



# **MBIZANA LOCAL MUNICIPALITY**

## **MONTHLY REPORT**

---

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

## Table of Contents

Part 1 – in-year report .....	1
1. Executive Summary .....	1
1.1 The Political Oversight .....	1
2. Administration .....	2
3. Staff movement .....	2
4. Implementation of mSCOA .....	3
5. Implementation of the Municipal Cost containment regulations .....	4
a) Supply and Delivery of Municipal Vehicles .....	5
6. Strategic Objectives .....	7
7. In-year budget statement tables .....	14
8. Capital programme performance .....	27
9. Supply chain management .....	30
a) Acquisition management .....	30
b) Handling of tenders during COVID-19 .....	30
c) Review and redesign of SCM processes .....	31
d) Procurement requests below R2000.00 .....	33
e) Procurement requests above R2, 000.00 but below R30, 000.00 .....	34
f) Procurement above R30 000 but below R200 000 .....	35
10. Status of Tenders .....	36
11. Database rotation .....	40
Part 2 – supporting documentation .....	41
12. The impact of COVID-19 to the municipality .....	41
a) Financial Performance .....	41
13. Extension to timelines for submission of annual financial statements, annual reports, audits and related matters in terms of the MFAM .....	43
14. Adjustment budget process .....	46
15. Audit progress .....	49
16. Implementation of the Finance Management Internship Programme .....	50
17. Debtors' analysis .....	51
18. Creditors' analysis .....	52
19. Investment portfolio analysis .....	52
20. Allocation and grant receipts and expenditure .....	53
21. Cash flow Statement .....	56
22. Statement of Financial Position .....	57
23. Municipal Manager's quality certification .....	58

## **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 seventh 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 begin to take shape and expenditure begins to pick up from the performance of the first couple of months of the financial year that coincided with the year-end and preparation of the annual financial statements. It is expected though that things may not be as anticipated this year considering that the country is operating under lockdown regulations that make it impossible to operate optimally. This has been used as a baseline for the upcoming adjustment budget and hopefully the contents of each report will help council and its structures to understand fully the status of the municipality's financial performance and decisions that need to be taken to ensure sustainability of the institution.

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

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

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

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

We reported in the previous 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 still await confirmation of the selection processes which we were hoping would be concluded by December 2020 already, but we are still hoping to get confirmation of the outcome of the processes. The vacancies still remain vacant as we write the report.

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

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

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

- Accountant: Reporting – re-advertised

#### **4. Implementation of mSCOA**

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

##### **a) Challenges Identified**

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

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, version 6.5 is 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 posed new challenges to the way the municipality does business and records transactions. We, however continue to examine the new chart to understand the full extent of the changes and their anticipated impact thereof.

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

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

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

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

All approved system vendors were required to have a functionality to produce all statutory reports to avoid municipalities having to prepare these manually. Munsoft was approved as one of the service providers on the strength that they indicated they use Caseware to produce these reports which the municipality also has access to. The utilisation of these two systems does however require some work and setting up to ensure they fully integrate, which was successfully addressed. Parts of this report have been prepared using the system even though there are parts that require manual population which is how the reporting templates are setup.

#### iv. Budget and reporting module functionality

The budget module of the system that the municipality uses has 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 department received a request from the Corporate Services Department to procure three 4X4 double cabs. The same process as outlined above was followed and a suitable service provider was identified, and an order issued. Delivery is expected within a month or two from the date of the order, which in this case was December 2020.

The municipality also received a request for procurement of a refuse removal truck which has been confirmed to be scheduled for delivery on the 3<sup>rd</sup> of March 2021.

## 6. Strategic Objectives

The Budget and Treasury Office was part of the development of strategies for the municipality for the next five years from which short-term operational plans and targets relating to at least a period of one financial year. This is done in the form of the Service Delivery and Budget Implementation Plan (SDBIP) which was approved by the mayor within 30 days after the adoption of the annual budget by the municipal council. The table below gives the details of the SDBIP with the targets that the department will be working to achieve on a quarterly basis. The table shows the department's performance per quarter to ensure they are monitored and achieved at the end of the financial year:

KPA N0 4: Budget & Treasury																			
Outcome 9 Objective																			
Sub-Result Area	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented	Output - KPI	KPI No.	KPI Weight	Annual Target	Means of Verification	Budget	Budget Source	Measurable Performance				Responsible Section	Responsible Manager	
	Issue										Def	Internal	External	Q1	Q2	Q3	Q4	Work	
Revenue Management	To achieve 100% billing for all services that are to be billed by June 2021	4.1	Metering of all electricity consumption	Electricity meters are read, record, and captured manually	Automated Meter Reading System	Increased revenue collection	4.1.1		Automated meter reading system	Publication, Appointment letter, Progress Report and Completion Certificate.	R50000	yes		Terms of Reference, Appointment letter	Work in Progress		Confirmation of functioning system by means of proof of work done		
				Monthly billing of all consumers for all services	90% billing on proper rates, 60% on electricity	Maintain accurate and complete consumer master database	Reduced Customer queries - 100% of consumers	4.1.2	0.5	Billing of 236 consumer accounts for Proper rates,	12 Monthly Billing Reports	N/A	N/A	N/A	Bill 2136 consumer accounts for Proper rates, refuse	Bill 2136 consumer accounts for Proper rates, refuse	Bill 2136 consumer accounts for Proper rates, refuse	Bill 2136 consumer accounts for Proper rates, refuse	Ward 1

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 Source	Measurable Performance
				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, Appointment letter and Delivery note of items procured	Yeos	Development Specification and publication notice
					Consumer Awareness - Catering and promotional items		4.1.4		Implement consumer awareness programme	Signed Publication Notice, Proof of Publication and Attendance register	Yeos	Draft Public Notice
						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 -	Development Revenue Enhancement Implementation Plan
												Present Revenue Enhancement Implementation to council
												N/A
												N/A
												Revenue
												Revenue
												Revenue

KPA N0 4: Budget & Treasury																			
Outcome 9 Objective																			
Sub-Result	Issue	Strategic	Objectives	Strategies	Baseline	Project to be	Output –	KPI	KPI	Annual	Means of Verification	Budget	Measurable Performance				War	Responsible	Responsible
				Implementation of credit control measures	Long outstanding debtors, which are more than 365 days	Outsourcing of collection services	Debtors age analysis reflecting debtor within 90 days	4.1.6	0.52	Handing over of all accounts that are beyond 90 days by June 2021	Debtors ageing analysis report	R 500 000.00	Progress report on accounts handled beyond 90 days	Progress report on accounts handled beyond 90 days	Progress report on accounts handled beyond 90 days	Progress report on accounts handled beyond 90 days	World	Manager: Revenue and Expenditure	
Expenditure Management	Invoices not submitted within 30 days of receipt for payment		4.2	Enforcement of system descriptions and processes as per the Account payable policy	Invoices still taking longer to reach BTO for payment	Centralisation of submission of invoices per department	Age analysis reflecting creditors within 30 days	4.2.1	0.52	Settlement of all presented invoices within 30 days from receipt of invoice	Invoice register and ageing analysis report	N/A	Payment of creditors within 30 days	Payment of creditors within 30 days	Payment of creditors within 30 days	Payment of creditors within 30 days	World	Manager: Revenue and Expenditure	
	Inadequate filing space and system for the volume of documents in the		4.3	Continuation of the Convergence of Budget and Treasury filing to electro	Paper based and physical filing	Convergence 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	R 200 000.00	Progress report on scanned documents	Progress report on scanned documents	Progress report on scanned documents	Progress report on scanned documents	World	Manager: Supply Chain Management	

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	Measurable Performance	Responsible
	Budget and Treasury office	all awarded tender documents and payment vouchers	nic for old documents already audited						document by June 2021				
All assets of the municipality to be accounted for the value and location of all municipal assets by June 2020	To accurately account for the value and location of all municipal assets by June 2020	4.4	Annual review of the asset management policy and update of the fixed asset register	GRAP compliant register as at 30 June 2020	Review of the GRAP compliant asset register	Signed GRAP compliant register	1.25		GRAP compliant register as at 30 June 2021	Signed GRAP compliant register, Appointment letter	R 130 000 000	Submission of the Asset Register to AG	Manager: Supply Chain Management
						4.4.1					Yes	N/A	Asset Management
					Review of useful life of movable assets						Yes	Submission of Responses to audit findings	Asset Management
			Staffing of Asset Management Stores section	Asset Management function performing within SCM	Establishment of the Asset Management unit	Asset Management unit with its own manager	4.4.2	0.25	Functional and Fully Fledged Asset Management Unit	Approved Organisational Structure, Advert, Appointment letter	R 80 000 000	Assumption of duties by the Asset Stores Manager	Chief Financial Officer







## 7. In-year budget statement tables

### a) Budget Statement Summary

EC443 Mbizana - Table C1 Monthly Budget Statement Summary - M07 January

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	–	25 189	25 189	991	20 927	14 694	6 234	42%	25 189
Service charges	–	37 015	37 015	2 697	20 188	21 592	(1 404)	-7%	37 015
Investment revenue	–	10 364	10 364	39	3 332	6 045	(2 713)	-45%	10 364
Transfers and subsidies	–	282 528	337 213	42	265 494	196 708	68 786	35%	337 213
Other own revenue	–	13 646	13 646	946	7 108	7 960	(853)	-11%	13 646
<b>Total Revenue (excluding capital transfers and contributions)</b>	–	<b>368 742</b>	<b>423 427</b>	<b>4 715</b>	<b>317 049</b>	<b>246 999</b>	<b>70 050</b>	<b>28%</b>	<b>423 427</b>
Employee costs	–	119 133	119 133	8 925	62 136	69 494	(7 358)	-11%	119 133
Remuneration of Councillors	–	25 036	25 036	2 008	13 960	14 604	(644)	-4%	25 036
Depreciation & asset impairment	–	52 581	52 681	7 163	25 007	30 731	(5 723)	-19%	52 681
Finance charges	–	150	150	–	1	88	(86)	-99%	150
Materials and bulk purchases	–	39 573	39 773	3 449	20 855	23 201	(2 346)	-10%	39 773
Transfers and subsidies	–	1 835	5 015	522	522	2 925	(2 403)	-82%	5 015
Other expenditure	–	164 883	160 633	3 939	40 207	93 702	(53 495)	-57%	160 633
<b>Total Expenditure</b>	–	<b>423 190</b>	<b>402 420</b>	<b>26 007</b>	<b>162 689</b>	<b>234 745</b>	<b>(72 056)</b>	<b>-31%</b>	<b>402 420</b>
<b>Surplus/(Deficit)</b>	–	<b>(54 449)</b>	<b>21 006</b>	<b>(21 292)</b>	<b>154 360</b>	<b>12 254</b>	<b>142 106</b>	<b>1160%</b>	<b>21 006</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	77 335	74 251	8 249	34 202	43 313	(9 111)	-21%	74 251
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	–	<b>22 886</b>	<b>95 257</b>	<b>(13 043)</b>	<b>188 562</b>	<b>55 567</b>	<b>132 995</b>	<b>239%</b>	<b>95 257</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	–	<b>22 886</b>	<b>95 257</b>	<b>(13 043)</b>	<b>188 562</b>	<b>55 567</b>	<b>132 995</b>	<b>239%</b>	<b>95 257</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	–	<b>75 808</b>	<b>122 183</b>	<b>8 240</b>	<b>38 506</b>	<b>71 273</b>	<b>(32 767)</b>	<b>-46%</b>	<b>122 183</b>
Capital transfers recognised	–	45 647	69 161	7 642	29 636	40 344	(10 707)	-27%	69 161
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	30 162	53 022	599	8 870	30 930	(22 059)	-71%	53 022
<b>Total sources of capital funds</b>	–	<b>75 808</b>	<b>122 183</b>	<b>8 240</b>	<b>38 506</b>	<b>71 273</b>	<b>(32 767)</b>	<b>-46%</b>	<b>122 183</b>
<b>Financial position</b>									
Total current assets	–	288 379	311 520		465 862				311 520
Total non current assets	–	708 556	754 830		694 799				754 830
Total current liabilities	–	36 636	33 681		70 082				33 681
Total non current liabilities	–	3 920	3 920		5 495				3 920
Community wealth/Equity	–	956 378	1 028 749		1 085 084				1 028 749
<b>Cash flows</b>									
Net cash from (used) operating	–	65 440	124 413	(18 033)	193 247	72 574	(120 673)	-166%	124 413
Net cash from (used) investing	–	(70 114)	(110 973)	(8 660)	(44 560)	(64 734)	(20 174)	31%	(110 973)
Net cash from (used) financing	–	(460)	(460)	–	–	(268)	(268)	100%	(460)
<b>Cash/cash equivalents at the month/year end</b>	–	<b>210 006</b>	<b>228 110</b>	–	<b>324 739</b>	<b>222 712</b>	<b>(102 027)</b>	<b>-46%</b>	<b>189 031</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	4 701	3 245	3 097	2 634	3 055	70 835	–	–	87 568
<b>Creditors Age Analysis</b>									
Total Creditors	109	–	–	–	–	–	–	–	109

The table above shows a summary of the municipality's financial performance for the period ended 31 January 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) - M07 January

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		-	321 684	375 967	1 774	291 554	219 314	72 240	33%	375 967
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	321 684	375 967	1 774	291 554	219 314	72 240	33%	375 967
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	4 942	4 942	242	2 405	2 883	(477)	-17%	4 942
Community and social services		-	181	181	2	17	106	(88)	-84%	181
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	4 761	4 761	240	2 388	2 777	(389)	-14%	4 761
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	48 612	48 612	1 986	21 569	28 357	(6 788)	-24%	48 612
Planning and development		-	563	563	1	69	328	(260)	-79%	563
Road transport		-	48 049	48 049	1 985	21 501	28 029	(6 528)	-23%	48 049
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	70 839	68 157	8 962	35 723	39 758	(4 035)	-10%	68 157
Energy sources		-	63 969	60 885	8 575	30 260	35 516	(5 257)	-15%	60 885
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6 870	7 272	387	5 463	4 242	1 221	29%	7 272
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	-	446 077	497 678	12 964	351 251	290 312	60 939	21%	497 678
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	184 624	185 284	13 344	78 086	108 083	(29 997)	-28%	185 284
Executive and council		-	63 018	63 018	4 453	28 604	36 760	(8 157)	-22%	63 018
Finance and administration		-	116 150	116 810	8 746	48 023	68 139	(20 116)	-30%	116 810
Internal audit		-	5 457	5 457	144	1 459	3 183	(1 724)	-54%	5 457
<i>Community and public safety</i>		-	30 879	31 109	1 721	11 850	18 147	(6 297)	-35%	31 109
Community and social services		-	12 117	12 347	563	3 823	7 202	(3 379)	-47%	12 347
Sport and recreation		-	2 769	2 769	23	1 251	1 615	(364)	-23%	2 769
Public safety		-	15 014	15 014	1 078	6 376	8 758	(2 382)	-27%	15 014
Housing		-	980	980	57	399	572	(172)	-30%	980
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	100 216	104 752	5 208	35 654	61 105	(25 451)	-42%	104 752
Planning and development		-	28 221	31 401	828	9 925	18 317	(8 393)	-46%	31 401
Road transport		-	69 641	71 027	4 282	24 746	41 433	(16 686)	-40%	71 027
Environmental protection		-	2 353	2 323	98	983	1 355	(372)	-27%	2 323
<i>Trading services</i>		-	103 891	77 695	5 590	35 904	45 322	(9 418)	-21%	77 695
Energy sources		-	77 927	51 329	3 296	23 225	29 942	(6 717)	-22%	51 329
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	25 964	26 366	2 294	12 679	15 380	(2 701)	-18%	26 366
<i>Other</i>		-	3 580	3 580	145	1 195	2 088	(893)	-43%	3 580
<b>Total Expenditure - Functional</b>	3	-	423 190	402 420	26 007	162 689	234 745	(72 056)	-31%	402 420
<b>Surplus/ (Deficit) for the year</b>		-	22 886	95 257	(13 043)	188 562	55 567	132 995	239%	95 257

The table above shows the municipality's financial performance for the period ended 31 January 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) - M07 January

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		–	25 189	25 189	991	20 927	14 694	6 234	42%	25 189
Service charges - electricity revenue		–	32 578	32 578	2 310	17 516	19 004	(1 488)	-8%	32 578
Service charges - water revenue		–	–	–	–	–	–	–		–
Service charges - sanitation revenue		–	–	–	–	–	–	–		–
Service charges - refuse revenue		–	4 437	4 437	387	2 672	2 588	84	3%	4 437
Rental of facilities and equipment		–	2 851	2 851	230	1 597	1 663	(66)	-4%	2 851
Interest earned - external investments		–	10 364	10 364	39	3 332	6 045	(2 713)	-45%	10 364
Interest earned - outstanding debtors		–	4 404	4 404	425	2 865	2 569	296	12%	4 404
Dividends received		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		–	948	948	–	124	553	(429)	-78%	948
Licences and permits		–	2 756	2 756	145	1 380	1 608	(227)	-14%	2 756
Agency services		–	1 218	1 218	96	912	710	202	28%	1 218
Transfers and subsidies		–	282 528	337 213	42	265 494	196 708	68 786	35%	337 213
Other revenue		–	1 470	1 470	51	229	857	(628)	-73%	1 470
Gains		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	368 742	423 427	4 715	317 049	246 999	70 050	28%	423 427

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

- PROPERTY RATES:** The municipality being a local municipality levies property rates on all rateable properties within the Mbizana area in terms of the Municipal Property Rates Act No.6 of 2004. The categories of rate payers include government departments which own properties, like the Department of Public Works which are levied once at the beginning of the financial year which lead to the revenue generated for the month to be R14.9 million in the 1<sup>st</sup> 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 R17.5 million. This is below the projection by 8% which is a decline from a 7% 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.

- **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 R387 thousand which is more than the projection by 3% which will be monitored against performance of other periods to follow as this is still in line with previous months' reported performance. There is however an expectation that revenue collection will decline this year due the economic effects of Covid-19 on both the consumers and businesses as we have seen a number of businesses closing down and some downscaling.

- **Interest on Investments:** The municipality invests surplus cash and unspent grants to generate interest that would be utilised to fund other municipal programmes, this interest includes interest on the municipality's positive balance in the municipality's main account. The table above shows that the municipality generated over R3.3 million worth of interest on investments with a year to date actual that is below the projection by 45%. This however, is due to interests earned for the month that have not been recorded. This may be due to interest rates cuts that have been implemented by the South African Reserve Bank since the outbreak of Covid-19. This may also be attributable to the decrease in revenue collection since the outbreak of COVID-19 which has meant the municipality continues to spend without making any significant money coming in.
- **Interest on outstanding debtors:** The municipality charges interest on debtors owing for more than 30 days at a rate of prime plus 1% as per the municipality's credit control and debt collection policy. This has yielded interest of R425 thousand for the period ended 31 January 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 January 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 R145 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 14% which is a decline from 10% recorded in the previous month and the situation is expected to improve as the testing center begins operating fully and the lockdown restrictions are further eased.
- **Transfers and subsidies:** The municipality receives grants, both conditional and those without conditions. The report shows a year to date performance of R265.4 million as this is the 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 49% overall collection rate for the month ended 31 January 2021. However, we note a 86% collection rate on leasehold fees, 56% on electricity and 42% on refuse removal for the period. This kind of performance has resulted in an increase from just over 23% at the end of the last quarter to 63% overall collection since the start of the financial year.

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

INCOME TYPE	JULY	AUG	SEP	1st QUARTER	OCT	NOV	DEC	2nd QUARTER	Jan-21	TOTALS
<b>RATES</b>										
billed	14 981 719	990 906	990 906	16 963 532	990 906	990 906	990 906	2 972 719	990 906	19 936 251.19
payment received	266 309	421 832	284 292	972 433	9 528 781	249 991	537 087	10 315 858	389 989	11 288 290.85
% of billing received	2%	43%	29%	6%	962%	25%	54%	347%	39%	57%
<b>ELECTRICITY</b>										
billed	2 261 089	2 240 354	2 288 848	6 790 291	3 225 859	2 247 534	2 242 143	7 715 536	2 349 708	14 505 826.40
payment received	870 983	1 389 588	1 235 004	3 495 575	2 151 617	1 566 753	2 008 519	5 726 890	1 310 804	9 222 465.33
% of billing received	39%	62%	54%	51%	67%	70%	90%	74%	56%	64%
<b>LEASEHOLD FEES</b>										
billed	224 507	224 507	224 507	673 520	225 908	225 908	228 635	680 451	228 635	1 353 971.03
payment received	194 594	195 379	194 594	584 567	1 069 773	194 594	194 594	1 458 961	197 322	2 043 528.14
% of billing received	87%	87%	87%	87%	474%	86%	85%	214%	86%	151%
<b>VAT</b>										
billed	430 975	427 865	434 998	1 293 838	573 358	428 859	428 460	1 430 676	434 500	2 724 514.52
payment received	175 616	272 306	251 794	699 716	530 101	338 070	373 647	1 241 817	256 184	1 941 533.59
% of billing received	41%	64%	58%	54%	92%	79%	87%	87%	59%	71%
<b>INTEREST</b>										
billed	334 590	439 315	451 698	1 225 603	395 574	406 039	412 584	1 214 197	424 797	2 439 799.14
payment received	27 192	37 120	22 156	86 469	1 160 261	51 350	98 741	1 310 353	35 920	1 396 821.53
% of billing received	8%	8%	5%	7%	293%	13%	24%	108%	8%	57%
<b>REFUSE REMOVAL</b>										
billed	387 581	387 581	386 639	1 161 800	385 626	385 626	385 626	1 156 877	385 626	2 318 677.53
payment received	103 046	209 203	199 828	512 077	305 256	278 869	248 948	833 073	162 231	1 345 150.12
% of billing received	27%	54%	52%	44%	79%	72%	65%	72%	42%	58%
<b>TOTAL INCOME</b>										
billed	18 620 460	4 710 527	4 777 596	28 108 583	5 797 230	4 684 871	4 688 355	15 170 457	4 814 173	43 279 040
payment received	1 637 740	2 525 428	2 187 669	6 350 837	14 745 789	2 679 627	3 461 536	20 886 953	2 352 450	27 237 790
% of billing received	9%	54%	46%	23%	254%	57%	74%	138%	49%	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 7<sup>th</sup> of December 2020.

The municipality is currently in the process of formulating the proposed structures to implement and monitor the implementation of the strategy.

f) Expenditure by Type

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

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		–	119 133	119 133	8 925	62 136	69 494	(7 358)	-11%	119 133
Remuneration of councillors		–	25 036	25 036	2 008	13 960	14 604	(644)	-4%	25 036
Debt impairment		–	4 500	4 500	–	–	2 625	(2 625)	-100%	4 500
Depreciation & asset impairment		–	52 581	52 681	7 163	25 007	30 731	(5 723)	-19%	52 681
Finance charges		–	150	150	–	1	88	(86)	-99%	150
Bulk purchases		–	31 896	31 896	2 632	18 795	18 606	189	1%	31 896
Other materials		–	7 077	7 077	817	2 060	4 595	(2 535)	-55%	7 877
Contracted services		–	110 404	86 223	2 982	22 504	50 297	(27 793)	-55%	86 223
Transfers and subsidies		–	1 835	5 015	522	522	2 925	(2 403)	-82%	5 015
Other expenditure		–	69 979	69 909	2 817	17 703	40 780	(23 077)	-57%	69 909
Losses		–	–	–	(1 861)	–	–	–		–
Total Expenditure		–	423 190	402 420	26 007	162 689	234 745	(72 056)	-31%	402 420

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

- Employee costs and Remuneration of councillors:** The municipality has remunerated employees who are remunerated as per the prevailing Bargaining Council agreements. The expenditure for the period ended 31 January 2021 reflects an amount of R8.9 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 R2.6 million on electricity purchases for the period ended 31 January 2021 and a year to date actual of R18.7 million which is above the projected expenditure by 1%. This amount only relates to the last 21 days of July up to the first 10 days of January 2021 as the billing by Eskom only takes place on the 10<sup>th</sup> 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 R7.1 million the period ended 31 January 2021 with a year to date actual of R25 million which is below the projected amount by 19% for the same period. This however cannot be relied upon because it does not include seven months of information like other expenditure items, the expenditure for December 2020 still has not been recorded.

- **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 R2.9 million for the month. This has resulted in a recorded saving of over R27.7 million which translates to 55% of the budget for contracted services for the same period. This is as a result of slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled.
- **Other Expenditure:** This also shows a saving of about 57%, which is the same 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) - M07 January

EC445 Muzilana - Table CS Monthly Budget Statement - Financial Performance (Revenue and Expenditure by Municipal Vote) - 19/01/2021										
Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	296 215	350 498	1 730	271 503	204 457	67 046	32.8%	350 498
Vote 3 - Corporate Services		-	280	280	43	114	164	(49)	-30.2%	280
Vote 4 - Community Services		-	11 811	12 213	629	7 869	7 124	744	10.4%	12 213
Vote 5 - Development Planning		-	25 621	25 621	1	19 992	14 946	5 046	33.8%	25 621
Vote 6 - Engineering Services		-	112 149	109 065	10 560	51 773	63 621	(11 848)	-18.6%	109 065
Total Revenue by Vote	2	-	446 077	497 678	12 964	351 251	290 312	60 939	21.0%	497 678

The table above shows revenue generated per municipal vote as defined in s1 of the MFMA. The table shows that Engineering services has generated over R10.5 million for the month with Budget and Treasury showing generation of over R1.7 million which is attributable to rates billing that has not been moved to property services within Development Planning, Community and Social services at over R629 thousand as well as Development planning at R1 thousand.

## h) Expenditure by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Expenditure by Vote</b>	<b>1</b>									
Vote 1 - Executive and Council		-	83 121	83 121	4 408	38 056	48 487	(10 431)	-21.5%	83 121
Vote 2 - Budget and Treasury		-	30 707	31 267	1 606	9 733	18 239	(8 506)	-46.6%	31 267
Vote 3 - Corporate Services		-	57 123	57 223	5 030	23 299	33 380	(10 081)	-30.2%	57 223
Vote 4 - Community Services		-	74 211	74 812	5 368	33 534	43 641	(10 107)	-23.2%	74 812
Vote 5 - Development Planning		-	25 425	28 605	1 726	7 387	16 686	(9 299)	-55.7%	28 605
Vote 6 - Engineering Services		-	152 604	127 391	7 868	50 680	74 312	(23 632)	-31.8%	127 391
<b>Total Expenditure by Vote</b>	<b>2</b>	-	<b>423 190</b>	<b>402 420</b>	<b>26 007</b>	<b>162 689</b>	<b>234 745</b>	<b>(72 056)</b>	<b>-30.7%</b>	<b>402 420</b>

The table above shows the municipal expenditure by municipal vote. The total expenditure for the month of January 2021 amounted to just above R26 million.

i) Municipality's financial performance

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		—	25 189	25 189	991	20 927	14 694	6 234	42%	25 189
Service charges - electricity revenue		—	32 578	32 578	2 310	17 516	19 004	(1 488)	-8%	32 578
Service charges - water revenue		—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		—	4 437	4 437	387	2 672	2 588	84	3%	4 437
Rental of facilities and equipment		—	2 851	2 851	230	1 597	1 663	(66)	-4%	2 851
Interest earned - external investments		—	10 364	10 364	39	3 332	6 045	(2 713)	-45%	10 364
Interest earned - outstanding debtors		—	4 404	4 404	425	2 865	2 569	296	12%	4 404
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		—	948	948	—	124	553	(429)	-78%	948
Licences and permits		—	2 756	2 756	145	1 380	1 608	(227)	-14%	2 756
Agency services		—	1 218	1 218	96	912	710	202	28%	1 218
Transfers and subsidies		—	282 528	337 213	42	265 494	196 708	68 786	35%	337 213
Other revenue		—	1 470	1 470	51	229	857	(628)	-73%	1 470
Gains		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		—	368 742	423 427	4 715	317 049	246 999	70 050	28%	423 427
Expenditure By Type										
Employee related costs		—	119 133	119 133	8 925	62 136	69 494	(7 358)	-11%	119 133
Remuneration of councillors		—	25 036	25 036	2 008	13 960	14 604	(644)	-4%	25 036
Debt impairment		—	4 500	4 500	—	—	2 625	(2 625)	-100%	4 500
Depreciation & asset impairment		—	52 581	52 681	7 163	25 007	30 731	(5 723)	-19%	52 681
Finance charges		—	150	150	—	1	88	(86)	-99%	150
Bulk purchases		—	31 896	31 896	2 632	18 795	18 606	189	1%	31 896
Other materials		—	7 677	7 877	817	2 060	4 595	(2 535)	-55%	7 877
Contracted services		—	110 404	86 223	2 982	22 504	50 297	(27 793)	-55%	86 223
Transfers and subsidies		—	1 835	5 015	522	522	2 925	(2 403)	-82%	5 015
Other expenditure		—	69 979	69 909	2 817	17 703	40 780	(23 077)	-57%	69 909
Losses		—	—	—	(1 861)	—	—	—	—	—
Total Expenditure		—	423 190	402 420	26 007	162 689	234 745	(72 056)	-31%	402 420
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		—	(54 449)	21 006	(21 292)	154 360	12 254	142 106	0	21 006
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)		—	77 335	74 251	8 249	34 202	43 313	(9 111)	(0)	74 251
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		—	22 886	95 257	(13 043)	188 562	55 567			95 257
Taxation		—	—	—	—	—	—	—		—
Surplus/(Deficit) after taxation		—	22 886	95 257	(13 043)	188 562	55 567			95 257
Attributable to minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		—	22 886	95 257	(13 043)	188 562	55 567			95 257
Share of surplus/ (deficit) of associate		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		—	22 886	95 257	(13 043)	188 562	55 567			95 257

The municipality has so far recorded a deficit of over R13 million for the period ended 31 January 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 - M07 January

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									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	30 775	70 052	8 351	16 779	40 864	24 085	58.9%	70 052
Roads Infrastructure		-	28 475	43 061	1 589	3 685	25 119	21 434	85.3%	43 061
Roads		-	28 475	43 061	1 589	3 685	25 119	21 434	85.3%	43 061
Electrical Infrastructure		-	2 300	26 991	6 762	13 093	15 745	2 651	16.8%	26 991
MV Networks		-	-	25 891	6 052	12 384	15 103	2 719	18.0%	25 891
LV Networks		-	2 300	1 100	710	710	642	(68)	-10.6%	1 100
<b>Community Assets</b>		-	1 100	1 883	-	660	1 099	439	40.0%	1 883
Community Facilities		-	1 100	1 883	-	660	1 099	439	40.0%	1 883
Halls		-	-	783	-	660	457	(203)	-44.3%	783
Markets		-	1 100	1 100	-	-	642	642	100.0%	1 100
<b>Heritage assets</b>		-	50	50	-	-	29	29	100.0%	50
Other Heritage		-	50	50	-	-	29	29	100.0%	50
<b>Other assets</b>		-	2 500	2 500	-	697	1 458	762	52.2%	2 500
Operational Buildings		-	2 500	2 500	-	697	1 458	762	52.2%	2 500
Yards		-	2 500	2 500	-	697	1 458	762	52.2%	2 500
<b>Computer Equipment</b>		-	6 800	6 800	-	3 562	3 967	405	10.2%	6 800
Computer Equipment		-	6 800	6 800	-	3 562	3 967	405	10.2%	6 800
<b>Furniture and Office Equipment</b>		-	1 650	1 850	-	279	1 079	800	74.1%	1 850
Furniture and Office Equipment		-	1 650	1 850	-	279	1 079	800	74.1%	1 850
<b>Machinery and Equipment</b>		-	2 101	2 801	-	95	1 634	1 539	94.2%	2 801
Machinery and Equipment		-	2 101	2 801	-	95	1 634	1 539	94.2%	2 801
<b>Transport Assets</b>		-	2 660	2 660	(111)	1 718	1 552	(167)	-10.7%	2 660
Transport Assets		-	2 660	2 660	(111)	1 718	1 552	(167)	-10.7%	2 660
<b>Total Capital Expenditure on new assets</b>	1	-	47 637	88 597	8 240	23 789	51 682	27 892	54.0%	88 597

EC443 Mbizana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M07 January

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									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-		-
<b>Community Assets</b>		-	6 000	8 614	-	406	5 025	4 619	91.9%	8 614
Community Facilities		-	6 000	8 614	-	406	5 025	4 619	91.9%	8 614
Taxi Ranks/Bus Terminals		-	6 000	8 614	-	406	5 025	4 619	91.9%	8 614
<b>Total Capital Expenditure on renewal of existing assets</b>	1	-	6 000	8 614	-	406	5 025	4 619	91.9%	8 614

EC443 Mbizana - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M07 January

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									
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	2 000	4 800	-	-	2 800	2 800	100.0%	4 800
Roads Infrastructure		-	2 000	4 800	-	-	2 800	2 800	100.0%	4 800
Roads		-	2 000	4 800	-	-	2 800	2 800	100.0%	4 800
<b>Community Assets</b>		-	20 172	20 172	-	14 311	11 767	(2 545)	-21.6%	20 172
Community Facilities		-	11 251	11 251	-	8 639	6 563	(2 076)	-31.6%	11 251
Halls		-	11 251	11 251	-	8 639	6 563	(2 076)	-31.6%	11 251
Sport and Recreation Facilities		-	8 921	8 921	-	5 673	5 204	(469)	-9.0%	8 921
Outdoor Facilities		-	8 921	8 921	-	5 673	5 204	(469)	-9.0%	8 921
<b>Total Capital Expenditure on upgrading of existing assets</b>	1	-	22 172	24 972	-	14 311	14 567	255	1.8%	24 972

The above tables indicate that the municipality spent R8.2 million for the month of its capital budget for the period ended 31 January 2021. This is concerning performance even though it is better than last month, because of the two major capital programmes being implemented by the municipality as it poses a number of risks for the institution including paying for work that has not been completed come the end of the year chasing targets and expenditure performance.

b) Capital Expenditure by municipal vote

EC443 Mbizana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

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									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 6 - Engineering Services		–	18 172	18 172	–	14 311	10 600	3 711	35%	18 172
<b>Total Capital Multi-year expenditure</b>	4,7	–	18 172	18 172	–	14 311	10 600	3 711	35%	18 172
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Executive and Council		–	50	50	–	–	29	(29)	-100%	50
Vote 2 - Budget and Treasury		–	2 100	2 100	–	1 257	1 225	32	3%	2 100
Vote 3 - Corporate Services		–	10 210	10 210	(111)	4 219	5 956	(1 737)	-29%	10 210
Vote 4 - Community Services		–	5 401	5 601	–	875	3 267	(2 393)	-73%	5 601
Vote 5 - Development Planning		–	1 100	1 100	–	–	642	(642)	-100%	1 100
Vote 6 - Engineering Services		–	38 775	84 949	8 351	17 844	49 554	(31 710)	-64%	84 949
<b>Total Capital single-year expenditure</b>	4	–	57 637	104 011	8 240	24 195	60 673	(36 478)	-60%	104 011
<b>Total Capital Expenditure</b>		–	75 808	122 183	8 240	38 506	71 273	(32 767)	-46%	122 183
<b>Capital Expenditure - Functional Classification</b>										
<i>Governance and administration</i>		–	12 760	12 760	(111)	5 476	7 443	(1 967)	-26%	12 760
Executive and council		–	50	50	–	–	29	(29)	-100%	50
Finance and administration		–	12 710	12 710	(111)	5 476	7 414	(1 938)	-26%	12 710
<i>Community and public safety</i>		–	3 191	3 391	–	780	1 978	(1 199)	-61%	3 391
Community and social services		–	1 300	1 500	–	780	874 997.67	(95)	-11%	1 500
Public safety		–	1 891	1 891	–	–	1 103	(1 103)	-100%	1 891
<i>Economic and environmental services</i>		–	55 747	76 530	1 590	19 062	32 519	(13 457)	-41%	–
Planning and development		–	25 272	28 669	–	15 377	14 742	635	4%	–
Road transport		–	30 475	47 861	1 590	3 685	17 777	(14 092)	-79%	–
<i>Trading services</i>		–	4 110	29 501	6 762	13 188	2 398	10 791	450%	–
Energy sources		–	2 300	27 691	6 762	13 093	1 342	11 752	876%	–
Waste management		–	1 810	1 810	–	95	1 056	(961)	-91%	–
<b>Total Capital Expenditure - Functional Classification</b>	3	–	75 808	122 183	8 240	38 506	44 338	(5 832)	-13%	16 152
<b>Funded by:</b>										
National Government		–	45 647	69 161	7 642	29 636	40 344	(10 707)	-27%	69 161
Transfers recognised - capital		–	45 647	69 161	7 642	29 636	40 344	(10 707)	-27%	69 161
Internally generated funds		–	30 162	53 022	599	8 870	30 930	(22 059)	-71%	53 022
<b>Total Capital Funding</b>		–	75 808	122 183	8 240	38 506	71 273	(32 767)	-46%	122 183

The above table indicates that the municipality spent R8.2 million of its capital budget for the period ended 31 January 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 cf R2000 including vat.

- There was no procurement in this range for the month ended 31 January 2021.

**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

Docdate	Creditorname	Totalamnt	Specifications	Functiondesc	Segment
2021/01/26	Manunuza Trading Pty Ltd	3 000,00	Hiring of Tow Truck for Removal of Containers	Core Function:Economic Development/Plann	LED programme Support hiring 1505
2021/01/26	Your Media Today Hub And Print	3 400,00	Advertisement of quipment for Fisheries	Core Function:Economic Development/Plann	Advertising fees 1505
2021/01/26	Likho Trading Cc	4 250,00	Catering	Core Function:Mayor And Council	Whippery support catering costs 505260175
2021/01/14	Two Tiger Civils And Construct	4 630,00	Grocery	Core Function:Mayor And Council	Public participation Groceries
2021/01/26	Litlocta (Pty) Ltd	5 700,00	Catering	Core Function:Economic Development/Plann	Anchor LED Projects
2021/01/14	Your Media Today Hub And Print	9 600,00	Advertisement of Private Security Company	Core Function:Municipal Manager Town Sec	Advertising fees Annual Report 515260554
2021/01/14	Izwi Le Afrika Newspaper	10 000,00	Advertisement	Core Function:Municipal Manager Town Sec	Advertising fees Annual Report 515260554
2021/01/14	Mpiyonke's Dream Trading Cc	10 000,00	Advertisement	Core Function:Municipal Manager Town Sec	Advertising fees Annual Report 515260554
		<b>50 580,00</b>			

**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	Creditor name	Total amount	Specifications	Function description	Segment description
2021/01/14	Dosvents Td Pty Ltd	68 000,00	Mpondo Reed dance	Core Function: Mayor And Council	Promotional items childrens program 505260194
2021/01/07	Tnj Media	69 500,00	Supply and Delivery of Masks and Sanitezers	Core Function: Human Resources	COVID -PPE
2021/02/01	Mfnt Trading	87 500,00	Installation of Bins	Core Function: Solid Waste Removal	Skip bins Services
2021/02/01	Isanga Business Solutions	105 000,00	Supply and Delivery of Trees and Plants	Core Function: Biodiversity And Landscape	Plants tools for nurseries
2021/01/29	Vds Concept	127 790,00	Mentor Services and Vouchers	Core Function: Mayor And Council	Promotional items and Tokens Legacy 505260188
2021/02/01	Imidihume General Trading (Pt)	137 360,00	Supply & Deliver of Agricultural Inputs	Core Function: Economic Development/Plann	Agriculture 1505260765 seedlings fertilizers
2021/01/14	Masinyane And Son (Pty) Ltd	157 650,00	Uniform and protective Clothing: CPS	Core Function: Administrative And Corpora	Protective Clothing 1010260630
		<b>752 800,00</b>			

## **10. Status of Tenders**

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

### **a) Mini Tender progress for January 2021**

No tenders were awarded during the month.

## b) Tenders awarded during the month of January 2021

### Competitive Bidding

- No tenders were awarded during the month.

## c) Status of current closed tenders

Name of the Project	Bid Number	Chairperson	Validity	End of Validity Period	Status	Expired/Not Expired	31 January 2021
Assessment Batho-Pele	MBIZLM00070BPF STUDY	Ms S.N.Majova	90	Monday, 04 January 2021	Ready for BAC	Validity Expired	Not presented
Customer Satisfactory Survey	MBIZ LM 00072 CSS	Ms S.N.Majova	90	Monday, 04 January 2021	Ready for BAC	Validity Expired	Not presented
Social Relief Material	MBIZ LM 0064 SRM	Mr.DN.Luphoko	90	Monday, 21 December 2020	Ready for BAC	Validity Expired	To be re-advertised
Disposal of Municipal Site	MBIZ LM 0060 DMP	Ms.N.Mafumba tha	90	Monday, 21 December 2020	To be Evaluated	Validity Expired	On Adjudication
Fleet Maintenance	MBIZLM00069CFM	Ms N.Rabie	90	Thursday, 11 February 2021	To be Evaluated	Still Valid	Re-Advert
Panel for Land Survey Services	MBIZLM00069PLS	B.Hlangabezo	90	Wednesday, 10 February 2021	To be Evaluated	Still Valid	To be Adjudicated
Equipment and Material to Capacitate Mbizana Fisheries	MBIZLM20/05/20/02FS H	Mr.V.Nontanda	90	Wednesday, 27 January 2021	Ready for BAC	Still Valid	Re-Advert
Supply & Installation of Lights and Panels	MBIZ LM 00074 ISL&P	N.Xoko	90	Sunday, 14 February 2021	To be Evaluated	Still Valid	Re-Advert
Implementation of Records Management Programme	MBIZ LM 00072 IRMP	Ms N.Rabie	90	Monday, 01 February 2021	To be Evaluated	Still Valid	Re-Advert
Review Disaster Recovery Plan	MBIZ LM 0069 R DRP	B.Hlangabezo	90	Thursday, 18 February 2021	To be Evaluated	Still Valid	Re-Advert
Procurement of Server Room-Infrastructure	MBIZ LM 0070 P SR-1	Mr M.Morlock	90	Thursday, 18 February 2021	To be Evaluated	Still Valid	Re-Advert
Procurement of Server Room-UPS	MBIZ LM 0071 P SR-UPS	Mr M.Morlock	90	Thursday, 18 February 2021	No Submissions	Still Valid	Re-Advert
Supply and Delivery of Electricity Material	MBIZ LM 0083 S&D EM	N.Xoko	90	Thursday, 04 March 2021	To be Evaluated	Still Valid	Re-Advert
Online Web Services	MBIZ LM 0084 OWS	Mr.M.Morlock	90	Sunday, 14 March 2021	To be Evaluated	Still Valid	Re-Advert
Supply,Installation,operation and Maintenance of	MBIZ LM 0085 AMRs	Mr.M.Morlock	90	Monday, 12 April 2021	To be Evaluated	Still Valid	Re-Advert

Name of the Project	Bid Number	Chairperson	Validity	End of Validity Period	Status	Expired/Not Expired	31 January 2021
Automat Meter RS FOR 3Y					Evaluated		
Provision of Security Services	MBZ LM 08/12/20/03	N/A	90	N/A	Still on he Advert	Still Valid	Re-Advert
CBD Road Maintenance(Re-Adverts)	MBIZ LM 00047 CBD	N/A	90	N/A	Still on he Advert	Still Valid	To be Evaluated
Hiring of Construction Plant(Re-Advert)	MBIZ LM 0046 PLA	N/A	90	N/A	Still on he Advert	Still Valid	To be Evaluated
Rehabilitation of Tshayingca Access Road(Re-Advert)	MBIZ LM 0046 RTA	N/A	90	N/A	Still on he Advert	Still Valid	To be Evaluated

#### d) Deviations

The following are deviations that were recorded during the month of January 2021.

COMPANY	AMOUNT	NORMAL PROCUREMENT	PROCUREMENT USED	REASON FOR DEVIATION	SERVICE OR GOODS
TNJ Media	R 69 500,00	7 days tender	Written quotations	There was an emergency need to procure material and ensure the environment is safe for resumption of work from the festive season recess	Hand sanitizers, cloth masks and disinfection material
<b>Total</b>	<b>R 69 500,00</b>				

The above deviation must requires recommendation to the executive committee for further reporting to the council as required by the Act.

## 11. Database rotation

The following table indicates the service providers that have been utilised for the month of January 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.
1/26/2021	MANUNUZA TRADING PTY LTD	P.O.BOX 210226 BIZANA WARD 04 4800	Core Function:Economic Development/Plann	3,000.00	OPEN	Ward 04
1/26/2021	YOUR MEDIA TODAY HUB AND PRINT	NO 85 MAIN STREET KOKSTAD 4700	Core Function:Economic Development/Plann	3,400.00	OPEN	Kokstad
1/26/2021	LIKIHO TRADING CC	P O BOX 229 BIZANA WARD 17 4800	Core Function:Mayor and Council	4,250.00	RECEIVED	Ward 17
1/14/2021	TWO TIGER CIVILS AND CONSTRUCT	PLANGWENI VILLAGE WARD 23 BIZANA 4800	Core Function:Mayor and Council	4,630.00	RECEIVED	Ward 23
1/26/2021	LITTOCTA (PTY) LTD	P.O BOX 2010 KOKSTAD 4700	Core Function:Economic Development/Plann	5,700.00	RECEIVED	Kokstad
2/1/2021	SALGA EC	P.O. BOX 7457 EAST LONDON	Core Function:Human Resources	8,250.00	RECEIVED	East London
1/26/2021	DRIVING LICENSE CARD ACCOUNT	P.O. BOX 25223 MONUMENT PARK PRETORIA 0105	Non-core Function:Road and Traffic Regul	8,611.00	RECEIVED	Pretoria
1/14/2021	YOUR MEDIA TODAY HUB AND PRINT	NO 85 MAIN STREET KOKSTAD 4700	Core Function:Municipal Manager Town Sec	9,600.00	RECEIVED	Kokstad
1/14/2021	IZWI LE AFRIKA NEWSPAPER	P O BOX 953 KOKSTAD	Core Function:Municipal Manager Town Sec	10,000.00	RECEIVED	Kokstad
1/14/2021	MPIONKE'S CREAM TRADING CC	NO 58 COULTER ST KOKSTAD 4700	Core Function:Municipal Manager Town Sec	10,000.00	RECEIVED	Kokstad
<b>Total</b>				<b>R 67 441</b>		

## **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 refuse. This required the municipality to exempt those from paying during the period of the lockdown. There has been a trend of businesses closing down and offices spaces that were occupied currently being empty. This will mean less revenue for the municipality as the impact continues show its full might.

ii. Electricity distribution

The municipality provides electricity in the town area with businesses forming the bigger part of the municipality's revenue generation capacity. With most of these businesses closed during the hard lockdown, it meant less electricity was consumed and therefore less revenue generated. There is however a risk that due to financial difficulties that will be experienced by the people, there will be more illegal connections in an attempt to keep the lights on despite the financial difficulties.

iii. Licences and permits

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

iv. Spending on conditional grants

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

A response on the outcome of the application was received before the end of October for inclusion in the municipal budget through an adjustment budget which must be approved within 30 days from the approval of the rollovers or pay the amounts not approved to the National Revenue Fund within 30 days. The following are amounts that the municipality is required to pay back to the National Revenue Fund:

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

### **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. Adjustment budget process**

The municipality assessed its mid-year performance as at the end of December 2020. The mid-year assessment resulted in council resolving that and adjustments budget be prepared to re-allocate savings realised, reduce revenues and expenditures where these is a need to do so. The adjustment also takes into account any errors in judgement that may have been when the budget was passed to ensure that the budget is implementable.

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 as indicate on the tables below:

a) Revenue by item

Row Labels	Y	Total Budget	Total Actual	Full Year Forecast	Surplus/deficit	Adjustment	Adjusted
- Revenue		- 497 677 541.00	- 338 400 902.66	- 580 176 351.17	82 498 810.17	- 23 991 046.14	- 521 668 587.14
Property Rates	-	17 817 552.00	-	-	- 17 817 552.00		- 17 817 552.00
Property Rates by Usage	-	7 371 420.00	- 19 936 251.19	- 34 176 430.61	26 805 010.61		- 7 371 420.00
Service Charges- Electricity	-	32 577 816.00	- 15 221 327.92	- 26 093 705.01	- 6 484 110.99		- 32 577 816.00
Service Charges- waste	-	4 437 216.00	- 2 285 833.04	- 3 918 570.93	- 518 645.07	- 128 784.00	- 4 566 000.00
Rental from Fixed Assets	-	2 850 612.00	- 1 367 715.09	- 2 344 654.44	- 505 957.56		- 2 850 612.00
Interest -external investment	-	10 363 560.00	- 3 292 825.07	- 5 644 842.98	- 4 718 717.02	-	- 10 363 560.00
Interest- outstanding debtors	-	4 403 592.00	- 2 439 799.14	- 4 182 512.81	- 221 079.19		- 4 403 592.00
Fines Penalties and Forfeits	-	948 096.00	- 123 924.38	- 212 441.79	- 735 654.21	97 768.00	- 850 328.00
Licences or Permits	-	2 755 860.00	- 1 303 461.50	- 2 234 505.43	- 521 354.57		- 2 755 860.00
Agency Services	-	1 217 952.00	- 879 507.38	- 1 507 726.94	289 774.94		- 1 217 952.00
Transfers and Subsidies	-	411 463 913.00	- 291 359 385.75	- 499 552 567.13	88 088 654.13	- 24 032 438.14	- 435 496 351.14
Other Revenue	-	1 469 952.00	- 190 872.20	- 308 393.11	- 1 161 558.89	72 408.00	- 1 397 544.00
<b>Grand Total</b>		<b>- 497 677 541.00</b>	<b>- 338 400 902.66</b>	<b>- 580 176 351.17</b>	<b>82 498 810.17</b>	<b>- 23 991 046.14</b>	<b>- 521 668 587.14</b>

Revenues were adjusted up by over R23.9 million, which is made of the following main adjustments:

- o Increase on refuse removal charges based on the performance of the past six months of the financial year.
- o Decrease in fines as a result of non-performance of the revenue stream for the past six months.
- o Over R24 million increase on Transfers and subsidies made up of the R17 million for Government Support grant and R6.3 million of the approved INEP rollover.

b) Expenditure by item

Row Labels	Original Budget	Total Actual	Full Year Forecast	Surplus/deficit	Adjustment	Adjusted
- Expenditure	402 420 174.00	147 692 853.34	238 383 370.22	164 036 803.78	46 654 666.94	449 074 840.94
Employee Related Cost	119 132 604.00	53 545 477.72	91 217 955.96	27 914 648.04	179 996.00	119 312 600.00
Remuneration of Councillors	25 035 684.00	11 951 757.45	20 488 727.06	4 546 956.94		25 035 684.00
Depreciation and Amortisation	52 681 072.00	17 844 228.16	30 590 105.42	22 090 966.58	-	52 681 072.00
Bad Debt Impairment	4 500 000.00	-	-	4 500 000.00	4 100 000.00	8 600 000.00
Interest Dividends and Rent on Land	150 012.00	1 195.60	2 049.60	147 962.40	-	150 012.00
Bulk Purchases	31 896 012.00	18 795 227.24	32 220 389.55	- 324 377.55	2 719 550.54	34 615 562.54
Contracted Services	86 234 382.00	23 550 464.66	34 157 409.75	52 076 972.25	7 161 899.30	93 396 281.30
Inventory Consumed	8 157 444.00	2 108 266.27	2 131 089.09	6 026 354.91	- 396 878.90	7 760 565.10
Transfers and Subsidies	4 784 548.00	2 124 984.50	501 685.71	4 282 862.29	2 370 464.00	7 155 012.00
Other Expenditure	69 848 416.00	17 771 251.74	27 073 958.07	42 774 457.93	- 5 756 879.00	64 091 537.00
Gains and Losses	-	-	-	-	36 276 515.00	36 276 515.00
<b>Grand Total</b>	<b>402 420 174.00</b>	<b>147 692 853.34</b>	<b>238 383 370.22</b>	<b>164 036 803.78</b>	<b>46 654 666.94</b>	<b>449 074 840.94</b>

The table shows an upward adjustment of over R46 million as a result of the following major items:

- R36 million loss on disposal to cater for losses that will be incurred as a result of the projects from ward 11 that will be transferred to Eskom by the end of the financial year
- R7.1 million contract services relating to expenses that will be incurred against the Government support grant and INEP projects
- R4.1 million on debt impairment due to the current collection levels that might require a big adjustment on our debt impairment
- R2.7 million on bulk purchases necessitated by the current expenditure on the item that is currently above the projected amount.
- R2.3 million on transfers and subsidies that is related to the recently approved council partnership with professions sporting teams and the LED support programs that the municipality implements every year.

c) Capital Expenditure by municipal vote

MBIZANA LOCAL MUNICIPALITY							
2nd ADJUSTED CAPITAL BUDGET BY MUNICIPAL VOTE							
By Vote	Original Budg	Actual expenditure	Full Forecast	Surplus/shortage	1st Adjustment	2nd Adjustment	Adjusted Budget
1.1 - Council General Expenses	-	-	-	-	-	-	-
1.3 - Municipal Manager	50 000.00	35 000.00	60 000.00	9 996.00	-	60 000.00	110 000.00
2.1 - Budget & Treasury	2 100 000.00	1 257 252.00	2 155 289.14	55 289.14	-	99 996.00	2 000 004.00
3.1 - Corporate Service	10 210 250.00	4 281 552.18	7 339 803.74	2 870 456.26	-	558 229.98	10 768 479.98
4.1 - Development Planning	1 100 000.00	780 000.00	1 337 142.86	237 138.86	-	500 000.00	1 600 000.00
5.1 - Community & Social Services	3 891 350.00	879 819.00	1 508 261.14	2 583 098.86	200 000.00	31 356.00	4 059 994.00
5.2 - Refuse Removal	1 810 000.00	1 291 118.00	2 213 345.14	403 337.14	-	100 000.00	1 910 000.00
6.1 - Roads & Engineering	54 646 550.11	17 472 723.99	29 953 241.13	45 476 621.87	20 783 314.13	14 149 477.95	89 579 342.19
6.2 - Electricity	2 000 000.00	6 331 781.10	10 854 481.89	16 536 694.11	25 391 171.72	2 631 574.78	30 022 746.50
	<b>75 808 150.11</b>	<b>32 329 246.27</b>	<b>55 421 565.03</b>	<b>66 761 109.97</b>	<b>46 374 485.85</b>	<b>17 867 930.71</b>	<b>140 050 566.67</b>
<b>Funded by:</b>							
National Government	45 646 550.00	21 994 734.89	37 705 259.81	31 455 288.19	23 514 000.00	14 060 360.21	83 220 910.21
Provincial Government	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-
Internally generated funds	30 161 600.11	10 334 511.38	17 716 305.22	35 305 821.78	22 860 485.85	3 807 570.50	56 829 656.46
	<b>75 808 150.11</b>	<b>32 329 246.27</b>	<b>55 421 565.03</b>	<b>66 761 109.97</b>	<b>46 374 485.85</b>	<b>17 867 930.71</b>	<b>140 050 566.67</b>

The table shows that the municipality's capital budget has been adjusted up by over R17 million. This is made of the approved INEP grant by R2.6 million, R14 million on Engineering to cater for the expensing of the prepayments made for stadium material that is expected to be installed by the end of June 2021.

## 15. Audit progress

The municipality submitted Annual Financial Statements to the Auditor General for audit on the 30<sup>th</sup> October 2020 as required by the revised government gazette. The audit then commenced in November 2020 with the outcome expected to be announced by the 28<sup>th</sup> February 2020.

The municipality has since the start of the audit received and responded to the following:

- 34 Requests for information
- 12 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

## **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 Three interns enrolled in the programme with the two 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.

We recommend that the guidelines be followed in full when these interns are being recruited and the programme is being implemented to ensure that the programme achieves the desired outcome.

## 17. Debtors' analysis

### Summary of all Debtors

EC443 Mbizana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description		NT Code	Budget Year 2020/21									Total	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 Dys-1 Yr	Over 1Yr				
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	2 282	1 415	1 341	1 332	1 315	10 515	—	18 200	13 162	—	—	—
	Receivables from Non-exchange Transactions - Property Rates	1400	991	837	809	806	782	37 250	—	41 473	38 837	—	—	—
	Receivables from Exchange Transactions - Waste Water Management	1500	—	—	—	—	—	—	—	—	—	—	—	—
	Receivables from Exchange Transactions - Waste Management	1600	386	314	293	279	271	7 029	—	8 572	7 579	—	—	—
	Receivables from Exchange Transactions - Property Rental Debtors	1700	229	19	19	20	18	303	—	607	341	—	—	—
	Interest on Arrear Debtor Accounts	1810	425	412	405	392	440	12 755	—	14 830	13 588	—	—	—
	Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	—	—	—	—	—	—	—	—	—	—	—	—
	Other	1900	389	248	231	(195)	229	2 983	—	3 885	3 017	—	—	—
	Total By Income Source	2000	4 701	3 245	3 097	2 634	3 055	70 835	—	87 568	76 524	—	—	—
2019/20 - totals only										—				
Debtors Age Analysis By Customer Group														
	Organs of State	2200	721	692	728	250	817	32 612	—	35 820	33 679	—	—	—
	Commercial	2300	3 712	2 313	2 134	2 125	2 014	25 734	—	38 031	29 873	—	—	—
	Households	2400	268	241	235	242	224	12 489	—	13 700	12 956	—	—	—
	Other	2500	(0)	(0)	—	17	0	0	—	17	17	—	—	—
	Total By Customer Group	2600	4 701	3 245	3 097	2 634	3 055	70 835	—	87 568	76 524	—	—	—

The table above shows municipal debtors for the month of January 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 - M07 January

Description R thousands	NT Code	Budget Year 2020/21								Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year		
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100									-	
Bulk Water	0200									-	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700	109								109	
Auditor General	0800									-	
Other	0900									-	
<b>Total By Customer Type</b>	<b>1000</b>	<b>109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109</b>	

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 - M07 January

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
<b>R thousands</b>														
<b>Municipality</b>														
FNB CALL DEPOSIT ACCOUNT(62550717767)		Not fixed	Call Deposit	No	Variable	0.001675498	0	N/A	not fixed	5 255	11	(11)	-	5 255
FNB CALL DEPOSIT ACCOUNT(62459758078)		Not fixed	Call Deposit	No	Variable	0.001948661	0	N/A	not fixed	11 166	23	-	-	11 189
FNB CALL DEPOSIT ACCOUNT(62028477992)		Not fixed	Call Deposit	No	Variable	0.002246322	0	N/A	not fixed	326 815	701	(10 901)	-	316 615
FNB CALL DEPOSIT ACCOUNT(62816769220)		Not fixed	Call Deposit	No	Variable	0.002054799	0	N/A	not fixed	786	2	-	-	788
FNB CALL DEPOSIT ACCOUNT(62816773073)		Not fixed	Call Deposit	No	Variable	0.001986302	0	N/A	not fixed	1 078	2	-	-	1 080
FNB CALL DEPOSIT ACCOUNT(62550715828)		Not fixed	Call Deposit	No	Variable	0.002052758	0	N/A	not fixed	1 775	3	(4)	-	1 774
FNB CALL DEPOSIT ACCOUNT(62852108531)		Not fixed	Call Deposit	No	Variable	0.038165527	0	N/A	not fixed	4 290	9	-	-	4 299
<b>Municipality sub-total</b>										<b>351 165</b>		<b>(10 916)</b>	<b>-</b>	<b>341 000</b>
<b>Entities</b>														
<b>Entities sub-total</b>										<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>									<b>351 165</b>		<b>(10 916)</b>	<b>-</b>	<b>341 000</b>

The table above shows the municipality's investments performance. The table shows that the municipality's cash and cash equivalents increased during the month by just over R115.3 million which lead to an increase in its investments for the month of January 2021. It should however be noted that this only reflects the difference between what was received and what was spent.

## 20. Allocation and grant receipts and expenditure

a) Transfers & Grants Receipts

EC443 Mbizana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

Description		Ref	2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2020/21 YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>											
<b>RECEIPTS:</b>		1,2									
<b>Operating Transfers and Grants</b>											
<b>National Government:</b>			-	311 814	363 013	-	278 970	180 093	98 877	54.9%	363 013
Local Government Equitable Share			-	278 139	332 422	-	262 297	162 248	100 049	61.7%	332 422
Finance Management			-	2 000	2 000	-	2 000	1 167	833	71.4%	2 000
EPWP Incentive			-	2 389	2 389	-	1 673	1 394	279	20.1%	2 389
Integrated National Electrification Programme			-	29 286	26 202	-	13 000	15 285	(2 285)	-14.9%	26 202
		3	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]			-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>			-	-	402	-	402	234	167	71.4%	402
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
Greenest Municipality		4	-	-	402	-	402	234 444.58	167	71.4%	402
Other transfers and grants [insert description]			-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>			-	-	-	-	-	-	-	-	-
[insert description]			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>			-	-	-	-	-	-	-	-	-
[insert description]			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>		5	-	311 814	363 415	-	279 372	180 327	99 045	54.9%	363 415
<b>Capital Transfers and Grants</b>											
<b>National Government:</b>			-	77 335	74 251	-	20 179	43 313	(23 134)	-53.4%	74 251
			-	77 335	74 251	-	20 179	43 313	(23 134)	-53.4%	74 251
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
Other capital transfers [insert description]			-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>			-	-	-	-	-	-	-	-	-
[insert description]			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>			-	-	-	-	-	-	-	-	-
[insert description]			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>			-	-	-	-	-	-	-	-	-
[insert description]			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>		5	-	77 335	74 251	-	20 179	43 313	(23 134)	-53.4%	74 251
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		5	-	389 149	437 666	-	299 551	223 640	75 911	33.9%	437 666

The above table shows grants received during the month of January 2021.

## b) Transfers & Grants Expenditure

EC443 Mbizana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>EXPENDITURE</u>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		–	311 814	363 013	22 727	116 575	363 013	(246 438)	-67.9%	363 013
Local Government Equitable Share			278 139	332 422	16 421	101 078	332 422	(231 344)	-69.6%	332 422
Finance Management			2 000	2 000	42	406	2 000	(1 594)	-79.7%	2 000
EPWP Incentive			2 389	2 389	–	2 389	2 389	(0)	0.0%	2 389
Integrated National Electrification Programme			29 286	26 202	6 264	12 702	26 202	(13 500)	-51.5%	26 202
								–		
Other transfers and grants [insert description]								–		
Provincial Government:		–	–	402	–	402	234	167	71.4%	402
								–		
								–		
Greenest Municipality			–	402	–	402	234	167	71.4%	402
Other transfers and grants [insert description]								–		
District Municipality:		–	–	–	–	–	–	–		–
								–		
[insert description]								–		
Other grant providers:		–	–	–	–	–	–	–		–
								–		
[insert description]								–		
Total operating expenditure of Transfers and Grants:		–	311 814	363 415	22 727	116 977	363 247	(246 271)	-67.8%	363 415
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		–	48 049	48 049	1 985	21 501	28 029	(6 528)	-23.3%	48 049
			48 049	48 049	1 985	21 501	28 029	(6 528)	-23.3%	48 049
								–		
								–		
								–		
Other capital transfers [insert description]								–		
Provincial Government:		–	–	–	–	–	–	–		–
								–		
								–		
District Municipality:		–	–	–	–	–	–	–		–
								–		
								–		
Other grant providers:		–	–	–	–	–	–	–		–
								–		
Total capital expenditure of Transfers and Grants		–	48 049	48 049	1 985	21 501	28 029	(6 528)	-23.3%	48 049
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		–	359 863	411 464	24 712	138 477	391 276	(252 799)	-64.6%	411 464

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

c) Expenditure on approved rollovers

EC443 Mbizana - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M07 January

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

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 - M07 January

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		–	26 341	22 853	387	11 598	13 331	(1 733)	-13%	22 853
Service charges		–	36 579	34 838	1 694	16 077	20 322	(4 245)	-21%	34 838
Other revenue		–	11 515	11 515	499	5 403	6 717	(1 314)	-20%	11 515
Transfers and Subsidies - Operational		–	282 528	337 213	–	270 255	196 708	73 548	37%	337 213
Transfers and Subsidies - Capital		–	77 335	74 251	–	33 179	43 313	(10 134)	-23%	74 251
Interest		–	10 364	10 364	30	3 338	6 045	(2 707)	-45%	10 364
Dividends		–	–	–	–	–	–	–		–
<b>Payments</b>										
Suppliers and employees		–	(379 171)	(366 571)	(20 644)	(146 604)	(213 833)	(67 230)	31%	(366 571)
Finance charges		–	(50)	(50)	–	–	(29)	(29)	100%	(50)
Transfers and Grants		–	–	–	–	–	–	–		–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		–	65 440	124 413	(18 033)	193 247	72 574	(120 673)	-166%	124 413
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	9	36	–	36	#DIV/0!	–
<b>Payments</b>										
Capital assets		–	(70 114)	(110 973)	(8 669)	(44 596)	(64 734)	(20 138)	31%	(110 973)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		–	(70 114)	(110 973)	(8 660)	(44 560)	(64 734)	(20 174)	31%	(110 973)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	(460)	(460)	–	–	(268)	268	-100%	(460)
<b>Payments</b>										
Repayment of borrowing		–	–	–	–	–	–	–		–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		–	(460)	(460)	–	–	(268)	(268)	100%	(460)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		–	(5 134)	12 979	(26 693)	148 687	7 571			12 979
Cash/cash equivalents at beginning:		–	215 140	215 140		176 051	215 140			176 051
Cash/cash equivalents at month/year end:		–	210 006	228 119		324 739	222 712			189 031

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 - M07 January

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		–	3 476	21 589	189	21 589
Call investment deposits		–	206 991	206 991	324 550	206 991
Consumer debtors		–	32 970	38 198	81 212	38 198
Other debtors		–	43 763	43 763	58 187	43 763
Current portion of long-term receivables		–	–	–	–	–
Inventory		–	1 179	979	1 725	979
<b>Total current assets</b>		–	288 379	311 520	465 862	311 520
<b>Non current assets</b>						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	36	–
Investment property		–	25 097	25 097	34 201	25 097
Investments in Associates		–	–	–	–	–
Property, plant and equipment		–	682 178	728 552	659 147	728 552
Biological		–	–	–	–	–
Intangible		–	–	(100)	183	(100)
Other non-current assets		–	1 281	1 281	1 231	1 281
<b>Total non current assets</b>		–	708 556	754 830	694 799	754 830
<b>TOTAL ASSETS</b>		–	996 934	1 066 350	1 160 661	1 066 350
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		–	460	460	451	460
Trade and other payables		–	17 705	14 750	49 915	14 750
Provisions		–	18 471	18 471	19 716	18 471
<b>Total current liabilities</b>		–	36 636	33 681	70 082	33 681
<b>Non current liabilities</b>						
Borrowing		–	–	–	–	–
Provisions		–	3 920	3 920	5 495	3 920
<b>Total non current liabilities</b>		–	3 920	3 920	5 495	3 920
<b>TOTAL LIABILITIES</b>		–	40 556	37 600	75 577	37 600
<b>NET ASSETS</b>	<b>2</b>	–	956 378	1 028 749	1 085 084	1 028 749
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		–	956 378	1 028 749	1 085 084	1 028 749
Reserves		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	–	956 378	1 028 749	1 085 084	1 028 749

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

### 23. Municipal Manager's quality certification

#### Quality Certificate

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

☐ The monthly budget statement

for the month of January 2021 has been prepared in accordance with the Municipal Finance Management Act and Regulations made under that Act.

Print name: Luvuyo Mhlatshu

Municipal manager of Mbizana Local Municipality (EC443)

Signature: 

Date: 12/02/2021