



## **MBIZANA LOCAL MUNICIPALITY**

### **MONTHLY REPORT**

**REPORT IN TERMS OF s71 OF THE MFMA FOR THE MONTH OF  
AUGUST 2020**

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## **PART 1 – IN-YEAR REPORT**

### **1. Executive Summary**

Section 71 of the Municipal Finance Management Act No 56 of 2003 requires that the Accounting officer of a municipality must, within 10 working days after the end of each month submit to the Mayor of the municipality and relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget.

This is the second report of the 2020/21 financial year which should give an indication of how the municipality has performed on its first two months of operation in the indicated year. There is generally not much to report during the first months as processes to close the previous year always take part of it. This situation may be worse this year considering that the country is operating under lockdown regulations that make it impossible to operate. This will be the baseline for the new financial year and hopefully the contents of each report will help council and its structures to understand fully the status of the municipality's financial performance and decisions that need to be taken to ensure sustainability of the institution.

#### **1.1 The Political Oversight**

The Budget and Treasury Office standing committee is composed of the honourable councillors indicated below with their respective responsibilities within the department as follows:-

- |                            |                         |
|----------------------------|-------------------------|
| • Cllr L. Makholosa        | Chairperson             |
| • Cllr M. Qumba            | Supply Chain Management |
| • Cllr. N Madikizela       | Budgeting & Reporting   |
| • Cllr. N. Giyama-Bongwana | Budgeting & Reporting   |
| • Cllr N. Sipatala         | Supply Chain Management |
| • Cllr M. Dlamini          | Asset Management        |
| • Cllr N. Sikiti           |                         |

### **2. Administration**

The municipality has been implementing mSCOA with its annual updates like all municipalities in the country as a business reform since its introduction from 1 July 2017. This was introduced to address among other things ensuring standardisation of treatment of transactions and reporting across all municipalities, to encourage proper planning and put controls in terms of revenue and expenditure management. Introduction of new and improved versions of the mSCOA chart has proven to present

problems that sometimes make it impossible to operate normally requiring some extra effort to be put into the operations of the municipality to fulfil its service delivery mandate.

### **3. Staff turnover**

The expenditure section within the Budget and Treasury department has been hit by a number of incidents that lead to the section operating with a lesser number of employees than is required. The section is divided into Capital and General expenditure with each subdivision having an accountant and a clerk. The accountant general expenditure assumed duties during the month of March 2020 after interviews were conducted and the municipality concluded verification of qualifications as required for each employee. This has affected the municipality's ability to process and settle payments within the stipulated timeframes requiring more effort and hours to be put in.

The filling of the vacancy unfortunately resulted in a vacancy again in the section as the successful candidate was previously employed as the clerk in the same section.

The Asset and Supply Chain management section has not been spared from similar challenges as the Asset Management Officer position remains vacant after the resignation and departure of the incumbent who occupied the position back in November 2019. Recruitment processes commenced in January 2020 but were not finalised before the National Lockdown was enforced, we expected and hoped this would be attended to speedily to ensure that this is finalised before the end of the financial year but that was unfortunately not the case. The recruitment processes for the position have been concluded and the incumbent should assume duties by October 2020. This further delay is caused by processes required to be concluded of qualification verifications before an appointment can be made and also the amount of notice period the incumbent may be required to give to the current employer. The Asset Management Officer position is unfortunately not the only vacant position as we have also had the resignation of the Stores Officer who departed at the end of March 2020 to join another institution. Recruitment processes for the stores position have commenced late due to the national lockdown due to the outbreak of COVID-19 and other related protocols.

In summary the following are the vacant positions within the department:

- General Expenditure Clerk – recruitment processes not yet started
- Asset Management Officer – recruitment processes finalised
- Stores Officer – recruitment processes commenced

## **4. Implementation of mSCOA**

As mentioned in the executive summary of the report, the municipality is implementing mSCOA as required. Following are some of the challenges that the implementation has posed to the municipality over the years:

### **a) Challenges Identified**

#### **i. Version Changes**

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, version 6.4 was released and introduced with MFMA Circular 98.

Since the introduction of mSCOA, National Treasury has introduced a number of chart versions with the latest version referred to above which will be has been used for both the draft and final budgets for 2021 and corrections made to the draft budget as per the budget engagements that were held with Provincial Treasury during the month of April 2020.

The version has introduced a number of changes which will pose new challenges to the way the municipality does business and records transactions. We will however examine the new chart to understand the full extent of the changes and their anticipated impact thereof.

This has taught us that there does not seem to be any plan on the side of the system vendors and Treasury themselves to ensure that the information gets transferred in a uniform manner as we find that some municipalities do not face the same challenges as others while others only realise when we raise these issues that they have similar challenges.

#### **ii. IDP Budgeting**

mSCOA requires that the IDP non-financial information be linked to the budget not only at the IDP and SDBIP level but also at the financial system level. As a way to force this mSCOA has since required that all expenditures be linked to strategic objective, project and specific ward in the municipal area including expenditure on personnel expenses.

#### **iii. Production of in-year reports**

All approved system vendors were required to have a functionality to produce all statutory reports to avoid municipalities having to prepare these manually. Munsoft was approved as one of the service providers on the strength that they indicated they use Caseware to produce these reports which the municipality also has access to. The utilisation of these two systems does however require some work

and setting up to ensure they fully integrate which was successfully addressed. Parts of this report have been prepared using the system even though there are parts that require manual population which is how the templates are setup.

iv. Budget and reporting module functionality

The budget module of the system that the municipality uses has been discovered to only work well with income and expenditure other modules like balance sheet and cashflow budgeting still continue to produce unreasonably incorrect reports which we have not been able to submit without first doing manual recalculations using the information that we have. This challenge seems however, to have been addressed from the adjustment budget processes and we will be analysing further to check consistency.

Even though attempts are being made to ensure that all system vendors get their systems working as required when it comes to the balance sheet and cashflow budget, there is however consensus that the principles and information required to produce these are currently subject to discussions and revisions required.

There were a number of trainings setup by both Treasury and system vendors on the balance sheet and cashflow budgeting which we have attended as the municipality to ensure full compliance during the adjustments budget and all other subsequent budgets.

## **5. Implementation of the Municipal Cost containment regulations**

During the month of June 2019, the minister of finance approved Municipal Containment regulations effective from 1 July 2019. The regulations required municipalities to develop, adopt and implement policies as part of its budget related policies to support cost containment measures. These regulations were unfortunately approved after the municipal budget processes had been concluded which made it difficult for municipalities to develop these policies at such a short space of time. The council of Mbizana local municipality developed and adopted a policy on cost containment that is now being implemented.

The municipality has since implemented the following measures in line with cost containment:

- No catering for all meetings taking less than 5 hours
- No catering for all meetings held by only staff members regardless of the duration of the meeting
- All accommodation arrangements set within the limits as communicated

- All sporting activities have been discontinued.

The implementation of these regulations has seen a reduction in the amounts spent on traveling and accommodation and catering expenses which we believe will assist the municipality to redirect these funds to other service delivery initiatives in the years to come including the first month of this current year.

### **a. Supply and Delivery of Municipal Vehicles**

As part of the cost containment regulations municipalities were directed to utilise the transversal contracts entered into and negotiated by National Treasury to procure municipal vehicles. According to the regulations, municipalities are only allowed to procure vehicles using any other means only if they can demonstrate that they will get the vehicles cheaper when using their own procurement processes. The municipality applied to participate in the transversal contract (RT-57 2019) for procurement of municipal vehicles with National Treasury and approval was granted.

The municipality gathered information on how the procurement must then take place through the Special Conditions of Contract. This meant that all advertisements for this procurement will now be cancelled and completely discontinued. The procurement process through the transversal contract requires the following:

- The municipality to identify the need
- Development specification
- Check the specification against published suppliers and specification by Treasury
- Identify the supplier that is rated higher by treasury on the list of suppliers
- Send the order to the highest ranked supplier first
- Allow three working days for the supplier to respond
- Move only to the second ranked supplier with the permission of the highest ranked supplier

The municipality successfully followed this process to procure two 4X4 double cabs that were delivered on the 30<sup>th</sup> of June 2020. After such a milestone the municipality is in the process once more of procuring another set of municipal vehicles as planned by the Corporate Services department.





## 6. Strategic Objectives

The Budget Treasury Office was part of the development of strategies for the municipality for the next five years from which short-term operational plans and targets relating to at least a period of one financial year. This is done in the form of the Service Delivery and Budget Implementation Plan (SDBIP) which was approved by the mayor within 30 days after the adoption of the annual budget by the municipal council.

The table below gives the details of the SDBIP with the targets that the department will be working to achieve on a quarterly basis. The table shows the department's performance per quarter to ensure they are monitored and achieved at the end of the financial year:

KPA NO 4: Budget & Treasury																				
Outcome 9 Objective																				
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented	Output - KPI	KPI Weight	KPI No.	Annual Target	Means of Verification	Budget	Budget Source	Measurable Performance				Ward	Responsible Section	Responsible Manager
													Internal	External	Q1	Q2	Q3	Q4		
Revenue Management	Revenue collection trends are decreasing posing a threat to the municipality's going concern		4.1	Metering of all electricity consumption	Electricity meters are read, recorded, and captured manually	Automated Meter Reading System	Increased revenue collection	4.1.1	Automated meter reading system	yes	Terms of Reference, Publication Appointment letter, Progress Report and Completion Certificate.	R 500 000.00			Terms of Reference, Publication	Appointment letter	Work in Progress	Confirmation of functioning system by means of proof of work done		
				Monthly billing of all consumers for all services	90% billing on property rates, 60% on electricity and 50% on refuse	Maintain an accurate and complete consumer master database for refuse, electricity and	Reduced Customer queries - 100% of consumer masters billed as per consumer master	4.1.2	0.5	Billing of 2 136 consumer accounts for Property rates, refuse and electricity by June	12 Monthly Billing Reports	N/A	N/A	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Ward 1	Revenue



KPA No 4: Budget & Treasury													
Outcome 9 Objective													
Sub-Result	Issue	Strategic	Objective	Strategies	Baseline	Project to be	Output - KPI	KPI No.	KPI	Annual	Means of Verification	Budget	Measurable Performance
												War	Responsible
				Implementation of credit control measures	Long outstanding debtors, which are more than 365 days	Outsourcing of collection services	Debtors ageing analysis reflecting debtors within 90 days	4.1.6	0.52	Handing over of all accounts that are beyond 90 days by June 2021	Debtors ageing analysis report	Yes R 500 000.00	Progress report on accounts handed over beyond 90 days Progress report on accounts handed over beyond 90 days Progress report on accounts handed over beyond 90 days Progress report on accounts handed over beyond 90 days Revenue
Expenditure Management	Invoices not submitted within 30 days of receipt for payment	To pay creditors within 30 days in compliance with the MFMA by June 2020	4.2	Enforcement of system descriptions and processes as per the Account payable policy	Invoices still taking longer to reach BTO for payment	Centralisation of submission of invoices per department	Age analysis reflecting creditors within 30 days	4.2.1	0.52	Settlement of all presented invoices within 30 days from receipt of invoice	Invoice register and ageing analysis report	N/A N/A	Payment of creditors within 30 days Payment of creditors within 30 days Payment of creditors within 30 days Payment of creditors within 30 days Expenditure
	Inadequate filing space and systems for the volume of documents in the Budget and Treasury	To have an effective and reliable filing system for SCM and all awarded tender	4.3	Continuation of the Conversion of Budget and Treasury filing to electronic for old documents already audited	Paper based and physical filing	Conversion of information into electronic documents	Electronic filing for Budget and Treasury documents	4.3.1	0.55	Electronic filing system setup and loading of Budget and Treasury documents by June 2021	Progress report of Electronic Filing system (EFS), Progress report on scanned documents	Yes R 2 000 000.00	Progress report on scanned documents Progress report on scanned documents Progress report on scanned documents Progress report on scanned documents Supply Chain Management

[illegible]

KPA NO 4: Budget & Treasury																				
Outcome 9 Objective																				
Sub-Result	Issue	Strategic Objective	Strategies	Baseline	Project to be	Output -KPI	KPI No.	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance	War	Responsible	Responsible				
Financial Reporting	To complete Annual Financial Statements that comply with all requirements as at 30 June 2021	4.5	Develop sound, strict and effective procedures for the completion of AFS	Audited Annual Financial Statements for 2018/19 with compliance findings	Development of processes and procedures for completion of Compliant annual financial statements	Credible Annual Financial Statements submitted by 31 August 2020	4.5.1	1.5	Credible and fully compliant Annual Financial Statement submitted by June 2021	AFS and proof of submission to AG, Proof of payment, Interim Financial statements	R 200 000.00	N/A	Yes	Submit 2019/20 Annual Financial Statements to the AG	Renew Casework Licenses	Complete Interim Financial Statements	N/A	War d 1	Reporting	Manager: Budgeting and Reporting
			Manage audit and ensure audit readiness	Audited Annual Financial Statements for 2017/18 with compliance findings	Manage the external audit by the office of the Auditor General to ensure smooth running	Signed Audit report	4.5.2	1.5	Manage the external audit and ensure audit readiness to achieve clean audit opinion as at 30 June 2021	Proof of submission to AG, COAF register, Audit Action Plan, updated Audit Action Plan	R 5 043 803.90	Yes	N/A	Submit 2019/20 Annual Financial Statements to the AG	Respond to AG's queries and provide CoAF register	Development of Audit Action plan	Implementation and monitoring of Action Plan	War d 1	Reporting	Manager: Budgeting and Reporting
				Reconciliation not done monthly	Performance of monthly reconciliations	Signed monthly reconciliations	4.5.3	1.5	Reviewed reconciliations	7 Reviewed reconciliations	N/A	N/A	N/A	21 Reconciliation of all accounts	21 Reconciliation of all accounts	21 Reconciliation of all accounts	21 Reconciliation of all accounts	War d 1	Revenue, Expenditure and Reporting	Manager: Budgeting and Reporting, Revenue and

W ar	Responsi ble	Resp onsi ble
W ar d 1	Budgeting	Man a ger: Budgeting and Reporting
W ar d 1	Budgeting	Man a ger: Budgeting and Reporting
W ar d 1	Budgeting	Man a ger: Budgeting and Reporting

KPA N0 4: Budget & Treasury																
Outcome 9 Objective																
Sub-Result	Strategic Issue	Strategic Objective	Strategies	Baseline	Project to be	Output - KPI	KPI No.	KPI	Annual	Means of Verification	Budget Source	Measurable Performance	War	Responsible	Responsible	Responsible
			s	year, final budget approved 31 May 2019		s and tariffs			s			advertis				ling

Reporting against the above information will be done at the end of each quarter as a monitoring mechanism that is currently being used by the municipality even though responsible heads of section make an effort to monitor these on a monthly basis.





## 7. In-year budget statement tables

### a) Budget Statement Summary

EC443 Mbizana - Table C1 Monthly Budget Statement Summary - M02 August

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	–	25 189	–	991	15 973	4 198	11 774	280%	25 189
Service charges	–	37 015	–	2 636	5 291	6 169	(879)	-14%	37 015
Investment revenue	–	10 364	–	–	–	1 727	(1 727)	-100%	10 364
Transfers and subsidies	–	282 528	–	2 196	127 410	47 088	80 322	171%	282 528
Other own revenue	–	13 646	–	985	1 771	2 274	(504)	-22%	13 646
<b>Total Revenue (excluding capital transfers and contributions)</b>	–	<b>368 742</b>	–	<b>6 807</b>	<b>150 444</b>	<b>61 457</b>	<b>88 987</b>	<b>145%</b>	<b>368 742</b>
Employee costs	–	119 133	–	17 889	17 732	19 855	(2 123)	-11%	119 133
Remuneration of Councillors	–	25 036	–	5 996	5 996	4 173	1 823	44%	25 036
Depreciation & asset impairment	–	52 581	–	6 765	6 769	8 764	(1 995)	-23%	52 581
Finance charges	–	150	–	1	1	25	(24)	-98%	150
Materials and bulk purchases	–	39 573	–	3 881	4 815	6 596	(1 781)	-27%	39 573
Transfers and subsidies	–	1 835	–	–	–	306	(306)	-100%	1 835
Other expenditure	–	184 883	–	4 567	5 618	30 814	(25 195)	-82%	184 883
<b>Total Expenditure</b>	–	<b>423 190</b>	–	<b>39 099</b>	<b>40 931</b>	<b>70 532</b>	<b>(29 601)</b>	<b>-42%</b>	<b>423 190</b>
<b>Surplus/(Deficit)</b>	–	<b>(54 449)</b>	–	<b>(32 291)</b>	<b>109 514</b>	<b>(9 075)</b>	<b>118 588</b>	<b>-1307%</b>	<b>(54 449)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	77 335	–	3 452	5 365	12 889	(7 524)	-58%	77 335
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	–	<b>22 886</b>	–	<b>(28 839)</b>	<b>114 879</b>	<b>3 814</b>	<b>111 064</b>	<b>2912%</b>	<b>22 886</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	–	<b>22 886</b>	–	<b>(28 839)</b>	<b>114 879</b>	<b>3 814</b>	<b>111 064</b>	<b>2912%</b>	<b>22 886</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	–	<b>75 808</b>	–	<b>3 858</b>	<b>5 301</b>	<b>12 635</b>	<b>(7 333)</b>	<b>-58%</b>	<b>75 808</b>
Capital transfers recognised	–	45 647	–	1 832	3 245	7 608	(4 363)	-57%	45 647
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	30 162	–	2 026	2 056	5 027	(2 971)	-59%	30 162
<b>Total sources of capital funds</b>	–	<b>75 808</b>	–	<b>3 858</b>	<b>5 301</b>	<b>12 635</b>	<b>(7 333)</b>	<b>-58%</b>	<b>75 808</b>
<b>Financial position</b>									
Total current assets	–	288 379	–	–	409 064	–	–	–	288 379
Total non current assets	–	708 556	–	–	677 725	–	–	–	708 556
Total current liabilities	–	36 636	–	–	71 470	–	–	–	36 636
Total non current liabilities	–	3 920	–	–	5 495	–	–	–	3 920
Community wealth/Equity	–	956 378	–	–	1 009 823	–	–	–	956 378
<b>Cash flows</b>									
Net cash from (used) operating	–	65 440	–	(11 776)	113 429	10 907	(102 522)	-940%	65 440
Net cash from (used) investing	–	(70 114)	–	(4 437)	(8 880)	(11 686)	(2 806)	24%	(70 114)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the month/year end</b>	–	<b>210 467</b>	–	–	<b>263 953</b>	<b>214 361</b>	<b>(49 591)</b>	<b>-23%</b>	<b>154 730</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	4 670	17 094	2 654	2 891	2 371	58 454	–	–	88 133
<b>Creditors Age Analysis</b>									
Total Creditors	33	8	–	–	–	–	–	–	42

The table above shows a summary of the municipality's financial performance for the period ended 31 August 2020. The first part of the table shows financial performance which gives information about whether the municipality made a loss or a surplus during the month followed by a summary of the municipality's performance on its capital budget. This is then followed by the municipality's financial position, a summary of the cashflow recalculation and then debtors and creditors age analysis.

b) Financial Performance by functional classification

EC443 Mbizana - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		-	321 684	-	3 106	143 881	53 614	90 267	168%	321 684
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	321 684	-	3 106	143 881	53 614	90 267	168%	321 684
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	4 942	-	290	461	824	(362)	-44%	4 942
Community and social services		-	181	-	1	1	30	(29)	-96%	181
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	4 761	-	289	460	793	(333)	-42%	4 761
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	48 612	-	2 383	4 324	8 102	(3 778)	-47%	48 612
Planning and development		-	563	-	21	50	94	(44)	-47%	563
Road transport		-	48 049	-	2 361	4 274	8 008	(3 734)	-47%	48 049
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	70 839	-	4 481	7 143	11 806	(4 663)	-39%	70 839
Energy sources		-	63 969	-	3 350	5 624	10 662	(5 038)	-47%	63 969
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6 870	-	1 132	1 519	1 145	374	33%	6 870
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	-	446 077	-	10 260	155 810	74 346	81 463	110%	446 077
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	184 624	-	18 825	20 580	30 771	(10 190)	-33%	184 624
Executive and council		-	63 018	-	8 935	8 942	10 503	(1 561)	-15%	63 018
Finance and administration		-	116 150	-	9 572	11 320	19 358	(8 038)	-42%	116 150
Internal audit		-	5 457	-	318	318	910	(591)	-65%	5 457
<i>Community and public safety</i>		-	30 879	-	2 937	2 937	5 147	(2 210)	-43%	30 879
Community and social services		-	12 117	-	724	724	2 020	(1 296)	-64%	12 117
Sport and recreation		-	2 769	-	479	479	461	17	4%	2 769
Public safety		-	15 014	-	1 620	1 620	2 502	(882)	-35%	15 014
Housing		-	980	-	114	114	163	(49)	-30%	980
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	100 216	-	9 125	9 303	16 703	(7 400)	-44%	100 216
Planning and development		-	28 221	-	2 896	2 917	4 704	(1 787)	-38%	28 221
Road transport		-	69 641	-	5 914	6 071	11 607	(5 536)	-48%	69 641
Environmental protection		-	2 353	-	316	316	392	(77)	-20%	2 353
<i>Trading services</i>		-	103 891	-	7 866	7 777	17 315	(9 538)	-55%	103 891
Energy sources		-	77 927	-	4 959	5 773	12 988	(7 215)	-56%	77 927
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	25 964	-	2 907	2 004	4 327	(2 323)	-54%	25 964
<i>Other</i>		-	3 580	-	346	334	597	(263)	-44%	3 580
<b>Total Expenditure - Functional</b>	3	-	423 190	-	39 699	40 931	70 532	(29 601)	-42%	423 190
<b>Surplus/ (Deficit) for the year</b>		-	22 886	-	(28 839)	114 879	3 814	111 064	2912%	22 886

The table above shows the municipality's financial performance for the period ended 31 August 2020 in functional classification which was created by National treasury to assist in reporting financial information per functional area. This information is consolidated at National treasury level to produce the provincial and national financial reports.

c) Revenue by Source

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates			25 189		991	15 973	4 198	11 774	280%	25 189
Service charges - electricity revenue			32 578		2 248	4 515	5 430	(914)	-17%	32 578
Service charges - water revenue			–		–	–	–	–		–
Service charges - sanitation revenue			–		–	–	–	–		–
Service charges - refuse revenue			4 437		388	775	740	36	5%	4 437
Rental of facilities and equipment			2 851		225	449	475	(26)	-5%	2 851
Interest earned - external investments			10 364		–	–	1 727	(1 727)	-100%	10 364
Interest earned - outstanding debtors			4 404		439	774	734	40	5%	4 404
Dividends received			–		–	–	–	–		–
Fines, penalties and forfeits			948		17	21	158	(137)	-87%	948
Licences and permits			2 756		158	251	459	(208)	-45%	2 756
Agency services			1 218		122	200	203	(3)	-1%	1 218
Transfers and subsidies			282 528		2 195	127 410	47 088	80 322	171%	282 528
Other revenue			1 470		23	74	245	(171)	-70%	1 470
Gains			–		–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	368 742	–	6 807	150 444	61 457	88 987	145%	368 742

The above table shows the municipality's revenue per revenue source. This is in line with the services that municipalities are providing. An analysis of each revenue source follows below:

- PROPERTY RATES:** The municipality being a local municipality levies property rates on all rateable properties within the Mbizana area in terms of the Municipal Property Rates Act No.6 of 2004. The categories of rate payers include government departments which own properties, like Public Works which are levied once at the beginning of the financial year which lead to the revenue generated for the month to be R14.9 million in the 1<sup>st</sup> month and a decrease for the following month to R991 thousand up to the end 30 June 2021. The current revenue recognised on this stream may seem to be way above the monthly target but it is important to note that this is only due to properties levied only at the beginning of the financial year for the whole year.
- ELECTRICITY REVENUE:** The municipality distributes electricity in the town area as per its distribution licence. This is one of the major sources of revenue for the municipality as households now depend on electricity for their day to day living. This is a trading service where the municipality gives electricity equivalent to the amount provided by the consumer. Municipalities are therefore expected to at least recover the cost of providing the service. The approval of tariffs by NERSA is set up such that the municipality can make some form of surpluses

from sale of electricity so that it may be able to maintain the infrastructure used to render the service and defray all other operating expenses related to the service provision. The municipality has generated over R2.2 million for the month and a year to date actual of the same amount since this is the first month. This is below the projection by about 17% (over R900 thousand) which may add up to R5.3 million by the end of the year if attempts to remedy the situation do not yield and results. Even though new bulk meters have been installed for identified large power users that we expect will begin to show results once the billing is made from them. There are however some disturbing observations that have been made by the professional service provider contacted by the municipality to install the meters and assess performance of some meters. Two of the large power users in town that are owned by the same person seem to have a way to lower the way in which our meters read consumption leading to less billing and more consumption from their side. The municipality has made some research and learnt that a solution might be installing a automated meter reading system that is able to identify when a meter changes its reading in real time.

- **Solid Waste Removal:** Collection and disposal of solid waste is one of the services that the municipality provides to the town area and a few sites outside of town including the Wild Coast Sun Casino. The municipality has implemented a new billing approach which ensures that all customers who individually generate waste are billed individually. The exercise was conducted by the refuse section and the billing database has significantly increased and showed us that there are customers we have been providing the service to at no cost at all. This has resulted in the revenue billed for the month to be over R388 thousand which is more than the projection by 8% which will be monitored against performance of other periods to follow as this is still in line with last month's reported performance. There is however an expectation that revenue collection will decline this year due the effects of Covid-19 on both the consumers and businesses as we have seen a number of businesses closing down and some downscaling.
- **Interest on Investments:** The municipality invests surplus cash and unspent grants to generate interest that would be utilised to fund other municipal programmes, this interest includes interest on the municipality's positive balance in the municipality's main account. The table above does not show any interest generated due to recording that had not happened when the month end processes were finalised due to unavailability of staff caused by adherence to Covid-19 protocols, however we can confirm that the municipality received an overall income of over R623 thousand

which is below the projected amount for the same period by 39%. The non-recording on these transactions is also caused by the setups not properly concluded by the system vendor to ensure the new investment modules introduced for the first time are fully functionally. Transactions have been fully recorded but the system is unfortunately not posting to the general ledger for reporting purposes. This may also be attributable to the decrease in revenue collection since the outbreak of COVID-19 which has meant the municipality continues to spend without making any significant money coming in.

- **Interest on outstanding debtors:** The municipality charges interest on debtors owing for more than 30 days at a rate of prime plus 2% as per the municipality's credit control and debt collection policy. This has yielded interest of R439 thousand for the period ended 31 August 2020 which is more than the amount projected for the period by 5%. This still requires intense debt collection initiatives. A higher interest generation means the municipality's debtors are more than what they were projected to be.
- **Fines:** The municipality has a traffic department which enforces traffic laws and the municipality's by-laws. Anyone found to have contravened these laws is charged a fine accordingly. These fines also include fines for electricity tempering. The municipality only generated about R17 thousand revenue on these fines during the month of August 2020 from nothing R4 thousand during the previous month. This resulted in less than a quarter of the projected amount for the period ended. It is worth noting though that this does not represent cash collected and measures should be put in place to ensure people pay their fines. Experience has taught us that people generally do not settle traffic fines and, in most cases when they do they do so at lower values than the initial revenue recognised. This is one of the areas where we were forced to adjust down to ensure that we end up with realistic revenues.
- **Rental of facilities:** The municipality has properties that it rents out to other businesses and individuals from which it generates revenue. These include properties like the Boxer complex, Spar, Browns, Bargain and others. The revenue generated here also includes rental for billboards and advertising around the town area. The municipality has generated about R225 thousand for the month which has left the actual performance to a level below the projection by 5% which is expected to improve as other revised contracts are concluded.
- **Licenses and permits:** The municipality has a fully functional testing station which has been operation for the past two years. This has been one of the municipality's promising revenue

stream since the completion of the testing station. The municipality only generated R93 thousand worth of revenue for the period due to the National lockdown that directed that all licensing services be suspended until further guidance from National Government is provided. As this report is being prepared the licensing services has since commenced which is expected to lead to an improvement from a number of financial challenges for the municipality that might have been experienced during the lockdown period. The municipality has collected below the projected collection by 45% which is an improvement from 59% recorded in the previous month and the situation is expected to improve as the testing center begins operating fully and the lockdown restrictions are further eased.

- **Transfers and subsidies:** The municipality receives grants, both conditional and those without conditions. The report shows that an amount of over R2.1 million has been transferred to revenue for the period ended 31 August 2020 from the operating grants whose conditions have been met. This has recorded a year to date performance of R127 million as this is the second month of the financial year. This happens when the municipality has spent the grants according to the requirements of the funders or DORA. The biggest chunk of these transfers is equitable share that was received during the month of July 2020.

d) Debt Collection

The table below shows a 54% overall collection rate for the month ended 31 August 2020. However, we note a 87% collection rate on leasehold fees, 62% on electricity and 54% on refuse removal for the period.

**MBIZANA L M : MONTHLY BILLING & RECEIPTS (including VAT)**  
**YEAR ENDING: 30 June 2021**

INCOME TYPE	JULY	AUG	1st QUARTER	TOTALS
<b>RATES</b>				
billed	14 981 719	990 906	15 972 625	15 972 625.23
payment received	266 309	421 832	688 141	688 140.91
% of billing received	2%	43%	4%	4%
<b>ELECTRICITY</b>				
billed	2 261 089	2 240 354	4 501 443	4 501 442.93
payment received	870 983	1 389 588	2 260 571	2 260 571.36
% of billing received	39%	62%	50%	50%
<b>LEASEHOLD FEES</b>				
billed	224 507	224 507	449 013	449 013.20
payment received	194 594	195 379	389 973	389 972.64
% of billing received	87%	87%	87%	87%
<b>VAT</b>				
billed	430 975	427 865	858 840	858 840.31
payment received	175 616	272 306	447 922	447 921.91
% of billing received	41%	64%	52%	52%
<b>INTEREST</b>				
billed	334 590	439 315	773 905	773 904.90
payment received	27 192	37 120	64 312	64 312.13
% of billing received	8%	8%	8%	8%
<b>REFUSE REMOVAL</b>				
billed	387 581	387 581	775 161	775 161.04
payment received	103 046	209 203	312 249	312 249.23
% of billing received	27%	54%	40%	40%
<b>TOTAL INCOME</b>				
billed	18 620 460	4 710 527	23 330 988	23 330 988
payment received	1 637 740	2 525 428	4 163 168	4 163 168
% of billing received	9%	54%	18%	18%



e) Expenditure by Type

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
<u>Expenditure By Type</u>										
Employee related costs			119 133		17 889	17 732	19 855	(2 123)	-11%	119 133
Remuneration of councillors			25 036		5 996	5 996	4 173	1 823	44%	25 036
Debt impairment			4 500		-	-	750	(750)	-100%	4 500
Depreciation & asset impairment			52 581		6 765	6 769	8 764	(1 995)	-23%	52 581
Finance charges			150		1	1	25	(24)	-98%	150
Bulk purchases			31 896		3 877	4 706	5 316	(610)	-11%	31 896
Other materials			7 677		4	109	1 280	(1 170)	-91%	7 677
Contracted services			110 404		3 181	3 149	18 401	(15 252)	-83%	110 404
Transfers and subsidies			1 835		-	-	306	(306)	-100%	1 835
Other expenditure			69 979		1 386	2 470	11 663	(9 193)	-79%	69 979
Losses			-		-	-	-	-		-
Total Expenditure		-	423 190	-	39 099	40 931	70 532	(29 601)	-42%	423 190

The table above shows the municipality's expenses per type of expenditure. This is compared with the revenues generated per type to determine whether the municipality is operating at a loss or a surplus.

- Employee costs and Remuneration of councillors:** The municipality has remunerated employees who are remunerated as per the prevailing Bargaining Council agreements. The expenditure for the period ended 31 August 2020 reflects an amount of R17.8 million for employee costs and R5.9 million for the remunerations of councillors. These amounts include payroll expenditure for two months, July and August 2020. The remuneration of councillors shows a 44% overspending compared to what is expected at the same period and will be investigated to determine what might be the cause of if any Employee costs are included there. Employee costs have recorded a 11% saving that is always expected considering issues like annual bonuses and vacant positions.
- Bulk Purchases:** The municipality purchases electricity in bulk from Eskom for distribution to the town customers. This is the main input cost to the distribution of electricity. The table shows that the municipality spent about R3.8 million on electricity purchases for the period ended 31 August 2020 and a year to date actual of R4.7 million which is below the projected expenditure by 11%. This amount only relates to the last 21 days of July and the first 10 days of August 2020 as the billing by Eskom only takes place on the 10<sup>th</sup> of each month.
- Depreciation and asset impairment:** The depreciation run has been performed after the end of each quarter and recently monthly, however, this could not be done for July as the asset register was still in the process of being reviewed to ensure that the assets are correctly accounted for in the annual financial statements. More accurate and complete information will be reported once

an updated asset register has been loaded on the system. The table shows that the depreciation recorded for the period amounted to R6.7 million which is below the projected amount by 23%.

- **Contracted Services:** This relates to the municipality's general expenses that have been incurred during the month where only external service providers could be used to render the service or procure goods. This shows that the municipality incurred about R3.1 million for the month. This has resulted in a recorded saving of over R15 million which translates to 83% of the budget for contracted services for the period. This is as a result of slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled.
- **Other Expenditure:** This also shows a saving of about 79% which might be as a result of the slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled. This requires though that departments that are currently underspending be sensitised of the matter.

f) Revenue by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-		-
Vote 2 - BUDGET AND TREASURY		-	296 215	-	3 106	143 881	49 369	94 512	191.4%	296 215
Vote 3 - CORPORATE SERVICE		-	280	-	-	-	47	(47)	-100.0%	280
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	11 811	-	1 421	1 981	1 969	12	0.6%	11 811
Vote 5 - ENGINEERING SERVICES		-	112 149	-	5 719	9 911	18 692	(8 780)	-47.0%	112 149
Vote 6 - DEVELOPMENT PLANNING		-	25 621	-	13	37	4 270	(4 233)	-99.1%	25 621
Total Revenue by Vote	2	-	446 077	-	10 260	155 810	74 346	81 463	109.6%	446 077

The table above shows revenue generated per municipal vote as defined in s1 of the MFMA. The table shows that Engineering services has generated over R5.1 million for the month with Budget and Treasury showing generation of over R3.1 million which may be attributable to grants that have already been received or spent more than the projected amounts as well as Community and Social services at over R1.4 million.

g) Expenditure by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Expenditure by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	83 121	-	11 237	11 344	13 853	(2 510)	-18.1%	83 121
Vote 2 - BUDGET AND TREASURY		-	30 707	-	1 964	1 979	5 118	(3 139)	-61.3%	30 707
Vote 3 - CORPORATE SERVICE		-	55 365	-	4 296	5 391	9 227	(3 836)	-41.6%	55 365
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	75 969	-	8 014	7 678	12 662	(4 984)	-39.4%	75 969
Vote 5 - ENGINEERING SERVICES		-	152 604	-	11 704	12 665	25 434	(12 769)	-50.2%	152 604
Vote 6 - DEVELOPMENT PLANNING		-	25 425	-	1 883	1 875	4 238	(2 363)	-55.8%	25 425
<b>Total Expenditure by Vote</b>	2	-	423 190	-	39 099	40 931	70 532	(29 601)	-42.0%	423 190
<b>Surplus/ (Deficit) for the year</b>	2	-	22 886	-	(28 839)	114 879	3 814	111 064	2911.7%	22 886

The table above shows the expenditure by municipal vote. The total expenditure for the month of August 2020 amounted to above R39 million.

## h) Municipality's financial performance

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates			25 189		991	15 973	4 198	11 774	280%	25 189
Service charges - electricity revenue			32 578		2 248	4 515	5 430	(914)	-17%	32 578
Service charges - water revenue			-		-	-	-	-		-
Service charges - sanitation revenue			-		-	-	-	-		-
Service charges - refuse revenue			4 437		388	775	740	36	5%	4 437
Rental of facilities and equipment			2 851		225	449	475	(26)	-5%	2 851
Interest earned - external investments			10 364		-	-	1 727	(1 727)	-100%	10 364
Interest earned - outstanding debtors			4 404		439	774	734	40	5%	4 404
Dividends received			-		-	-	-	-		-
Fines, penalties and forfeits			948		17	21	158	(137)	-87%	948
Licences and permits			2 756		158	251	459	(208)	-45%	2 756
Agency services			1 218		122	200	203	(3)	-1%	1 218
Transfers and subsidies			282 528		2 196	127 410	47 088	80 322	171%	282 528
Other revenue			1 470		23	74	245	(171)	-70%	1 470
Gains			-		-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		-	368 742	-	6 807	150 444	61 457	88 987	145%	368 742
Expenditure By Type										
Employee related costs			119 133		17 889	17 732	19 855	(2 123)	-11%	119 133
Remuneration of councillors			25 036		5 996	5 996	4 173	1 823	44%	25 036
Debt impairment			4 500		-	-	750	(750)	-100%	4 500
Depreciation & asset impairment			52 581		6 765	6 769	8 764	(1 995)	-23%	52 581
Finance charges			150		1	1	25	(24)	-98%	150
Bulk purchases			31 896		3 877	4 706	5 316	(510)	-11%	31 896
Other materials			7 677		4	109	1 280	(1 170)	-91%	7 677
Contracted services			110 404		3 181	3 149	18 401	(15 252)	-83%	110 404
Transfers and subsidies			1 835		-	-	306	(306)	-100%	1 835
Other expenditure			69 979		1 386	2 470	11 663	(9 193)	-79%	69 979
Losses			-		-	-	-	-		-
Total Expenditure		-	423 190	-	39 099	40 931	70 532	(29 601)	-42%	423 190
Surplus/(Deficit)		-	(54 449)	-	(32 291)	109 514	(9 075)	118 588	(0)	(54 449)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			77 335		3 452	5 365	12 889	(7 524)	(0)	77 335
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)								-		
Transfers and subsidies - capital (in-kind - all)								-		
Surplus/(Deficit) after capital transfers & contributions		-	22 886	-	(28 839)	114 879	3 814			22 886
Taxation			-					-		
Surplus/(Deficit) after taxation		-	22 886	-	(28 839)	114 879	3 814			22 886
Attributable to minorities			-							-
Surplus/(Deficit) attributable to municipality		-	22 886	-	(28 839)	114 879	3 814			22 886
Share of surplus/ (deficit) of associate			-							-
Surplus/ (Deficit) for the year		-	22 886	-	(28 839)	114 879	3 814			22 886

The municipality has so far recorded a surplus of over R114 million for the period ended 31 August 2020.

This must be seen in the correct perspective as there has been receipts of the expected grants from the national purse. The municipality is still heavily reliant on grant funding and as such the surpluses still need to be seen in that perspective as they relate to expenditures that are still to be incurred. Measures still need to be put in place to move the municipality towards self-sustainability.

## 8. Capital programme performance

### a) Capital expenditure by asset class and sub-class

EC443 Mbizana - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	30 775	-	1 085	1 085	5 129	4 044	78.8%	30 775
Roads Infrastructure		-	28 475	-	136	136	4 746	4 610	97.1%	28 475
Roads		-	28 475	-	136	136	4 746	4 610	97.1%	28 475
Electrical Infrastructure		-	2 300	-	949	949	383	(565)	-147.5%	2 300
LV Networks		-	2 300	-	949	949	383	(565)	-147.5%	2 300
<b>Community Assets</b>		-	1 100	-	-	-	183	183	100.0%	1 100
Community Facilities		-	1 100	-	-	-	183	183	100.0%	1 100
Markets		-	1 100	-	-	-	183	183	100.0%	1 100
<b>Heritage assets</b>		-	50	-	-	-	8	8	100.0%	50
Other Heritage		-	50	-	-	-	8	8	100.0%	50
<b>Other assets</b>		-	2 500	-	-	-	417	417	100.0%	2 500
Operational Buildings		-	2 500	-	-	-	417	417	100.0%	2 500
Yards		-	2 500	-	-	-	417	417	100.0%	2 500
<b>Computer Equipment</b>		-	6 800	-	1 032	1 032	1 133	101	8.9%	6 800
Computer Equipment		-	6 800	-	1 032	1 032	1 133	101	8.9%	6 800
<b>Furniture and Office Equipment</b>		-	1 650	-	0	30	275	245	88.9%	1 650
Furniture and Office Equipment		-	1 650	-	0	30	275	245	88.9%	1 650
<b>Machinery and Equipment</b>		-	2 101	-	-	-	350	350	100.0%	2 101
Machinery and Equipment		-	2 101	-	-	-	350	350	100.0%	2 101
<b>Transport Assets</b>		-	2 660	-	-	-	443	443	100.0%	2 660
Transport Assets		-	2 660	-	-	-	443	443	100.0%	2 660
<b>Total Capital Expenditure on new assets</b>	1	-	47 637	-	2 118	2 148	7 939	5 791	72.9%	47 637

EC443 Mbizana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	6 000	-	-	-	1 000	1 000	100.0%	6 000
Community Facilities		-	6 000	-	-	-	1 000	1 000	100.0%	6 000
Taxi Ranks/Bus Terminals		-	6 000	-	-	-	1 000	1 000	100.0%	6 000
<b>Total Capital Expenditure on renewal of existing assets</b>	1	-	6 000	-	-	-	1 000	1 000	100.0%	6 000

EC443 Mbizana - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	2 000	-	-	-	333	333	100.0%	2 000
Roads Infrastructure		-	2 000	-	-	-	333	333	100.0%	2 000
Roads		-	2 000	-	-	-	333	333	100.0%	2 000
<b>Community Assets</b>		-	20 172	-	1 741	3 153	3 362	209	6.2%	20 172
Community Facilities		-	11 251	-	1 741	1 741	1 875	135	7.2%	11 251
Halls		-	11 251	-	1 741	1 741	1 875	135	7.2%	11 251
Sport and Recreation Facilities		-	8 921	-	-	1 413	1 487	74	5.0%	8 921
Outdoor Facilities		-	8 921	-	-	1 413	1 487	74	5.0%	8 921
<b>Total Capital Expenditure on upgrading of existing assets</b>	1	-	22 172	-	1 741	3 153	3 695	542	14.7%	22 172

The above tables indicate that the municipality spent R3.8 million for the month of its capital budget for the period ended 31 August 2020. This is performance that is not encouraged, especially on the two major capital programmes being implemented by the municipality as it poses a number of risks for the institution including paying for work that has not been completed come the end of the year chasing targets and expenditure performance.

b) Capital Expenditure by municipal vote

EC443 Mbizana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Multi-Year expenditure appropriation</b>	<b>2</b>									
Vote 2 - BUDGET AND TREASURY		--	2 100	--	--	--	350	(350)	-100%	2 100
Vote 5 - ENGINEERING SERVICES		--	18 172	--	1 741	3 153	3 029	125	4%	18 172
Vote 6 - DEVELOPMENT PLANNING		--	--	--	--	--	--	--		--
<b>Total Capital Multi-year expenditure</b>	<b>4,7</b>	--	20 272	--	1 741	3 153	3 379	(225)	-7%	20 272
<b>Single Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - EXECUTIVE AND COUNCIL		--	50	--	--	--	8	(8)	-100%	50
Vote 2 - BUDGET AND TREASURY		--	--	--	--	--	--	--		--
Vote 3 - CORPORATE SERVICE		--	10 210	--	1 032	1 032	1 702	(669)	-39%	10 210
Vote 4 - COMMUNITY AND SOCIAL SERVICES		--	5 401	--	0	30	900	(870)	-97%	5 401
Vote 5 - ENGINEERING SERVICES		--	38 775	--	1 085	1 085	6 463	(5 377)	-83%	38 775
Vote 6 - DEVELOPMENT PLANNING		--	1 100	--	--	--	183	(183)	-100%	1 100
<b>Total Capital single-year expenditure</b>	<b>4</b>	--	55 537	--	2 118	2 148	9 256	(7 108)	-77%	55 537
<b>Total Capital Expenditure</b>		--	75 808	--	3 858	5 301	12 635	(7 333)	-58%	75 808
<b>Capital Expenditure - Functional Classification</b>										
<i>Governance and administration</i>		--	12 760	--	1 033	1 063	2 127	(1 064)	-50%	12 760
Executive and council		--	50	--	--	--	8	(8)	-100%	50
Finance and administration		--	12 710	--	1 033	1 063	2 118	(1 055)	-50%	12 710
<i>Community and public safety</i>		--	3 191	--	--	--	532	(532)	-100%	3 191
Community and social services		--	1 300	--	--	--	217	(217)	-100%	1 300
Public safety		--	1 891	--	--	--	315	(315)	-100%	1 891
<i>Economic and environmental services</i>		--	55 747	--	1 877	3 290	9 291	(6 001)	-65%	55 747
Planning and development		--	25 272	--	1 741	3 153	4 212	(1 059)	-25%	25 272
Road transport		--	30 475	--	136	136	5 079	(4 943)	-97%	30 475
<i>Trading services</i>		--	4 110	--	949	949	685	264	39%	4 110
Energy sources		--	2 300	--	949	949	383	565	147%	2 300
Waste management		--	1 810	--	--	--	302	(302)	-100%	1 810
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	--	75 808	--	3 858	5 301	12 635	(7 333)	-58%	75 808
<b>Funded by:</b>										
National Government		--	45 647	--	1 832	3 245	7 608	(4 363)	-57%	45 647
Transfers recognised - capital		--	45 647	--	1 832	3 245	7 608	(4 363)	-57%	45 647
Internally generated funds		--	30 162	--	2 026	2 056	5 027	(2 971)	-59%	30 162
<b>Total Capital Funding</b>		--	75 808	--	3 858	5 301	12 635	(7 333)	-58%	75 808

The above table indicate that the municipality spent R3.8 million of its capital budget for the period ended 31 August 2020 which is still discouraging considering that we have two major projects that have been allocated the bigger slice of the municipality's available resources that have not performed desirably during the past years. Procurement processes will need to be finalised as quick as possible to ensure that current year projects start being implemented so that our expenditure improves.



## **9. Supply chain management**

The municipality has an established Supply Chain Management Unit in terms of the Municipal Finance Management Act. The section is placed within the Budget and Treasury to deal centrally with all issues that relate to procurement, demand management, logistics and disposals. The following is the indication of the activities that have occurred within the department for the period being reported on.

### **a. Acquisition management**

To improve the system of acquisition management the following should be taken into considerations

- Goods and services must only be procured in accordance with authorized procurement processes.
- Procurement of goods and services, either through quotations or through a bidding process, must be within the threshold values as determined by National treasury and the municipality's supply chain management policy.

### **b. Handling of tenders during COVID-19**

In attempt to continue delivering services to the communities decisions needed to be taken to ensure that the municipality proceeds with the procurement processes in line with the limitations placed by the regulations governing the movement of people and other things.

The municipality introduced virtual tender briefings using the Facebook live platform to share information with interested parties and provide clarities on tenders issued by the municipality. This was coupled with creation and introduction of email addresses where tenders can be submitted. This was done to address the following:

- Procurement to proceed despite the lockdown
- Protect the public and municipal staff from direct human interaction
- Limit movement in line with the lockdown
- Avoid documents which are known to be one of the carriers of COVID-19

To continue ensuring these processes are transparent the following has been introduced:

- After each live Facebook briefing a register is generated of all those who interacted with the presentation as instructed and posted on the municipal website so that all interested parties know who is considered to have fully complied
- Once the tender closing time passes, a register indicating the name of the company, tender amount, email address, date and time is prepared and posted on the municipal website for all bidders to know if their tenders will be considered
- All tenders are evaluated in electronic versions
- The recommended bidders are then requested to make a submission of the hard copies of their submission (originals)
- Only the hard copy of the winning bidder is then filed which also addresses issues with filing space and safety of the documents.

### **c. Review and redesign of SCM processes**

The Supply Chain Management environment has changes that are introduced regularly to make it more efficient in delivering service and combating unfair and corrupt practices. The municipality appointed a service provider to assess our current SCM processes against all improvements in legislation and operating guidelines to ensure alignment. The project commenced in June 2020 and will be completed in September 2020. Below are some of the changes that are expected to be introduced to address emergency procurement due to either operational requirements of national disasters like Covid-19 has necessitated. These will be included in the municipality's SCM policy that will then be presented to council for approval:

- Giving the accounting officer permission to use a three-quotation system procure goods or service required to respond to a disaster regardless of the value of the procurement limited to R500 000.
- Giving the accounting officer permission to take all vehicles and machinery directly to the manufacturer or any manufacturer approved motor mechanic or body repair shop for repairs when vehicles are immediately required to back in use, this includes items of plant and machinery used in the delivery of basic services
- Giving the accounting office permission get at least three quotations from tyre shops to replace tyres regardless of the procurement value.

These are being proposed to speed up service delivery while not doing away with competition to ensure the municipality gets the best deal.



### d. Procurement requests below R20000.00

S13.2. (b)(1) Supply Chain Management policy states that 01 written quotation will be obtain for any procurement of transaction below an amount of R2000 including vat.

Req Num	ReqD ate	Orde rNum	Me thod	Credit orCode	CreditorName	Qty	Unit Price	VATA mnt	TotalA mnt	Specifications	SegmentDESC	CSDRef Number
328 81	10/0 9/20 20	N/A	EF	2	MUNSOFT (PTY) LTD	1	59.7	8.96	68.66	PAYMENT TO MUNSOFT- EMAIL STATEMENTS	SCM Accrual Withdrawal	MAAA 017570 5
328 81	10/0 9/20 20	N/A	EF	2	MUNSOFT (PTY) LTD	1	59.7	8.96	68.66	PAYMENT TO MUNSOFT FOR EMAIL STATEMENTS	Lease and usage	MAAA 017570 5
328 69	04/0 9/20 20	3056 5	EF	2	MUNSOFT (PTY) LTD	1	65.5	9.83	75.39	PAYMENT FOR EMAIL STATEMENT FOR MONTH OF JULY	Lease and usage	MAAA 017570 5
328 68	03/0 9/20 20	3056 2	EF	23	ESKOM HOLDINGS	1	117. 64	-	117.64	INTEREST ON OVERDUE ACCOUNT	Interest expense- Finance	MAAA 026142 4
328 66	30/0 8/20 20	N/A	EF	10548	IHEANS TRAVELLING AGENCIES	1	136	-	136.00	SERVICE FEES	Accommodation Council 505260240	MAAA 018046 4
328 66	30/0 8/20 20	N/A	EF	23	ESKOM HOLDINGS	1	230. 47	-	230.47	INTEREST ON OVERDUE ACCOUNT	Interest expense- Finance	MAAA 026142 4
328 65	30/0 8/20 20	3056 0	EF	23	ESKOM HOLDINGS	1	264. 68	-	264.68	INTEREST ON OVERDUE	Interest expense- Finance	MAAA 026142 4
328 65	30/0 8/20 20	3056 0	EF	10548	IHEANS TRAVELLING AGENCIES	1	273. 6	-	273.60	SERVICE FEES	Accommodation MM 515260240	MAAA 018046 4
328 64	30/0 8/20 20	3055 8	EF		TUNIMART	1	113 4	170.1 0	304.10	SERVICE FEES	Accommodation Council 505260240	MAAA 005171 0
328 63	30/0 8/20	3055 7	EF	10527	KU-BHA SERVICE STATION	70	19.5	-	1	FUEL FOR NEW TRUCK 1.3 TON JNX 120 EC	Acquisitions	MAAA 055386

Req Nu m	ReqD ate	Orde rNu m	Me tho d	Credit orCod e	CreditonName	Qt ty	Unit Pric e	VATA mnt	TotalA mnt	Specifications	SegmentDESC	CSDref Numbe r
	20								365.00			1
328 62	30/O 8/20 20	3055 6	EF	10548	IHEANS TRAVELLING AGENCIES	1	144 0	-	1 440.00	ACCOMMODATION ARRANGEMENTS FOR CLR. M. MPETHSWA IN EAST LONDON DATE IN 29/08/2020 DATE OUT 30/08/2020	Accommodation Council 505260240	MAAA 018046 4
328 62	30/O 8/20 20	3055 6	N/ A	56807	SOUTH AFRICAN QUALIFICATIONS A	1	162 0	-	1 620.00	REQUEST TO VERIFY QUALIFICATION FOR ASSET OFFICER AND SNR INTERNAL AUDITOR	Personnel Recruitment cost 1010	MAAA 004419 9
328 61	31/O 8/20 20	3055 4	EF	10548	IHEANS TRAVELLING AGENCIES	2	144 0	-	2 880.00	ACCOMMODATION ARRANGEMENTS FOR MS. P. MDUNJANE AND MR. S. DIAMINI IN EAST LONDON DATE 02/08/2020 DATE OUT 03/09/20	Accommodation MM 515260240	MAAA 018046 4
328 59	31/O 8/20 20	N/A	N/ A	7701	ORACLE ENERGY AND POWER	1	260 0	390.0 0	2 990.00	PAYMENT FOR CRANE TRUCK HIRE SERVICES	Transport Hire street lights 6505235001	MAAA 053962 7

946 587.8 12834.  
0.85 5 2

**e. Procurement requests above R2, 000.00 but below R30, 000.00**

Procurement of goods and services above R2000.00 but below R30 000.00 is done through a three quotation system

Re q u m	Re q u e s t e d D a t e	NoOf Q u o t e s	Ord er N u m	Me t h o d	Credi tor C o d e	CreditorName	UnitPr ice	V A T %	VATA mnt	TotalA mnt	Specifications	SegmentDESC	CSDR efNu mber
32 85 8	28/0 8/20 20	3	305 53	EF	3066	MANCOSA	3 450.00	-	-	3 450.00	PAYMENT FOR CLR T.D MAFUMBATHA	Tuition fees	MAAA 00758 55
32 85 7	28/0 8/20 20	5	305 52	N/ A	9774	DRIVING LICENSE CARD ACCOUNT	3 634.00	-	-	3 634.00	PAYMENT TO DRIVING LICENCE CARD ACCOUNT FOR MONTH OF AUGUST	Stationery vehicle testing and licencing	
32 85 6	28/0 8/20 20	3	305 51	EF	2658	GENBIZ TRADING 1001 PTY LTD	3 728.92	-	559.3 4	4 288.26	PAYMENT TO GENBIZ TRADING. MONTHLY MAINTENANCE MONTH OF JULY	Lease and usage	MAAA 00231 22
32 85 5	28/0 8/20 20	3	305 50	EF	1204	YOUR MEDIA TODAY HUB AND PRINT	4 480.00	-	-	4 480.00	PUBLIC NOTICE FOR IDP, PMS AND BUDGET PROCESS PLAN ON 2 LOCAL NEWS PAPERS	Advertising 515260540	MAAA 04288 00
32 85 4	26/0 8/20 20	5	305 49	N/ A	4265	KWIK-FIT BIZANA	1 086.95	-	815.2 1	6 249.96	REQUEST FOR REPLACEMENT OF 5 TYRES 9195/70A15C/104/1025) FOR 1.3 TON BAKKIE REGISTRATION NUMBER JFG 442 EC	Refuse- Maintenance Vehicle	MAAA 04082 88
32 85 3	26/0 8/20 20	1	305 48	EF	1526	ARENA HOLDINGS	7 632.00	-	1 144.8 0	8 776.80	REQUEST FOR ADVERTISMENT OF DISPOSAL OF MUNICIPAL SITES FOR BUSINESS AND GOVERNMENT USE	Advertising Publicity and Marketing:Corporate and Municipal	MAAA 00763 88
32 85 3	26/0 8/20 20	1	305 48		2665 4		320.00	-	-	8 960.00	REQUEST SUPPLY & DELIVERY OF 28 BOXES OF WHITE PRINTING PHOTOCOPYING PAPERS	Stationery vehicle testing and licencing	
32 85 2	26/0 8/20 20	5	305 47	N/ A	1526 2	ARENA HOLDINGS	7 950.00	-	1 192.5 0	9 142.50	ADVERT FOR COMMUNITY SERVICE PROJECTS	Advertising Publicity and Marketing:Corporate and Municipal	MAAA 00763 88
32 85 2	26/0 8/20 20	5	305 47	EF	2	MUNISOFT (PTY) LTD	9 600.00	-	1 440.0 0	11 040.00	PAYMENT FOR MIDLINE HARD DRIVE WITH TRAY	Lease and usage	MAAA 01757 05

Re q n um	Req Date	NoOf Quote sRec	Ord ern um	Me th od	Credi torC ode	CreditorName	UnitPr ice	V AT %	VATA mnt	TotalA mnt	Specifications	SegmentDESC	CSDR enU mber
32 85 1	25/0 8/20 20		305 45	EF	1526 2	ARENA HOLDINGS	10 920.00	-	1 638.0 0	12 558.00	REQUEST TO ADVERTISE TWO POSITIONS: HR AND LEGAL SERVICES MANAGER	Personel Recruitment cost 1010	MAAA 00763 88
32 85 0	25/0 8/20 20	5	305 46	EF	5668 2	TUNIMART	2 100.00	-	-	12 600.00	ACCOMMODATION ARRANGEMENTS FOR CLR. FAKU IN BIZANA IN 02/07/2020 OUT 07/07/2020	Accommodation Council 505260240	MAAA 00517 10
32 84 9	25/0 8/20 20		305 42	EF	1526 2	ARENA HOLDINGS	11 024.00	-	1 653.6 0	12 677.60	RRQUEST TO ADVETISE FOUR PROJECTS : RAXI RANK, RENEWAL OF LV AND MV LINES, SIDANGA AND MABHA-NGUTENI VILLAGE	Advertising Fees PMU 5505260540	MAAA 00763 88
32 84 8	25/0 8/20 20		305 43	N/ A	4265	KWIK-FIT BIZANA	6 956.53	-	2 086.9 5	16 000.01	REQUEST FOR THE TWO TLB FRONT TRYES	Roads - Vehicle Maintenance	MAAA 04082 88
32 84 7	25/0 8/20 20		305 41	EF	2658	GENBIZ TRADING 1001 PTY LTD	14 030.06	-	2 104.5 1	16 134.57	PAYMENT TO GENBIZ TRADING. MONTHLY MAINTENANCE OF JULY	Lease and usage	MAAA 00231 22
32 84 7	25/0 8/20 20		305 41		2665 4		3 500.00	-	-	17 500.00	REQUEST SUPPLY & DELIVERY OF DR 3405 ORIGINAL BLACK TONER BROTHER	Stationery veh cle testing and licencing	
32 84 6	25/0 8/20 20		305 44	EF	2	MUNSOFT (PTY) LTD	19 400.00	-	2 910.0 0	22 310.00	PAYMENT FOR 600 GB SAS HS HARD DRIVE	Lease and usage	MAAA 01757 05
32 84 4	24/0 8/20 20	1	305 40	N/ A	2209	THANKS TO GIVE TRADING AND PRO	25 000.00	-	-	25 000.00	Double beds x2 food vouchers x 1 (R2000) Cupboard x 1 (3 doors small)	Promotional items and Tokens Legacy 505260188	MAAA 00895 70

15  
134 544.9 194  
812.46 - 1 801.70



**f. Procurement above R30 000 but below R200 000**

Procurement of goods and services above R30 000.00 but below R200 000.00 is done through a system of advertising on website and the tender notice board and reports to be evaluated using PPPFA.

Req Num	Req Date	No of Quotes	Order Num	Method	Credit Code	Creditor Name	Unit Price	VAT Amt	Total Amt	Specifications	Segment DESC	CSD Ref Number
3284	24/08/2020	1	30540	EF	25	CONLOG	50 408.01	7 561.20	57 969.21	PAYMENT TO CONLOG FOR ELECTRICITY VENDING INV: 90001920	Commission:Prepaid Electricity	MAAA023 3537
3284	24/08/2020	1	30540	EF	9090	WITS BUSINESS SCHOOL	58 000.00	-	58 000.00	PAYMENT REQUEST MR V.V.D NONTANDA	Tuition fees	MAAA007 0724
3284	24/08/2020	5	30538	EF	9090	WITS BUSINESS SCHOOL	58 000.00	-	58 000.00	PAYMENT REQUEST FOR MS A. NYAMEKA	Municipal finance Management Tuition	MAAA007 0724
3284	24/08/2020	5	30538	EF	23	ESKOM HOLDINGS	81 033.54	12 155.03	93 188.57	PAYMENT FOR FREE BASIC ELECTRICITY JULY 2020	Free basic electricity 2505260130	MAAA026 1424
3284	24/08/2020	5	30538	EF	23	ESKOM HOLDINGS	84 279.77	12 641.97	96 921.74	PAYMENT FOR FREE BASIC ELECTRICITY AUGUST 2020	Free basic electricity 2505260130	MAAA026 1424
3284	24/08/2020	5	30538	EF	6536	N.Z. MTSHABE INCORPORATED ATTO	98 603.87	-	98 603.87	CASE FOR MZUVUKILE KWEZI ERF 110	Legal Cost:issue of Summons	MAAA016 1315
3284	24/08/2020	5	30538	EF	6536	N.Z. MTSHABE INCORPORATED ATTO	115 947.00	-	115 947.00	DISBURSEMENT	Legal Cost:issue of Summons	MAAA016 1315
3284	24/08/2020	5	30537	EF	9734	SUGUDHAV-SEWPERSADH ATTORNEYS	115 964.00	-	115 964.00	INVESTIGATION ON ALLEGED MISUSE ON MUNICIPAL VEHICLES	Legal Cost:issue of Summons	MAAA032 1444
3284	24/08/2020	5	30535	EF	9734	SUGUDHAV-SEWPERSADH ATTORNEYS	142 606.00	-	142 606.00	INVESTIGATION ON ALLEGED MISUSE OF MUNICIPAL VEHICLES	Legal Cost:issue of Summons	MAAA032 1444
3284	24/08/2020	5	N/A	EF	6536	N.Z. MTSHABE INCORPORATED ATTO	179 436.88	-	179 436.88	PAYMENT TO MTSHABE FOR LEGAL SERVICES CO. NO 1996/060016/21	Legal Cost:issue of Summons	MAAA016 1315

984 279.07 - 32 358.20 1 016 637.27

## **10. Status of Tenders**

This procurement is done through a system of competitive bidding processes advertised on the provincial paper for a minimum of 14 days as per Regulation 14 as per S19 of Treasury Regulation of MFMA.

### **a) Mini Tender progress for August 2020**

No mini tenders were awarded during the month.

**b) Tenders awarded during the month of August 2020**

**Competitive Bidding**

No awards were made during the month of August 2020.

**c) Status of current tenders**

	PROJECTS TO BE PRESENTED		Appointment Date	End of Validity
1.	Hiring of Construction Plant and Trucks	Mr. L. Gwala	08/06/2020	02/09/2020
2.	Co-Sourcing Arrangements for Internal Audit	Mr. S. Morlock	08/06/2020	28/08/2020
3	Supply and Delivery of Desktops and Laptops	Miss.N.Xoko	25/06/2020	25/09/2020
4	Maintanance of CBD	Mr.L.Gwala	12/06/2020	10/09/2020
5	Website Revamp	Mr. V.O Nontanda	03-08-2020	08/10/2020
6	Mqonjwana to Greenville Access Road	Mr. L. Gwala	31-08-2020	06/11/2020
7	Lubekelele Access Road	Mr. L. Gwala	31-08-2020	06/11/2020
8	Gabisa via Makhosonke to Lukhewini Access Road	Mr. V. Nontanda	31-08-2020	06/11/2020
9	Ebumnandini to Nqabeni S.S.S Access Road	Mr. V. Nontanda	31-08-2020	06/11/2020
10	Sijingi to Maagunga via Methodist Church Voting Station Access Road	Ms. S. Majova	31-08-2020	06/11/2020
11	Extension 4 (Ward 01) Bridge	Ms. S. Majova	31-08-2020	06/11/2020
12	Panel of Electrical Engineering Consultants	Mr. L. Gwala	31-08-2020	28/11/2020

#### d) Deviations

A service provider to review the financial obligation to rehabilitate the dumping site and prepare a closure plan had to be appointed through a deviation process after the bid was advertised for two times with the first time only receiving one bid which did not meet the minimum requirements and on the second time receiving no response at all. The exercise is required to be completed by 31 August 2020 for inclusion in the Annual Financial Statements in time for the Auditor General to audit.

A service provider that won the bid the last time was then approached to assist the municipality at the same price they offered a year before and forego any price increases that may apply due to time value of money.

COMPANY	AMOUNT	NORMAL PROCUREMENT	PROCUREMENT USED	REASON FOR DEVIATION	SERVICE OR GOODS
Khuselindalo Development	R 850.00	199 Seven Days Advert	Deviation	The Municipality could get a responsive Bidder	Revital of Dumping Site(Fianarçilas)
Oracle	R 2 990.00	Three Formal Quotation	Deviation	It was an Emergency Procurement	
	R 840.00	202			

## 11. Database rotation

The following table indicates the service providers that have been utilised for the month of August 2020. This is in keeping in line with demonstrating that we are making strides in ensuring that there is rotation of service providers and no single provider is preferred.

Req Num	Req Date	NoOf QuotesRec	OrderNum	Method	CreditorCode	CreditorName	UnitPrice	VAT %	VAT Amount	TotalAmount	Specifications	SegmentDESC	CSDR efNumber	Ward
32854	26/08/20	5	30549	N/A		KWIK-FIT BIZANA	1086.95	-	815.21	6249.96	REQUEST FOR REPLACEMENT OF 5 TYRES 9195/70A15C/104/1025) FOR 1.3 TON BAKKIE REGISTRATION NUMBER JFG 442 EC	Refuse-Vehicle Maintenance	MAAA 0408288	Ward 1
32848	25/08/20	5	30543	N/A		KWIK-FIT BIZANA	6956.53	-	2086.95	16000.01	REQUEST FOR THE TWO TLB FRONT TRYES	Roads - Vehicle Maintenance	MAAA 0408288	Ward 1
32844	24/08/20	1	30540	N/A		THANKS TO GIVE TRADING AND PRO	25000.00	-	-	25000.00	Double beds x2 food vouchers x 1 (R2000) Cupboard x 1 (3 doors small)	Promotional items and Tockens Legacy 505260188	MAAA 0089570	Ward 17

2  
33 902.47  
043.48 - 16 249.97



## **PART 2 – SUPPORTING DOCUMENTATION**

### **1. The impact of COVID-19 to the municipality**

The President of South Africa declared a nationwide lockdown, where all citizens, except those that form part of essential services, were ordered to stay home for a period of 21 days. Those working in essential services, as defined in the latter announcement, were exempted from the nationwide lockdown declaration. The nationwide lockdown commenced at midnight on Thursday, 26 March 2020. This was eventually extended to the end of April 2020. The president then announced that the country will continue being on a risk adjusted lockdown with level 4 alert expected to take until the end of May 2020. This announcement will broadly affect how municipalities and municipal entities undertake their financial management responsibilities for the remainder of the 2019/20 financial year in terms of the MFMA and more imminently the 2020/21 MTREF budget preparations process.

As a result, the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) on 30 March 2020 to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster. Below are some of the areas that have been greatly affected and will continue to be affected as long COVID-19 is still within our shores.

#### **a. Financial Performance**

The municipality generates its revenues from a number of sources including provision of services. With the lockdown in full force, it meant that the municipality will not be generating any revenues from some services. The most affected areas are as follows:

##### **i. Refuse removal**

Due to the number of businesses that were closed during the lockdown, it meant the municipality was not providing any service to those as they did not generate any refuse. This required the municipality to exempt those from paying during the period of the lockdown.

##### **ii. Electricity distribution**

The municipality provides electricity in the town area with businesses forming the bigger part of the municipality's revenue generation capacity. With most of these businesses closed during the hard lockdown, it meant less electricity was consumed and therefore less revenue generated.

iii. Licences and permits

The municipality as indicated earlier in the report runs a drivers license testing center which was unfortunately not operating during the lockdown and sometimes continues not operating for the duration required should any positive case be detected. This means loss of income to the municipality that has continued to show its effects in the current financial year.

iv. Spending on conditional grants

The municipality receives a number of conditional grants that must be fully spent by the end of the financial year. The COVID-19 enforced national lockdown could not have come at a worse period for the municipality in this respect. The following grants were affected by the lockdown and therefore a rollover application was submitted to National Treasury to request approval to spend these funds in the current year:

Grant	Original Allocation	Additional allocation/Roll Over	Expenditure to date	% Spent	Roll-over Amount
Integrated National Electrification Program Grant	R31 240 000	R0	R24 934 411	80%	R 6 305 589
Municipal Infrastructure Grant	R48 362 000	R 6 126 580	R53 946 982	99%	R 541 598
Financial Management Grant	R 2 215 000	R0	R 2 167 495	98%	R 47 505
Municipal Disaster Management Grant	R0	R 715 000	R 709 526	99%	R 5 474



A response on the outcome of the application is expected to be received before the end of October for inclusion in the municipal budget through an adjustment budget which must be approved within 30 days from the approval of the rollovers or pay the amounts not approved to the National Revenue Fund within 30 days.

## **2. Extension to timelines for submission of annual financial statements, annual reports, audits and related matters in terms of the MFAM**

The Minister of Finance exempted municipalities and municipal entities from submitting key reports. The notice allows for a two-months delay in the submission of Annual Financial Statements, Annual Reports, Audit Opinions, Oversight reports and associated processes.

The context of this exemption flows from the Minister of Cooperative Governance and Traditional Affairs' announcement of the national state of disaster in terms of the Disaster Management Act to enable government and the country at large to manage the spread of the Covid-19 virus. Following the initial announcements of the national state of disaster, subsequent extensions and different levels were communicated.

Whilst the lockdown and restrictions have been eased over time, they are still in force and in effect with direct implications for municipalities, municipal entities, audit processes, amongst others. The lockdown impacts on the ability by municipalities and municipal entities to prepare and submit quality annual financial statements that meet the uniform norms and standards, related reports and processes to discharge their accountability towards the public and report on the utilisation of public funds.

The timing of the phased lockdown also had a knock-on effect on availability of municipal staff, which impacted on operations and added to the delays in ability to prepare AFS, undertake procedures such as the physical verification of assets, meter reading, revenue management, valuations, finalising supporting documentation and concluding reconciliations. There are similar impacts on the quality assurance processes, annual report, performance report and oversight report procedures and processes. The audit process and timelines by the Office of the Auditor-General to perform its audits, is also extended accordingly.

The effects of this Ministerial exemption are to mitigate anticipated widespread non-compliance with sections 126, 127, 129 and 133 of the MFMA due to the national state of disaster and lockdown restrictions. This provides a further two-month period to municipalities and municipal entities to comply with the MFMA to submit the AFS, annual reports, performance report and its oversight report. It also

extends the period for the Office of the Auditor-General to conduct their audits and submission of the audit opinion to auditees, thereafter. This will be followed by Council Committees engagements and concluding their oversight processes.

The extension will therefore enable municipalities and municipal entities to undertake all the necessary actions, checks and reviews, to ensure that the annual financial statements fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.

In terms of the Ministerial Exemption, municipalities and municipal entities are exempted from complying with the deadlines provided in sections 126(1) and (2), 127(1) and (2) and 129(1) and 133(2) of the MFMA for a period of 2 months, as reflected in the table below. It is advised that all performance reports, required as per Section 46 of the Municipal Systems Act, be equally aligned.

No	Section	Action	New Deadline
1	Section 126(1)(a) of the MFMA	The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	31 October 2020
2	Section 127(2) of the MFMA	The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.	31 March 2021
3	Section 129(1) of the MFMA	The council of a municipality must consider the annual report of the	31 May 2021

No	Section	Action	New Deadline
		<p>municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council -</p> <p>a) has approved the annual report with or without reservations;</p> <p>b) has rejected the annual report; or</p> <p>c) has referred the annual report back for revision of those components that can be revised.</p>	
4	Section 133(2) of the MFMA	<p>The Auditor-General must submit to Parliament and the provincial legislatures—</p> <p>a) by no later than 31 October of each year, the names of any municipalities or municipal entities which have failed to submit their financial statements to the Auditor-General in terms of section 126; and</p> <p>b) at quarterly intervals thereafter, the names of any municipalities or municipal entities whose financial statements are still outstanding at the end of each interval.</p>	31 December 2020

Despite the above changes the municipality and other municipality in the district were eager to comply with the original requirements but engagements between the municipalities and the Auditor-General determined that the Auditor-General will only be accepting submissions from 30 September 2020 to due to resources to audit these. This is also informed that they have three months to conclude their audits once they accept the financial statements. We were therefore encouraged to use the extra month on reviews of the AFS and supporting schedules.

### **3. Amendment of the Division of Revenue Act 2020**

The Minister of Finance in Parliament delivered the 2020 National Supplementary Budget on the 24 June 2020. The 2020 Supplementary Budget responds to the COVID-19 pandemic and its impact on the economy. This includes the R20 billion allocation for local government announced by the President to assist in funding COVID-19 expenditure and supplementing lost revenue. This allocation consists of R11 billion added to the local government equitable share and just over R9 billion that was re-purposed for the provision of water and sanitation and for sanitising public transport facilities within existing grant allocations to local government.

Municipalities are then required to utilise the additional equitable share allocation as per the Government Gazette No. 43605 dated 7th August 2020 to compensate for the sharp decline experienced in revenue lost because of the pandemic, this essentially means that municipalities must resist as far as possible the temptation to increase expenditure but prioritize funding for basic service delivery expenditure already budgeted for but couldn't be discharged. This should include the servicing of both current and arrear bulk service accounts as prioritized by the municipalities paying particular attention to statutory payments, without compromising service delivery due to non-payment of other Creditors.

In addition, municipalities are required to use this adjustments budget to reprioritise the 2020/21 budget to respond to the impact of the COVID-19 pandemic. Given that it has been 6 months since the lockdown, better quality information should be available to inform the budget assumptions. Municipalities that have adopted unfunded budgets for the 2020/21 financial year are required to also correct their budgets through this process to ensure funding compliance on the adjustment budgets. The 2020/21 special adjustments budget is required to be adopted by Council by no later than 30 September 2020.

To assist municipalities to adopt funded adjustment budgets in terms of Section 18 of the MFMA, municipalities were advised to submit their Draft Adjustments budget document to Provincial Treasury prior to tabling for adoption by council. This allowed Provincial Treasury to assess, provide inputs on the Draft Special Adjustments Budget and provide quality assurance to ensure that municipalities adhere to section 18 of the MFMA. In light of the above municipalities were required to submit their Draft Special Adjustments Budget to Provincial Treasury on or before 14 September 2020.

Where the adjustment budget is unfunded, over the MTREF, the municipality should defer internal contributions to capital budget until the municipality has raised sufficient reserves to fund capital projects through internally generated funds. If municipality's adjustment budget remains unfunded after exclusion of internal contributions, a comprehensive turnaround plan should be prepared and tabled in council along with the adjustment budget with clear milestones and timeframes on how and by when the budget will improve to a funded position.

#### 4. Fruitless expenditure due to COVID-19 Catering

During the audit conducted by internal audit there were transactions relating to the catering during the covid-19 lockdown that were deemed to be fruitless. During the audit of payments the internal auditors noted that, there is fruitless and wasteful expenditure incurred during procuring catering services. Municipality requested different catering services for 70 people of JOC, upon perusal of attached attendance registers, they noted that the total attendees does not reach 70 as per requested.

Service provider	Description	Total Invoice amount	Total Attendees as per register	Register date	Deemed Fruitless and Wasteful Expenditure	(70 - 29) x
Sthalwe Trading 88	Catering for 70 people for JOC on the 27 <sup>th</sup> May 2020	R4 060	29 people	27 May 2020	R2 378	04, 07, 08, 09 April 2020: (70 - 0) x R45 x 4 days = R12 600
Xabani Trading	Lunch for 70 people for JOC from 02/04/2020 to 09/04/2020	R25 200	23 people	02, 03, 05, 06 April 2020	R21 060	
Sthalwe Trading 88	Catering for JOC meeting for 70 people per day for 7 days from 17/04/20	R28 420	42	17, 18 April 2020	R24 940	17 April: (70 - 42 x R58) = R1 624
Timeless T	Lunch for 7 days for 70 people for JOC from 23 to 30 April 2020	R27 920	No attendance register	No attendance register	R27 920	18 April (70-18 x R58) =

Service provider	Description	Total Invoice amount	Total Attendees as per register	Register date	Deemed Fruitless and Wasteful Expenditure	(70 – 29) x
TOTAL					R76 298	

## 5. Debtors' analysis

### Summary of all Debtors

EC443 Mbizana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.e. Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 DYS-1 Yr	Over 1Yr	Total	Total over 90 days		
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	2 240	1 529	1 247	1 101	821	7 646	-	-	14 583	9 567	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	991	14 806	732	694	685	28 216	-	-	46 125	29 596	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	388	310	299	273	265	6 361	-	-	7 896	6 889	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	225	(89)	18	18	18	1 197	-	-	1 385	1 232	-	-
Interest on Arrear Debtor Accounts	1810	439	334	331	346	422	12 229	-	-	14 101	12 997	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	387	203	28	460	160	2 805	-	-	4 043	3 425	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>4 670</b>	<b>17 094</b>	<b>2 654</b>	<b>2 891</b>	<b>2 371</b>	<b>58 454</b>	<b>-</b>	<b>-</b>	<b>88 133</b>	<b>63 715</b>	<b>-</b>	<b>-</b>
<b>2019/20 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	922	14 765	487	621	650	24 757	-	-	42 192	26 028	-	-
Commercial	2300	3 495	2 104	1 937	2 045	1 493	21 891	-	-	32 956	25 419	-	-
Households	2400	252	235	230	226	238	11 805	-	-	12 985	12 268	-	-
Other	2500	0	-	(0)	(0)	-	0	-	-	0	0	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>4 670</b>	<b>17 094</b>	<b>2 654</b>	<b>2 891</b>	<b>2 371</b>	<b>58 454</b>	<b>-</b>	<b>-</b>	<b>88 133</b>	<b>63 715</b>	<b>-</b>	<b>-</b>

The table above shows municipal debtors for the month of August 2020 per income source and per customer group. It should be noted that the municipality's leading source of income when it comes to debtors is property rate followed by interest on arrears which is an indication that we have more debtors that have stayed for longer periods outstanding. It should also be noted that the municipality's majority of debtors are more than 150 days old. This could prompt a write-off at some point if these are not collected as they overstate the municipality's balance sheet.

The biggest category of debtors is government and they owe the municipality long outstanding amounts followed by households. This is due to some accounts that are being disputed by consumers and government schools that public works says are not surveyed and therefore they cannot pay according to their processes until they have been surveyed.





## 6. Creditors' analysis

EC443 Mbizana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description	NT Code	Budget Year 2020/21									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
<b>R thousands</b>											
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100									-	
Bulk Water	0200									-	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700	33	8							42	
Auditor General	0800									-	
Other	0900									-	
<b>Total By Customer Type</b>	<b>1000</b>	<b>33</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>

The above table shows the municipality's creditors and their ageing. The report shows that creditors to the value of R8 thousand were not settled on time. An investigation has revealed that this relates to study assistance fees that were raised based on a quotation, but the institution did not send the full and final invoice beyond 30 days. The invoice has since been received and payment processed. The municipality continues to find ways to ensure that all creditors are settled within the stipulated times.

## 7. Investment portfolio analysis

EC443 Mbizana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
<b>R thousands</b>														
<b>Municipality</b>														
FNB CALL DEPOSIT ACCOUNT(62550717767)		Not fixed	Call Deposit	No	Variable	0.002055131	0	N/A	not fixed	9 929	20	(2 416)	-	7 534
FNB CALL DEPOSIT ACCOUNT(62459758078)		Not fixed	Call Deposit	No	Variable	0.002123247	0	N/A	not fixed	4 587	10	(1 091)	6 000	9 505
FNB CALL DEPOSIT ACCOUNT(62028477992)		Not fixed	Call Deposit	No	Variable	0.002217873	0	N/A	not fixed	265 254	591	(32 188)	-	234 657
FNB CALL DEPOSIT ACCOUNT(62816769220)		Not fixed	Call Deposit	No	Variable	0.002123283	0	N/A	not fixed	778	2	-	-	780
FNB CALL DEPOSIT ACCOUNT(62816773073)		Not fixed	Call Deposit	No	Variable	0.00919311	0	N/A	not fixed	23	0	-	598	621
FNB CALL DEPOSIT ACCOUNT(62550715828)		Not fixed	Call Deposit	No	Variable	0.013583238	0	N/A	not fixed	48	1	(52)	2 000	1 996
FNB CALL DEPOSIT ACCOUNT(62852108531)		Not fixed	Call Deposit	No	Variable	0.00212343	0	N/A	not fixed	8	0	-	-	8
<b>Municipality sub-total</b>										<b>281 627</b>		<b>(35 747)</b>	<b>8 598</b>	<b>255 101</b>
<b>Entities</b>														
<b>Entities sub-total</b>										<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>									<b>281 627</b>		<b>(35 747)</b>	<b>8 598</b>	<b>255 101</b>

The table above shows the municipality's investments performance. The table shows that the municipality's cash and cash equivalents decreased during the month by over R26 million which lead to a decrease in its investments

for the month of August 2020. It should however be noted that this only reflects the difference between what was received and what was spent.

## 8. Allocation and grant receipts and expenditure

### a) Transfers & Grants Receipts

EC443 Mbizana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>	1,2									
National Government:										
Local Government/Equitable Share		-	311 814	-	8 598	133 761	99 057	32 450	32.8%	311 814
Finance Management			278 139		-	125 163	92 713	32 450	35.0%	278 139
EPWP Incentive			2 000		2 000	2 000	667			2 000
Integrated National Electrification Programme			2 389		598	598	796			2 389
			29 285		6 000	6 000	4 881			29 285
	3									
Other transfers and grants [insert description]										
Provincial Government:										
Other transfers and grants [insert description]										
District Municipality:										
[insert description]										
Other grant providers:										
[insert description]										
<b>Total Operating Transfers and Grants</b>	5		311 814	-	8 598	133 761	99 057	32 450	32.8%	311 814
<b>Capital Transfers and Grants</b>										
National Government:										
Municipal Infrastructure Grant (MIG)			48 049	-	-	9 729	8 008	1 721	21.5%	48 049
			48 049		-	9 729	8 008	1 721	21.5%	48 049
Other capital transfers [insert description]										
Provincial Government:										
[insert description]										
District Municipality:										
[insert description]										
Other grant providers:										
[insert description]										
<b>Total Capital Transfers and Grants</b>	5		48 049	-	-	9 729	8 008	1 721	21.5%	48 049
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5		359 863	-	8 598	143 490	107 065	34 171	31.9%	359 863

The above table shows grants received during the month of August 2020.

b) Transfers & Grants Expenditure

EC443 Mbizana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M02 August

Description		Ref	2019/20	Budget Year 2020/21						
			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands										
<b>EXPENDITURE</b>										
<b><u>Operating expenditure of Transfers and Grants</u></b>										
National Government:		-	311 814	-	25 883	27 833	51 969	(24 136)	-46.4%	311 814
Local Government Equitable Share			278 139		23 998	25 897	46 357	(20 460)	-44.1%	278 139
Finance Management			2 000		50	101	333	(232)	-69.6%	2 000
EPWP Incentive			2 389		744	744	398	346	86.9%	2 389
Integrated National Electrification Programme			29 286		1 091	1 091	4 881	(3 790)	-77.6%	29 286
								-		
								-		
Other transfers and grants [insert description]								-		
Provincial Government:		-	-	-	-	-	-	-		-
								-		
								-		
								-		
Other transfers and grants [insert description]								-		
District Municipality:		-	-	-	-	-	-	-		-
								-		
[insert description]								-		
Other grant providers:		-	-	-	-	-	-	-		-
								-		
[insert description]								-		
Total operating expenditure of Transfers and Grants:		-	311 814	-	25 883	27 833	51 969	(24 136)	-46.4%	311 814
<b><u>Capital expenditure of Transfers and Grants</u></b>										
National Government:		-	48 049	-	2 361	4 274	8 008	(3 734)	-46.6%	48 049
Municipal Infrastructure Grant (MIG)			48 049		2 361	4 274	8 008	(3 734)	-46.6%	48 049
								-		
								-		
								-		
								-		
Other capital transfers [insert description]								-		
Provincial Government:		-	-	-	-	-	-	-		-
								-		
								-		
District Municipality:		-	-	-	-	-	-	-		-
								-		
								-		
Other grant providers:		-	-	-	-	-	-	-		-
								-		
								-		
Total capital expenditure of Transfers and Grants		-	48 049	-	2 361	4 274	8 008	(3 734)	-46.6%	48 049
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	359 863	-	28 244	32 108	59 977	(27 870)	-46.5%	359 863

The above table shows expenditure on grants that have been allocated to the municipality.

c) Expenditure on approved rollovers

EC443 Mbizana - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M02 August

Description	Ref	Budget Year 2020/21				
		Approved Rollover 2019/20	Monthly actual	YearTD actual	YTD variance	YTD variance %
<b>R thousands</b>						
<b>EXPENDITURE</b>						
<b>Operating expenditure of Approved Roll-overs</b>						
National Government:		-	-	-	-	
Local Government Equitable Share		-			-	
Finance Management		-			-	
EPWP Incentive		-			-	
Integrated National Electrification Programme		-			-	
Other transfers and grants [insert description]					-	
Provincial Government:		-	-	-	-	
					-	
Other transfers and grants [insert description]					-	
District Municipality:		-	-	-	-	
[insert description]					-	
Other grant providers:		-	-	-	-	
[insert description]					-	
<b>Total operating expenditure of Approved Roll-overs</b>		-	-	-	-	
<b>Capital expenditure of Approved Roll-overs</b>						
National Government:		-	-	-	-	
Municipal Infrastructure Grant (MIG)		-			-	
					-	
Other capital transfers [insert description]					-	
Provincial Government:		-	-	-	-	
					-	
District Municipality:		-	-	-	-	
					-	
Other grant providers:		-	-	-	-	
					-	
<b>Total capital expenditure of Approved Roll-overs</b>		-	-	-	-	
<b>TOTAL EXPENDITURE OF APPROVED ROLL-OVERS</b>		-	-	-	-	

The table above shows spending progress on the approved rollovers for the year being implemented.

The municipality has no rollover application that has been approved as application processes are still in taking place.

## 9. Cash flow Statement

EC443 Mbizana - Table C7 Monthly Budget Statement - Cash Flow - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates			26 341	-	427	671	4 390	(3 720)	-85%	26 341
Service charges			36 579	-	1 854	3 007	6 096	(3 090)	-51%	36 579
Other revenue			11 515	-	539	1 006	1 919	(914)	-48%	11 515
Transfers and Subsidies - Operational			282 528	-	2 010	127 179	47 088	80 091	170%	282 528
Transfers and Subsidies - Capital			77 335	-	15 729	15 729	12 889	2 840	22%	77 335
Interest			10 364	-	-	-	1 727	(1 727)	-100%	10 364
Dividends			-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees			(379 171)	-	(32 333)	(34 161)	(63 195)	(29 034)	46%	(379 171)
Finance charges			(50)	-	(1)	(1)	(8)	(8)	93%	(50)
Transfers and Grants			-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	65 440	-	(11 776)	113 429	10 907	(102 522)	-940%	65 440
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE			-	-	-	-	-	-		-
Decrease (increase) in non-current receivables			-	-	-	-	-	-		-
Decrease (increase) in non-current investments			-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets			(70 114)	-	(4 437)	(8 880)	(11 686)	(2 806)	24%	(70 114)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	(70 114)	-	(4 437)	(8 880)	(11 686)	(2 806)	24%	(70 114)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans			-	-	-	-	-	-		-
Borrowing long term/refinancing			-	-	-	-	-	-		-
Increase (decrease) in consumer deposits			-	-	-	-	-	-		-
<b>Payments</b>										
Repayment of borrowing			-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-		-
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		-	(4 674)	-	(16 212)	104 549	(779)			(4 674)
Cash/cash equivalents at beginning:			215 140	-		159 404	215 140			159 404
Cash/cash equivalents at month/year end:		-	210 467	-		263 953	214 361			154 730

The above table shows how the municipality's cash was applied during the month to account for the movement in actual cash at the bank.

## 10. Statement of Financial Position

EC443 Mbizana - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash			3 476		8 852	3 476
Call investment deposits			206 991		255 101	206 991
Consumer debtors			32 970		82 563	32 970
Other debtors			43 763		60 536	43 763
Current portion of long-term receivables			–			–
Inventory			1 179		2 012	1 179
<b>Total current assets</b>		–	<b>288 379</b>	–	<b>409 064</b>	<b>288 379</b>
<b>Non current assets</b>						
Long-term receivables			–			–
Investments			–			–
Investment property			25 097		34 201	25 097
Investments in Associate			–			–
Property, plant and equipment			682 178		642 153	682 178
Biological			–			–
Intangible			–		140	–
Other non-current assets			1 281		1 231	1 281
<b>Total non current assets</b>		–	<b>708 556</b>	–	<b>677 725</b>	<b>708 556</b>
<b>TOTAL ASSETS</b>		–	<b>996 934</b>	–	<b>1 086 788</b>	<b>996 934</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft			–			–
Borrowing			–			–
Consumer deposits			460		453	460
Trade and other payables			17 705		51 098	17 705
Provisions			18 471		19 919	18 471
<b>Total current liabilities</b>		–	<b>36 636</b>	–	<b>71 470</b>	<b>36 636</b>
<b>Non current liabilities</b>						
Borrowing			–			–
Provisions			3 920		5 495	3 920
<b>Total non current liabilities</b>		–	<b>3 920</b>	–	<b>5 495</b>	<b>3 920</b>
<b>TOTAL LIABILITIES</b>		–	<b>40 556</b>	–	<b>76 965</b>	<b>40 556</b>
<b>NET ASSETS</b>	<b>2</b>	–	<b>956 378</b>	–	<b>1 009 823</b>	<b>956 378</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)			956 378		1 009 823	956 378
Reserves			–	–		–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	–	<b>956 378</b>	–	<b>1 009 823</b>	<b>956 378</b>

This is the report for July 2020 and we would like the Committee to consider its contents.

## 11. Municipal Manager's quality certification

### Quality Certificate

I, Luvuyo Mahlaka, the municipal manager of Mbizana Local Municipality,  
hereby certify that –

☐ The monthly budget statement

for the month of August 2020 has been prepared in accordance with the Municipal Finance  
Management Act and Regulations made under that Act.

Print name: Luvuyo Mahlaka

Municipal manager of Mbizana Local Municipality (EC443)

Signature: 

Date: 11/09/2020