

**PLAASLIKE MUNISIPALITEIT**  
**NKETOANA (F.S. 193)**  
**(Reitz, Petrus Steyn, Lindley & Arlington)**  
**LOCAL MUNICIPALITY**



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P O Box 26 Reitz – Tel: (058) 8632811 – Fax (-58) 8632523

**OFFICE OF THE CHIEF FINANCIAL OFFICER**

## ***NOTICE***

Notice is hereby given that the **SECTION 79 COMMITTEE MEETING of the FINANCE DEPARTMENT** will be held on **22 January 2013 at 10h00 at Lindley Board Room** to attend to the agenda below.

**M D MOLAPISI**  
**CHAIRPERSON**

***“Renewing our pledge – A national partnership to build a better life for all”***

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# **SECTION 79**

# **COMMITTEE MEETING**

  

# **FINANCE DEPARTMENT**

# **M I N U T E S**

**DATE** : 22 JANUARY 2013

**TIME** : 10H00

**PLACE** : LINDLEY BOARD ROOM

# A G E N D A



ITEM	ITEM DESCRIPTION	PAGE
	<b>SECTION A</b>	
001/01	Opening and Welcome	1
002/01	Attendance and Apologies	1
003/01	Adoption of the Agenda	1
004/01	Official announcements by the Chairperson	1
005/01	Official announcements by other Councilors	1
006/01	Motions of congratulations and sympathy by Chairperson	2
007/01	Motions of congratulations and sympathy by Councilors	2
008/01	Approval of the minutes	2
009/01	Matters arising from the minutes	2
	<b>SECTION B</b>	
	<b>REPORTS PRESENTATION</b>	
010/01	Auditor General 's Report	
011/01	Second Quarter Report	
012/01	Adjustment Budget	
013/01	Mid Year Budget Report	
014/01	Sourcing of Loan to speed up backlogs eradication	
	<b>SECTION C</b>	
015/01	Way forward	
016/01	Closure	

**001/01      OPENING AND WELCOME**

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The chairperson officially opened the meeting and welcomed everybody present.

**002/01      ATTENDANCE AND APOLOGIES**

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All the members and the CFO were present.

**003/01      ADOPTION OF THE AGENDA**

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The agenda was adopted.

**004/01      OFFICIAL ANNOUNCEMENTS BY THE CHAIRPERSON**

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None

**005/01      OFFICIAL ANNOUNCEMENTS BY COUNCILORS**

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None

**006/01      MOTIONS OF CONGRATULATIONS AND SYMPATHY BY CHAIR**

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- The chairperson congratulated the matriculates who performed very well in their exams.
- The chairperson also mentioned that they managed to give financial support to 74 students to register in Tertiary institutions.

**007/01      MOTIONS OF CONGRATULATIONS AND SYMPATHY BY CLLR**

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Motion of congratulation to Bafana Bafana when they played draw with Cap Verde.

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**008/01      APPROVAL OF THE MINUTES**

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The minutes were approved.

**009/01      MATTERS ARISING FROM THE MINUTES**

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- The reports of two issues of ABSA Bank fraud case and SARS are still outstanding and the CFO responded by saying they are still waiting for the response from both parties, and as soon as the matter is finalized he will bring to the reports to the committee.
- The posts that were vacant are still not filled which are Supply Chain Manager and Manager Expenditure and the CFO responded that everything is in pipeline; the posts will be filled very soon.

**ITEM NUMBER : 010/01**  
**HEADING : Auditor General's Report**  
**DEPARTMENT : FINANCE**

## **INTRODUCTION**

### **Recommendations:**

1. That the committee takes note of the report.
2. That the report be referred to Executive Committee
3. That the Supply Chain Manager be appointed very soon to address the issues that have been raised by the Auditor's General.
4. That the Audit Committee should be appointed as soon as possible in order that it can play an oversight role and to report to Council.
5. That Performance Management System should be in place the measure the performance of Directors and their departments.

**ITEM NUMBER : 011/01**

**HEADING : Second Quarter Report**

**DEPARTMENT : FINANCE**

**Introduction**

The purpose of the report is to present progress on the implementation of the Service Delivery and Budget Implementation Plan.

**Progress Report**

**SECOND QUARTER**

Vote / indicator	Unit of measurement	Annual	Measuring Tool	Month Ending October 2012		Month Ending November 2012		Month Ending December 2012	
				Proj	Actual	Proj	Actual	Proj	Actual
Ensure accurate and timeously reporting and Planning	Monthly budget control. reconciliation of general ledger accounts and report	12	Report	Monthly report		Monthly report		Monthly report	
	Clear suspense accounts monthly Number of suspense	0	Copy of suspense	0		0		0	
	MFMA quarterly reports to Council, National Treasury, Provincial Treasury	4	Report		1			1	
	MFMA section 71 reports - monthly	12	Report	Report submitted	11	Report submitted	11	Report submitted	11
	Timeously submission of Mid-Year report to Council. National & Provincial Treasury and Mayor as per MFMA requirement	1	Report						
	Compile five year financial plan	1	Plan	1					
	Qualified staff members in terms of Treasury requirements	10	Progress Report per quarter	1	7	1	7	1	7
	Comply with all legislations and regulations	All	Audit Report						
	Improve audit opinion - Clean Audit	Audit Report	Audit Reports Internal External						
To develop a compliant budget and financial statements	Timeously preparation and submission of Annual Financial Statements to Auditor-General in newly accepted GRAP format	1	Statements			AFS submitted to AG			
	Timeously approval of annual budget as per required timeframe of MFMA	1	Budget Council resolution						
	Preparation and approval of Adjusted Budget	1	Budget Council Resoluti						

Vote / indicator	Unit of measurement	Annual	Measuring Tool	Month Ending October 2012		Month Ending November 2012		Month Ending December 2012	
				Proj	Actual	Proj	Actual	Proj	Actual
	Approval of Electricity tariffs by NERSA	1	Approval by	1					
Establish and maintain financial systems and policies	Ensure 100% collection and receipt of grant funding as per DoRA allocations	12	Proof of receipt	Monthly report		Monthly report	62%	Monthly report	100%
	Create electronic files for consumers	All	Progress report on electronic file creation		30%		40%		50%
	Bill consumers monthly before the 25 <sup>th</sup> of the month.	12	Report	1	1	1	1	1	1
	Accurate Billing Farms Residential Sites Business Sites	12	Report		95%		95%		95%
	Register all indigent households	All	Monthly report on indigent registrations						
	Increase revenue by 15%	100%	Report of revenue per						
	Decrease debtors book by 30%	100%	Report	Debts recovered		Debts recovered		Debts recovered	
	Establish a Customer Care Centre	1	Report					1	
	Respond to customer queries within 24 hours	All	Report	All	90%	All	90%	All	90%
	Settling creditors within 30 days Number of creditors older than 30 days	0	Report						
	Improve time-around-time at SC regarding orders, quotations and requests	1	Goods received note	Policy and regulations for	Adhered to		Adhere to		Adhered to
	Adjudicate bids within 60 days	60 days	Notice Attendance Register						
	Increase local spending to 50% in Nketoana and 80% in the Free State	100%	Monthly report						
	Apply an effective cash flow and investment management as per approved policy	1	Report	Investment policy approved					



Vote / indicator	Unit of measurement	Annual	Measuring Tool	Month Ending October 2012		Month Ending November 2012		Month Ending December 2012	
				Proj	Actual	Proj	Actual	Proj	Actual
	Counting inventory	12	Report	1	1	1	1	1	1
	Counting Assets	4	Report					1	0
	Develop and implement an IT policy and strategy	1	Policy	IT policy					

## Recommendation

1. That the committee takes note of the report.
2. That the report be referred to Executive Committee
3. That during the month of February massive action is going to be taken for debt collection
4. That there should be public participation process to encourage the community to pay for the services.

**ITEM NUMBER : 012/01**  
**HEADING : Adjustment Budget**  
**DEPARTMENT : FINANCE**

## **INTRODUCTION**

### **Recommendations:**

1. That the committee takes note of the report.
2. That the report be referred to Executive Committee

**ITEM NUMBER : 013/01**  
**HEADING : Mid Year Budget Report**  
**DEPARTMENT : FINANCE**

## **INTRODUCTION**

### **Recommendations:**

1. That the committee takes note of the report.
2. That the report be referred to Executive Committee

**ITEM NUMBER : 01401**

**HEADING : Sourcing of Loan to speed up backlogs eradication**

**DEPARTMENT : FINANCE**

## **INTRODUCTION**

The purpose of the report is to present a proposal to the sec 79 committee on the sourcing of funds to improve infrastructure in our townships especially old townships.

### **Background**

Some of our townships have been long in existence and since 1994 not much has been done to improve the living condition of the oldest residents of our municipality. You will find that the apartheid landscape of those extension exist even after 19 years of freedom. The intention of the initiatives is to target old locations like Jabavu in Leratswana, Matamong, Stationing and Motampelong in Petsana, Old location in Ntha and Mamafubedu. Similar projects have been done in big cities to fast track service delivery and ensure that apartheid backlogs are eradicated.

The project will aim to change the landscape of this area by constructing roads, storm water, walkways, lights, street names, parks and recreational facilities. The intention is to ensure that we restore the dignity of those communities as symbol of celebrating freedom and celebrating 100 years of their struggle.

These are areas where our oldest residents reside and we should ensure that they can feel that freedom is here and change Matamong to Mahuising.

### **Projects Scope**

- 1 Construct 15 km of roads.
2. Construct proper storm water channels.
3. Streets lights.
4. Sidewalks
5. Parks and Recreation areas
- 6 Street names.

### **Project Costs**

We plan to invest R100 000 000 in this project which will be financed through a loan. The loan repayment will be financed through MIG grant and income reserves.

## Projects Finance

Capital Amount: R100 000 000

Interest Rate 8%

loan Period	5	10	15	20
Quarterly Installments	6,115,671.81	3,655,574.78	2,876,769.58	2,516,070.55
Interest Cost	22,313,436.225	46,222,991.19	72,607,794.95	101,282,643.65

### Recommendations:

1. That the committee note the report
2. That the report be referred to the Executive Committee.

**ITEM NUMBER: 015/01**

**HEADING : WAY FORWARD**

The discussion was on the issue of giving full bursary to needy students for the whole term of study and Councilors mentioned that they will discuss it further and look at it further.

When the Audit process starts again for 2011/2012, the committee mentioned that they should form part in the meetings that occur every week.

The budget process should start immediately and this time around the ward committees should be involved and make a list of needs assessment.

The issue of people that are volunteering in the offices whether this does not raise their expectations was discussed and Councilors need to discuss it further with the management.

**016/01 CLOSURE**

The meeting adjourned at 13h20

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