



MBIZANA LOCAL MUNICIPALITY

MONTHLY REPORT

**REPORT IN TERMS OF s71 OF THE MFMA FOR THE
MONTH OF FEBRUARY 2021**

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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 eight report of the 2020/21 financial year which should give an indication of how the municipality has performed during the period of operation in the indicated year. This is normally the period where a number of programs would have began to take shape and expenditure began to pick up from the performance of the first half of the financial year that coincided with the year-end, preparation of the annual financial statements and the external audit by the Auditor-General. 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 has been used as a baseline for the adjustment budget that has also been passed during the month 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. Bengu | Revenue and Expenditure |

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

We reported in the previous reports 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 can however, confirm that the General Expenditure clerk position has been finalised and await the commencement of duties by the successful candidate. Short listing of suitable candidates and interviews for the Accountant: Reporting position should be concluded by 31 March 2021.

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. The advertising process is also expected to be finalised by 31 March 2021 as well.

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

- Manager: Assets and Stores Management – awaiting advertisement of the position
- General Expenditure Clerk – selection processes finalised
- Accountant: Reporting – short listing and interviews to be concluded by 31 March 2021

4. Implementation of mSCOA

As mentioned in the executive summary of the report, the municipality is implementing mSCOA as required from 1 July 2017. Following are some of the challenges that the implementation has posed to the municipality over the years since implementation:

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 6.5 has been released and introduced with MFMA Circular 107.

Since the introduction of mSCOA, National Treasury has introduced a number of chart versions with the latest version referred to above which will be used for both the draft and final budgets for 2022 and corrections made to the draft budget as per the budget engagements that will be held with Provincial Treasury during the month of April 2021.

The version has introduced a number of changes which are expected to pose 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 in the past been discovered to only work well with income and expenditure, other modules like balance sheet and cashflow budgeting still continue to produce aligning reports even though some principles are incorrect. 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 municipality made a request for procurement of a refuse removal truck which has been confirmed to be scheduled for delivery on the 3rd of March 2021.

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:

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KPA N0 4: Budget & Treasury																				
Outcome 9 Objective																				
Sub-Result	Issue	Strategic Objective	Strategies	Baseline	Project to be	Output -	KPI	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance	Responsible	Responsible					
				and 50% on refuse	se for refuse, electricity and property rates	billed as per consumer master database			refuse and electricity by June 2021				and electricity refuse and electricity							
					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 10 000.00	Yes	N/A	Development Specification and public notice	Appointment of the Service Provider	Delivery of items procured	N/A	Warldi	Revenue	Manager: Revenue and Expenditure
					Consumer Awareness - Catering and promotional items		4.1.4		Implement consumer awareness programme	Signed Publication Notice, Proof of Publication and Attendance register	R 20 000.00	Yes	N/A	Draft Public Notice	Hosting of awareness programme	Hosting of awareness programme	N/A	Warldi	Revenue	Manager: Revenue and Expenditure
					Development and implementation of the Revenue Strategy review in 2019/2020	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	Development Revenue Enhancement Implementation Plan	Present Revenue Enhancement Implementation council	N/A	N/A	Warldi	Revenue	Manager: Revenue and Expenditure

KPA N0 4: Budget & Treasury													
Outcome 9 Objective													
Sub-Result	Issue	Strategic	Objective	Strategies	Baseline	Project to be	Output -	KPI	KPI	Annual	Means of Verification	Budget	Responsible
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	Implementation of credit control measures	Long outstanding debtors, which are more than 365 days	Outsourcing of collection services	Debtors age analysis reflecting debtor's 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	R5000.00	Revenue
Expenditure Management	Invoices not submitted within 30 days of receipt for payment	To pay creditors within 30 days in compliance with the MFMA by June 2020	4.2	Enforcement of system descriptions and processes as per the Account payable policy	Invoices still taking longer to reach BTO for payment	Centralisation of submission of invoices per department	Age analysis reflecting creditors within 30 days	4.2.1	0.52	Settlement of all presented invoices within 30 days from receipt of invoice	Invoice register and age analysis report	N/A	Expenditure
Expenditure Management	Inadequate filing space and system for the volume of documents in the	To have an effective and reliable filing system for SCM and	4.3	Continuation of the Conversion of Budget and Treasury filing to electro	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	Progress report of Electronic Filing system (EFS), Progress report on scanned documents	R2000.00	Supply Chain Management

7. In-year budget statement tables

a) Budget Statement Summary

EC443 Mbizana - Table C1 Monthly Budget Statement Summary - M08 February

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	21 251	25 189	25 189	991	21 918	16 793	5 125	31%	25 189
Service charges	38 374	37 015	37 144	2 728	22 916	24 763	(1 846)	-7%	37 144
Investment revenue	9 660	10 364	10 364	1 451	4 783	6 909	(2 126)	-31%	10 364
Transfers and subsidies	268 843	282 528	354 940	210	265 704	236 627	29 078	12%	354 940
Other own revenue	23 818	13 646	13 476	1 105	8 212	8 984	(772)	-9%	13 476
Total Revenue (excluding capital transfers and contributions)	361 946	368 742	441 112	6 484	323 533	294 075	29 458	10%	441 112
Employee costs	104 852	119 133	119 313	8 458	70 594	79 542	(8 948)	-11%	119 313
Remuneration of Councillors	23 970	25 036	25 036	2 008	15 968	16 690	(723)	-4%	25 036
Depreciation & asset impairment	39 437	52 581	52 681	3 186	28 193	35 121	(6 927)	-20%	52 681
Finance charges	11	150	150	—	1	100	(99)	-99%	150
Materials and bulk purchases	41 417	39 573	42 513	2 728	23 583	28 342	(4 759)	-17%	42 513
Transfers and subsidies	1 418	1 835	7 018	616	1 139	4 678	(3 540)	-76%	7 018
Other expenditure	159 372	184 883	202 292	18 085	58 293	134 862	(76 569)	-57%	202 292
Total Expenditure	370 477	423 190	449 003	35 082	197 771	299 335	(101 565)	-34%	449 003
Surplus/(Deficit)	(8 531)	(54 449)	(7 891)	(28 597)	125 762	(5 261)	131 023	-2491%	(7 891)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	78 881	77 335	80 557	9 599	43 801	53 704	(9 903)	-18%	80 557
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	70 350	22 886	72 666	(18 999)	169 563	48 444	121 120	250%	72 666
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	70 350	22 886	72 666	(18 999)	169 563	48 444	121 120	250%	72 666
Capital expenditure & funds sources									
Capital expenditure	87 590	75 808	152 051	2 054	40 561	101 367	(60 806)	-60%	152 051
Capital transfers recognised	60 016	45 647	72 797	(3 841)	25 796	48 531	(22 736)	-47%	72 797
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	27 575	30 162	79 254	5 895	14 765	52 836	(38 071)	-72%	79 254
Total sources of capital funds	87 590	75 808	152 051	2 054	40 561	101 367	(60 806)	-60%	152 051
Financial position									
Total current assets	279 015	288 379	300 480	—	466 161	—	—	—	300 480
Total non current assets	679 499	708 556	742 592	—	691 873	—	—	—	742 592
Total current liabilities	58 261	36 636	70 154	—	88 218	—	—	—	70 154
Total non current liabilities	5 495	3 920	5 495	—	5 495	—	—	—	5 495
Community wealth/Equity	894 758	956 378	967 423	—	1 064 321	—	—	—	967 423
Cash flows									
Net cash from (used) operating	136 178	65 440	147 906	15 320	205 229	98 604	(106 625)	-108%	147 906
Net cash from (used) investing	(85 996)	(70 114)	(123 698)	(15 014)	(59 611)	(82 465)	(22 854)	28%	(123 698)
Net cash from (used) financing	—	—	43	—	—	29	29	100%	43
Cash/cash equivalents at the month/year end	173 844	216 467	187 885	—	322 854	188 812	(133 842)	-70%	201 481
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	4 779	3 236	3 123	2 986	2 575	71 843	—	—	88 542
Creditors Age Analysis									
Total Creditors	115	—	—	—	—	—	—	—	115

The table above shows a summary of the municipality's financial performance for the period ended 28 February 2021. 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) - M08 February

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									
Revenue - Functional										
<i>Governance and administration</i>		311 887	321 684	375 849	3 393	294 947	250 566	44 381	18%	375 849
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		311 887	321 684	375 849	3 393	294 947	250 566	44 381	18%	375 849
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5 779	4 942	5 546	355	2 760	3 698	(937)	-25%	5 546
Community and social services		328	181	883	2	19	589	(570)	-97%	883
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		5 451	4 761	4 663	354	2 742	3 109	(367)	-12%	4 663
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		54 440	48 612	65 697	3 140	24 709	43 798	(19 089)	-44%	65 697
Planning and development		307	563	17 648	3	72	11 765	(11 693)	-99%	17 648
Road transport		54 133	48 049	48 049	3 137	24 637	32 033	(7 395)	-23%	48 049
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		68 722	70 839	74 577	9 194	44 917	49 718	(4 801)	-10%	74 577
Energy sources		58 896	63 969	67 191	8 848	39 107	44 794	(5 687)	-13%	67 191
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9 826	6 870	7 386	347	5 810	4 924	886	18%	7 386
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	440 828	446 077	521 669	16 083	367 334	347 779	19 555	6%	521 669
Expenditure - Functional										
<i>Governance and administration</i>		154 836	184 624	186 835	10 383	88 469	124 556	(36 087)	-29%	186 835
Executive and council		54 296	63 018	60 829	3 751	32 354	40 553	(8 199)	-20%	60 829
Finance and administration		97 700	116 150	120 555	6 239	54 261	80 370	(26 108)	-32%	120 555
Internal audit		2 841	5 457	5 451	394	1 854	3 634	(1 780)	-49%	5 451
<i>Community and public safety</i>		29 327	30 879	30 775	1 671	13 521	20 516	(6 995)	-34%	30 775
Community and social services		8 044	12 117	11 534	530	4 354	7 689	(3 335)	-43%	11 534
Sport and recreation		7 497	2 769	3 039	229	1 480	2 026	(545)	-27%	3 039
Public safety		13 777	15 014	15 222	855	7 230	10 148	(2 918)	-29%	15 222
Housing		9	980	980	57	457	653	(197)	-30%	980
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		68 983	100 216	108 171	5 080	40 734	72 114	(31 380)	-44%	108 171
Planning and development		19 309	28 221	34 695	1 819	11 744	23 130	(11 386)	-49%	34 695
Road transport		47 085	69 641	71 202	3 177	27 923	47 468	(19 545)	-41%	71 202
Environmental protection		2 589	2 353	2 275	84	1 067	1 516	(449)	-30%	2 275
<i>Trading services</i>		115 111	103 891	119 886	17 578	53 482	79 924	(26 442)	-33%	119 886
Energy sources		96 839	77 927	93 174	15 707	38 932	62 116	(23 185)	-37%	93 174
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		18 271	25 964	26 712	1 871	14 551	17 808	(3 257)	-18%	26 712
<i>Other</i>		2 220	3 580	3 336	369	1 564	2 224	(660)	-30%	3 336
Total Expenditure - Functional	3	370 477	423 190	449 003	35 082	197 771	299 335	#####	-34%	449 003
Surplus/ (Deficit) for the year		70 350	22 886	72 666	(18 999)	169 563	48 444	121 120	250%	72 666

The table above shows the municipality's financial performance for the period ended 28 February 2021 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) - M08 February

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Revenue By Source										
Property rates		21 251	25 189	25 189	991	21 918	16 793	5 125	31%	25 189
Service charges - electricity revenue		33 884	32 578	32 578	2 381	19 897	21 719	(1 822)	-8%	32 578
Service charges - water revenue		—	—	—	—	—	—	—		—
Service charges - sanitation revenue		—	—	—	—	—	—	—		—
Service charges - refuse revenue		4 490	4 437	4 566	347	3 019	3 044	(25)	-1%	4 566
Rental of facilities and equipment		5 097	2 851	2 851	230	1 828	1 900	(73)	-4%	2 851
Interest earned - external investments		9 660	10 364	10 364	1 451	4 783	6 909	(2 126)	-31%	10 364
Interest earned - outstanding debtors		4 912	4 404	4 404	429	3 294	2 936	358	12%	4 404
Dividends received		—	—	—	—	—	—	—		—
Fines, penalties and forfeits		2 066	948	850	—	124	567	(443)	-78%	850
Licences and permits		2 237	2 756	2 756	249	1 629	1 837	(208)	-11%	2 756
Agency services		1 021	1 218	1 218	105	1 017	812	205	25%	1 218
Transfers and subsidies		268 843	282 528	354 940	210	265 704	236 627	29 078	12%	354 940
Other revenue		960	1 470	1 398	91	321	932	(611)	-66%	1 398
Gains		7 526	—	—	—	—	—	—		—
Total Revenue (excluding capital transfers and contributions)		361 946	368 742	441 112	6 484	323 533	294 075	29 458	10%	441 112

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 R2.3 million for the month and a year to date actual of R19.8 million. This is below the projection by 8% which is in line with the % recorded in the previous month which was also a big 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. During the month of January, it was identified that there is a need to conduct a professional re-assessment of the existing credit meters to ensure they have not been tampered with and are still reading correctly. The process is expected to be concluded in March and a report to this effect will be presented.

- **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 R347 thousand which is more than the projection by 1% which is because of the recently

approved adjustment budget that adjusted the revenue upwards. 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 R4.7 million worth of interest on investments with a year to date actual that is below the projection by 31%. This is an improvement from the 45% underperformance that was recorded in the previous month. This underperformance 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 R429 thousand for the period ended 28 February 2021 which is more than the amount projected for the period by 12%. 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 February 2021 which is the same as the past three months. This resulted in even less than a quarter of the projected amount for the period ended. It is worth noting though that this does not represent cash

collected and measures should be put in place to ensure people pay their fines. Experience has taught us that people generally do not settle traffic fines and, in most cases when they do they do so at lower values than the initial revenue recognised. This is one of the areas where we were forced to adjust down to ensure that we end up with realistic revenues.

- **Rental of facilities:** The municipality has properties that it rents out to other businesses and individuals from which it generates revenue. These include properties like the Boxer complex, Spar, Browns, Bargain and others. The revenue generated here also includes rental for billboards and advertising around the town area. The municipality has generated about R230 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 R249 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 11% which is an improvement from 14% 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 R265.7 million as this is the seven 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 83% overall collection rate for the month ended 28 February 2021. However, we note a 86% collection rate on leasehold fees, 104% on electricity and 86% on refuse removal for the period. This kind of performance has resulted in an increase from just over 23% at the end of the first quarter to 63% overall collection since the start of the financial year.

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

INCOME TYPE	1st QUARTER	OCT	NOV	DEC	2nd QUARTER	Jan-21	Feb-21	3rd QUARTER	TOTALS
RATES									
billed	16 963 532	990 906	990 906	990 906	2 972 719	990 906	990 906	1 981 813	21 918 064.17
payment received	972 433	9 528 781	249 991	537 087	10 315 858	389 989	426 784	816 773	12 105 064.14
% of billing received	6%	962%	25%	54%	347%	39%	43%	41%	55%
ELECTRICITY									
billed	6 790 291	3 225 859	2 247 534	2 242 143	7 715 536	2 349 708	2 159 951	4 509 659	19 015 484.99
payment received	3 495 575	2 151 617	1 566 753	2 008 519	5 726 890	1 310 804	2 254 279	3 565 083	12 787 548.41
% of billing received	51%	67%	70%	90%	74%	56%	104%	79%	67%
LEASEHOLD FEES									
billed	673 520	225 908	225 908	228 635	680 451	228 635	228 937	457 572	1 811 543.14
payment received	584 567	1 069 773	194 594	194 594	1 458 961	197 322	197 322	394 643	2 438 171.26
% of billing received	87%	474%	86%	85%	214%	86%	86%	86%	135%
VAT									
billed	1 293 838	573 358	428 859	428 460	1 430 676	434 500	415 201	849 701	3 574 215.75
payment received	699 716	530 101	338 070	373 647	1 241 817	256 184	417 118	673 302	2 614 835.69
% of billing received	54%	92%	79%	87%	87%	59%	100%	79%	73%
INTEREST									
billed	1 225 603	395 574	406 039	412 584	1 214 197	424 797	429 122	853 919	3 293 717.99
payment received	86 469	1 160 261	51 350	98 741	1 310 353	35 920	200 034	235 954	1 632 775.42
% of billing received	7%	293%	13%	24%	108%	8%	47%	28%	50%
REFUSE REMOVAL									
billed	1 161 800	385 626	385 626	385 626	1 156 877	385 626	379 126	764 752	3 083 429.03
payment received	512 077	305 256	278 869	248 948	833 073	162 231	326 894	489 125	1 834 275.38
% of billing received	44%	79%	72%	65%	72%	42%	86%	64%	59%
TOTAL INCOME									
billed	28 108 583	5 797 230	4 684 871	4 688 355	15 170 457	4 814 173	4 603 242	9 417 415	52 696 455
payment received	6 350 837	14 745 789	2 679 627	3 461 536	20 886 953	2 352 450	3 822 431	6 174 881	33 412 670
% of billing received	23%	254%	57%	74%	138%	49%	83%	66%	63%

e) Review of the Revenue enhancement strategy implementation

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.

The municipality has finalised the process of formulating the proposed structures to implement and monitor the implementation of the strategy and the first meeting of the structure is expected before the end March 2021.

f) Expenditure by Type

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

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									%	
Expenditure By Type										
Employee related costs		104 852	119 133	119 313	8 458	70 594	79 542	(8 948)	-11%	119 313
Remuneration of councillors		23 970	25 036	25 036	2 008	15 968	16 690	(723)	-4%	25 036
Debt impairment		8 570	4 500	8 600	–	–	5 733	(5 733)	-100%	8 600
Depreciation & asset impairment		39 437	52 581	52 681	3 186	28 193	35 121	(6 927)	-20%	52 681
Finance charges		11	150	150	–	1	100	(99)	-99%	150
Bulk purchases		33 255	31 896	34 616	2 569	21 364	23 077	(1 713)	-7%	34 616
Other materials		8 162	7 677	7 898	159	2 219	5 265	(3 046)	-58%	7 898
Contracted services		50 929	110 404	93 396	3 572	26 076	62 264	(36 188)	-58%	93 396
Transfers and subsidies		1 418	1 835	7 018	616	1 139	4 678	(3 540)	-76%	7 018
Other expenditure		44 470	69 979	64 020	2 725	20 428	42 680	(22 252)	-52%	64 020
Losses		55 402	–	36 277	11 789	11 789	24 184	(12 395)	-51%	36 277
Total Expenditure		370 477	423 190	449 003	35 082	197 771	299 335	(101 565)	-34%	449 003

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 28 February 2021 reflects an amount of R8.4 million for employee costs and R2 million for the remuneration of councillors. The remuneration of councillors shows a 4% 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 R2.5 million on electricity purchases for the period ended 28 February 2021 and a year to date actual of R21.3 million which is below the revised projected expenditure by 7%. This amount only relates to the last 21 days of July up to the first 10 days of February 2021 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 depreciation was recorded for at R3.1 million the period ended 28 February 2021 with a year to date actual of R28.1 million which is below the projected amount by 20% for the same period.

- **Contracted Services:** This relates to the municipality's general expenses that have been incurred during the month where only external service providers could be used to render the service or procure goods. This shows that the municipality incurred about R3.5 million for the month. This has resulted in a recorded saving of over R36.1 million which translates to 58% 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 52%, which is a slight improvement 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) - M08 February

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	-		-
Vote 2 - Budget and Treasury		311 534	296 215	350 379	3 323	274 826	233 586	41 240	17.7%	350 379
Vote 3 - Corporate Services		352	280	280	71	185	187	(2)	-1.2%	280
Vote 4 - Community Services		15 605	11 811	12 932	702	8 570	8 621	(51)	-0.6%	12 932
Vote 5 - Development Planning		111	25 621	42 680	3	19 995	28 454	(8 459)	-29.7%	42 680
Vote 6 - Engineering Services		113 226	112 149	115 396	11 984	63 758	76 931	(13 173)	-17.1%	115 396
Total Revenue by Vote	2	440 828	446 077	521 669	16 083	367 334	347 779	19 555	5.6%	521 669

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 R11.9 million for the month with Budget and Treasury showing generation of over R3.3 million which is attributable to rates billing that has not been moved to property services within Development Planning, Community and Social services at over R702 thousand as well as Development planning at R3 thousand.

h) Expenditure by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February

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										
Expenditure by Vote	1									
Vote 1 - Executive and Council		69 497	83 121	81 128	4 808	42 863	54 085	(11 222)	-20.7%	81 128
Vote 2 - Budget and Treasury		26 759	30 707	35 467	1 434	11 168	23 645	(12 477)	-52.8%	35 467
Vote 3 - Corporate Services		48 181	57 123	56 612	3 121	26 419	37 741	(11 322)	-30.0%	56 612
Vote 4 - Community Services		62 453	74 211	74 925	4 763	38 297	49 950	(11 653)	-23.3%	74 925
Vote 5 - Development Planning		16 060	25 425	31 488	1 712	9 099	20 992	(11 893)	-56.7%	31 488
Vote 6 - Engineering Services		147 526	152 604	169 383	19 244	69 924	112 922	(42 997)	-38.1%	169 383
Total Expenditure by Vote	2	370 476	423 190	449 003	35 082	197 771	299 335	(101 565)	-33.9%	449 003
Surplus/ (Deficit) for the year	2	70 352	22 886	72 666	(18 999)	169 563	48 444	121 120	250.0%	72 666

The table above shows the municipal expenditure by municipal vote. The total expenditure for the month of February 2021 amounted to just above R35 million.

i) Municipality's financial performance

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		21 251	25 189	25 189	991	21 918	16 793	5 125	31%	25 189
Service charges - electricity revenue		33 884	32 578	32 578	2 381	19 897	21 719	(1 822)	-8%	32 578
Service charges - water revenue		—	—	—	—	—	—	—		—
Service charges - sanitation revenue		—	—	—	—	—	—	—		—
Service charges - refuse revenue		4 490	4 437	4 566	347	3 019	3 044	(25)	-1%	4 566
Rental of facilities and equipment		5 097	2 851	2 851	230	1 828	1 900	(73)	-4%	2 851
Interest earned - external investments		9 660	10 364	10 364	1 451	4 783	6 909	(2 126)	-31%	10 364
Interest earned - outstanding debtors		4 912	4 404	4 404	429	3 294	2 936	358	12%	4 404
Dividends received		—	—	—	—	—	—	—		—
Fines, penalties and forfeits		2 066	948	850	—	124	567	(443)	-78%	850
Licences and permits		2 237	2 756	2 756	249	1 629	1 837	(208)	-11%	2 756
Agency services		1 021	1 218	1 218	105	1 017	812	205	25%	1 218
Transfers and subsidies		268 843	282 528	354 940	210	265 704	236 627	29 078	12%	354 940
Other revenue		960	1 470	1 398	91	321	932	(611)	-66%	1 398
Gains		7 526	—	—	—	—	—	—		—
Total Revenue (excluding capital transfers and contributions)		361 946	368 742	441 112	6 484	323 533	294 075	29 458	10%	441 112
Expenditure By Type										
Employee related costs		104 852	119 133	119 313	8 458	70 594	79 542	(8 948)	-11%	119 313
Remuneration of councillors		23 970	25 036	25 036	2 008	15 968	16 690	(723)	-4%	25 036
Debt impairment		8 570	4 500	8 600	—	—	5 733	(5 733)	-100%	8 600
Depreciation & asset impairment		39 437	52 581	52 681	3 186	28 193	35 121	(6 927)	-20%	52 681
Finance charges		11	150	150	—	1	100	(99)	-99%	150
Bulk purchases		33 255	31 896	34 616	2 569	21 364	23 077	(1 713)	-7%	34 616
Other materials		8 162	7 677	7 898	159	2 219	5 265	(3 046)	-58%	7 898
Contracted services		50 929	110 404	93 396	3 572	26 076	62 264	(36 188)	-58%	93 396
Transfers and subsidies		1 418	1 835	7 018	616	1 139	4 678	(3 540)	-76%	7 018
Other expenditure		44 470	69 979	64 020	2 725	20 428	42 680	(22 252)	-52%	64 020
Losses		55 402	—	36 277	11 789	11 789	24 184	(12 395)	-51%	36 277
Total Expenditure		370 477	423 190	449 003	35 082	197 771	299 335	#####	-34%	449 003
Surplus/(Deficit)		(8 531)	(54 449)	(7 891)	(28 597)	125 762	(5 261)	131 023	(0)	(7 891)
Transfers and subsidies - capital (monetary assistance), (National / Provincial and District)		78 881	77 335	80 557	9 599	43 801	53 704	(9 903)	(0)	80 557
(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		70 350	22 886	72 666	(18 999)	169 563	48 444			72 666
Taxation		—	—	—	—	—	—	—		—
Surplus/(Deficit) after taxation		70 350	22 886	72 666	(18 999)	169 563	48 444			72 666
Attributable to minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		70 350	22 886	72 666	(18 999)	169 563	48 444			72 666
Share of surplus/ (deficit) of associate		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		70 350	22 886	72 666	(18 999)	169 563	48 444			72 666

The municipality has so far recorded a deficit of over R18.9 million for the period ended 28 February 2021. 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 - M08 February

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									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		50 758	30 775	58 830	12 249	16 235	39 220	22 985	58.6%	58 830
Roads Infrastructure		31 165	28 475	29 880	6 630	10 316	19 920	9 604	48.2%	29 880
Roads		31 165	28 475	29 880	6 630	10 316	19 920	9 604	48.2%	29 880
Electrical Infrastructure		19 592	2 300	28 950	5 619	5 919	19 300	13 381	69.3%	28 950
MV Networks		19 592	—	26 950	5 619	5 210	17 967	12 757	71.0%	26 950
LV Networks		—	2 300	2 000	—	710	1 333	624	46.8%	2 000
Community Assets		4 003	1 100	2 383	483	1 142	1 589	447	28.1%	2 383
Community Facilities		4 003	1 100	2 383	483	1 142	1 589	447	28.1%	2 383
Halls		4 003	—	783	—	660	522	(137)	-26.3%	783
Markets		—	1 100	1 600	483	483	1 067	584	54.8%	1 600
Heritage assets		—	50	110	—	—	73	73	100.0%	110
Other Heritage		—	50	110	—	—	73	73	100.0%	110
Other assets		1 289	2 500	3 000	—	697	2 000	1 303	65.2%	3 000
Operational Buildings		1 289	2 500	3 000	—	697	2 000	1 303	65.2%	3 000
Yards		1 289	2 500	3 000	—	697	2 000	1 303	65.2%	3 000
Computer Equipment		3 400	6 800	8 200	—	3 562	5 467	1 905	34.9%	8 200
Computer Equipment		3 400	6 800	8 200	—	3 562	5 467	1 905	34.9%	8 200
Furniture and Office Equipment		1 101	1 650	1 750	—	279	1 167	887	76.1%	1 750
Furniture and Office Equipment		1 101	1 650	1 750	—	279	1 167	887	76.1%	1 750
Machinery and Equipment		2 537	2 101	2 692	160	255	1 795	1 540	85.8%	2 692
Machinery and Equipment		2 537	2 101	2 692	160	255	1 795	1 540	85.8%	2 692
Transport Assets		1 772	2 660	2 168	—	1 718	1 446	(273)	-18.9%	2 168
Transport Assets		1 772	2 660	2 168	—	1 718	1 446	(273)	-18.9%	2 168
Total Capital Expenditure on new assets	1	64 860	47 637	79 134	12 892	23 888	52 756	28 869	54.7%	79 134

EC443 Mbizana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M08 February

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									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		248	—	—	—	—	—	—	—	—
Roads Infrastructure		248	—	—	—	—	—	—	—	—
Roads		248	—	—	—	—	—	—	—	—
Community Assets		541	6 000	8 614	1 956	2 362	5 743	3 381	58.9%	8 614
Community Facilities		541	6 000	8 614	1 956	2 362	5 743	3 381	58.9%	8 614
Taxi Ranks/Bus Terminals		541	6 000	8 614	1 956	2 362	5 743	3 381	58.9%	8 614
Total Capital Expenditure on renewal of existing assets	1	789	6 000	8 614	1 956	2 362	5 743	3 381	58.9%	8 614

EC443 Mbizana - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M08 February

Description	Ref	2019/20	Budget Year 2020/21							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		–	2 000	4 800	–	–	3 200	3 200	100.0%	4 800
Roads Infrastructure		–	2 000	4 800	–	–	3 200	3 200	100.0%	4 800
Roads		–	2 000	4 800	–	–	3 200	3 200	100.0%	4 800
Community Assets		21 941	20 172	59 502	–	14 311	39 668	25 357	63.9%	59 502
Community Facilities		16 058	11 251	25 557	–	8 639	17 038	8 400	49.3%	25 557
Halls		16 058	11 251	25 557	–	8 639	17 038	8 400	49.3%	25 557
Sport and Recreation Facilities		5 884	8 921	33 945	–	5 673	22 630	16 957	74.9%	33 945
Outdoor Facilities		5 884	8 921	33 945	–	5 673	22 630	16 957	74.9%	33 945
Total Capital Expenditure on upgrading of existing assets	1	21 941	22 172	64 302	–	14 311	42 868	28 557	66.6%	64 302

The above tables indicate that the municipality spent R14.8 million for the month of its capital budget for the period ended 28 February 2021. The two major projects continue to underperform due to a number of reasons ranging from accidents and delays in agreeing on the correct designs between the contractor and the consultants. There is a positive side though as electrification projects have began picking up the pace and expenditure to at least make sure the rollovers are spent.

b) Capital Expenditure by municipal vote

EC443 Mbizana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February

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 2 - Budget and Treasury		2 304	2 100	2 000	0	1 258	1 333	(76)	-6%	2 000
Vote 6 - Engineering Services		21 941	18 172	57 502	-	14 311	38 335	(24 023)	-63%	57 502
Total Capital Multi-year expenditure	4,7	24 245	20 272	59 502	0	15 569	39 668	(24 099)	-61%	59 502
Single Year expenditure appropriation	2									
Vote 1 - Executive and Council		-	50	110	-	-	73	(73)	-100%	110
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		2 630	10 210	10 768	(0)	4 218	7 179	(2 961)	-41%	10 768
Vote 4 - Community Services		5 164	5 401	5 970	160	1 035	3 980	(2 945)	-74%	5 970
Vote 5 - Development Planning		-	1 100	1 600	483	483	1 067	(584)	-55%	1 600
Vote 6 - Engineering Services		55 550	38 775	74 100	14 205	19 256	49 400	(30 144)	-61%	74 100
Total Capital single-year expenditure	4	63 345	55 537	92 548	14 847	24 992	61 699	(36 707)	-59%	92 548
Total Capital Expenditure		87 590	75 808	152 051	14 848	40 561	101 367	(60 806)	-60%	152 051
Capital Expenditure - Functional Classification										
Governance and administration		5 265	12 760	13 279	-	5 476	8 852	(3 376)	-38%	13 279
Executive and council		-	50	110	-	-	73	(73)	-100%	110
Finance and administration		5 265	12 710	13 169	-	5 476	8 779	(3 303)	-38%	13 169
Community and public safety		1 902	3 191	3 660	160	940	2 440	(1 500)	-61%	3 660
Community and social services		160	1 300	1 900	-	780	1 267	(487)	-38%	1 900
Public safety		1 742	1 891	1 760	160	160	1 173	(1 013)	-86%	1 760
Economic and environmental services		57 899	55 747	103 179	9 069	28 131	68 786	(40 655)	-59%	103 179
Planning and development		26 486	25 272	68 499	2 438	17 815	45 666	(27 851)	-61%	68 499
Road transport		31 413	30 475	34 680	6 630	10 316	23 120	(12 804)	-55%	34 680
Trading services		22 524	4 110	31 933	5 619	6 014	21 289	(15 274)	-72%	31 933
Energy sources		19 592	2 300	30 023	5 619	5 919	20 015	(14 096)	-70%	30 023
Water management		-	-	-	-	-	-	-	-	-
Waste management		2 932	1 810	1 910	-	95	1 273	(1 178)	-93%	1 910
Total Capital Expenditure - Functional Classification	3	87 590	75 808	152 051	14 848	40 561	101 367	(60 806)	-60%	200 036
Funded by:										
National Government		60 016	45 647	72 597	8 953	25 796	48 398	(22 602)	-47%	72 597
Provincial Government		-	-	200	-	-	133	(133)	-100%	200
Transfers recognised - capital		60 016	45 647	72 797	8 953	25 796	48 531	(22 736)	-47%	72 797
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		27 575	30 162	79 254	5 895	14 765	52 836	(38 071)	-72%	79 254
Total Capital Funding		87 590	75 808	152 051	14 848	40 561	101 367	(60 806)	-60%	152 051

The above table indicates that the municipality spent R14.8 million of its capital budget for the period ended 28 February 2021 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 indicating the name of the company, tender amount, email address, date and time is prepared and posted on the municipal website for all bidders to know if their tenders will be considered
- All tenders are evaluated in electronic versions
- The recommended bidders are then requested to make a submission of the hard copies of their submission (originals)
- Only the hard copy of the winning bidder is then filed which also addresses issues with filing space and safety of the documents.

c) Review and redesign of SCM processes

The Supply Chain Management environment has changes that are introduced regularly to make it more efficient in delivering service and combating unfair and corrupt practices. The municipality appointed a service provider to assess our current SCM processes against all improvements in legislation and operating guidelines to ensure alignment. The project commenced in June 2020 and 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.

Order Date	Creditome	Totalamt	Specifications	Functiondesc	Segment
2021/02/19	Ku-Bha Service Station	487,50	Request For 25 Litres Of Fuel For The Municipal Pothe Machine (Breaker)	Function:Finance And Administration:Core Function:Finance:Default	Acquisitions
2021/02/25	Kwik-Fit Bizana	1 994,99	Request Purchase Of A Car Battery For Fzy 309 Ec Bakkie	Function:Public Safety:Core Function:Police Forces Traffic And Street Parking Control	Police-Maintenance
		2 482,49			

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

Docd ate	Creditorn ame	Totalamnt	Specifications	Functiondesc	Segment
2021/0 2/15	Your Media Today Hub And Print	3 400,00	Request For The Advertisement Of Bulk Metering Cables And Back Up Gen	Function:Planning Function:Project Management Unit	Advertising Fees Pmu 5505260540
2021/0 2/04	Your Media Today Hub And Print	3 400,00	Request For Re-Advertisement Of Private Security Services For Mbizana Municipality	Function:Public Safety:Core Function:Police Forces Traffic And Street Parking Control	Advertising Traffic 2505260540
2021/0 2/04	Your Media Today Hub And Print	3 400,00	Request For Five Re- Adverts (Irm, Fleet Maintenance, Car Wash, Busin H And Employee Awareness)	Function:Finance Function:Human Resources	Advertising Fees Human Resources 1010260540
2021/0 2/04	Your Media Today Hub And Print	3 400,00	Review Of Disaster Recover Plan Procurement Of Server Room Infrastructure Procurement Of Server Room Ups	Function:Finance Function:Human Resources	Advertising Fees Human Resources 1010260540
2021/0 2/19	Adapt It	4 988,70	Caseware Specialist Support - Remote	Function:Finance Function:Finance	Afs Preparation &Caseware Training
2021/0 2/15	Pondo News	4 999,97	Advert For Suitable Qualified Service Provider For Supply, Delivery An For Funded Agriculture Projects As Per Attached Specification	Function:Planning Function:Economic Development/Planning	Advertising Fees 1505
2021/0 2/16	Iso News	5 760,00	Request For The Advert Of Electrification Of Sidanga Village Linkline	Function:Planning Function:Project Management Unit	Advertising Fees Pmu 5505260540
2021/0 2/04	Iso News Pty Ltd	5 760,00	Re-Advert For Suitable Qualified Service Provider To Develop Online Ap Web Service	Function:Planning Function:Economic Development/Planning	Advertising Fees 1505
2021/0 2/04	Iso News (Pty) Ltd	5 760,00	Request For Advertising On Supply,Installation,Operation And Maintenan Automated Meter Reading System For Electricity Meters	Function:Finance Function:Finance	Advertising Finance
2021/0 2/15	Pondo News	7 958,00	Request For Re-Advert For Accountant:Reporting	Function:Finance Function:Administrative And Corporate Support	Advertising Publicity And Marketing:Corporate And Municipal
2021/0 2/24	Qobo And Partners	10 000,00	Payment For Supply & Delivery Of Periodicals For 12 Months. Certificate No.1	Function:Community And Social Services:Non-Core Function:Libraries And Archives	Newspaper Library 2505
2021/0 2/10	Southern Business School	*1 100,00	Payment To Sbs For Study Assistance For Simbongile Madikizela	Function:Finance Function:Human Resources	Study Assistance Hr 1010260395
2021/0 2/19	Arena Holdings	*4 593,50	Request For Three Adverts ,Fleet Management Officer ,Labour Relation And Manager:Municipal Operations	Function:Finance Function:Human Resources	Advertising Fees Human Resources 1010260540

Docd ate	Creditorn ame	Totalamnt	Specifications	Functiondesc	Segment
2021/0 3/01	Ku-Bha Service Station	15 600,00	Request Procurement Of 800 Litres Of Diele For Dltc And Pound Backup Generator	Function:Finance And Function:Finance:Default	Acquisitions
2021/0 2/10	University Of Kwazulu- Natal	16 600,00	Payment To Ukzn For Study Assistance For Sindile Ndevu	Function:Finance And Function:Human Resources	Study Assistance Hr 1010260395
2021/0 2/10	Unisa	17 435,00	Payment To Unisa For Sudy Assistance For Babalwa Gaxela	Function:Finance And Function:Human Resources	Study Assistance Hr 1010260395
2021/0 2/19	Senzakonk e Mzm Trading Company	18 150,00	Request Service Of Compactor Machine	Function:Road Transport:Core Function:Roads	Maintenance: Equipment
2021/0 2/24	Ku-Bha Service Station	19 500,00	Request For Grass Cutting Fuel 1000 Litres	Function:Finance And Function:Finance:Default	Acquisitions
2021/0 2/24	Regenesys Managem nt Shcool	25 000,00	Payment Request To Regenesys Business School For Mr Mpumelelo Mkhungo	Function:Finance And Function:Human Resources	Study Assistance Hr 1010260395
2021/0 2/24	Southern Business School	29 710,00	Payment Request To Southern Business School For Ms Ziyanda Bewu	Function:Finance And Function:Human Resources	Study Assistance Hr 1010260395
		226 515,17			

f) Procurement above R30 000 but below R200 000

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

Order date	Creditorname	Totalamnt	Specifications	Functiondesc	Segmentdesc
2021/02/15	Als Civils & Trading Pty Ltd	51 000,00	Payment To Als Civils For Bundles Of Brandlings(Treated)	Function:Public Safety:Core Function:Licensing And Control Of Animals	Maintenance Of Pound
2021/02/19	Unisa	55 078,00	Payment Request For Ms Khayakazi Ndava, For Study Assistance	Function:Finance And Administration:Core Function:Human Resources	Study Assistance Hr 1010260395
2021/02/16	Dosvents Td Pty Ltd	58 130,00	20x Bales 40 Microns Refuse Bags	Function:Finance And Administration:Core Function:Administrative And Corporate Support	Cleaning Materials 1010260070
2021/02/19	Imidhlume General Trading (Pt)	59 265,00	Payment For Agricultural Inputs	Function:Planning And Development:Core Function:Economic Development/Planning	Agriculture 1505260765 Seedlings Fertilizers
2021/02/24	Unisa	92 532,00	Payment Request To Unisa For Ms Nwabisa Jokweni	Function:Finance And Administration:Core Function:Human Resources	Study Assistance Hr 1010260395
2021/02/09	Ku-Bha Service Station	97 500,00	Request For Fuel For Municipal Plant (5000 Litres)	Function:Road Transport:Core Function:Roads	Rm Road Maintenance Fuel And Oil
2021/02/09	Commerce Edge South Africa	110 057,30	Payment For Study Fees For Ms. A. Ntongana	Function:Finance And Administration:Core Function:Human Resources	Study Assistance Hr 1010260395
2021/02/15	Ezamavovo Trading (Pty) Ltd	160 000,00	Storage Container With Wooden Floor	Function:Public Safety:Core Function:Police Forces Traffic And Street Parking Control	Dltc Container
2021/02/11	Black Capital Solutions	185 000,00	Payment To Black Capital Solution For Procurement Of Sme Brouchers	Function:Planning And Development:Core Function:Economic Development/Planning	Business Conference Marketing Materials 1505
		868 562,30			

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.

					Feb-21		
30	Dosvents TD Pty Ltd	R 58 130,00	R 0,00	R 0,00	MBIZLM/27/08/20S&DCM	SUPPLY AND DELIVERY OF CLEANING MATERIAL	09/02/2021
31	Sebekho Holdings	R 197 860,00	R 0,00	R 0,00	MBIZLM/11/09/20/01PSU	SUPPLY AND DELIVERY OF PROTECTION UNIFORM	15/02/2021
32	Ezamazovo Trading Pty Ltd	R 180 000,00	R 0,00	R 0,00	MBIZLM/01/02/21VCE 2021	CAREER GUIDANCE : VIRTUAL EXHIBITION	19/02/2021
33	NCSG Trading Pty Ltd	R 122 325,00	R 0,00	R 0,00	MBIZLM/01/02/21/PM STA	PROCUREMENT OF MUNICIPAL STATIONERY	24/02/2021
34	Vava Consulting Pty Ltd	R 74 700,00	R 0,00	R 0,00	MBIZLM/26/01/21S&DHCK	SUPPLY AND DELIVERY OF HEALTH CARE KITS	19/02/2021
35	Emerald and Metering	R 189 681,00	R 0,00	R 0,00	MBIZLM/19/01/20/APM	ASSESSMENT AND PROGRAMMING OF METERS	25/02/2021
36	Sne Jay Construction	R 97 390,00	R 0,00	R 0,00	MBILZM/01/02/21BSC2021	BACK TO SCHOOL CAMPAIGN	25/02/2021
Total		R 920 086,00	R 0,00	R 0,00			

b) Tenders awarded during the month of February 2021

Competitive Bidding

	SUCCESSFUL TENDERER		TENDER NO	DESCRIPTION	DATE AWARDED	END DEPARTMENT	USER
2 3	Lulo Investment PTY LTD	R 1 437 738,75	MBIZ LM 0082 MMB	Maintenance of municipal building	Monday, 01 February 2021	Engineering Services	
2 4	Lulo Investment PTY LTD	R 733 425,00	MBIZ LM 0080 MCV	Maintenance of cultural village	Monday, 01 February 2021	Engineering Services	
2 5	Lulo Investment PTY LTD	R 663 390,00	MBIZ LM 0081 MYC	Maintenance of Youth centre	Monday, 01 February 2021	Engineering Services	
2 6	Isigidimi Solutions	R 0,00	MBIZ LM 00050 IAU	Co-Sourcing arrangements for internal auditing	Saturday, 08 February 2020	Municipal Manager	
2 7	Matshathula Sibukwa JV	R 0,00	MBIZ LM	Hiring of Construction plant	Monday, 15 February 2021	Corporate Services	
	TOTAL	R 2 834 553,75					

c) Status of current closed tenders

Name of the Project	Bid Number	Chairperson	Closing Date	Appointment Date	Validity	End of Validity	Status
Assessment Batho-Pele	MBIZLM00070BP F STUDY	Ms.N.Ngejane	Monday, 05 October 2020	Tuesday, 13 October 2020	91	Monday, 04 January 2021	To be re-advertised
Customer Satisfactory Survey	MBIZ LM 00072 CSS	Ms.N.Ngejane	Monday, 05 October 2020	Tuesday, 13 October 2020	91	Monday, 04 January 2021	To be re-advertised
Disposal of Municipal Site	MBIZ LM 0060 DMP	Ms.N.Mafumbatha	Tuesday, 22 September 2020	Wednesday, 14 October 2020	90	Monday, 21 December 2020	to be awarded
Panel for Land Survey Services	MBIZLM00069PLS	Hlangabezo	Thursday, 12 November 2020		90	Wednesday, 10 February 2021	To be re-advertised
Equipment and Material to Capacitate Mbizana	MBIZLM20/05/20/	Not Yet	Monday, 22	N/A	90	Sunday, 23 May	To be

Name of the Project	Bid Number	Chairperson	Closing Date	Appointment Date	Validity	End of Validity	Status
Fisheries	02FSH	Appointed	February 2021			2021	appointed
Implementation of Records Management Programme	MBIZ LM 00072 IRMP	N/A	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	Re-advertised
Review Disaster Recovery Plan	MBIZ LM 0069 R DRP	N/A	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	Re-advertised
Procurement of server room-Ups	MBIZ LM 0071 P SR-UPS	Not Yet Appointed	Tuesday, 02 March 2021	N/A	90	Monday, 31 May 2021	Re-advertised
Procurement of Server Room-Infrastructure	MBIZ LM 0070 P SR-1	Not Yet Appointed	Monday, 01 March 2021	N/A	90	Sunday, 30 May 2021	Re-advertised
Review Disaster Recovery Plan	MBIZ LM 0069 R DRP	Not Yet Appointed	Monday, 01 March 2021	N/A	90	Sunday, 30 May 2021	Re-advertised
Replacement of LV & MV lines	MBIZ LM 00059 LV & MV L	Not Yet Appointed	Wednesday, 03 March 2021	N/A	90	Tuesday, 01 June 2021	Re-advertised
Fencing of Mzamba Community Hall & Extension of Dudumani Hall	MBIZ LM /02/02/01 FEW	Not Yet Appointed	Tuesday, 02 March 2021	N/A	90	Monday, 31 May 2021	Re-advertised
Reviewal of Disaster Management plan	MBIZ LM 29/09/20/ R DRMP	Not Yet Appointed	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	Re-advertised
Reviewal of Climate change strategy	MBIZ LM 11/02/21/01 CCS	Not Yet Appointed	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	Re-advertised
Minor Maintenance of Recreational Facilities (1GB)	MBIZ LM 16/09/20/01 MRF	Not Yet Appointed	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	Re-advertised
Maintenance of 4 Mbizana Libraries(1GB)	MBIZ LM 0009 MLF	Not Yet Appointed	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	Re-advertised
Online Web Services	MBIZ LM 0084 OWS	Not Yet Appointed	Tuesday, 09 March 2021	N/A	90	Monday, 07 June 2021	Re-advertised
Disaster Socila Relief Material	MBIZ LM 0064 SRM	Not Yet Appointed	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	Re-advertised
Contract fleet Maintenance for 36 months	MBIZ LM 0069 CFM	Not Yet Appointed	Wednesday, 10 March 2021	N/A	90	Tuesday, 08 June 2021	Re-advertised
Provision of car wash for 36 months	MBIZ LM 0089 PCWS	Not Yet Appointed	Wednesday, 10 March 2021	N/A	90	Tuesday, 08 June 2021	Re-advertised
Electrification of Sidanga Village Linkline	MBIZ LM	Mr. V.	Friday, 05 March	21-Jan	90	Thursday, 03 June	Re-

Name of the Project	Bid Number	Chairperson	Closing Date	Appointment Date	Validity	End of Validity	Status
	04/02/21/02	Mqina	2021			2021	advertised
CBD Road Maintenance	MBIZ LM 0047 CBD	Mr. V. Nontanda	Monday, 25 January 2021	22-Jan	90	Sunday, 25 April 2021	Re- advertised
Rehabilitation of Tshayingca Access Road	MBIZ LM 0048 RTAR	Mr. V. Nontanda	Monday, 25 January 2021	23-Jan	90	Sunday, 25 April 2021	Re- advertised
Private Security Company	MBIZ LM 08/12/20/03/PSC	Not Yet Appointed	Monday, 25 January 2021	N/A	90	Sunday, 25 April 2021	Re- advertised
Supply, Installation Operation and Maintenance of Automated System for 3 years	MBIZ LM 0085 AMRs	Not Yet Appointed	Wednesday, 10 March 2021	N/A	90	Tuesday, 08 June 2021	Re- advertised
DLTC Palisade Fencing	MBIZ LM 03/02/21/3 FEN	Not Yet Appointed	Friday, 05 March 2021	N/A	90	Thursday, 03 June 2021	Re- advertised

d) Deviations

No deviations were recorded during the month of February 2021.

11. Database rotation

The following table indicates the service providers that have been utilised for the month of February 2021. 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.

Order Date	Creditor Name	Creditor Address	Function Name	Value	Status	Ward no.
2021/02/19	KU-BHA SERVICE STATION	P O BOX 20024 WARD 30 BIZANA 4800	Core Function:Roads	487,50	OPEN	Ward 08
2021/02/25	KWIK-FIT BIZANA	SHOP 221 45 MAIN STREET BIZANA 4800	Core Function:Police Forces Traffic and	994,99	OPEN	Ward 01
2021/02/15	YOUR MEDIA TODAY HUB AND PRINT	NO 85 MAIN STREET KOKSTAD 4700	Core Function:Project Management Unit	400,00	RECEIVED	Kokstad
2021/02/04	YOUR MEDIA TODAY HUB AND PRINT	NO 85 MAIN STREET KOKSTAD 4700	Core Function:Police Forces Traffic and	400,00	RECEIVED	Kokstad
2021/02/04	YOUR MEDIA TODAY HUB AND PRINT	NO 85 MAIN STREET KOKSTAD 4700	Core Function:Police Forces Traffic and	400,00	RECEIVED	Kokstad
2021/02/04	YOUR MEDIA TODAY HUB AND PRINT	NO 85 MAIN STREET KOKSTAD 4700	Core Function:Economic Development/Plann	400,00	RECEIVED	Kokstad
2021/02/04	YOUR MEDIA TODAY HUB AND PRINT	NO 85 MAIN STREET KOKSTAD 4700	Core Function:Human Resources	400,00	RECEIVED	Kokstad
2021/02/19	ADAPT IT	5 RYDALL VALE CRESCENT LA LUCIA RIDGE WARD 35 4051	Core Function:Finance	988,70	RECEIVED	Durban
2021/02/15	PONDO NEWS	BOX 1275 KOKSTAD	Core Function:Economic Development/Plann	999,97	RECEIVED	Kokstad
2021/02/16	ISO NEWS	P.O BOX 257 KOKSTAD 4700	Core Function:Project Management Unit	760,00	RECEIVED	Kokstad
2021/02/04	ISO NEWS PTY LTD	P.O BOX 257 KOKSTAD KOKSTAD 4700	Core Function:Human Resources	760,00	RECEIVED	East London
2021/02/04	ISO NEWS (PTY) LTD	P.O BOX 257 KOKSTAD WARD 1 4700	Core Function:Finance	760,00	RECEIVED	East London
2021/02/15	PONDO NEWS	BOX 1275 KOKSTAD	Core Function:Human Resources	958,00	RECEIVED	Kokstad

Order Date	Creditor Name	Creditor Address	Function Name	Value	Status	Ward no.
2021/02/24	QOBO AND PARTNERS	SKHUMBENI BIZANA WARD 7 4800	Libraries and Archives:Libraries and A	10 000,00	RECEI VED	East London
2021/02/10	SOUTHERN BUSINESS SCHOOL	P/BAG X03 HELDERKRUIN	Core Function:Human Resources	11 100,00	RECEI VED	Johannesburg
2021/02/19	ARENA HOLDINGS	P.O BOX 2447 CAPE TOWN 8000 8000	Core Function:Human Resources	14 593,50	OPEN	East London
2021/03/01	KU-BHA SERVICE STATION	P O BOX 20024 WARD 30 BIZANA 4800	Core Function:Police Forces Traffic and	15 600,00	OPEN	Ward 08
2021/02/10	UNIVERSITY OF KWAZULU-NATAL	P.O BOX WESTVILLE CAMPUS VARSITY DRIVE; DURBAN 3630	Core Function:Human Resources	16 600,00	RECEI VED	Durban
2021/02/10	UNISA	P O BOX 488	Core Function:Human Resources	17 435,00	RECEI VED	Durban
2021/02/19	SENZAKONKE TRADING COMPANY MZM	P.O.BOX 450 BIZANA 4800	Core Function:Roads	18 150,00	RECEI VED	Na 4800
2021/02/24	KU-BHA SERVICE STATION	P O BOX 20024 WARD 30 BIZANA 4800	Core Function:Solid Waste Removal	19 500,00	OPEN	Ward 08
2021/02/24	REGENESYS MANAGEMENT SCHOOL	PRIVATE BAG X9976 SANDTON CITY CITY OF JOHANNESBURG 2146	Core Function:Human Resources	25 000,00	RECEI VED	East London
2021/02/24	SOUTHERN BUSINESS SCHOOL	P/BAG X03 HELDERKRUIN	Core Function:Human Resources	29 710,00	RECEI VED	Erkrui

232 397,66

PART 2 – SUPPORTING DOCUMENTATION

12. 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 revenue. 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	

13. 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 - a) has approved the annual report with or without reservations; b) has rejected the annual report; or 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	<p>Parliament and the provincial legislatures—</p> <p>a) by no later than 31 October of each year, the names of any municipalities or municipal entities which have failed to submit their financial statements to the Auditor-General in terms of section 126; and</p> <p>b) at quarterly intervals thereafter, the names of any municipalities or municipal entities whose financial statements are still outstanding at the end of each interval.</p>	

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.

14. Draft budget process

During the month of February, the municipality passed an adjustment budget.

The Budget and Treasury Department through the office of budgeting and reporting conducted consultation sessions with departments to provide guidance and request inputs on the proposed adjustments. These adjustments were then consolidated to produce the proposed adjustment budget that was then approved by council for implementation from the 27th February 2021.

These figures were then used as the baseline for the draft budget to adopted by 31 March 2021.

On the 24th February 2021, the Minister of Finance in the country tabled his budget speech to parliament that laid some ground rules on the processes to be followed by government institutions in formulating their own budgets while also setting limits that institutions may go up to. These guidelines and limits were consolidated by the municipality to work out the municipality's revenue basket which will determine the municipality's affordability levels. These will be used to ensure compliance with the requirements of a credible budget which are basically about ensuring the budget is fully funded from realistically anticipated revenues. The Budget and Treasury Department through the office of budgeting and reporting provided guidelines to be followed by departments in their 2021/22 draft budget submissions. These submissions were then consolidated to come up with the municipality's draft budget that will then be submitted to council for adoption by 31 March 2021.

15. Audit progress

The municipality submitted Annual Financial Statements to the Auditor General for audit on the 30th October 2020 as required by the revised government gazette. The audit then commenced in November 2020 and the outcome was issued by the 26th February 2020.

The municipality received and responded to the following:

- 34 Requests for information
- 16 Communications of audit findings
 - a) Areas of findings

Errors in the valuation of investment properties,

Non-cash items included in the presentation of the cashflow statement,

Prevention of irregular and fruitless expenditure

Understatement of commitments

Inconsistency in the comparative reporting of the notes on Employee costs

Appropriation statement included in the financial statements

Comparative contingent liabilities understatement

The overall audit outcome was confirmed to be an unqualified audit opinion that has been maintained for the past five years. The only area that resulted in the opinion not changing was confirmed to be prevention of irregular expenditure.

16. Implementation of the Finance Management Internship Programme

The municipality implements the Finance Management Internship from funded through the Financial Management Grant as one of the conditions indicated in the grant framework. The program is implemented in line with the guidelines that govern the following:

- a) Number of interns, which is 5 at all times
- b) The minimum requirements for recruitment of the interns
- c) The recruitment process to be followed
- d) The duration of the programme
- e) The remuneration structure and limits
- f) The reporting requirements
- g) The structure of the programme

The municipality currently has one intern enrolled in the programme with the four currently being recruited.

We have noted with concern that the municipality has not been following the guidelines in full when these are being recruited which may resulting in funding being withheld should this be picked up by the funder. Some of the candidates that get shortlisted do not meet the minimum requirements and no proscribed process is followed as prescribed when the municipality decides not to follow the guidelines.

A meeting has been held with Corporate Services to assist each other in understanding and correctly implementing the programme.

17. Debtors' analysis

Summary of all Debtors

EC443 Mbizana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February

Description		NT Code	Budget Year 2020/21										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dye-1 Yr	Over 1Yr	Total				
R thousands															
Debtors Age Analysis By Income Source															
Trade and Other Receivables from Exchange Transactions - Water	1200	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trade and Other Receivables from Exchange Transactions - Electricity	1300	2 366	1 410	1 343	1 263	1 332	10 570	—	—	—	18 285	13 165	—	—	—
Receivables from Non-exchange Transactions - Property Rates	1400	991	828	823	806	782	37 833	—	—	—	42 064	39 422	—	—	—
Receivables from Exchange Transactions - Waste Water Management	1500	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Receivables from Exchange Transactions - Waste Management	1600	350	305	294	281	270	7 091	—	—	—	8 590	7 642	—	—	—
Receivables from Exchange Transactions - Property Rental Debtors	1700	229	19	19	19	20	321	—	—	—	627	360	—	—	—
Interest on Arrear Debtor Accounts	1800	429	424	411	404	391	12 999	—	—	—	15 059	13 794	—	—	—
Recoverable unauthorised, irregular, fruitless and wasteful ex penditure	1820	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	1900	414	249	234	213	(221)	3 030	—	—	—	3 918	3 022	—	—	—
Total By Income Source	2000	4 779	3 236	3 123	2 986	2 575	71 843	—	—	—	88 542	77 404	—	—	—
2019/20 - totals only															
Debtors Age Analysis By Customer Group															
Organs of State	2200	720	714	686	722	267	33 482	—	—	—	36 590	34 470	—	—	—
Commercial	2300	3 795	2 289	2 206	2 035	2 070	25 904	—	—	—	38 298	30 008	—	—	—
Households	2400	264	233	231	223	239	12 503	—	—	—	13 693	12 965	—	—	—
Other	2500	(0)	(0)	(0)	6	(0)	(45)	—	—	—	(39)	(39)	—	—	—
Total By Customer Group	2600	4 779	3 236	3 123	2 986	2 575	71 843	—	—	—	88 542	77 404	—	—	—

The table above shows municipal debtors for the month of February 2021 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.

18. Creditors' analysis

EC443 Mbizana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February

Description	NT Code	Budget Year 2020/21									Prior year
		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	totals for chart (same period)
R thousands											
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	115								115	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	115	-	-	-	-	-	-	-	115	-

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.

19. Investment portfolio analysis

EC443 Mbizana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February

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 *	Commissio n Paid (Rands)	Commissio n 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	0.003866465	0	N/A	not fixed	5 255	20	(9 334)	12 935	8 877
FNB CALL DEPOSIT ACCOUNT(62459758078)		Not fixed	Call Deposit	No	Variable	0.001309853	0	N/A	not fixed	11 189	15	(11 921)	13 202	12 485
FNB CALL DEPOSIT ACCOUNT(62028477992)		Not fixed	Call Deposit	No	Variable	0.002121903	0	N/A	not fixed	316 615	672	(28 272)	5 921	294 935
FNB CALL DEPOSIT ACCOUNT(62816769220)		Not fixed	Call Deposit	No	Variable	0.001917805	0	N/A	not fixed	788	2	-	-	789
FNB CALL DEPOSIT ACCOUNT(62816773073)		Not fixed	Call Deposit	No	Variable	7.24109E-05	0	N/A	not fixed	1 080	0	(1 078)	-	2
FNB CALL DEPOSIT ACCOUNT(62550715828)		Not fixed	Call Deposit	No	Variable	0.001881774	0	N/A	not fixed	1 774	3	(320)	-	1 457
FNB CALL DEPOSIT ACCOUNT(62852108531)		Not fixed	Call Deposit	No	Variable	0.001917808	0	N/A	not fixed	4 299	8	-	-	4 307
Municipality sub-total										341 000		(50 924)	32 058	322 854
Entities														
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									341 000		(50 924)	32 058	322 854

The table above shows the municipality's investments performance. The table shows that the municipality's cash and cash equivalents decreased during the month by just over R18.6 million which lead to a decrease in its investments for the month of February 2021. It should however be noted that this only reflects the difference between what was received (R32 million) and what was spent (R50.9 million).

20. Allocation and grant receipts and expenditure

a) Transfers & Grants Receipts

EC443 Mbizana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M08 February

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										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		297 006	311 814	380 032	13 918	292 888	253 355	39 533	15.6%	380 032
Local Government Equitable Share		260 384	278 139	332 422	–	262 297	221 615	40 682	18.4%	332 422
Finance Management		2 215	2 000	2 000	–	2 000	1 333	667	50.0%	2 000
EPWP Incentive		2 452	2 389	2 389	716	2 389	1 593	796	50.0%	2 389
Integrated National Electrification Programme		31 240	29 286	26 202	13 202	26 202	17 468	8 734	50.0%	26 202
Disaster Grant	3	715	–	–	–	–	–	–	–	–
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Neighborhood Grants		–	–	17 019	–	–	11 346	(11 346)	-100.0%	17 019
Provincial Government:		3 786	–	–	–	–	–	–	–	–
Sport and Recreation		500	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
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Greenest Municipality	4	3 286	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
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The above table shows grants received during the month of February 2021.

b) Transfers & Grants Expenditure

EC443 Mbizana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M08 February

[illegible]

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 - M08 February

Description	Ref	Budget Year 2020/21				
		Approved Rollover 2019/20	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands						
EXPENDITURE						
Operating expenditure of Approved Roll-overs						
National Government:		6 311	2 921	2 921	3 390	53.7%
Local Government Equitable Share					-	
Finance Management					-	
EPWP Incentiv e					-	
Integrated National Electrification Programme		6 306	2 916	2 916	3 390	53.8%
Disaster Grant		5	5	5	-	
Neighborhood Grants					-	
Provincial Government:		1 104	-	402	703	63.6%
Sport and Recreation		703	-	-	703	100.0%
Greenest Municipality		402	-	402	0	0.0%
Other transfers and grants [insert description]					-	
District Municipality:		-	-	-	-	
[insert description]					-	
Other grant providers:		-	-	-	-	
[insert description]					-	
Total operating expenditure of Approved Roll-overs		7 416	2 921	3 323	4 092	55.2%
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		7 416	2 921	3 323	4 092	55.2%

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

21. Cash flow Statement

EC443 Mbizana - Table C7 Monthly Budget Statement - Cash Flow - M08 February

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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		12 522	26 341	22 853	439	12 037	15 235	(3 199)	-21%	22 853
Service charges		19 124	36 579	34 838	3 105	19 183	23 225	(4 043)	-17%	34 838
Other revenue		2 142	11 515	11 443	717	6 120	7 629	(1 508)	-20%	11 443
Transfers and Subsidies - Operational		270 716	282 528	354 538	716	270 971	236 359	34 613	15%	354 538
Transfers and Subsidies - Capital		78 660	77 335	80 557	26 137	59 316	53 704	5 612	10%	80 557
Interest		14 572	10 364	10 364	4 758	4 758	6 909	(2 151)	-31%	10 364
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(261 547)	(379 171)	(366 636)	(20 553)	(167 156)	(244 424)	(77 268)	32%	(366 636)
Finance charges		(11)	(50)	(50)	-	-	(33)	(33)	100%	(50)
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		136 178	65 440	147 906	15 320	205 229	98 604	#####	-108%	147 906
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		196	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(86 192)	(70 114)	(123 698)	(15 014)	(59 611)	(82 465)	(22 854)	28%	(123 698)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(85 996)	(70 114)	(123 698)	(15 014)	(59 611)	(82 465)	(22 854)	28%	(123 698)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	43	-	-	29	(29)	-100%	43
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	43	-	-	29	29	100%	43
NET INCREASE/ (DECREASE) IN CASH HELD		50 182	(4 674)	24 251	306	145 618	16 167			24 251
Cash/cash equivalents at beginning:		123 463	215 140	173 644		177 236	173 644			177 236
Cash/cash equivalents at month/year end:		173 644	210 467	197 895		322 854	189 812			201 487

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.

22. Statement of Financial Position

EC443 Mbizana - Table C6 Monthly Budget Statement - Financial Position - M08 February

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		3 611	3 476	27 862	3 730	27 862
Call investment deposits		170 033	206 991	170 033	319 124	170 033
Consumer debtors		35 526	32 970	33 517	82 186	33 517
Other debtors		67 802	43 763	67 886	59 397	67 886
Current portion of long-term receivables		–	–	–	–	–
Inventory		2 042	1 179	1 182	1 724	1 182
Total current assets		279 015	288 379	300 480	466 161	300 480
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	8	–
Investment property		32 436	25 097	32 436	32 436	32 436
Investments in Associate		–	–	–	–	–
Property, plant and equipment		645 633	682 178	708 716	658 016	708 716
Biological		–	–	–	–	–
Intangible		198	–	98	182	98
Other non-current assets		1 231	1 281	1 341	1 231	1 341
Total non current assets		679 499	708 556	742 592	691 873	742 592
TOTAL ASSETS		958 514	996 934	1 043 072	1 158 034	1 043 072
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		503	460	503	451	503
Trade and other payables		37 805	17 705	49 697	68 078	49 697
Provisions		19 953	18 471	19 953	19 689	19 953
Total current liabilities		58 261	36 636	70 154	88 218	70 154
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		5 495	3 920	5 495	5 495	5 495
Total non current liabilities		5 495	3 920	5 495	5 495	5 495
TOTAL LIABILITIES		63 756	40 556	75 649	93 713	75 649
NET ASSETS	2	894 758	956 378	967 423	1 064 321	967 423
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		894 758	956 378	967 423	1 064 321	967 423
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	894 758	956 378	967 423	1 064 321	967 423

This is the report for February 2021 and we would like the Committee to consider its contents.

23. 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 February 2021 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: 09/03/2021