
# MBIZANA LOCAL MUNICIPALITY

# MONTHLY REPORT

## REPORT IN TERMS OF s71 OF THE MFMA FOR THE MONTH OF DECEMBER 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 sixth report of the 2020/21 financial year which should give an indication of how the municipality has performed on its first half year of operation in the indicated year. This is normally the period where a number of programs begin to take shape and expenditure begins to pick up from the performance of the first couple of months of the financial year that coincided with the year-end and preparation of the annual financial statements. It is expected though that things may not be as anticipated this year considering that the country is operating under lockdown regulations that make it impossible to operate optimally. This will be the baseline for the upcoming adjustment budget 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 allocated desks 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 movement

For the past year we have been reporting vacancies within all Budget and Treasury sections. The vacancies varied from Asset Management officer, Stores Officer, Accountant: Reporting, and General Expenditure Clerk.

We reported in the previous report both the Asset Management and Stores officers having been concluded and commenced with their duties.

We also report that both the Accountant: Reporting and the General Expenditure clerk positions have been advertised and their adverts have closed. We still await confirmation of the selection processes which we were hoping would be concluded by December 2020, but we are still hoping to get confirmation of the outcome of the processes. The vacancies still remain vacant as we write the report.

During the 2020/21 budget processes, the council approved creation and funding of the Assets and Stores Manager position which was then added to the approved organisational structure of the institution. Job descriptions and requests to start recruitment processes have been submitted to the office of the Municipal Manager for approval.

Below is a summary of the remaining vacant positions within the department:

- Manager: Assets and Stores Management – awaiting approval to commence recruitment processes
- General Expenditure Clerk – selection processes
- Accountant: Reporting – selection processes

## 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 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 current implementation of the budget is in line with the said version as required.

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

History 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 issues are being raised 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 a 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 reporting 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 continue to analyse the reasonability of the principles these modules are using to check consistency with the financial management standards.

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 are required.

There are a number of trainings setup by both Treasury and system vendors on the balance sheet and cashflow budgeting which we have attended and will continue to attend as the municipality to ensure full compliance during the upcoming 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 current year.

### a. Supply and Delivery of Municipal Vehicles

As part of the cost containment regulations municipalities were directed to utilise the transversal contracts arranged 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 for approval to participate in the transversal contract (RT-57 2019) for procurement of municipal vehicles with National Treasury which 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 department received a request from the Corporate Services Department to procure three 4X4 double cabs. The same process as outlined above was followed and a suitable service provider was identified, and an order issued. Delivery is expected within a month or two from the date of the order, which in this case was December 2020.

## 6. Strategic Objectives

The Budget and 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 N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result Area | Issue | Strategic Objective | Objective No. | Strategies | Baseline Information | Project to be Implemented | Output - KPI | KPI No. | KPI Weight | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Performance Target | Actual Measurable Performance | | Achived/ Not Achieved | Reason for Variance | Remedial Action | Adjusted Budget Needed (Yes /No) |
| | | | | | | | | | | | | | Internal | External | | Non Financial Performance | Financial Performance | | | | |
| Revenue Management | Revenue collection trends are decreasing posing a threat to the municipality's going concern | To achieve 100% billing for all services that are to be billed by June 2020 | 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 | Terms of Reference, Publication ,Appintment letter, Progress Report and Completion Certificate. | R 500 000 .00 | yes | | Terms of Reference, Publication and Appointment letter | terms of reference were developed,and publicised, currently within the bid stages (bid closes on the 11th of Januar | R - | Not achieved | The project being a multi-year project required longer advertisement period than was anticipated as a | Appointment of the service provider and commencement will be moved to Third and Fourth quarter | No |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achieved/ Not | Reason for | Remedial Action | Adjusted |
| | | | | | | | | | | | | | | | | y 2021) | | | result the bid only closes in January 2021 | | |
| | | | | 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 property rates | Reduced Customer queries - 100% of consumers billed as per consumer master database | 4.1.2 | 0.52 | Billing of 2 136 consumer accounts for Property rates, refuse and electricity by June 2021 | 12 Monthly Billing Reports | N/A | N/A | N/A | Bill 2136 consumer accounts for Property rates, refuse and electricity | Total of 2 252 billed for Property rates, refuse and electricity | R - | Achieved | new accounts opennned. | | No |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achived/ Not | Reason for | Remedial Action | Adjusted |
| | | | | | | Cash register and Cash counter machine | | 4.1.3 | | Install 2 cash register and 1 cash counter machine | Specification, Publication, Appointment letter and Delivery note of items procured | R 100 000.00 | Yes | N/A | Develop Specification and publication notice and Appointment of the Service Provider | Consumer needs analysis | R - | Not achieved | The municipality's introduction of remote paypoints and the lockdown has resulted in less people requiring the services of cashiers and therefore eliminating the need to new cash registers, DLTC money is also now deposited directly at the bank and | Request for adjustment of a target. | Yes |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achived/ Not | Reason for | Remedial Action | Adjusted |
| | | | | | | | | | | | | | | | | | | | submitting deposit slips for receipting | | |
| | | | | | | Consumer Awareness - Catering and promotioanal items | | 4.1.4 | | Implement consumer awareness programms | Signed Publication Notice, Proof of Publication and Attendance register | R 200 000.00 | Yes | N/A | Draft Public Notice. Hosting of awareness program | | R - | Not achieved | no awareness programme was carried out due to covid 19 regulations and lockdown for the Q2. | the municipality will continue to use emails, sms as means of creating awareness to the general municipal consumers. | Yes |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achived/ Not | Reason for | Remedial Action | Adjusted |
| | | | | Development and implementation of the Revenue enhancement Strategy | Revenue Enhancment Strategy reviewed in 2019/20 | Development and implementation of the Revenue enhancement Strategy | Development and implementation of the Revenue enhancement Strategy | 4.1.5 | 0.52 | Development and implementation of the Revenue enhancement Strategy | Revenue Enhancement Implementation plan | R - | Yes | N/A | Develop Revenue Enhancement Implementation Plan. Present Revenue Enhancement Implementation to council | The Final Draft Revenue enhancement strategy has been reviewed, this has been tabled to the BTO standing committee, Recommended to Exco and council | R 520 000.00 | Achieved | | | No |
| | | | | Implementation of credit control measures | Long outstanding debtors, which are more than 365 days | Outsourcing of collection services | Debtors age 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 | R 500 000.00 | Yes | N/A | Progress report on accounts handed over beyond 90 days | data cleansing exercise has been perfomed as part of phase approach to handing over of long outstanding | R 190 000.00 | Not achieved | The project was planned before Covid-19 but due to Covid-19 the project will not be implemented this | The target will be changed to data cleansing since the municipality cannot ignore the impact of | No |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achived/ Not | Reason for | Remedial Actions | Adjusted |
| | | | | | | | | | | | | | | | | debt. | | | year but data cleansing has been done instead to ensure correctness of consumer information | Covid 19 on Consumers | |
| 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 age analysis report | N/A | N/A | N/A | Payment of creditors within 30 days | all creditors were paid within 30 days | R - | Achieved | | | No |

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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achived/ Not | Reason for | Remedial Action | Adjusted |
| | Inadequate filing space and system for the volume of documents in the Budget and Treasury office | To have an effective and reliable filing system for SCM and all awarded tender documents and payment vouchers | 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 | R 2 000 000.00 | Yes | N/A | Progress report on scanned documents | System setup and integration has been completed and currently busy with documents audit before scanning can commence | R 1 445 839.80 | Not achieved | Auditing of the documents before scanning was not included on the project planning but scanning cannot commence without it | The project will be revised to include the auditing of documents and scanning moved to the last quarter to also cater for possible lockdown delays | Yes |
| | All assets of the municipality to be accounted for in terms of their value, status and location | To accurately account for the value and location of all municipal assets by 30 June 2020 | 4.4 | Annual review of the asset management policy and update of the fixed asset register | GRAP compliant Asset register as at 30 June 2020 | Review of the GRAP compliant asset register | Signed GRAP compliant asset register | 4.4.1 | 1.25 | GRAP compliant Asset register as at 30 June 2021 | Signed GRAP compliant asset register, Appoint letter | R 1 300 000.00 | Yes | N/A | Submission of the Asset Register to AG. Submission of Responses to audit findings | The asset register was submitted to the AG on 30 October 2020 and request for information has been respon | R 525 748.68 | Achieved | | | No |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achieved/ Not | Reason for | Remedial Action | Adjusted |
| | | | | | | | | | | | | | | | | ded to. There has been no audit finding yet | | | | | |
| | | | | | | Review of usefull life of movable assets | | | | | | R 210 000 .00 | Yes | | Develop Terms of Reference and Publication. Appointment of the Service Provider, Submission of Asset Register to AG | The review of usefull lives was done internally, and register was submitted to AG on 30 October 2020 | R - | Achieved | | | Yes |
| | | | | *Staffing of Asset Management and Stores section* | *Asset Management function performed within SCM* | Establishment of the Asset Mamagement unit | Asset Management unit with its own manager | 4.4.2 | *0.25* | Functional and Fully Fledged Asset Management Unit by June 2021 | Approved Organisational Structure, Advert, Appointment letter | R 800 000 .00 | Yes | N/A | Submission of the reviewed organisational structure to Council for approval. Advertisement | Reviewed organisational structure was sumitted to council before the end of 2019/20 | *R -* | *Not achieved* | *Delays in approval of the submitted job descriptions* | *A follow up will be made with the recruiting department and assist each other in getting the* | *No* |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achived/ Not | Reason | Remedial Action | Adjusted |
| | | | | | | | | | | | | | | | , Procurement of working tools | financial year. Job descriptions and request to advertise submitted to corporate services | | | | *recruitment processes finalised by the end of the third quarter* | |
| **Financial Reporting** | Financial statements with non-compliace with laws | To compile Annual Financial Statements that comply with all requirements as at 30 June 2021 | 4.5 | Develop sound, strict and effextive procedures for the compilation of AFS | Audited Annual Financial Statements for 2018/19 with compliance findings | Development of processes and procedures for compilation 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 Statements 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 Caseware Licenses | Annual financial statements submitted by 30 October 2020 and caseware licenses renewed through Munsoft | R 163 190.75 | Achieved | | | No |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achieved/ Not | Reason for | Remedial Action | Adjusted |
| | | To achieve a clean audit | | 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 registe | Annual financial statements submitted by 30 October 2020, RFIs submited as they fall due, there has not been any CoAF yet | R 663 805.04 | Achieved | | | No |
| | | | | | Reconciliations not done monthly | Performance of monthly reconciliations | Signed monthly reconciliations | 4.5.3 | 1.5 | 7 Reviewed reconciliations | 7 Reviewed reconciliations | N/A | N/A | N/A | 42 Reconciliation of all accounts | All required reconciliations performed and reviewed as necessary | R - | Achieved | | | No |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achived/ Not | Reason for | Remedial Action | Adjusted |
| Budgeting | The municipality needs to comply with all statutory budgeting and reporting requirements | Adhere to cmpliance to Municipal budget and reporting requirements | 4.6 | Preparation and submission of all in-year statutory reports | Appointed interns and new accountants | Training of at least 1 financial management interns and 1 finance staff to meet minimum competency requirements by June 2021 | Training of at least 1 financial management interns and 1 finance staff to meet minimum competency requirements by June 2021 | 4.6.1 | 0.52 | Training of at least 1 financial management interns and 1 finance staff to meet minimum competency requirements by June 2021 | Proof of registration and Attendance register | R 800 000.00 | N/A | Yes | Registration of at least 1 interns and 1 finance officials. Attendance of the training | Registration done and attendance of classes commenced | R 78 608.56 | Achieved | | | No |
| | | To timely produce budgets in line with the Natioanl Treasury guidelines and regulations | 4.7 | Develop and monitor processes to ensure timely preparation, adoption and publication of credible municipal budgets | Adjustments budget approved by 27 February 2019 and draft budget approved by 31 March 2019 of each year; final budget approved 31 May | Compile at least three budgets to be approved by council | Council resolutions adopting the budgets | 4.7.1 | 1.5 | 3 Approved budgets by June 2021 | Adjustment bugdet 19/20; Draft budget 20/21; Approved 20/21 Final Budget and Council resolutions | N/A | N/A | N/A | N/A | | R - | n/a | | | No |
| | | | | | | Publication of approved budgets | Advertisement of approved budgets and tariffs | 4.7.2 | 1.5 | Publication of at least three approved budgets | Adverts | R 57 940.78 | Yes | N/A | N/A | | R - | n/a | | | No |

| KPA N0 4: Budget & Treasury | | | | | | | | | | | | | | | | | | | | | |
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| Outcome 9 Objective | | | | | | | | | | | | | | | | | | | | | |
| Sub-Result | Issue | Strategic Objec | Objective | Strategies | Baseline Inform 2019 | Project to be Implem | Output - KPI | KPI No. | KPI We | Annual Target | Means of Verification | Budget | Budget Source | | Measurable Perfor | Actual Measurable Performance | | Achived/ Not | Reason | Remedial | Adjusted |
| | | | | | | | | | | | | | | | | | | | | | |

The above information is currently being revised to reflect changes necessitated by both Covid-19 and the special adjustments budget that was passed at the end of September 2020. Reporting will then be done and monitored against the revised SDBIP which will be more realistic and implementable once completed. In the meantime, an assessment of the current performance targets has been made resulting in 9 targets achieved of the 15 for the quarter. Most of these were affect by the Covid-19 related national restrictions.

# 7. In-year budget statement tables

## a) Budget Statement Summary

**EC443 Mbizana - Table C1 Monthly Budget Statement Summary - M06 December**

| Description | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Financial Performance** | | | | | | | | | |
| Property rates | – | 25 189 | 25 189 | 991 | 19 936 | 12 594 | 7 342 | 58% | 25 189 |
| Service charges | – | 37 015 | 37 015 | 2 641 | 17 492 | 18 508 | (1 016) | -5% | 37 015 |
| Investment revenue | – | 10 364 | 10 364 | 510 | 3 293 | 5 182 | (1 889) | -36% | 10 364 |
| Transfers and subsidies | – | 282 528 | 337 213 | 137 193 | 265 452 | 168 606 | 96 846 | 57% | 337 213 |
| Other own revenue | – | 13 646 | 13 646 | 948 | 6 161 | 6 823 | (662) | -10% | 13 646 |
| **Total Revenue (excluding capital transfers and contributions)** | – | **368 742** | **423 427** | **142 282** | **312 334** | **211 713** | **100 621** | **48%** | **423 427** |
| Employee costs | – | 119 133 | 119 133 | 8 798 | 53 210 | 59 566 | (6 356) | -11% | 119 133 |
| Remuneration of Councillors | – | 25 036 | 25 036 | 2 022 | 11 952 | 12 518 | (566) | -5% | 25 036 |
| Depreciation & asset impairment | – | 52 581 | 52 681 | – | 17 844 | 26 341 | (8 496) | -32% | 52 681 |
| Finance charges | – | 150 | 150 | – | 1 | 75 | (74) | -98% | 150 |
| Materials and bulk purchases | – | 39 573 | 39 773 | 2 773 | 17 406 | 19 887 | (2 481) | -12% | 39 773 |
| Transfers and subsidies | – | 1 835 | 5 015 | – | – | 2 507 | (2 507) | -100% | 5 015 |
| Other expenditure | – | 184 883 | 160 633 | 7 637 | 36 269 | 80 316 | (44 048) | -55% | 160 633 |
| **Total Expenditure** | – | **423 190** | **402 420** | **21 230** | **136 682** | **201 210** | **(64 528)** | **-32%** | **402 420** |
| **Surplus/(Deficit)** | – | **(54 449)** | **21 006** | **121 052** | **175 652** | **10 503** | **165 148** | **1572%** | **21 006** |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | – | 77 335 | 74 251 | 7 303 | 25 954 | 37 125 | ### ### | -30% | 74 251 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all) | – | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after capital transfers & contributions** | – | **22 886** | **95 257** | **128 355** | **201 605** | **47 629** | **153 976** | **323%** | **95 257** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | | – |
| **Surplus/ (Deficit) for the year** | – | **22 886** | **95 257** | **128 355** | **201 605** | **47 629** | **153 976** | **323%** | **95 257** |
| **Capital expenditure & funds sources** | | | | | | | | | |
| **Capital expenditure** | – | **75 808** | **122 183** | **6 670** | **30 266** | **61 091** | **(30 825)** | **-50%** | **122 183** |
| Capital transfers recognised | – | 45 647 | 69 161 | 6 105 | 21 995 | 34 580 | (12 586) | -36% | 69 161 |
| Borrowing | – | – | – | – | – | – | – | | – |
| Internally generated funds | – | **30 162** | **53 022** | **565** | **8 271** | **26 511** | **(18 240)** | **-69%** | **53 022** |
| **Total sources of capital funds** | – | **75 808** | **122 183** | **6 670** | **30 266** | **61 091** | **(30 825)** | **-50%** | **122 183** |
| **Financial position** | | | | | | | | | |
| Total current assets | – | 288 379 | 311 520 | | 488 799 | | | | 311 520 |
| Total non current assets | – | 708 556 | 754 830 | | 691 836 | | | | 754 830 |
| Total current liabilities | – | 36 636 | 33 681 | | 77 013 | | | | 33 681 |
| Total non current liabilities | – | 3 920 | 3 920 | | 5 495 | | | | 3 920 |
| Community wealth/Equity | – | **956 378** | **1 028 749** | | **1 098 127** | | | | **1 028 749** |
| **Cash flows** | | | | | | | | | |
| Net cash from (used) operating | – | 65 440 | 124 413 | 119 010 | 205 356 | 62 206 | (143 150) | -230% | 124 413 |
| Net cash from (used) investing | – | (70 114) | (110 973) | (7 387) | (35 927) | (55 487) | (19 560) | 35% | (110 973) |
| Net cash from (used) financing | – | (460) | (460) | – | – | (230) | (230) | 100% | (460) |
| **Cash/cash equivalents at the month/year end** | – | **210 006** | **228 119** | – | **351 336** | **221 630** | **(129 707)** | **-59%** | **194 886** |

| Debtors & creditors analysis | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Debtors Age Analysis** | | | | | | | | | |
| Total By Income Source | 4 661 | 3 254 | 2 690 | 3 050 | 3 000 | 68 482 | – | – | 85 136 |
| **Creditors Age Analysis** | | | | | | | | | |
| Total Creditors | – | – | – | – | – | – | – | – | – |

The table above shows a summary of the municipality's financial performance for the period ended 31 December 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) - M06 December**

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue - Functional** | | | | | | | | | | |
| *Governance and administration* | | – | 321 684 | 375 967 | 139 337 | 289 780 | 187 984 | 101 796 | 54% | 375 967 |
| Executive and council | | – | – | – | – | – | – | – | | – |
| Finance and administration | | – | 321 684 | 375 967 | 139 337 | 289 780 | 187 984 | 101 796 | 54% | 375 967 |
| Internal audit | | – | – | – | – | – | – | – | | – |
| *Community and public safety* | | – | 4 942 | 4 942 | 294 | 2 163 | 2 471 | (308) | -12% | 4 942 |
| Community and social services | | – | 181 | 181 | 3 | 15 | 90 | (75) | -83% | 181 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | – | 4 761 | 4 761 | 292 | 2 148 | 2 380 | (233) | -10% | 4 761 |
| Housing | | – | – | – | – | – | – | – | | – |
| Health | | – | – | – | – | – | – | – | | – |
| *Economic and environmental services* | | – | 48 612 | 48 612 | 4 472 | 19 584 | 24 306 | (4 722) | -19% | 48 612 |
| Planning and development | | – | 563 | 563 | 0 | 68 | 282 | (213) | -76% | 563 |
| Road transport | | – | 48 049 | 48 049 | 4 472 | 19 516 | 24 024 | (4 509) | -19% | 48 049 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| *Trading services* | | – | 70 839 | 68 157 | 5 483 | 26 761 | 34 078 | (7 317) | -21% | 68 157 |
| Energy sources | | – | 63 969 | 60 885 | 5 088 | 21 684 | 30 443 | (8 758) | -29% | 60 885 |
| Water management | | – | – | – | – | – | – | – | | – |
| Waste water management | | – | – | – | – | – | – | – | | – |
| Waste management | | – | 6 870 | 7 272 | 395 | 5 077 | 3 636 | 1 441 | 40% | 7 272 |
| *Other* | 4 | – | – | – | – | – | – | – | | – |
| **Total Revenue - Functional** | 2 | – | 446 077 | 497 678 | 149 585 | 338 288 | 248 839 | 89 449 | 36% | 497 678 |
| **Expenditure - Functional** | | | | | | | | | | |
| *Governance and administration* | | – | 184 624 | 185 284 | 11 450 | 64 742 | 92 642 | (27 900) | -30% | 185 284 |
| Executive and council | | – | 63 018 | 63 018 | 4 484 | 24 151 | 31 509 | (7 358) | -23% | 63 018 |
| Finance and administration | | – | 116 150 | 116 810 | 6 595 | 39 276 | 58 405 | (19 129) | -33% | 116 810 |
| Internal audit | | – | 5 457 | 5 457 | 372 | 1 315 | 2 729 | (1 413) | -52% | 5 457 |
| *Community and public safety* | | – | 30 879 | 31 109 | 1 802 | 10 129 | 15 555 | (5 426) | -35% | 31 109 |
| Community and social services | | – | 12 117 | 12 347 | 636 | 3 260 | 6 174 | (2 913) | -47% | 12 347 |
| Sport and recreation | | – | 2 769 | 2 769 | 183 | 1 228 | 1 384 | (156) | -11% | 2 769 |
| Public safety | | – | 15 014 | 15 014 | 926 | 5 298 | 7 507 | (2 209) | -29% | 15 014 |
| Housing | | – | 980 | 980 | 57 | 342 | 490 | (148) | -30% | 980 |
| Health | | – | – | – | – | – | – | – | | – |
| *Economic and environmental services* | | – | 100 216 | 104 752 | 2 166 | 30 446 | 52 376 | (21 930) | -42% | 104 752 |
| Planning and development | | – | 28 221 | 31 401 | 1 300 | 9 097 | 15 701 | (6 604) | -42% | 31 401 |
| Road transport | | – | 69 641 | 71 027 | 733 | 20 465 | 35 514 | (15 049) | -42% | 71 027 |
| Environmental protection | | – | 2 353 | 2 323 | 133 | 885 | 1 162 | (277) | -24% | 2 323 |
| *Trading services* | | – | 103 891 | 77 695 | 5 756 | 30 314 | 38 847 | (8 533) | -22% | 77 695 |
| Energy sources | | – | 77 927 | 51 329 | 3 576 | 19 929 | 25 664 | (5 735) | -22% | 51 329 |
| Water management | | – | – | – | – | – | – | – | | – |
| Waste water management | | – | – | – | – | – | – | – | | – |
| Waste management | | – | 25 964 | 26 366 | 2 180 | 10 385 | 13 183 | (2 797) | -21% | 26 366 |
| *Other* | | – | 3 580 | 3 580 | 56 | 1 051 | 1 790 | (740) | -41% | 3 580 |
| **Total Expenditure - Functional** | 3 | – | 423 190 | 402 420 | 21 230 | 136 682 | 201 210 | (64 528) | -32% | 402 420 |
| **Surplus/ (Deficit) for the year** | | – | 22 886 | 95 257 | 128 355 | 201 605 | 47 629 | 153 976 | 323% | 95 257 |

The table above shows the municipality's financial performance for the period ended 31 December 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) - M06 December

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue By Source | | | | | | | | | | |
| Property rates | | – | 25 189 | 25 189 | 991 | 19 936 | 12 594 | 7 342 | 58% | 25 189 |
| Service charges - electricity revenue | | – | 32 578 | 32 578 | 2 255 | 15 206 | 16 289 | (1 083) | -7% | 32 578 |
| Service charges - water revenue | | – | – | – | – | – | – | – | | – |
| Service charges - sanitation revenue | | – | – | – | – | – | – | – | | – |
| Service charges - refuse revenue | | – | 4 437 | 4 437 | 386 | 2 286 | 2 219 | 67 | 3% | 4 437 |
| Rental of facilities and equipment | | – | 2 851 | 2 851 | 231 | 1 368 | 1 425 | (58) | -4% | 2 851 |
| Interest earned - external investments | | – | 10 364 | 10 364 | 510 | 3 293 | 5 182 | (1 889) | -36% | 10 364 |
| Interest earned - outstanding debtors | | – | 4 404 | 4 404 | 413 | 2 440 | 2 202 | 238 | 11% | 4 404 |
| Dividends received | | – | – | – | – | – | – | – | | – |
| Fines, penalties and forfeits | | – | 948 | 948 | – | 124 | 474 | (350) | -74% | 948 |
| Licences and permits | | – | 2 756 | 2 756 | 181 | 1 235 | 1 378 | (142) | -10% | 2 756 |
| Agency services | | – | 1 218 | 1 218 | 110 | 816 | 609 | 207 | 34% | 1 218 |
| Transfers and subsidies | | – | 282 528 | 337 213 | 137 193 | 265 452 | 168 606 | 96 846 | 57% | 337 213 |
| Other revenue | | – | 1 470 | 1 470 | 13 | 178 | 735 | (557) | -76% | 1 470 |
| Gains | | – | – | – | – | – | – | – | | – |
| Total Revenue (excluding capital transfers and contributions) | | – | 368 742 | 423 427 | 142 282 | 312 334 | 211 713 | 100 621 | 48% | 423 427 |

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 the Department of 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 1st month and a decrease for the following months 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 R15.2 million. This is below the projection by 7% which is a decline from a 5% recorded in the previous month which was also a bid decline from 2 6% surplus recorded in the previous months (up to October 2020) which was for the first time in the past two financial years. 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 patterns in real time. In response to this, the municipality is in the processes of procuring services of a professional service provider to install and operate the system.

- **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 R386 thousand which is more than the projection by 3% which will be monitored against performance of other periods to follow as this is still in line with previous months' reported performance. There is however an expectation that revenue collection will decline this year due the economic 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 shows that the municipality generated over R3.2 million worth of interest on investments with a year to date actual that is below the projection by 36%. This may be due to interest rates cuts that have been implemented by the South African Reserve Bank since the outbreak of Covid-19. 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 1% as per the municipality's credit control and debt collection policy. This has yielded interest of R413 thousand for the period ended 31 December 2020 which is more than the amount projected for the period by 11%. This should be a cause for concern considering that it continues to grow which can only mean that more debts continue to be unpaid and will eventually lead to these being uncollectible. This requires intense debt collection initiatives and consumer education of alternative ways to manage debt. 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 did not generate any revenue on these fines during the month of December 2020 which is the same as the first two months of the financial year. This resulted in just more 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 R231 thousand for the month which has left the actual performance to a level below the projection by 4% which is expected to improve as other revised contracts are concluded. The municipality is in the process of renegotiating the Browns and Spar lease agreements as they have reached the end of their terms. This renegotiation is expected to increase the amounts to be generated by the municipality from these rentals based on the independent valuations performed on the leased properties.
- **Licenses and permits:** The municipality has a fully functional testing station which has been in operation for the past three years. This has been one of the municipality's promising revenue stream since the completion of the testing station. The municipality only generated R181 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 10% which is a decline from 8% 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 a year to date performance of R265.4 million as this is the sixth 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 the equitable share that was received during the month of July 2020 and December 2020.

## d) Debt Collection

The table below shows a 74% overall collection rate for the month ended 31 December 2020. However, we note a 85% collection rate on leasehold fees, 90% on electricity and 65% on refuse removal for the period. This kind of performance has resulted in an increase from just over 23% at the end of the last quarter to 63% overall collection since the start of the financial year.

MBIZANA L M : MONTHLY BILLING & RECEIPTS (including VAT) DECEMBER 2020 / MID-TERM REPORT

YEAR ENDING: 30 June 2021

| INCOME TYPE | JULY | AUG | SEP | 1st QUARTER | OCT | NOV | DEC | 2nd QUARTER | TOTALS |
|---|---|---|---|---|---|---|---|---|---|
| RATES | | | | | | | | | |
| billed | 14 981 719 | 990 906 | 990 906 | 16 963 532 | 990 906 | 990 906 | 990 906 | 2 972 719 | 19 936 251.19 |
| payment received | 266 309 | 421 832 | 284 292 | 972 433 | 9 528 781 | 249 991 | 537 087 | 10 315 858 | 11 288 290.85 |
| % of billing received | 2% | 43% | 29% | 6% | 962% | 25% | 54% | 347% | 57% |
| ELECTRICITY | | | | | | | | | |
| billed | 2 261 089 | 2 240 354 | 2 288 848 | 6 790 291 | 3 225 859 | 2 247 534 | 2 242 143 | 7 715 536 | 14 505 826.40 |
| payment received | 870 983 | 1 389 588 | 1 235 004 | 3 495 575 | 2 151 617 | 1 566 753 | 2 008 519 | 5 726 890 | 9 222 465.33 |
| % of billing received | 39% | 62% | 54% | 51% | 67% | 70% | 90% | 74% | 64% |
| LEASEHOLD FEES | | | | | | | | | |
| billed | 224 507 | 224 507 | 224 507 | 673 520 | 225 908 | 225 908 | 228 635 | 680 451 | 1 353 971.03 |
| payment received | 194 594 | 195 379 | 194 594 | 584 567 | 1 069 773 | 194 594 | 194 594 | 1 458 961 | 2 043 528.14 |
| % of billing received | 87% | 87% | 87% | 87% | 474% | 86% | 85% | 214% | 151% |
| VAT | | | | | | | | | |
| billed | 430 975 | 427 865 | 434 998 | 1 293 838 | 573 358 | 428 859 | 428 460 | 1 430 676 | 2 724 514.52 |
| payment received | 175 616 | 272 306 | 251 794 | 699 716 | 530 101 | 338 070 | 373 647 | 1 241 817 | 1 941 533.59 |
| % of billing received | 41% | 64% | 58% | 54% | 92% | 79% | 87% | 87% | 71% |
| INTEREST | | | | | | | | | |
| billed | 334 590 | 439 315 | 451 698 | 1 225 603 | 395 574 | 406 039 | 412 584 | 1 214 197 | 2 439 799.14 |
| payment received | 27 192 | 37 120 | 22 156 | 86 469 | 1 160 261 | 51 350 | 98 741 | 1 310 353 | 1 396 821.53 |
| % of billing received | 8% | 8% | 5% | 7% | 293% | 13% | 24% | 108% | 57% |
| REFUSE REMOVAL | | | | | | | | | |
| billed | 387 581 | 387 581 | 386 639 | 1 161 800 | 385 626 | 385 626 | 385 626 | 1 156 877 | 2 318 677.53 |
| payment received | 103 046 | 209 203 | 199 828 | 512 077 | 305 256 | 278 869 | 248 948 | 833 073 | 1 345 150.12 |
| % of billing received | 27% | 54% | 52% | 44% | 79% | 72% | 65% | 72% | 58% |
| TOTAL INCOME | | | | | | | | | |
| billed | 18 620 460 | 4 710 527 | 4 777 596 | 28 108 583 | 5 797 230 | 4 684 871 | 4 688 355 | 15 170 457 | 43 279 040 |
| payment received | 1 637 740 | 2 525 428 | 2 187 669 | 6 350 837 | 14 745 789 | 2 679 627 | 3 461 536 | 20 886 953 | 27 237 790 |
| % of billing received | 9% | 54% | 46% | 23% | 254% | 57% | 74% | 138% | 63% |

### e) Review of the Revenue enhancement strategy

The municipality developed and implemented a revenue enhancement strategy in 2014. The strategy was based on available information at the time to the municipality, however, a need to review the relevance of the strategy in 2020 was identified. This was based on a number of developments that have taken place in Bizana since the strategy was developed.

A service provider was contracted during the 2019/20 financial to review the strategy and develop an implementation plan for council approval. This was meant to be completed before the start of the year to allow implementation but Covid-19 delayed some of the processes as they require human interaction. Work has since began again at the start of 2020 and a draft strategy has undergone reviews by all departments affected by the recommendations to ensure accuracy and implementability.

A presentation of the draft strategy was made to the Budget and Treasury standing as a structure of council and to the Executive committee of the municipality as a recommendation from the standing committee. The report of the executive committee on the strategy was also presented in the council meeting held of the 7th of December 2020.

f) Expenditure by Type

**EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Expenditure By Type** | | | | | | | | | | |
| Employee related costs | | – | 119 133 | 119 133 | 8 798 | 53 210 | 59 566 | (6 356) | -11% | 119 133 |
| Remuneration of councillors | | – | 25 036 | 25 036 | 2 022 | 11 952 | 12 518 | (566) | -5% | 25 036 |
| Debt impairment | | – | 4 500 | 4 500 | – | – | 2 250 | (2 250) | -100% | 4 500 |
| Depreciation & asset impairment | | – | 52 581 | 52 681 | – | 17 844 | 26 341 | (8 496) | -32% | 52 681 |
| Finance charges | | – | 150 | 150 | – | 1 | 75 | (74) | -98% | 150 |
| Bulk purchases | | – | 31 896 | 31 896 | 2 684 | 16 163 | 15 948 | 215 | 1% | 31 896 |
| Other materials | | – | 7 677 | 7 877 | 89 | 1 243 | 3 939 | (2 696) | -68% | 7 877 |
| Contracted services | | – | 110 404 | 86 223 | 5 117 | 19 522 | 43 112 | (23 590) | -55% | 86 223 |
| Transfers and subsidies | | – | 1 835 | 5 015 | – | – | 2 507 | (2 507) | -100% | 5 015 |
| Other expenditure | | – | 69 979 | 69 909 | 2 520 | 14 886 | 34 955 | (20 069) | -57% | 69 909 |
| Losses | | – | – | – | – | 1 861 | – | 1 861 | #DIV/0! | – |
| **Total Expenditure** | | **–** | **423 190** | **402 420** | **21 230** | **136 682** | **201 210** | **(64 528)** | **-32%** | **402 420** |

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 December 2020 reflects an amount of R8.7 million for employee costs and R2 million for the remuneration of councillors. The remuneration of councillors shows a 5% underspending compared to what is expected at the same period. Employee costs have continued to record a 11% saving that is always expected considering issues like annual bonuses, resignations 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 R2.6 million on electricity purchases for the period ended 31 December 2020 and a year to date actual of R16.1 million which is above the projected expenditure by 1%. This amount only relates to the last 21 days of July up to the first 10 days of December 2020 as the billing by Eskom only takes place on the 10th of each month.

- **Depreciation and asset impairment:** The depreciation run used to be performed after the end of each quarter, but we have since moved to monthly runs, 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 no depreciation was recorded for the period due to the December recess and the limit in terms of people who may attend work since the country has been placed back to adjusted Lockdown level 3 with a year to date actual of R17.8 million which is below the projected amount by 19% for the same period. This however can not be relied upon because it does not include six months of information like other expenditure items.

- **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 R5.1 million for the month. This has resulted in a recorded saving of over R23.5 million which translates to 55% of the budget for contracted services for the same 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 57%, which is an improvement from 58% compared with last month's performance 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.

g) Revenue by Municipal Vote

**EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December**

| Vote Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive and Council | | – | – | – | – | – | – | – | | – |
| Vote 2 - Budget and Treasury | | – | 296 215 | 350 498 | 136 353 | 269 773 | 175 249 | 94 524 | 53.9% | 350 498 |
| Vote 3 - Corporate Services | | – | 280 | 280 | 11 | 71 | 140 | (69) | -49.5% | 280 |
| Vote 4 - Community Services | | – | 11 811 | 12 213 | 689 | 7 240 | 6 107 | 1 133 | 18.6% | 12 213 |
| Vote 5 - Development Planning | | – | 25 621 | 25 621 | 2 973 | 19 991 | 12 811 | 7 180 | 56.1% | 25 621 |
| Vote 6 - Engineering Services | | – | 112 149 | 109 065 | 9 559 | 41 213 | 54 533 | (13 319) | -24.4% | 109 065 |
| Total Revenue by Vote | 2 | – | 446 077 | 497 678 | 149 585 | 338 288 | 248 839 | 89 449 | 35.9% | 497 678 |

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 R9.5 million for the month with Budget and Treasury showing generation of over R136.3 million which is attributable to rates billing that

has been moved to property services within Development Planning, Community and Social services at over R689 thousand as well as Development planning at R2.9 million.

h) Expenditure by Municipal Vote

**EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December**

| Vote Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Expenditure by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive and Council | | – | 83 121 | 83 121 | 6 540 | 33 648 | 41 560 | (7 913) | -19.0% | 83 121 |
| Vote 2 - Budget and Treasury | | – | 30 707 | 31 267 | 2 086 | 8 128 | 15 634 | (7 506) | -48.0% | 31 267 |
| Vote 3 - Corporate Services | | – | 57 123 | 57 223 | 2 030 | 18 268 | 28 612 | (10 343) | -36.2% | 57 223 |
| Vote 4 - Community Services | | – | 74 211 | 74 812 | 5 192 | 28 166 | 37 406 | (9 240) | -24.7% | 74 812 |
| Vote 5 - Development Planning | | – | 25 425 | 28 605 | 708 | 5 661 | 14 303 | (8 641) | -60.4% | 28 605 |
| Vote 6 - Engineering Services | | – | 152 604 | 127 391 | 4 675 | 42 812 | 63 696 | (20 884) | -32.8% | 127 391 |
| **Total Expenditure by Vote** | 2 | – | 423 190 | 402 420 | 21 230 | 136 682 | 201 210 | (64 528) | -32.1% | 402 420 |
| **Surplus/ (Deficit) for the year** | 2 | – | 22 886 | 95 257 | 128 355 | 201 605 | 47 629 | 153 976 | 323.3% | 95 257 |

The table above shows the municipal expenditure by municipal vote. The total expenditure for the month of December 2020 amounted to above R21.2 million.

i) Municipality's financial performance

**EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue By Source** | | | | | | | | | | |
| Property rates | | – | 25 189 | 25 189 | 991 | 19 936 | 12 594 | 7 342 | 58% | 25 189 |
| Service charges - electricity revenue | | – | 32 578 | 32 578 | 2 255 | 15 206 | 16 289 | (1 083) | -7% | 32 578 |
| Service charges - water revenue | | – | – | – | – | – | – | – | | – |
| Service charges - sanitation revenue | | – | – | – | – | – | – | – | | – |
| Service charges - refuse revenue | | – | 4 437 | 4 437 | 386 | 2 286 | 2 219 | 67 | 3% | 4 437 |
| Rental of facilities and equipment | | – | 2 851 | 2 851 | 231 | 1 368 | 1 425 | (58) | -4% | 2 851 |
| Interest earned - external investments | | – | 10 364 | 10 364 | 510 | 3 293 | 5 182 | (1 889) | -36% | 10 364 |
| Interest earned - outstanding debtors | | – | 4 404 | 4 404 | 413 | 2 440 | 2 202 | 238 | 11% | 4 404 |
| Dividends received | | – | – | – | – | – | – | – | | – |
| Fines, penalties and forfeits | | – | 948 | 948 | – | 124 | 474 | (350) | -74% | 948 |
| Licences and permits | | – | 2 756 | 2 756 | 181 | 1 235 | 1 378 | (142) | -10% | 2 756 |
| Agency services | | – | 1 218 | 1 218 | 110 | 816 | 609 | 207 | 34% | 1 218 |
| Transfers and subsidies | | – | 282 528 | 337 213 | 137 193 | 265 452 | 168 606 | 96 846 | 57% | 337 213 |
| Other revenue | | – | 1 470 | 1 470 | 13 | 178 | 735 | (557) | -76% | 1 470 |
| Gains | | – | – | – | – | – | – | – | | – |
| **Total Revenue (excluding capital transfers and contributions)** | | – | 368 742 | 423 427 | 142 282 | 312 334 | 211 713 | 100 621 | 48% | 423 427 |
| **Expenditure By Type** | | | | | | | | | | |
| Employee related costs | | – | 119 133 | 119 133 | 8 798 | 53 210 | 59 566 | (6 356) | -11% | 119 133 |
| Remuneration of councillors | | – | 25 036 | 25 036 | 2 022 | 11 952 | 12 518 | (566) | -5% | 25 036 |
| Debt impairment | | – | 4 500 | 4 500 | – | – | 2 250 | (2 250) | -100% | 4 500 |
| Depreciation & asset impairment | | – | 52 681 | 52 681 | – | 17 844 | 26 341 | (8 496) | -32% | 52 681 |
| Finance charges | | – | 150 | 150 | – | 1 | 75 | (74) | -98% | 150 |
| Bulk purchases | | – | 31 896 | 31 896 | 2 684 | 16 163 | 15 948 | 215 | 1% | 31 896 |
| Other materials | | – | 7 677 | 7 877 | 89 | 1 243 | 3 939 | (2 696) | -68% | 7 877 |
| Contracted services | | – | 110 404 | 86 223 | 5 117 | 19 522 | 43 112 | (23 590) | -55% | 86 223 |
| Transfers and subsidies | | – | 1 835 | 5 015 | – | – | 2 507 | (2 507) | -100% | 5 015 |
| Other expenditure | | – | 69 979 | 69 909 | 2 520 | 14 886 | 34 955 | (20 069) | -57% | 69 909 |
| Losses | | – | – | – | – | 1 861 | – | 1 861 | #DIV/0! | – |
| **Total Expenditure** | | – | 423 190 | 402 420 | 21 230 | 136 682 | 201 210 | (64 528) | -32% | 402 420 |
| **Surplus/(Deficit)** | | – | (54 449) | 21 006 | 121 052 | 175 652 | 10 503 | 165 148 | 0 | 21 006 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | – | 77 335 | 74 251 | 7 303 | 25 954 | 37 125 | (11 172) | (0) | 74 251 |
| 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 | 95 257 | 128 355 | 201 605 | 47 629 | | | 95 257 |
| Taxation | | – | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after taxation** | | – | 22 886 | 95 257 | 128 355 | 201 605 | 47 629 | | | 95 257 |
| Attributable to minorities | | – | – | – | – | – | – | | | – |
| **Surplus/(Deficit) attributable to municipality** | | – | 22 886 | 95 257 | 128 355 | 201 605 | 47 629 | | | 95 257 |
| Share of surplus/ (deficit) of associate | | – | – | – | – | – | – | | | – |
| **Surplus/ (Deficit) for the year** | | – | 22 886 | 95 257 | 128 355 | 201 605 | 47 629 | | | 95 257 |

The municipality has so far recorded a surplus of over R201.6 million for the period ended 31 December 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 - M06 December**

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | – | 30 775 | 70 052 | 3 132 | 8 428 | 35 026 | 26 598 | 75.9% | 70 052 |
| Roads Infrastructure | | – | 28 475 | 43 061 | 985 | 2 096 | 21 530 | 19 435 | 90.3% | 43 061 |
| *Roads* | | – | 28 475 | 43 061 | 985 | 2 096 | 21 530 | 19 435 | 90.3% | 43 061 |
| Electrical Infrastructure | | – | 2 300 | 26 991 | 2 147 | 6 332 | 13 496 | 7 164 | 53.1% | 26 991 |
| *MV Networks* | | – | – | 25 891 | 2 147 | 6 332 | 12 946 | 6 614 | 51.1% | 25 891 |
| *LV Networks* | | – | 2 300 | 1 100 | – | – | 550 | 550 | 100.0% | 1 100 |
| Community Assets | | – | 1 100 | 1 883 | – | 660 | 942 | 282 | 30.0% | 1 883 |
| Community Facilities | | – | 1 100 | 1 883 | – | 660 | 942 | 282 | 30.0% | 1 883 |
| *Halls* | | – | – | 783 | – | 660 | 392 | (268) | -68.4% | 783 |
| *Markets* | | – | 1 100 | 1 100 | – | – | 550 | 550 | 100.0% | 1 100 |
| Heritage assets | | – | 50 | 50 | – | – | 25 | 25 | 100.0% | 50 |
| Other Heritage | | – | 50 | 50 | – | – | 25 | 25 | 100.0% | 50 |
| Other assets | | – | 2 500 | 2 500 | 397 | 697 | 1 250 | 553 | 44.3% | 2 500 |
| Operational Buildings | | – | 2 500 | 2 500 | 397 | 697 | 1 250 | 553 | 44.3% | 2 500 |
| *Yards* | | – | 2 500 | 2 500 | 397 | 697 | 1 250 | 553 | 44.3% | 2 500 |
| Computer Equipment | | – | 6 800 | 6 800 | – | 3 562 | 3 400 | (162) | -4.8% | 6 800 |
| Computer Equipment | | – | 6 800 | 6 800 | – | 3 562 | 3 400 | (162) | -4.8% | 6 800 |
| Furniture and Office Equipment | | – | 1 650 | 1 850 | 168 | 279 | 925 | 646 | 69.8% | 1 850 |
| Furniture and Office Equipment | | – | 1 650 | 1 850 | 168 | 279 | 925 | 646 | 69.8% | 1 850 |
| Machinery and Equipment | | – | 2 101 | 2 801 | – | 95 | 1 401 | 1 306 | 93.2% | 2 801 |
| Machinery and Equipment | | – | 2 101 | 2 801 | – | 95 | 1 401 | 1 306 | 93.2% | 2 801 |
| Transport Assets | | – | 2 660 | 2 660 | – | 1 829 | 1 330 | (499) | -37.5% | 2 660 |
| Transport Assets | | – | 2 660 | 2 660 | – | 1 829 | 1 330 | (499) | -37.5% | 2 660 |
| Total Capital Expenditure on new assets | 1 | – | 47 637 | 88 597 | 3 697 | 15 549 | 44 298 | 28 750 | 64.9% | 88 597 |

**EC443 Mbizana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M06 December**

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | | |
| Community Assets | | – | 6 000 | 8 614 | – | 406 | 4 307 | 3 901 | 90.6% | 8 614 |
| Community Facilities | | – | 6 000 | 8 614 | – | 406 | 4 307 | 3 901 | 90.6% | 8 614 |
| *Taxi Ranks/Bus Terminals* | | – | 6 000 | 8 614 | – | 406 | 4 307 | 3 901 | 90.6% | 8 614 |
| Total Capital Expenditure on renewal of existing assets | 1 | – | 6 000 | 8 614 | – | 406 | 4 307 | 3 901 | 90.6% | 8 614 |

**EC443 Mbizana - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M06 December**

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Capital expenditure on upgrading of existing assets by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | – | 2 000 | 4 800 | – | – | 2 400 | 2 400 | 100.0% | 4 800 |
| Roads Infrastructure | | – | 2 000 | 4 800 | – | – | 2 400 | 2 400 | 100.0% | 4 800 |
| *Roads* | | – | 2 000 | 4 800 | – | – | 2 400 | 2 400 | 100.0% | 4 800 |
| Community Assets | | – | 20 172 | 20 172 | 2 973 | 14 311 | 10 086 | (4 226) | -41.9% | 20 172 |
| Community Facilities | | – | 11 251 | 11 251 | 2 225 | 8 639 | 5 625 | (3 013) | -53.6% | 11 251 |
| *Halls* | | – | 11 251 | 11 251 | 2 225 | 8 639 | 5 625 | (3 013) | -53.6% | 11 251 |
| Sport and Recreation Facilities | | – | 8 921 | 8 921 | 748 | 5 673 | 4 460 | (1 212) | -27.2% | 8 921 |
| *Outdoor Facilities* | | – | 8 921 | 8 921 | 748 | 5 673 | 4 460 | (1 212) | -27.2% | 8 921 |
| Total Capital Expenditure on upgrading of existing assets | 1 | – | 22 172 | 24 972 | 2 973 | 14 311 | 12 486 | (1 826) | -14.6% | 24 972 |

The above tables indicate that the municipality spent R6.6 million for the month of its capital budget for the period ended 31 December 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) - M06 December**

| 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 | 1 | | | | | | | | % | |
| Multi-Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 6 - Engineering Services | | – | 18 172 | 18 172 | 2 973 | 14 311 | 9 086 | 5 226 | 58% | 18 172 |
| **Total Capital Multi-year expenditure** | 4,7 | – | 18 172 | 18 172 | 2 973 | 14 311 | 9 086 | 5 226 | 58% | 18 172 |
| Single Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 1 - Executive and Council | | – | 50 | 50 | – | – | 25 | (25) | -100% | 50 |
| Vote 2 - Budget and Treasury | | – | 2 100 | 2 100 | – | 1 257 | 1 050 | 207 | 20% | 2 100 |
| Vote 3 - Corporate Services | | | 10 210 | 10 210 | 168 | 4 330 | 5 105 | (776) | -15% | 10 210 |
| Vote 4 - Community Services | | – | 5 401 | 5 601 | 397 | 875 | 2 801 | (1 926) | -69% | 5 601 |
| Vote 5 - Development Planning | | – | 1 100 | 1 100 | – | – | 550 | (550) | -100% | 1 100 |
| Vote 6 - Engineering Services | | – | 38 775 | 84 949 | 3 132 | 9 493 | 42 475 | (32 982) | -78% | 84 949 |
| **Total Capital single-year expenditure** | 4 | – | 57 637 | 104 011 | 3 697 | 15 955 | 52 006 | (36 051) | -69% | 104 011 |
| **Total Capital Expenditure** | | – | 75 808 | 122 183 | 6 670 | 30 266 | 61 091 | (30 825) | -50% | 122 183 |
| Capital Expenditure - Functional Classification | | | | | | | | | | |
| *Governance and administration* | | – | 12 760 | 12 760 | 168 | 5 587 | 6 380 | (793) | -12% | 12 760 |
| Executive and council | | – | 50 | 50 | – | – | 25 | (25) | -100% | 50 |
| Finance and administration | | – | 12 710 | 12 710 | 168 | 5 587 | 6 355 | (768) | -12% | 12 710 |
| *Community and public safety* | | – | 3 191 | 3 391 | 397 | 780 | 1 696 | (916) | -54% | 3 391 |
| Community and social services | | – | 1 300 | 1 500 | 397 | 780 | 750 | 30 | 4% | 1 500 |
| Public safety | | – | 1 891 | 1 891 | – | – | 946 | (946) | -100% | 1 891 |
| *Economic and environmental services* | | – | 55 747 | 76 530 | 3 958 | 17 473 | 38 265 | (20 792) | -54% | 76 530 |
| Planning and development | | – | 25 272 | 28 669 | 2 973 | 15 377 | 14 334 | 1 042 | 7% | 28 669 |
| Road transport | | – | 30 475 | 47 861 | 985 | 2 096 | 23 930 | (21 835) | -91% | 47 861 |
| *Trading services* | | – | 4 110 | 29 501 | 2 147 | 6 427 | 14 751 | (8 324) | -56% | 29 501 |
| Energy sources | | – | 2 300 | 27 691 | 2 147 | 6 332 | 13 846 | (7 514) | -54% | 27 691 |
| Waste management | | – | 1 810 | 1 810 | – | 95 | 905 | (810) | -90% | 1 810 |
| **Total Capital Expenditure - Functional Classification** | 3 | – | 75 808 | 122 183 | 6 670 | 30 266 | 61 091 | (30 825) | -50% | 122 183 |
| Funded by: | | | | | | | | | | |
| National Government | | – | 45 647 | 69 161 | 6 105 | 21 995 | 34 580 | (12 586) | -36% | 69 161 |
| **Transfers recognised - capital** | | – | 45 647 | 69 161 | 6 105 | 21 995 | 34 580 | (12 586) | -36% | 69 161 |
| **Internally generated funds** | | – | 30 162 | 53 022 | 565 | 8 271 | 26 511 | (18 240) | -69% | 53 022 |
| **Total Capital Funding** | | – | 75 808 | 122 183 | 6 670 | 30 266 | 61 091 | (30 825) | -50% | 122 183 |

The above table indicates that the municipality spent R6.6 million of its capital budget for the period ended 31 December 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 have been finalised for outstanding infrastructure projects to ensure that current year projects start being implemented so that our expenditure improves and services delivered to the communities of Mbizana.

## 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 indication 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 was 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 send 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 be 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 R2000.00

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.

| OrderDate | GRVNum | CreditorName | TotalAmnt | | Status | Specifications | FunctionDESC | SegmentDESC | CSDRefNumber |
|---|---|---|---|---|---|---|---|---|---|
| 11/12/2020 | N/A | SOUTH AFRICAN QUALIFICATIONS A | 1 620,00 | | OPEN | QUALIFICATION VERIFICATION FOR TRAFFIC OFFICERS POSITIONS | Function:Finance and Administration:Core Function:Human Resources | Personnel Recruitment cost 1010 | MAAA0044199 |
| | | | 1 620,00 | | | | | | |

## 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

| OrderDate | GRVNum | CreditorName | TotalAmnt | | Status | Specifications | FunctionDESC | SegmentDESC | CSDRefNumber |
|---|---|---|---|---|---|---|---|---|---|
| 04/01/2021 | N/A | TNJ MEDIA | 26 719,00 | | OPEN | DISINFECTION, HYGIENE SERVICES AND FOGGING SERVICES (DLTC, LIBRARY, MUNICIPALITY MAIN BUILDING AND YOUTH CENTRE) | Function:Finance and Administration:Core Function:Human Resources | Disaster: Dis-infection of Office Building | MAAA 0389701 |
| 17/12/2020 | N/A | ISO NEWS | 7 560,00 | | OPEN | REQUEST FOR ADVERTISEMENT OF CHRISTMAS MESSAGE IN FIVE LOCAL NEWSPAPERS ON THE 18TH DECEMBER 2020. | Function:Executive and Council:Core Function:Municipal Manager Town Secretary and Chief Executive | Advertising fees Annual Report 515260554 | MAAA 0610587 |
| 15/12/2020 | 27887 | MASINYANE AND SON (PTY) LTD | 24 000,00 | | RECEIVED | PAYMENT FOR COVID INFORMATION A1 POSTERS FOR 32 WARDS: (DISASTER AWARENESS CAMPAIGN) | Function:Community and Social Services:Non-core Function:Population Development | Social Relief promotional material 2505 | MAAA 0551580 |
| 14/12/2020 | 27883 | PONDO NEWS | 6 785,00 | | RECEIVED | PUBLIC NOTICE FOR IDP REPRESENTATIVE FORUM ON TWO LOCAL NEWS PAPERS | Function:Planning and Development:Core Function:Corporate Wide Strategic Planning (IDPs LEDs) | Advertising fees IDP 515260540 | |
| 11/12/2020 | 27879 | BHEKI MFO (PTY) LTD | 12 000,00 | | RECEIVED | VIP CTERING FOR 100 PEOPLE ATTENDING COMMUNITY SAFETY AWARENESS CAMPAIGN | Function:Public Safety:Core Function:Police Forces Traffic and Street Parking Control | Traffic Awareness Campaign catering | MAAA 0422754 |
| 11/12/2020 | 27878 | FAKADE CONSTRUCTION (PTY) LTD | 15 000,00 | | RECEIVED | VIP CATERING FOR 100 PEOPLE ATTENDING COMMUNITY SAFETY AWARENESS | Function:Public Safety:Core Function:Police Forces Traffic and Street Parking Control | Traffic Awareness Campaign catering | MAAA 0125170 |
| 11/12/2020 | 27881 | FEZMA PROJECTS PTY LTD | 12 750,00 | | RECEIVED | CATERING FOR 150 PEOPLE ATTENDING COMMUNITY SAFETY AWARENESS CAMPAIGN | Function:Public Safety:Core Function:Police Forces Traffic and Street Parking Control | Traffic Awareness Campaign catering | MAAA 0372710 |
| 11/12/2020 | 27875 | SEBEKHO HOLDINGS | 19 400,00 | | RECEIVED | HIRING OF SOUND SYSTEM, VIP TOILETS, PUBLIC TOILETS AND | Function:Public Safety:Core | Traffic Awareness Campaign hiring | MAAA 05969 |

| OrderDate | GRVNum | CreditorName | TotalAmnt | | Status | Specifications | FunctionDESC | SegmentDESC | CSDRefNumber |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | TWO POLE TENT FOR COMMUNITY SAFETY AWARENESS | Function:Police Forces Traffic and Street Parking Control | charges | 23 |
| 11/12/2020 | 27876 | FREEMAN TRADING PTY LTD | 29 950,00 | | RECEIVED | HIRING OF TENT, TABLES, CHAIRS, STAGE, DECOR AND PODIUM FOR TRAFFIC AWARENESS CAMPAIGN | Function:Public Safety:Core Function:Police Forces Traffic and Street Parking Control | Traffic Awareness Campaign hiring charges | MAAA 0570667 |
| 11/12/2020 | 27882 | MAVUMA AGRICULTURAL PRIMARY | 8 500,00 | | RECEIVED | CATERING FOR 100 PEOPLE ATTENDING COMMUNITY SAFETY AWARENESS CAMPAIGN | Function:Public Safety:Core Function:Police Forces Traffic and Street Parking Control | Traffic Awareness Campaign catering | MAAA 0367171 |
| 11/12/2020 | 27877 | SIBANYE PROJECTS AND DEVELOPME | 12 750,00 | | RECEIVED | CATERING FOR 150 PEOPLE ATTENDING COMMUNITY SAFETY AWARENESS CAMPAIGN | Function:Public Safety:Core Function:Police Forces Traffic and Street Parking Control | Traffic Awareness Campaign catering | MAAA 0834556 |
| 11/12/2020 | 27874 | SUGUDHAV-SEWPERSADH ATTORNEYS | 20 903,40 | | RECEIVED | PAYMENT TO SUGUDHV FOR LEGAL SERVICES REF NO: PS/B(21)3) | Function:Finance and Administration:Core Function:Legal Services | Legal Cost:Issue of Summons | MAAA 0321444 |
| 10/12/2020 | 27863 | AMAMPINGE TRADING AND CATERING | 10 900,00 | | RECEIVED | CATERING LUNCH PACKS FOR 100 PEOPLE IN WARD 13 FOR MAYTORAL IMBIZO | Function:Planning and Development:Core Function:Corporate Wide Strategic Planning (IDPs LEDs) | IDP catering 515260555 | MAAA 0040588 |
| 10/12/2020 | N/A | SUPA QUICK | 4 945,00 | | OPEN | REQUEST FOR SUPPLY & DELIVEY OF 2XTYRES (SIZE LT 265/65R17 ALL-TERAIN VEHHICLE FZY 309 EC | Function:Public Safety:Core Function:Police Forces Traffic and Street Parking Control | Police- Vehicle Maintenance | MAAA 0645583 |
| 10/12/2020 | 27864 | FEZMA PROJECTS PTY LTD | 24 750,00 | | RECEIVED | REQUEST FOR CATERING LUNCH PACKS FOR 250 PEOPLE | Function:Community and Social Services:Non-core Function:Population Development | Social Services Awarenesses catering 2505 | MAAA 0372710 |
| 10/12/2020 | 27862 | CABHANI CONSTRUCTION(PTY)LTD | 22 800,00 | | RECEIVED | REQUEST FOR 60 48X2PLY TOILET PAPER (BALES) | Function:Finance and Administration:Core Function:Finance:Default | Acquisitions | MAAA 0175485 |
| 08/12/2020 | 27842 | FLEET HORIZON SOLUTIONS | 22 712,04 | | RECEIVED | PAYMENT TO FLEET HORIZONS SOLUTIONS FOR TRACKING & TELEMATICS | Function:Finance and Administration:Core Function:Fleet | Tracker fleet management | MAAA 0204250 |

| OrderDate | GRVNum | CreditorName | TotalAmnt | | Status | Specifications | FunctionDESC | SegmentDESC | CSDRefNumber |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | | |
| 08/12/2020 | N/A | IHEANS TRAVELLING AGENCIES | 8 901,00 | | OPEN | ACCOMMODATION ARRANGEMENTS FOR MR. SIBIYA AND NODO IN BIZANA DATE IN 09.12.2020 DATE OUT 12.12.2020 | Function:Finance and Administration:Core Function:Human Resources | Accommodation HR1010260240 | MAAA0180464 |
| 08/12/2020 | 27849 | PONDO NEWS | 6 670,00 | | RECEIVED | REQUEST TO ADVERTISED RE-ADVERT FOR SUPPLY, INSTALLATION OPERATION AND MAINTENANCE OF AUTOMATED METER READING SYSTEM FOR 3 YRS | Function:Finance and Administration:Core Function:Finance | Advertising Finance | |
| 08/12/2020 | 27852 | IHEANS TRAVELLING AGENCIES | 7 884,00 | | RECEIVED | ACCOMMODATION ARRANGEMENT FOR MR N. NAKWA IN EAST LONDON CHECKING IN ON THE 22/11/2020 OUT 27/11/2020 | Function:Finance and Administration:Core Function:Fleet Management | Accommodation Fleet | MAAA0180464 |
| 08/12/2020 | 27858 | IHEANS TRAVELLING AGENCIES | 6 931,42 | | RECEIVED | ACCOMMODATION IN JHB FOR MR NOCONJO CHECKING IN 13/11/2020 OUT 15/11/2020 | Function:Executive and Council:Core Function:Municipal Manager Town Secretary and Chief Executive | Accommodation MM 515260240 | MAAA0180464 |
| 08/12/2020 | 27843 | SOUTHERN BUSINESS SCHOOL | 5 310,00 | | RECEIVED | PAYMENT REQUEST FOR MS NONKANGELEKO NDAYI AT SOUTHERN BUSINESS SCHOOL | Function:Finance and Administration:Core Function:Human Resources | Tu tion fees | MAAA0009609 |
| 08/12/2020 | 27873 | SQUDA HOLDING GROUP | 25 440,00 | | RECEIVED | REQUEST 200 LUNCH PACKS | Function:Executive and Council:Core Function:Mayor and Council | Catering special progrmans women 505260191 | MAAA0580784 |
| 08/12/2020 | 27845 | SIPHOSAKHE TRADING | 18 600,00 | | RECEIVED | REQUEST 2X GENERAL TOILETS FOR 2 DAYS FOR THE YOUTH OF THE APOLOSTOLIC BE HELD ON THE 05/12/2020 | Function:Executive and Council:Core Function:Mayor and Council | Hire costs youth programe 505260190 | MAAA0194032 |
| 08/12/2020 | 27850 | ZAMANTAMBO CONSTRUCTION AND PR | 26 500,00 | | RECEIVED | REQUEST LUNCH PACKS | Function:Executive and Council:Core Function:Mayor and Council | Catering special progrmans women 505260191 | MAAA0168017 |
| 08/12/2020 | 27886 | LUSTARZ PROJECT (PTY) LTD | 29 000,00 | | RECEIVED | REQUEST GLOVES | Function:Executive and Council:Core Function:Mayor and Council | Gitts Elderly programe 505260189 | MAAA0325089 |
| 08/12/2020 | 27861 | KU-BHA SERVICE | 19 500,00 | | RECEIVED | REQUEST FOR 1000 LITRES OF | Function:Road | RM Road | MAAA |

| OrderDate | | GRVNum | CreditorName | TotalAmnt | | Status | Specifications | FunctionDESC | SegmentDESC | CSDRefNumber |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | STATION | | | | DIESELFOR TIPPER TRUCK, 2X EXCAVATOR, GRADER JCS 375 EC ,TIPER TRUCK HTZ923 EC AND EXCAVATOR 371 EC | Transport:Core Function:Roads | Maintenance Fuel and Oil | 0553861 |
| 07/12/2020 | | 27844 | PAM - TEE TRADING PTY LTD | 27 800,00 | | RECEIVED | REQUEST LUNCH PACKS | Function:Executive and Council:Core Function:Mayor and Council | HIVAids support group Catering | MAAA0381697 |
| 07/12/2020 | | 27847 | SPA AND VUYO | 5 680,00 | | RECEIVED | REQUST 2 STAMPS | Function:Executive and Council:Core Function:Mayor and Council | Stationery- Mayor | MAAA0590514 |
| 07/12/2020 | | 27859 | ZAKHENI MABHOVU (PTY) LTD | 29 190,00 | | RECEIVED | Request to Procurement and Supply and Delivery of Twelve (12) Fire Ext for Municipal Plants in O.&M. Section | Function:Road Transport:Core Function:Roads | Roads - Vehicle Maintenance | MAAA0694102 |
| 07/12/2020 | | N/A | KUHLE KWETHU TRADING | 18 735,00 | | OPEN | HIRING OF 3 POLE TENT WITH 150 CHAIRS, 3 RACTANGLE TABLES WITH BLACK C STAGE FOR HAND OVER CEREMONY | Function:Sport and Recreation:Core Function:Recreational Facilities | Arts Culture hiring costs 1505260526 | MAAA0781429 |
| 07/12/2020 | | 27846 | QANVAS CONSTRUCTION GROUP PTY | 3 320,00 | | RECEIVED | 2 X 10KG RICE FOR FUNERAL IN WARD 02 | Function:Executive and Council:Core Function:Mayor and Council | Public participation Groceries | MAAA0183743 |
| 07/12/2020 | | 27832 | GENBIZ TRADING 1001 PTY LTD | 6 361,06 | | RECEIVED | PAYMENT TO GENBIZ TRADING. MONTHLY MAINTENANCE FOR NOVEMBER 2020 | Function:Finance and Administration:Core Function:Information Technology | Lease and usage | MAAA0023122 |
| | | | | **528 246,92** | | | | | | |

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

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

| OrderDate | GRVNum | CreditorName | TotalAmnt | Status | Specifications | FunctionDESC | SegmentDESC | CSDRefNumber |
|---|---|---|---|---|---|---|---|---|
| 18/12/2020 | 27904 | MFMT TRADING | 65 000,00 | RECEIVED | PAYMENT FOR THE SUPPLY AND DELIVERY OF SKIP BINS | Function:Waste Management:Core Function:Solid Waste Removal | Skip bins Services | MAAA0970375 |
| 18/12/2020 | 27903 | TEBFIN | 664 927,50 | RECEIVED | PAYMENT FOR THE SUPPLY AND DELIVERY OF SKIP BINS | Function:Waste Management:Core Function:Solid Waste Removal | Skip bins Services | MAAA0198097 |
| 18/12/2020 | 27901 | QOBO AND PARTERS | 89 000,00 | RECEIVED | SUPPLY AND DELIVER 25 KG COLD ASPHALT | Function:Road Transport:Core Function:Roads | RM Road Maintenance | MAAA0898547 |
| 18/12/2020 | N/A | INGQAYI DESIGN ECONOMIC PARTNE | 60 173,91 | DELETED | PAYMENT TO INGQAYI DESIGNS INCEPTION AND PHASE 2 CONTENT ELECTRONIC PA | Function:Executive and Council:Core Function:Municipal Manager Town Secretary and Chief Executive | Research | MAAA0306972 |
| 18/12/2020 | 27902 | ESKOM HOLDINGS | 93 911,76 | RECEIVED | REQUEST FOR ESKOM FBE PAYMENT FOR DECEMBER 2020 | Function:Energy Sources:Non-core Function:Electricity | Grid Electricity Subsidy 6505 | MAAA0261424 |
| 18/12/2020 | N/A | ALSTONIA TRADING AND PROJECTS | 418 045,51 | DELETED | PAYMENT FOR THE WORK DONE AT MBIZANA CIVIC CENTRE CESSIONARY | Function:Planning and Development:Core Function:Project Management Unit | Construction of Mbizana Town Hall | MAAA0329225 |
| 18/12/2020 | N/A | M A T TRADING ENTERPRISE | 65 072,50 | DELETED | PAYMENT FOR THE SUPPLY OF SKIP BINS | Function:Waste Management:Core Function:Solid Waste Removal | Skip bins Services | MAAA0361787 |
| 18/12/2020 | 27900 | KUKHANYA ENERGY SERVICES PTY | 293 767,50 | RECEIVED | PAYMENT TO KES FOR NOVEMBER INVOICE | Function:Community and Social Services:Non-core Function:Population Development | Solar Energy Subsidy grant 2505 | MAAA0327088 |
| 18/12/2020 | N/A | KU-BHA SERVICE STATION | 97 500,00 | OPEN | PROCUREMENT OF 5000L OF DIESEL FOR OPERATION AND MAINTENANCE PLANT | Function:Road Transport:Core Function:Roads | RM Road Maintenance Fuel and Oil | MAAA0553861 |
| 17/12/2020 | 27899 | IMIDIHLUME GENERAL TRADING (PT | 109 200,00 | RECEIVED | CATERING: LUNCH PACKS FOR 200 PEOPLE | Function:Executive and Council:Core Function:Mayor and Council | Catering elderly programe 505260189 | MAAA0465323 |
| 17/12/2020 | 27897 | VDS CONCEPT | 140 000,00 | RECEIVED | PAYMENT FOR PRINTING OF MUNICIPAL NEWSLETTER | Function:Finance and Administration:Core Function:Marketing Customer Relations Publicity and Media Co-ordination | Newsletters Communication costs 515260565 | MAAA0581564 |
| 17/12/2020 | 27898 | DOSVENTS TD PTY LTD | 73 000,00 | RECEIVED | PADS MAXI SUPER PLUS | Function:Executive and Council:Core Function:Mayor and Council | Promotional items childrens program 505260194 | MAAA0684417 |

| OrderDate | GRVNum | CreditorName | TotalAmnt | Status | Specifications | FunctionDESC | SegmentDESC | CSDRefNumber |
|---|---|---|---|---|---|---|---|---|
| 17/12/2020 | 27896 | ISIGIDIMI SOLUTIONS | 198 886,79 | RECEIVED | PAYMENT FOR MUNICIPAL RISK ASSESSMENT | Function:Internal Audit:Core Function:Governance Function | Internal Audit Projects | MAAA0382036 |
| 17/12/2020 | 27895 | KKUMYOLE INVESTMENTS | 190 000,00 | RECEIVED | PAYMENT FOR DATA CLEANSING NOVEMBER 2020 | Function:Finance and Administration:Core Function:Finance | Collection of debts legal fees | MAAA0452957 |
| 15/12/2020 | 27892 | VUYIE XOLE CONSTRUCTION | 328 049,69 | RECEIVED | PAYMENT FOR RETENTION: MPENKULU TO TULUFA ACCESS ROAD | Function:Finance and Administration:Core Function:Finance:Default | Retentions withdrawal | |
| 15/12/2020 | 27891 | LIONS DEN PROJECTS | 198 597,00 | RECEIVED | PAYMENT LUCERNE BALES | Function:Finance and Administration:Core Function:Finance:Default | Acquisitions | MAAA0391611 |
| 15/12/2020 | 27890 | MABOZELA TRADING JV BOBOSHE TR | 109 631,46 | RECEIVED | PAYMENT FOR RETENTION: ELECTRIFICATION MATWEBU VILLAGE | Function:Finance and Administration:Core Function:Finance:Default | Retentions withdrawal | |
| 15/12/2020 | 27885 | DENASA CIVILS AND CONSTRUCTION | 316 485,27 | RECEIVED | RETENTION: CONSTRUCTION OF MTOMKHULU TO GXENI PHASE 2 | Function:Finance and Administration:Core Function:Finance:Default | Retentions withdrawal | MAAA0088109 |
| 14/12/2020 | 27884 | NCAIANA TRADING AND PROJECTS | 168 000,00 | RECEIVED | PAYMENT FOR THE SUPPLY AND DELIVERY OF PLASTIC CHAIRS BLACK HEAVY DUTY | Function:Finance and Administration:Core Function:Administrative and Corporate Support:Corporate Services | Office Furniture | MAAA0666605 |
| 14/12/2020 | 27880 | VDS CONCEPT | 185 000,00 | RECEIVED | HIRING OF MENTOR SERVICES FOR YOUTH OWNED BUSINESSES | Function:Executive and Council:Core Function:Mayor and Council | Hire costs youth programe 505260190 | MAAA0581564 |
| 11/12/2020 | 27869 | SUGUDHAV-SEWPERSADH ATTORNEYS | 56 347,00 | RECEIVED | PAYMENT FOR LEGAL SERVICE: BLUE RAINDROPS ERF 1802 AND ERF 162 | Function:Finance and Administration:Core Function:Legal Services | Legal Cost:Issue of Summons | MAAA0321444 |
| 11/12/2020 | 27866 | SUGUDHAV-SEWPERSADH ATTORNEYS | 52 063,10 | RECEIVED | PAYMENT TODR SUGUDHAV FOR LEGAL SERVICES REF NUMBER : PS/B27(8) | Function:Finance and Administration:Core Function:Legal Services | Legal Cost:Issue of Summons | MAAA0321444 |
| 11/12/2020 | 27865 | N.Z. MTSHABE INCORPORATED ATTO | 146 425,59 | RECEIVED | PAYMENT TO NZ MTSHABE FOR LEGAL SERVICES CSE NO: 2773/2015 | Function:Finance and Administration:Core Function:Legal Services | Legal Cost:Issue of Summons | MAAA0161315 |
| 11/12/2020 | 27867 | N.Z. MTSHABE INCORPORATED ATTO | 256 131,98 | RECEIVED | PAYMENT TO NZ MTSHABE FOR LEGAL SERVICES CASE NO: 3593/2015 | Function:Finance and Administration:Core Function:Legal Services | Legal Cost:Issue of Summons | MAAA0161315 |
| 11/12/2020 | 27871 | N.Z. MTSHABE INCORPORATED ATTO | 100 413,74 | RECEIVED | PAYMENT TO NZ MTSHABE FOR LEGAL SERVICES INVOICE 30 | Function:Finance and Administration:Core Function:Legal Services | Legal Cost:Issue of Summons | MAAA0161315 |
| 11/12/2020 | 27872 | N.Z. MTSHABE INCORPORATED ATTO | 88 658,06 | RECEIVED | PAYMENT TO NZ MTSHABE FOR LEGAL SERVICES CASE NO: 2516/2016 | Function:Finance and Administration:Core Function:Legal Services | Legal Cost:Issue of Summons | MAAA0161315 |
| 11/12/20 | 27872 | N.Z. MTSHABE INCORPORATED | 78 320,00 | RECEIV | DISBURSEMENTS | Function:Finance and Administration:Core Function:Legal Services | Legal Cost:Issue of Summons | MAAA01613 |

| OrderDate | GRVNum | CreditorName | TotalAmnt | Status | Specifications | FunctionDESC | SegmentDESC | CSDRefNumber |
|---|---|---|---|---|---|---|---|---|
| 20 | | ATTO | | ED | | | | 15 |
| 11/12/2020 | 27868 | MISOKUKUHLE | 189 900,00 | RECEIVED | PAYMENT TO MISOKUHLE FOR SUPPLY OF WASTE RINGS FOR WASTE MANAGEMENT AWARENESS CAMPAIGN | Function:Waste Management:Core Function:Solid Waste Removal | Waste receptacles | MAAA0871255 |
| 10/12/2020 | 27860 | DOSVENTS TD PTY LTD | 173 580,00 | RECEIVED | PAYMENT TO DOSVENTS TD PTY LTD FOR CATERING AND SUPPLY OF GROCERIES FOR INKCIYO END YEAR FUNCTION | Function:Executive and Council:Core Function:Mayor and Council | Catering Childrens program 505260194 | MAAA0684417 |
| 08/12/2020 | 27841 | AUDITOR GENERAL | 501 852,49 | RECEIVED | PAYMENT TO AUDITOR GENERAL INVOICE : INV353888 | Function:Finance and Administration:Core Function:Finance | Operational Cost:External Audit Fees | |
| 08/12/2020 | 27840 | THAKE ELECTRICAL CC | 364 991,16 | RECEIVED | RETENTION FOR THE WORK DONE FOR 8 MVA BACKBONE LINE 50% RETENTION | Function:Energy Sources:Non-core Function:Electricity | Retention:Withdrawal | MAAA0181616 |
| 08/12/2020 | 27857 | IHEANS TRAVELLING AGENCIES | 32 236,87 | RECEIVED | ACCOMMODATION ARRANGEMENT IN JHB FOR CLLR T.D MAFUMBATHA CHECKING IN 13/11/2020 OUT 15/11/2020 | Function:Executive and Council:Core Function:Mayor and Council | Accommodation Council 505260240 | MAAA0180464 |
| 08/12/2020 | 27839 | FORT HARE TRADING SOLUTIONS | 209 056,00 | RECEIVED | REQUEST FOR PAYMENT OF INVOICE M8493 FOR CLLR R.T NKOMO-KHWELA | Function:Finance and Administration:Core Function:Human Resources | Tuition fees | MAAA0092773 |
| 08/12/2020 | 27838 | THE DREAM GIRLS ENTREPRISE | 169 980,00 | RECEIVED | REQUEST PAYMENT OF THE DREAM GIRLS ENTERPRISE FOR SUPPLY AND DELIVERY OF DLTC STATIONERY | Function:Finance and Administration:Core Function:Finance:Default | Acquisitions | MAAA0390921 |
| 07/12/2020 | 27834 | MUNSOFT (PTY) LTD | 204 569,80 | RECEIVED | PAYMENT TO MUNSOFT MONTHLY SERVICE FEE-DECEMBER 2020 | Function:Finance and Administration:Core Function:Information Technology | Lease and usage | MAAA0175705 |
| 07/12/2020 | 27833 | TECHSEEDS | 42 989,62 | RECEIVED | PAYMENT TO TECHSEEDS FOR MONTHLY MAINTENANCE- MONTH OF NOVEMBER | Function:Finance and Administration:Core Function:Information Technology | Telephone and Fax | MAAA0092500 |

**6 531 764,30**

## 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 December 2020**

| | Company Name | Amount | Payments Made | Balance | Bid Number | Description of goods | Award Date | Department |
|---|---|---|---|---|---|---|---|---|
| 20 | Dosvents TD Pty Ltd | R 173 580,00 | R 173 580,00 | R 0,00 | MBIZLM09/11/20 IEY 2020F | INKCIYO END YEAR FUNCTION 2020 | 01/12/2020 | EXUCUTIVE AND MAYORALTY |
| 21 | VDS Concepts | R 140 000,00 | R 140 000,00 | R 0,00 | MBIZLM/02/11/20/PML | PRINTING OF MUNICIPAL NEWSLEETR | 01/12/2020 | MUNICIPAL MANAGER'S OFFICE |
| 22 | ATS Civils and Trading | R 148 600,00 | R 0,00 | R 148 600,00 | MBIZLM/08/10/20/M 2PS | MAINTENANCE OF TWO POUND SHELTERS | 0/12/2020 | COMMUNITY SERVICES |
| 23 | VDS Concepts | R 185 000,00 | R 185 000,00 | R 0,00 | MBIZLM/16/09/20/MS&V | MENTOR SERVICES AND VOUCHERS FOR YOUTH OWNED BUSINESS | 08/12/2020 | EXECUTIVE & MAYORALTY |
| 24 | Isigidimi Solutions | R 198 886,79 | R 198 886,79 | R 0,00 | MBIZLM/07/09/20/MRA | MUNICIPAL RISK ASSESSMENT | 09/12/2020 | MUNICIPAL MANAGER'S OFFICE |
| 25 | Dosvents TD Pty Ltd | R 68 000,00 | R 68 000,00 | R 0,00 | MBIZ LM/09/11/20/GV CHH | GIFT VOUCHERS FOR CHILD HEADED HOUSEHOLDS | 15/12/2020 | EXECUTIVE & MAYORALTY |
| 26 | Qobo and Partners Pty Ltd | Based on Rates (Not exceeding R 120 000.00) | R 0,00 | R 120 000,00 | MBIZLM/09/09/20/S&D LP 12M | SUPPLY & DELIVERY OF LIBRARY PERIODICALS FOR 12 MONTHS | 11/12/2020 | COMMUNITY SERVICES |
| 27 | Isanga Business Solutions Pty Ltd | R 105 000,00 | R 0,00 | R 105 000,00 | MBIZLM/14/09/20/01 ARB | ARBOE AWARENESS, SUPPLY & DELIVERY OF TREES, PLANTS, LANDSCAPING AND PROMOTIONAL MATERIAL | 08/12/2020 | COMMUNITY SERVICES |
| 28 | MFMT Trading Pty Ltd | R 152 200.00 | R0.00 | R152 200,00 | MBIZ LM/16/11/20/SD&IB | Supply, Delivery and Installation of Bins | 09/12/2020 | Community Services |
| 29 | Imidihlume General Trading | R 109 200.00 | R0.00 | R109 200,00 | MBIZ LM/16/11/20 ECW 2020 | Elderly Wellness camaign | 09/12/2020 | MUNICIPAL MANAGER'S OFFICE |
| 30 | Masinyane and Sons | 157 650.00 | R0.00 | R157 650,00 | MBIZ LM/16/11/20 U&PC: CPS | Uniform and protective Clothing: CPS | 11/12/2020 | CORPORATE SERVICES |
| 31 | Dosvents TD Pty Ltd | R 73 000.00 | R0.00 | R73 000,00 | MBIZ LM/16/11/20/MRD | Mpondo Reed dance | 11/12/2020 | MUNICIPAL MANAGER'S OFFICE |
| 32 | Imidihlume General Trading | R 196 625.00 | R0.00 | R196 625,00 | MBIZ LM/19/11/20 AGR | Supply & Deliver of Agricultural Inputs | 14/12/2020 | DEVELOPMENT PLANNING |
| Total | | **R 1 019 066,79** | **R 765 466,79** | | | | | |

## b) Tenders awarded during the month of December 2020

Competitive Bidding

| SUCCESSFUL TENDERER | AWARDED AMOUNT | TENDER NO | DESCRIPTION | DATE AWARDED | END USER DEPARTMENT |
|---|---|---|---|---|---|
| Stira Construction and Projects ( Pty) Ltd | R 516 650,00 | MBIZ LM 19/05/20/01ART | Supply and delivery of Arts Craft Material & Equipment | Friday, 04 December 2020 | Development Planning |
| Siphosakhe Trading | R 1 146 537,00 | MBIZ LMZM 20/05/20/03 | Supply and delivery of material, Equipment and machinery for SMMEs | Friday, 04 December 2020 | Development Planning |
| Siphosakhe Trading | R 865 000,00 | MBIZ LM 49 MAR | Supply and installation of market stalls and no walking double sided board mbiz lm 49 MAR | Friday, 04 December 2020 | Development Planning |
| Thake Electrical cc | R 15 795 175,57 | MBIZ LM 00057 EMV | Electrification of Sigidi Village | Friday, 04 December 2020 | Engineering Services |
| YG Solutions ( Pty) Ltd | R 2 098 308,13 | MBIZ LM 00066 E SV | Electrification of Sidanga Village | Friday, 04 December 2020 | Engineering Services |
| Banana Boat Business Enterprise | R 1 992 000,00 | MBIZ LM 0063WMS | Extension of Waste Maagement Services | Wednesday, 09 December 2020 | Community Services |
| Moya Trading | R 377 260,00 | MBIZ LM 0065EPU | Supply and Delivery of EPWP Uniform | Monday, 14 December 2020 | Community Services |
| Denasa Civils and Construction | R 8 478 910,44 | MBIZ LM 001MGA | Construction of Mqonjwana Access Road | Thursday, 17 December 2020 | Engineering Services |
| Mvi Construction and Mainatanance | R 7 134 908,66 | MBIZ LM 004 ENS | Construction of Ebumnandini to Nqabeni Access Road | Thursday, 17 December 2020 | Engineering Services |
| TOTAL | R 38 404 749,80 | | | | |

## c) Status of current closed tenders

| Name of the Project | Bid Number | Chairperson | Closing Date | Appointment Date | Validity | Validity Period | Status |
|---|---|---|---|---|---|---|---|
| Assessment Batho-Pele | MBIZLM00070BPF STUDY | Ms S.N.Majova(To be Re-Appointed) | Monday, 05 October 2020 | Tuesday, 13 October 2020 | 91 | Monday, 04 January 2021 | Ready for BAC |
| Customer Satisfactory Survey | MBIZ LM 00072 CSS | Ms S.N.Majova(To be Re-Appointed) | Monday, 05 October 2020 | Tuesday, 13 October 2020 | 91 | Monday, 04 January 2021 | Ready for BAC |
| Social Relief Material | MBIZ LM 0064 SRM | Mr.DN.Luphoko | Monday, 21 September 2020 | Tuesday, 13 October 2020 | 91 | Monday, 21 December 2020 | Ready for BAC |
| Disposal of Municipal Site | MBIZ LM 0060 DMP | Ms.N.Mafumbath | Tuesday, 22 | Wednesday, 14 | 90 | Monday, 21 December | To be |

| Name of the Project<br>Bid Number | | Chairperson | Closing Date | Appointment Date | Validity | Validity Period | Status |
|---|---|---|---|---|---|---|---|
| | | a | September 2020 | October 2020 | | 2020 | Evaluated |
| Fleet Maintenance | MBIZLM0069CFM | Ms N.Rabie | Friday, 13 November 2020 | Thursday, 03 December 2020 | 90 | Thursday, 11 February 2021 | To be Evaluated |
| Panel for Land Survey Services | MBIZLM00069PLS | B.Hlangabezo | Thursday, 12 November 2020 | Thursday, 03 December 2020 | 90 | Wednesday, 10 February 2021 | To be Evaluated |
| Equipment and Material to Capacitate Mbizana Fisheries | MBIZLM20/05/20/02 FSH | Mr.V.Nontanda | Thursday, 29 October 2020 | Friday, 06 November 2020 | 90 | Wednesday, 27 January 2021 | Ready for BAC |
| Supply & Installation of Lights and Panels | MBIZ LM 00074 ISL&P | N.Xoko | Monday, 16 November 2020 | Thursday, 03 December 2020 | 90 | Sunday, 14 February 2021 | To be Evaluated |
| Maintenance of 2 Nurseries for the Period of 12 Months | MBIZ LM 00072 MN12M | N.Xoko | Monday, 16 November 2020 | Thursday, 03 December 2020 | 90 | Sunday, 14 February 2021 | To be Evaluated |
| Implementation of of Records Management Programme | MBIZ LM 00072 IRMP | Ms N.Rabie | Tuesday, 03 November 2020 | Thursday, 03 December 2020 | 90 | Monday, 01 February 2021 | To be Evaluated |
| Review Disaster Recovery Plan | MBIZ LM 0069 R DRP | B.Hlangabezo | Friday, 20 November 2020 | Thursday, 03 December 2020 | 90 | Thursday, 18 February 2021 | To be Evaluated |
| Procurement of Server Room-Infrastructure | MBIZ LM 0070 P SR-1 | Mr M.Morlck | Friday, 20 November 2020 | Thursday, 03 December 2020 | 90 | Thursday, 18 February 2021 | To be Evaluated |
| Procurement of Server Room-UPS | MBIZ LM 0071 P SR-UPS | Mr M.Morlck | Friday, 20 November 2020 | Thursday, 03 December 2020 | 90 | Thursday, 18 February 2021 | No Submision s |
| Maintenance of Cultural Village | MBIZ LM0080 MCV | V.Nontanda | Thursday, 03 December 2020 | Thursday, 03 December 2020 | 90 | Wednesday, 03 March 2021 | To be Evaluated |
| Maintenance of Youth Centre | MBIZ LM 081 MYC | V.Nontanda | Thursday, 03 December 2020 | Thursday, 03 December 2020 | 90 | Wednesday, 03 March 2021 | To be Evaluated |
| Maintenance of municipal Main Building | MBIZ LM 0082 M MMB | V.Nontanda | Friday, 04 December 2020 | Thursday, 03 December 2020 | 90 | Thursday, 04 March 2021 | To be Evaluated |
| Supply and Delivery of Electricity Material | MBIZ LM 0083 S&D EM | N.Xoko | Friday, 04 December 2020 | Thursday, 03 December 2020 | 90 | Thursday, 04 March 2021 | To be Evaluated |
| CO-Sourcing Arrangements for internal Audit | MBIZ LM 00050 IAU | B.Hlangabezo | Monday, 14 December 2020 | Thursday, 03 December 2020 | 90 | Sunday, 14 March 2021 | To be Evaluated |
| Online Web Services | MBIZ LM 0084 OWS | Mr.M.Morlock | Monday, 14 December 2020 | Thursday, 03 December 2020 | 90 | Sunday, 14 March 2021 | To be Evaluated |
| Supply,Installation,operation and Maintenance of Automat Meter RS FOR 3Y | MBIZ LM 0085 AMRs | Mr.M.Morlock | Monday, 11 January 2021 | Thursday, 03 December 2020 | 90 | Monday, 12 April 2021 | To be Evaluated |
| Provission of Security Services | MBZ LM 08/12/20/03 | N/A | Monday, 25 January 2021 | N/A | 90 | N/A | Still on he Advert |
| CBD Road Maintenance(Re-Adverts) | MBIZ LM 00047 CBD | N/A | Monday, 25 | N/A | 90 | N/A | Still on he |

| Name of the Project | Bid Number | Chairperson | Closing Date | Appointment Date | Validity | Validity Period | | Status |
|---|---|---|---|---|---|---|---|---|
| | | | January 2021 | | | | | Advert |
| Hiring of Construction Plant(Re-Advert) | MBIZ LM 0046 PLA | N/A | Monday, 25 January 2021 | N/A | 90 | | N/A | Still on he Advert |
| Rehabilitation of Tshayingca Access Road(Re-Advert) | MBIZ LM 0046 RTA | N/A | Monday, 25 January 2021 | N/A | 90 | | N/A | Still on he Advert |

### d) Deviations

The following are deviations that were recorded during the month of December 2020.

| COMPANY | AMOUNT | NORMAL PROCUREMENT | PROCUREMENT USED | REASON FOR DEVIATION | SERVICE OR GOODS |
|---|---|---|---|---|---|
| Alstonia | R 29 200,00 | Three written quotations | One written quotation | There was an emergency need to unblock sewer lines and the service provider had recently completed a similar job for the main building | Maintenance of Toilets |
| Bheki mfo (pty) ltd | R 12 000,00 | 7 days tender | Three written quotations | No responsive bidder and event could not be rescheduled as people were killing each other in the village | VIP catering for 100 people attending community safety awareness campaign |
| Fakade construction (pty) ltd | R 15 000,00 | 7 days tender | Three written quotations | No responsive bidder and event could not be rescheduled as people were killing each other in the village | VIP lunch for 100 people attending community safety awareness campaign |
| Fezma projects pty ltd | R 12 750,00 | 7 days tender | Three written quotations | No responsive bidder and event could not be rescheduled as people were killing each other in the village | Lunch packs for 150 people attending community safety awareness campaign |
| Freeman trading pty ltd | R 29 950,00 | 7 days tender | Three written quotations | No responsive bidder and event could not be rescheduled as people were killing each other in the village | Hiring of tent, tables, chairs, stage, decor and podium for traffic awareness campaign |
| Mavuma | R 8 500,00 | 7 days tender | Three written quotations | No responsive bidder and event could not be rescheduled as people were killing each other in | Lunch packs for 100 people attending community safety |

| COMPANY | AMOUNT | NORMAL PROCUREMENT | PROCUREMENT USED | REASON FOR DEVIATION | SERVICE OR GOODS |
|---|---|---|---|---|---|
| agricultural primary | | | | the village | awareness campaign |
| Sibanye projects and development | R 12 750,00 | 7 days tender | Three written quotations | No responsive bidder and event could not be rescheduled as people were killing each other in the village | Lunch packs for 150 people attending community safety awareness campaign |
| **Total** | **R 120 150,00** | | | | |

## 11. Database rotation

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

| Creditor Name | Creditor Address | Function Name | Value | Status | Ward Number |
|---|---|---|---|---|---|
| TNJ MEDIA | P O BOX 21827 MARGATE WARD 2 SOUTHBROOM SP 4275 | Core Function:Human Resources | 26 719,00 | OPEN | Ward 2 |
| ISO NEWS | P.O BOX 257 KOKSTAD 4700 | Core Function:Municipal Manager Town Sec | 7 560,00 | OPEN | Kokstad |
| MASINYANE AND SON (PTY) LTD | P O BOX 229 BIZANA 4800 4800 | Non-core Function:Population Development | 24 000,00 | RECEIVED | Ward 17 |
| PONDO NEWS | BOX 1275 KOKSTAD | Core Function:Corporate Wide Strategic P | 6 785,00 | RECEIVED | Kokstad |
| BHEKI MFO (PTY) LTD | P.O BOX 600 REDOUBT WARD 20 4800 | Core Function:Police Forces Traffic and | 12 000,00 | RECEIVED | Ward 20 |
| FAKADE CONSTRUCTION (PTY) LTD | P.O.BOX 307 BIZANA WARD 1 4800 | Core Function:Police Forces Traffic and | 15 000,00 | RECEIVED | Ward 17 |
| FEZMA PROJECTS PTY LTD | P. O.BOX 1118 KOKSTAD WARD 2 4700 | Core Function:Police Forces Traffic and | 12 750,00 | RECEIVED | Ward 2 |
| SEBEKHO HOLDINGS | P.O BOX 31 BALASI QUMBU 5180 | Core Function:Police Forces Traffic and | 19 400,00 | RECEIVED | Ward 31 |
| FREEMAN TRADING PTY LTD | P O BOX 210080 BIZANA WARD 13 4800 | Core Function:Police Forces Traffic and | 29 950,00 | RECEIVED | Ward 13 |
| MAVUMA AGRICULTURAL PRIMARY | P.O BOX 871 BIZANA WARD 2 4800 | Core Function:Police Forces Traffic and | 8 500,00 | RECEIVED | Ward 2 |
| SIBANYE PROJECTS AND DEVELOPME | ENGELE LOC. WARD 2 BIZANA 4800 | Core Function:Police Forces Traffic and | 12 750,00 | RECEIVED | Ward 2 |
| SUGUDHAV-SEWPERSADH ATTORNEYS | P.O BOX 26582 OSLO BEACH 4240 | Core Function:Legal Services | 20 903,40 | RECEIVED | Margate |
| SOUTH AFRICAN QUALIFICATIONS A | PRIVATE BAG X06 WATERKLOOF 014 HATFIELD WARD 92 PRETORIA 0145 | Core Function:Human Resources | 1 620,00 | OPEN | Pretoria |
| AMAMPINGE TRADING AND CATERING | P O BOX 210362 BIZANA WARD 30 4800 | Core Function:Corporate Wide Strategic P | 10 900,00 | RECEIVED | Ward 30 |
| SUPA QUICK | BIZANA MAIN STREET BIZANA 4800 | Core Function:Police Forces Traffic and | 4 945,00 | OPEN | Ward 1 |
| FEZMA PROJECTS PTY LTD | P. O.BOX 1118 KOKSTAD WARD 2 4700 | Non-core Function:Population Development | 24 750,00 | RECEIVED | Ward 2 |
| CABHANI CONSTRUCTION(PTY)LTD | P.O BOX 210570 BIZANA WARD 13 4800 | Administrative and Corporate Support:Com | 22 800,00 | RECEIVED | Ward 13 |
| FLEET HORIZON SOLUTIONS | FIRST FLOOR; BUILDING 10G BRUMMERIA PRETORIA 0084 | Core Function:Fleet Management | 22 712,04 | RECEIVED | Pretoria |
| IHEANS TRAVELLING AGENCIES | 38 OWL STREET SOUTHERNWOOD UMTHATHA | Core Function:Human Resources | 8 901,00 | OPEN | Mthatha |
| PONDO NEWS | BOX 1275 KOKSTAD | Core Function:Finance | 6 670,00 | RECEIVED | Kokstad |
| IHEANS TRAVELLING AGENCIES | 38 OWL STREET SOUTHERNWOOD UMTHATHA | Core Function:Fleet Management | 7 884,00 | RECEIVED | Mthatha |

| Creditor Name | Creditor Address | Function Name | Value | Status | Ward Number |
|---|---|---|---|---|---|
| IHEANS TRAVELLING AGENCIES | 38 OWL STREET SOUTHERNWOOD UMTHATHA | Core Function:Municipal Manager Town Sec | 6 931,42 | RECEIVED | Mthatha |
| SOUTHERN BUSINESS SCHOOL | P/BAG X03 HELDERKRUIN | Core Function:Human Resources | 5 310,00 | RECEIVED | Heldderkruuin |
| SQUDA HOLDING GROUP | P O BOX 22 WARD 24 BIZANA 4800 | Core Function:Mayor and Council | 25 440,00 | RECEIVED | Ward 24 |
| SIPHOSAKHE TRADING | P.O.BOX 781 FLAGSTAFF WARD 08 4810 | Core Function:Mayor and Council | 18 600,00 | RECEIVED | Ward 8 |
| ZAMANTAMBO CONSTRUCTION AND PR | P.O BOX 296 BIZANA WARD 1 4800 | Core Function:Mayor and Council | 26 500,00 | RECEIVED | Ward 1 |
| LUSTARZ PROJECT (PTY) LTD | P.O BOX 226003 BIZANA WARD 8 4800 | Core Function:Mayor and Council | 29 000,00 | RECEIVED | Ward 8 |
| KU-BHA SERVICE STATION | P O BOX 20024 WARD 30 BIZANA 4800 | Core Function:Roads | 19 500,00 | RECEIVED | Ward 24 |
| PAM - TEE TRADING PTY LTD | P.O. BOX 637 MTSHEKELWENI LOCATION FLAGSTAFF 4810 | Core Function:Mayor and Council | 27 800,00 | RECEIVED | Ward 8 |
| SPA AND VUYO | P O BOX 433 WARD1 BIZANA 4800 | Core Function:Mayor and Council | 5 680,00 | RECEIVED | Ward 1 |
| ZAKHENI MABHOVU (PTY) LTD | P.O BOX 493 PORT EDWARD KWAZULU NATAL 4295 | Core Function:Roads | 29 190,00 | RECEIVED | Ward 23 |
| KUHLE KWETHU TRADING | PRIVATE BAG X1050 LUSIKISIKI 4820 | Core Function:Recreational Facilities | 18 735,00 | OPEN | Lusikisiki |
| QANVAS CONSTRUCTION GROUP PTY | P.O.BOX 30 BIZANA WARD 27 4800 | Core Function:Mayor and Council | 3 320,00 | RECEIVED | Ward 27 |
| GENBIZ TRADING 1001 PTY LTD | P O BOX 299 EAST LONDON 5201 | Core Function:Information Technology | 6 361,06 | RECEIVED | East London |

**529 866,92**

## 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 has broadly affected 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 the 2020/21 MTREF budget preparation 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.

During the month of December 2020, the president of the Republic announced government's decision to place the country back to adjusted level as a result of the rising numbers of infections and deaths due to Covid-19.

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. There has been a trend of businesses closing down and offices spaces that were occupied currently being empty. This will mean less revenue for the municipality as the impact continues show its full might.

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. There is however a risk that due to financial difficulties that will be experienced by the people, there will be more illegal connections in an attempt to keep the lights on despite the financial difficulties.

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.

A response on the outcome of the application was 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. The following are amounts that the municipality is required to pay back to the National Revenue Fund:

| Grant | **Original Allocation** | **Additional allocation/Roll Over** | **Roll-over Amount** | **Reason for Declining** |
|---|---|---|---|---|
| Municipal Infrastructure Grant | R48 362 000 | R 6 126 580 | R 541 598 | Roll over of a roll over |
| Financial Management Grant | R 2 215 000 | R0 | R 47 505 | No proof that the funds are committed |
| **Total** | **R50 577 000** | **R 6 126 580** | **R 589 103** | |

## 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 | 31 October 2020 |

| No | Section | Action | New Deadline |
|---|---|---|---|
| | | Auditor-General for auditing. | |
| 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 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 -<br>a) has approved the annual report with or without reservations;<br>b) has rejected the annual report; or<br>c) has referred the annual report back for revision of those components that can be revised. | 31 May 2021 |
| 4 | Section 133(2) of | The Auditor-General must submit to | 31 December 2020 |

| No | Section | Action | New Deadline |
|---|---|---|---|
| | the MFMA | Parliament and the provincial legislatures—<br>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<br>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. | |

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 October 2020 due to resources to audit these. This is also informed by the requirement 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. Special adjustment budget

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

There has been a need to consider the effects of Covid-19 on the municipality's revenue collection capacity and the affordability of consumers during and post Covid-19. Based on the current information and the anticipated financial of impact of this pandemic the municipality like any other institution must expect a sharp decline in its revenue collection capacity which must be countered with realistical financial planning and highest levels of discipline in implementing programs of the municipality. The National Government has then revised its Equitable share allocations to municipalities to cover their anticipated revenue shortfall.

The Municipal Manager with the assistance and advice of the management team recommends that a special adjustment budget be processed to accommodate the changes in existing grant allocations as a result of the COVID-19 global pandemic.

The Chief Financial Officer consulted with the departments with programmes that could be negatively affected by the massive drop in revenue collection in relation to their approved

planned programmes, with the budget principles and approach to be applied to avoid creating new programmes.

The municipality received funding additional funding from the national fiscus in the form of the equitable share. This allocation is meant to assist in the following areas:

- Procurement of PPE for employees
- Disinfecting of Municipal Buildings
- Other COVID-19 qualifying expenditures
- Fund revenue collection shortfalls for the 2021 financial year

There was also a downward adjustment in the Integrated National Electrification Programme Grant of just over R3 million.

## 4. Debtors' analysis

## Summary of all Debtors

EC443 Mbizana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

| Description | NT Code | Budget Year 2020/21 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total | Total over 90 days | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy |
| **Debtors Age Analysis By Income Source** | | | | | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 1200 | – | – | – | – | – | – | – | – | – | – | – | – |
| Trade and Other Receivables from Exchange Transactions - Electricity | 1300 | 2 242 | 1 444 | 1 370 | 1 318 | 1 286 | 9 525 | – | – | 17 186 | 12 129 | – | – |
| Receivables from Non-exchange Transactions - Property Rates | 1400 | 991 | 830 | 810 | 782 | 781 | 36 646 | – | – | 40 841 | 38 210 | – | – |
| Receivables from Exchange Transactions - Waste Water Management | 1500 | – | – | – | – | – | – | – | – | – | – | – | – |
| Receivables from Exchange Transactions - Waste Management | 1600 | 386 | 305 | 287 | 272 | 270 | 6 830 | – | – | 8 350 | 7 372 | – | – |
| Receivables from Exchange Transactions - Property Rental Debtors | 1700 | 229 | 19 | 20 | 18 | 18 | 224 | – | – | 527 | 259 | – | – |
| Interest on Arrear Debtor Accounts | 1810 | 413 | 405 | 394 | 440 | 426 | 12 363 | – | – | 14 441 | 13 229 | – | – |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820 | – | – | – | – | – | – | – | – | – | – | – | – |
| Other | 1900 | 401 | 250 | (191) | 220 | 218 | 2 893 | – | – | 3 792 | 3 332 | – | – |
| **Total By Income Source** | 2000 | 4 661 | 3 254 | 2 690 | 3 050 | 3 000 | 68 482 | – | – | 85 136 | 74 532 | – | – |
| **2019/20 - totals only** | | | | | | | | | | – | – | | |
| **Debtors Age Analysis By Customer Group** | | | | | | | | | | | | | |
| Organs of State | 2200 | 730 | 764 | 304 | 817 | 822 | 31 330 | – | – | 34 767 | 32 969 | – | – |
| Commercial | 2300 | 3 663 | 2 252 | 2 142 | 2 008 | 1 963 | 24 780 | – | – | 36 809 | 28 751 | – | – |
| Households | 2400 | 269 | 238 | 230 | 225 | 215 | 12 384 | – | – | 13 560 | 12 823 | – | – |
| Other | 2500 | (0) | (0) | 13 | (0) | (0) | (12) | – | – | 1 | (12) | – | – |
| **Total By Customer Group** | 2600 | 4 661 | 3 254 | 2 690 | 3 050 | 3 000 | 68 482 | – | – | 85 136 | 74 532 | – | – |

The table above shows municipal debtors for the month of December 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.

## 5. Creditors' analysis

EC443 Mbizana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

| Description | NT Code | Budget Year 2020/21 | | | | | | | | | Prior year totals for chart (same period) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | 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 | |
| Creditors Age Analysis By Customer Type | | | | | | | | | | | |
| Bulk Electricity | 0100 | | | | | | | | | – | |
| Bulk Water | 0200 | | | | | | | | | – | |
| PAYE deductions | 0300 | | | | | | | | | – | |
| VAT (output less input) | 0400 | | | | | | | | | – | |
| Pensions / Retirement deductions | 0500 | | | | | | | | | – | |
| Loan repayments | 0600 | | | | | | | | | – | |
| Trade Creditors | 0700 | – | – | – | – | – | – | – | – | – | |
| Auditor General | 0800 | | | | | | | | | – | |
| Other | 0900 | | | | | | | | | – | |
| Total By Customer Type | 1000 | – | – | – | – | – | – | – | – | – | – |

The above table shows the municipality's creditors and their ageing. The report shows that the municipality managed to settle all creditors within 30 days of receipt of a valid invoice. The municipality continues to find ways to ensure that all creditors are settled within the stipulated times and ensure that invoices that do not fully comply are not accepted until they are certified to be fully compliant.

## 6. Investment portfolio analysis

EC443 Mbizana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Yrs/Months | | | | | | | | | | | | |
| Municipality | | | | | | | | | | | | | | |
| FNB CALL DEPOSIT ACCOUNT(62550717767) | | Not fixed | Call Deposit | No | Variable | 0.001675498 | 0 | N/A | not fixed | 7 543 | 14 | (2 302) | – | 5 255 |
| FNB CALL DEPOSIT ACCOUNT(62459758078) | | Not fixed | Call Deposit | No | Variable | 0.001946661 | 0 | N/A | not fixed | 13 239 | 24 | (2 097) | – | 11 166 |
| FNB CALL DEPOSIT ACCOUNT(62028477992) | | Not fixed | Call Deposit | No | Variable | 0.002246322 | 0 | N/A | not fixed | 207 681 | 456 | (18 456) | 137 134 | 326 815 |
| FNB CALL DEPOSIT ACCOUNT(62816769220) | | Not fixed | Call Deposit | No | Variable | 0.002054799 | 0 | N/A | not fixed | 785 | 2 | – | – | 786 |
| FNB CALL DEPOSIT ACCOUNT(62816773073) | | Not fixed | Call Deposit | No | Variable | 0.001986302 | 0 | N/A | not fixed | 1 | 2 | – | 1 075 | 1 078 |
| FNB CALL DEPOSIT ACCOUNT(62550715828) | | Not fixed | Call Deposit | No | Variable | 0.002052758 | 0 | N/A | not fixed | 1 775 | 4 | (4) | – | 1 775 |
| FNB CALL DEPOSIT ACCOUNT(62852108531) | | Not fixed | Call Deposit | No | Variable | 0.038165527 | 0 | N/A | not fixed | 4 281 | 9 | – | – | 4 290 |
| Municipality sub-total | | | | | | | | | | 235 304 | | (22 858) | 138 209 | 351 165 |
| Entities | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | – |
| | | | | | | | | | | | | | | – |
| | | | | | | | | | | | | | | – |
| | | | | | | | | | | | | | | – |
| | | | | | | | | | | | | | | – |
| | | | | | | | | | | | | | | – |
| | | | | | | | | | | | | | | – |
| Entities sub-total | | | | | | | | | | – | | – | – | – |
| TOTAL INVESTMENTS AND INTEREST | 2 | | | | | | | | | 235 304 | | (22 858) | 138 209 | 351 165 |

The table above shows the municipality's investments performance. The table shows that the municipality's cash and cash equivalents increased during the month by just over R115.3 million which lead to an increase in its investments for the month of December 2020. It should however be noted that this only reflects the difference between what was received and what was spent.

# 7. Allocation and grant receipts and expenditure

## a) Transfers & Grants Receipts

**EC443 Mbizana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December**

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **RECEIPTS:** | 1,2 | | | | | | | | | |
| **Operating Transfers and Grants** | | | | | | | | | | |
| **National Government:** | | – | 311 814 | 363 013 | 138 209 | 278 970 | 181 507 | 97 464 | 53.7% | 363 013 |
| Local Government Equitable Share | | – | 278 139 | 332 422 | 137 134 | 262 297 | 166 211 | 96 086 | 57.8% | 332 422 |
| Finance Management | | – | 2 000 | 2 000 | – | 2 000 | 1 000 | 1 000 | 100.0% | 2 000 |
| EPWP Incentive | | – | 2 389 | 2 389 | 1 075 | 1 673 | 1 195 | 479 | 40.1% | 2 389 |
| Integrated National Electrification Programme | | – | 29 286 | 26 202 | – | 13 000 | 13 101 | (101) | -0.8% | 26 202 |
| | | – | – | – | – | – | – | – | | – |
| | 3 | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| Other transfers and grants [insert description] | | – | – | – | – | – | – | – | | – |
| **Provincial Government:** | | – | – | 402 | – | – | 201 | (201) | -100.0% | 402 |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | 4 | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| Greenest Municipality | | – | – | 402 | – | – | 201 | (201) | -100.0% | 402 |
| **District Municipality:** | | – | – | – | – | – | – | – | | – |
| *[insert description]* | | | | | | | | – | | |
| | | – | – | – | – | – | – | – | | – |
| **Other grant providers:** | | – | – | – | – | – | – | – | | – |
| *[insert description]* | | | | | | | | – | | |
| | | – | – | – | – | – | – | – | | – |
| **Total Operating Transfers and Grants** | 5 | – | 311 814 | 363 415 | 138 209 | 278 970 | 181 707 | 97 263 | 53.5% | 363 415 |
| **Capital Transfers and Grants** | | | | | | | | | | |
| **National Government:** | | – | 48 049 | 48 049 | – | 20 179 | 24 025 | (3 846) | -16.0% | 48 049 |
| Municipal Infrastructure Grant (MIG) | | – | 48 049 | 48 049 | – | 20 179 | 24 025 | (3 846) | -16.0% | 48 049 |
| | | – | – | – | – | – | – | | | – |
| | | – | – | – | – | – | – | | | – |
| | | – | – | – | – | – | – | | | – |
| | | – | – | – | – | – | – | | | – |
| | | – | – | – | – | – | – | – | | – |
| Other capital transfers *[insert description]* | | | | | | | | – | | |
| **Provincial Government:** | | – | – | – | – | – | – | – | | – |
| *[insert description]* | | – | – | – | – | – | – | – | | – |
| **District Municipality:** | | – | – | – | – | – | – | – | | – |
| *[insert description]* | | | | | | | | – | | |
| | | – | – | – | – | – | – | – | | – |
| **Other grant providers:** | | – | – | – | – | – | – | – | | – |
| *[insert description]* | | – | – | – | – | – | – | – | | – |
| **Total Capital Transfers and Grants** | 5 | – | 48 049 | 48 049 | – | 20 179 | 24 025 | (3 846) | -16.0% | 48 049 |
| **TOTAL RECEIPTS OF TRANSFERS & GRANTS** | 5 | – | 359 863 | 411 464 | 138 209 | 299 149 | 205 732 | 93 417 | 45.4% | 411 464 |

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

## b) Transfers & Grants Expenditure

**EC443 Mbizana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December**

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| EXPENDITURE | | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | – | 311 814 | 363 013 | 18 113 | 93 848 | 181 507 | (87 659) | -48.3% | 363 013 |
| Local Government Equitable Share | | | 278 139 | 332 422 | 15 232 | 84 656 | 166 211 | (81 555) | -49.1% | 332 422 |
| Finance Management | | | 2 000 | 2 000 | 50 | 364 | 1 000 | (636) | -63.6% | 2 000 |
| EPWP Incentive | | | 2 389 | 2 389 | – | 2 389 | 1 195 | 1 194 | 100.0% | 2 389 |
| Integrated National Electrification Programme | | | 29 286 | 26 202 | 2 831 | 6 438 | 13 101 | (6 663) | -50.9% | 26 202 |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| Other transfers and grants [insert description] | | | | | | | | – | | |
| Provincial Government: | | – | – | 402 | 9 | 402 | 201 | 201 | 100.0% | 402 |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| Greenest Municipality | | | – | 402 | 9 | 402 | 201 | 201 | 100.0% | 402 |
| District Municipality: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| *[insert description]* | | | | | | | | – | | |
| Other grant providers: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| *[insert description]* | | | | | | | | – | | |
| Total operating expenditure of Transfers and Grants: | | – | 311 814 | 363 415 | 18 122 | 94 250 | 181 707 | (87 458) | -48.1% | 363 415 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | – | 48 049 | 48 049 | 4 472 | 19 516 | 24 025 | (4 509) | -18.8% | 48 049 |
| Municipal Infrastructure Grant (MIG) | | | 48 049 | 48 049 | 4 472 | 19 516 | 24 025 | (4 509) | -18.8% | 48 049 |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| Other capital transfers [insert description] | | | | | | | | – | | |
| Provincial Government: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| District Municipality: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| Other grant providers: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| | | | | | | | | – | | |
| Total capital expenditure of Transfers and Grants | | – | 48 049 | 48 049 | 4 472 | 19 516 | 24 025 | (4 509) | -18.8% | 48 049 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | – | 359 863 | 411 464 | 22 594 | 113 765 | 205 732 | (91 967) | -44.7% | 411 464 |

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 - M06 December**

| Description | Ref | Budget Year 2020/21 | | | | |
|---|---|---|---|---|---|---|
| R thousands | | Approved Rollover 2019/20 | Monthly actual | YearTD actual | YTD variance | YTD variance % |
| **EXPENDITURE** | | | | | | |
| **Operating expenditure of Approved Roll-overs** | | | | | | |
| **National Government:** | | 6 306 | – | – | 6 306 | 100.0% |
| Local Government Equitable Share | | | | | – | |
| Finance Management | | | | | – | |
| EPWP Incentive | | | | | – | |
| Integrated National Electrification Programme | | 6 306 | – | – | 6 306 | 100.0% |
| | | | | | – | |
| | | | | | – | |
| Other transfers and grants [insert description] | | | | | – | |
| **Provincial Government:** | | 402 | 9 | 402 | 0 | 0.0% |
| | | | | | – | |
| | | | | | – | |
| | | | | | – | |
| | | | | | – | |
| Greenest Municipality | | 402 | 9 | 402 | 0 | 0.0% |
| **District Municipality:** | | – | – | – | – | |
| | | | | | – | |
| *[insert description]* | | | | | – | |
| **Other grant providers:** | | – | – | – | – | |
| | | | | | – | |
| *[insert description]* | | | | | – | |
| **Total operating expenditure of Approved Roll-overs** | | 6 707 | 9 | 402 | 6 306 | 94.0% |
| **Capital expenditure of Approved Roll-overs** | | | | | | |
| **National Government:** | | – | – | – | – | |
| Municipal Infrastructure Grant (MIG) | | | | | – | |
| | | | | | – | |
| | | | | | – | |
| | | | | | – | |
| | | | | | – | |
| Other capital transfers [insert description] | | | | | – | |
| **Provincial Government:** | | – | – | – | – | |
| | | | | | – | |
| | | | | | – | |
| **District Municipality:** | | – | – | – | – | |
| | | | | | – | |
| | | | | | – | |
| **Other grant providers:** | | – | – | – | – | |
| | | | | | – | |
| | | | | | – | |
| **Total capital expenditure of Approved Roll-overs** | | – | – | – | – | |
| **TOTAL EXPENDITURE OF APPROVED ROLL-OVERS** | | 6 707 | 9 | 402 | 6 306 | 94.0% |

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

## 8. Cash flow Statement

EC443 Mbizana - Table C7 Monthly Budget Statement - Cash Flow - M06 December

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Property rates | | – | 26 341 | 22 853 | 380 | 11 211 | 11 427 | (216) | -2% | 22 853 |
| Service charges | | – | 36 579 | 34 838 | 2 669 | 14 383 | 17 419 | (3 036) | -17% | 34 838 |
| Other revenue | | – | 11 515 | 11 515 | 580 | 4 903 | 5 758 | (854) | -15% | 11 515 |
| Transfers and Subsidies - Operational | | – | 282 528 | 337 213 | 138 209 | 270 255 | 168 606 | 101 649 | 60% | 337 213 |
| Transfers and Subsidies - Capital | | – | 77 335 | 74 251 | – | 33 179 | 37 125 | (3 946) | -11% | 74 251 |
| Interest | | – | 10 364 | 10 364 | 501 | 3 308 | 5 182 | (1 874) | -36% | 10 364 |
| Dividends | | – | – | – | – | – | – | – | | – |
| Payments | | | | | | | | | | |
| Suppliers and employees | | – | (379 171) | (366 571) | (23 330) | (131 883) | (183 286) | (51 403) | 28% | (366 571) |
| Finance charges | | – | (50) | (50) | – | – | (25) | (25) | 100% | (50) |
| Transfers and Grants | | – | – | – | – | – | – | – | | – |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | – | 65 440 | 124 413 | 119 010 | 205 356 | 62 206 | (143 150) | -230% | 124 413 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | | – | – | – | – | – | – | – | | – |
| Decrease (increase) in non-current receivables | | – | – | – | – | – | – | – | | – |
| Decrease (increase) in non-current investments | | – | – | – | – | – | – | – | | – |
| Payments | | | | | | | | | | |
| Capital assets | | – | (70 114) | (110 973) | (7 387) | (35 927) | (55 487) | (19 560) | 35% | (110 973) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | – | (70 114) | (110 973) | (7 387) | (35 927) | (55 487) | (19 560) | 35% | (110 973) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | | – | – | – | – | – | – | – | | – |
| Borrowing long term/refinancing | | – | – | – | – | – | – | – | | – |
| Increase (decrease) in consumer deposits | | – | (460) | (460) | – | – | (230) | 230 | -100% | (460) |
| Payments | | | | | | | | | | |
| Repayment of borrowing | | – | – | – | – | – | – | – | | – |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | – | (460) | (460) | – | – | (230) | (230) | 100% | (460) |
| NET INCREASE/ (DECREASE) IN CASH HELD | | – | (5 134) | 12 979 | 111 623 | 169 429 | 6 490 | | | 12 979 |
| Cash/cash equivalents at beginning: | | – | 215 140 | 215 140 | | 181 907 | 215 140 | | | 181 907 |
| Cash/cash equivalents at month/year end: | | – | 210 006 | 228 119 | | 351 336 | 221 630 | | | 194 886 |

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.

## 9. Statement of Financial Position

**EC443 Mbizana - Table C6 Monthly Budget Statement - Financial Position - M06 December**

| Description | Ref | 2019/20 | Budget Year 2020/21 | | | |
|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| **ASSETS** | | | | | | |
| **Current assets** | | | | | | |
| Cash | | – | 3 476 | 21 589 | 199 | 21 589 |
| Call investment deposits | | – | 206 991 | 206 991 | 351 138 | 206 991 |
| Consumer debtors | | – | 32 970 | 38 198 | 78 780 | 38 198 |
| Other debtors | | – | 43 763 | 43 763 | 56 529 | 43 763 |
| Current portion of long-term receivables | | – | – | – | – | – |
| Inventory | | – | 1 179 | 979 | 2 153 | 979 |
| **Total current assets** | | – | **288 379** | **311 520** | **488 799** | **311 520** |
| **Non current assets** | | | | | | |
| Long-term receivables | | – | – | – | – | – |
| Investments | | – | – | – | 27 | – |
| Investment property | | – | 25 097 | 25 097 | 34 201 | 25 097 |
| Investments in Associate | | – | – | – | – | – |
| Property, plant and equipment | | – | 682 178 | 728 552 | 656 189 | 728 552 |
| Biological | | – | – | – | – | – |
| Intangible | | – | – | (100) | 188 | (100) |
| Other non-current assets | | – | 1 281 | 1 281 | 1 231 | 1 281 |
| **Total non current assets** | | – | **708 556** | **754 830** | **691 836** | **754 830** |
| **TOTAL ASSETS** | | – | **996 934** | **1 066 350** | **1 180 635** | **1 066 350** |
| **LIABILITIES** | | | | | | |
| **Current liabilities** | | | | | | |
| Bank overdraft | | – | – | – | – | – |
| Borrowing | | – | – | – | – | – |
| Consumer deposits | | – | 460 | 460 | 451 | 460 |
| Trade and other payables | | – | 17 705 | 14 750 | 56 818 | 14 750 |
| Provisions | | – | 18 471 | 18 471 | 19 743 | 18 471 |
| **Total current liabilities** | | – | **36 636** | **33 681** | **77 013** | **33 681** |
| **Non current liabilities** | | | | | | |
| Borrowing | | – | – | – | – | – |
| Provisions | | – | 3 920 | 3 920 | 5 495 | 3 920 |
| **Total non current liabilities** | | – | **3 920** | **3 920** | **5 495** | **3 920** |
| **TOTAL LIABILITIES** | | – | **40 556** | **37 600** | **82 508** | **37 600** |
| **NET ASSETS** | 2 | – | **956 378** | **1 028 749** | **1 098 127** | **1 028 749** |
| **COMMUNITY WEALTH/EQUITY** | | | | | | |
| Accumulated Surplus/(Deficit) | | – | 956 378 | 1 028 749 | 1 098 127 | 1 028 749 |
| Reserves | | – | – | – | – | – |
| **TOTAL COMMUNITY WEALTH/EQUITY** | 2 | | **956 378** | **1 028 749** | **1 098 127** | **1 028 749** |

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

## 10. 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 December 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: 14/01/2021