> Possible funders National Treasury COGTA
2.	Completeness of revenue	<ul style="list-style-type: none"> Data cleansing Conducting meter audit 	<ul style="list-style-type: none"> Treasury and internal staff
3.	Water conservation and water demand management	<ul style="list-style-type: none"> Development of a comprehensive study and implementation thereof. Equipping of the unit 	<ul style="list-style-type: none"> DWA and the Municipality The Municipality
4.	Sedibeng water Debt and Eskom Debt	<ul style="list-style-type: none"> Assist the municipality with a debt recovery plan. Training of consumers on water conservation and electricity saving 	<ul style="list-style-type: none"> Treasury and COGTA Eskom and Sedibeng



I THANK YOU

