

CITY OF MASVINGO

MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE HELD IN THE COMMITTEE ROOM, MUNICIPAL OFFICES ON FRIDAY, 27 OCTOBER 2023 AT 14.29 P.M.

PRESENT: Councillor B. Muchokwa (Chairman)
Councillor W. Sitemere
Councillor R. Musekiwa
Councillor M. Madhuna

OFFICIALS: Acting Finance Director
Director of Housing and Social Services
Acting Director of Engineering Services
Chief Internal Auditor
Assistant Committee Officer

442. CONFIRMATION OF MINUTES

On the minutes of the Finance and General Purposes Committee meeting held on 20 July 2023, item 330 (A), on Review of rentals for Kubatana Preschool, members requested for the schedule of rentals for Council Preschools for familiarisation. The Director of Housing and Social Services advised that a report on the matter would be presented in the next Finance and General Purposes Committee meeting. Clarity was sought on how Council fixed the lease rentals for Preschools, which the Director of Housing and Social Services clarified that, rentals were determined by property valuations.

On the minutes of the Finance and General Purposes Committee meeting held on 22 September 2023, item 369 on election of membership for the Finance and General Purposes Committee, a proposal was made for the members of the Finance and General Purposes Committee to undergo some induction to acquaint them to current trends in Finance, which the Acting Finance Director noted the submission and advised that he would look into the matter.

RESOLVED

THAT the minutes of the meeting held on 20 July 2023 and 22 September 2023 be taken as read, confirmed as correct records and signed.

Moved by Councillor B. Muchokwa [20 July 2023]
Seconded by Councillor R. Musekiwa

Moved by Councillor R. Musekiwa [22 September 2023]
Seconded by Councillor A. Sitemere

443. REPORT OF THE FINANCE DIRECTOR

A. FINANCIAL PERFORMANCE

Consideration was given to the report of the Finance Director on the financial performance of Council for the period up to 30 September 2023. The report covered bills raised, revenue categories, collected amounts, the percentage of billed amount to collections made, strategies for enhancing revenue collection, expenditure incurred including recurrent and capital expenditure.

Minutes- Finance & General Purposes Committee 27/10/ 2023

Members proposed that the Council migrates from billing in ZWL to USD, which the Acting Finance Director advised that the proposal was included in the 2024 Draft Council budget although payments would be made in a ratio of 60 percent ZWL and 40 percent in USD.

i. Revenue

It was reported that the total cumulative revenue for the period up to 30 September 2023 amounted to ZWL 41, 117, 138, 142.43. The total revenue realized for the period amounted to ZWL\$ 50,623,461, 889.84 adjusted for exchange rate movements as per the approved budget.

ii. Measures being undertaken to improve revenue efficiency.

It was reported that as a strategic intervention, the Finance Department adopted early billing which was initiated in the month of July 2023 whereby statements were distributed on the 15th there by giving Council a good chance to mobilise towards end of month bills.

It was reported that, in order to improve billing efficiency and accuracy, smart meter reading was implemented across the city and it proved to be compactable with the Council database. It was reported that the trial run deployment was customised and is proving to be effective. Images of water metre readings were being captured and assisting in resolving disputes.

It was reported that the deployed LADS Africa system was being implemented. It was also noted that the new revenue schedule was compiled from the newly enacted by laws, and were incorporated into the 2024 budget. The debt collection unit was making follow-ups and enforcing compliance with the councils by laws.

With regards to revenue collection, various government authorities were engaged on outstanding debts, and a billion ZWL was settled by the Zimbabwe National Army

The report was noted.

iii. Expenditure

The Finance Director reported that the total cumulative expenditure up to end of September 2023 was ZWL\$ 27 148 339,938.11 representing 54% of budgeted expenditure. It was reported that the expenditure continued to be constrained by cashflows challenges and adverse effects of inflationary pressures. It was reported that the inflationary pressures in the economy persisted as evidenced by the sharp movement in the interbank exchange rate from USD 1: ZWL 738.4115 as at end of January 2023 to USD 1: ZWL5 466. 7466 as at end of September 2023.

With regards to salaries, it was reported that the gross salary bill for July 2023 was ZWL\$2, 319, 918,266.92 for permanent employees and ZWL\$ 434, 278, 325.68 for contract employees which amounted to ZWL\$ 2,754,196,592.60. For August 2023, the total gross salary bill was ZWL\$2,194,040,457.51 and the increase in the gross wage bill was partly attributed to exchange rate movements since employee salaries

Minutes- Finance & General Purposes Committee 27/10/2023

are exchange rate indexed. The net salaries for the months of August and September 2023 were ZWL1, 207, 008, 272.10 and 1,317,972,159.48 respectively. Net salaries paid in US\$ amounted to US\$ 121,266.00 in August 2023 and US\$ 118,637 for September 2023. It was noted that all staff net salaries for the period ending 30 September 2023 were paid in full.

The total overtime for the period ending 30 September 2023 was ZWL\$ 118,675,337.93 compared to ZWL\$100,642,467.19 for the prior period.

The Committee considered the funds owing to statutory bodies which were presented as follows;

DESCRIPTION	AMOUNT (ZWL)
ZIMRA (PAYE AND AIDS LEVY)	2,484,652,933.60
NSSA	295,889,999.33
LAPF	1,071,872,411.81
ZIMDEF	107,434,085.25
STANDARDS LEVY	70,210,811.75

iv. Capital expenditure

The report of the Finance Director on capital expenditure for the month under review was noted. Total capital expenditure for the month amounted to ZWL 107, 413, 953.06 with cumulative capital expenditure up to 30 September 2023 amounting to \$1, 917, 989, 818.68. The report was noted.

v. Prepaid Parking

It was reported that the total revenue realised from pre-paid parking activities for the month of September 2023 amounted to ZWL\$ 124,907,100.00. The amount was realised from the sale of 22915 discs, office sales of ZWL\$ 15,917,880.00 whilst penalties and enforcement fees amounted to ZWL\$ 3,257,000.00 and ZWL\$68,790,849.00 respectively giving a cumulative total of ZWL\$212,872,829.00 for the month. The report was noted.

It was reported that the Prepaid Parking Section had a few challenges which include operating without a towing vehicle, inadequate enforcement services and inadequate signage.

Clarity was sought on the profitability of the Prepaid Parking operations, and the Acting Finance Director advised that the section was making a profit. Committee members were of the view that the funds generated from prepaid parking activities be ringfenced for equipping the section, which the Acting Finance Director advised that funds were being ringfenced and funds for procurement of a Tow truck were now available. It was proposed and agreed that the procurement process for the Tow vehicle be initiated.

Committee members sought clarity on reasons why the Council intended to enter into a partnership with City Parking when the section was generating a substantial amount

Minutes- Finance & General Purposes Committee 27/10/2023

of revenue from parking fees. Members requested that the Finance Committee be enlightened on the City Parking partnership in order to understand why the Council had made the decision to engage a third party, when it could solely collect parking fees at a profit. The Director of Housing and Social Services advised that the Committee would be familiarised on the matter through a report.

RESOLVED TO RECOMMEND

THAT the Finance Director be instructed to procure a Towing Truck for the Prepaid Parking Section.

B. CASHBOOK AND CASH FLOW PROJECTIONS

i. Council cash position

The Committee noted the schedule of the Council's cash balances as at 30 September 2023.

ii. Payments for the month

The Committee considered the report of the Finance Director on payments made during the period up to 30 September 2023

On the expenditure, the Committee noted with concern the rate of expenditure made on Drone training. It was clarified that the Drone training was in support of the use of drones in GIS operations as well as some of the Public Relations functions.

iii. Cashflow projections

Consideration was given to the report of the Finance Director on the actual and projected cash flow statement for the period January 2023 to November 2023.

Committee members highlighted the need for Council to adopt prepaid water metering. It was clarified that the prepaid water metering was previously tested on a few houses as a pilot, but the system malfunctioned due to erratic water supply. A proposal was made for Council to conduct a study visit to another local authority which adopted the prepaid water metering.

It was noted that the prepaid water meters could be implemented when Council initiates the water augmentation project when water supply has improved.

C. DEBTORS AND DEBT COLLECTION (RECEIVABLES MANAGEMENT)

The report of the Finance Director on the debtor's balances as at 30 September 2023 was considered. It was reported that the total debtors amounted to ZWL\$ 18,108,967,411.68 and a total of ZWL\$5,443,549,412.60 was collected translating to collection efficiency of 71.72% in the month of September 2023.

The need for Council to strengthen debt collection was highlighted.

D. PAYABLES (CREDITORS) MANAGEMENT

Minutes- Finance & General Purposes Committee 27/10/2023

The Committee considered the report of the Finance Director on the creditors balances as at 30 September 2023. It was reported that Council payables continued to increase owing to liquidity challenges and economic hardships experienced in the economy. Council has agreed payment plans with major creditors such as LAPF, ZIMRA, ZESA and ZIMDEF. The report was noted.

E. STORES AND ASSET MANAGEMENT

The Committee noted the report of the Finance Director on stores and stores management covering the stock levels of critical items such as fuels and oils and water treatment chemicals.

F. STATUTORY OBLIGATIONS

It was reported that a daily stop order arrangement with the Local Authorities' Pension Fund (LAPF) was agreed to discharge of the debt. During the month of September ZWL\$ 40,700,000.00 was deducted through the stop order facility. A payment plan was agreed to pay the amount owing to ZIMRA, and the payment plan needs to be observed to avoid garnish orders, this payment plan requires Council to clear off the outstanding debt amounting USD\$ 20,000 and ZWL\$ 307,035,788.85. The report was noted.

G. NATIONAL CHART OF ACCOUNTS

It was reported that the Council extended an invitation to the Parent Ministry, Axis Solutions and Ministry of Finance for the setting up of the national chart of accounts inline with the International Public Sector Accounting Standards. It was reported that the process will allow for standardisation of the Council reporting framework and the integration process commence on 6 November 2023. The report was noted.

H. Adoption of Report

RESOLVED TO RECOMMEND

THAT the report of the Finance Director be approved and adopted subject to the resolution passed in relation thereto.

444. REPORT OF THE DIRECTOR OF HOUSING AND SOCIAL SERVICES

A. LIQUOR SECTION REPORT

The report of the Acting Director of Housing and Social Services on the Liquor Section for the month of August 2023 for the three outlets covering sales by brand, profit and appropriations was noted. It was reported that the outlets recorded a net profit of ZWL 18 625 553,58.

Members noted that the Liquor Section should be handled as a separate entity in order to increase the level of profits made from sales.

B. Adoption of Report

Minutes- Finance & General Purposes Committee 27/10/2023

RESOLVED TO RECOMMEND

THAT the report of the Acting Director of Housing and Social Services be approved and adopted subject to the resolution passed in relation thereto.

The meeting ended at 4.30 p.m.

CONFIRMED THIS

DAY OF

2023

CHAIRMAN

TOWN CLERK