



# **MBIZANA LOCAL MUNICIPALITY**

## **MONTHLY REPORT**

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

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## **PART 1 – IN-YEAR REPORT**

### **1. Executive Summary**

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

This is the first report of the 2020/21 financial year which should give an indication of how the municipality has performed on its first month of operation in the indicated year. There is generally nothing to report during this month as processes to close the previous year always take part of it. This situation may be worse this year considering that the country is operating under lockdown regulations that make it impossible to operate. This will be the baseline for the new financial year and hopefully the contents of each report will help council and its structures to understand fully the status of the municipality's financial performance and decisions that need to be taken to ensure sustainability of the institution.

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

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

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

### **2. Administration**

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

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

### **3. Staff turnover**

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

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

The Asset and Supply Chain management section has not been spared from similar challenges as the Asset Management Officer position remains vacant after the resignation and departure of the incumbent who occupied the position back in November 2019. Recruitment processes commenced in January 2020 but were not finalised before the National Lockdown was enforced, we expected and hoped this would be attended to speedily to ensure that this is finalised before the end of the financial year but that was unfortunately not the case. The Asset Management Officer position is unfortunately not the only vacant position as we have also had the resignation of the Stores Officer who departed at the end of March 2020 to join another institution. Recruitment processes for the stores position have not commenced due to the national lockdown due to the outbreak of COVID-19.

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

- General Expenditure Clerk – recruitment processes not yet started
- Asset Management Officer – recruitment processes delayed by the lockdown
- Stores Officer – recruitment processes not yet started

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

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

## **a) Challenges Identified**

### **i. Version Changes**

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

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

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

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

### **ii. IDP Budgeting**

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

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

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

### **iv. Budget and reporting module functionality**

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

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

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

## **5. 2018/19 Audit Action Plan Implementation**

The 2019 audit was concluded with the municipality retaining the unqualified audit opinion that has been received over the past four years.

An audit action plan has been prepared and presented to the executive committee and subsequently the council for adoption and implementation. The end of January marks the first month of implementation. The following is a summary of the items that have been implemented:

- Specification committee includes a member from Engineering services
- New specification templates developed
- Monthly monitoring reports submitted to SCM
- All payments to be processed only if accompanied by a monitoring or progress report
- Procurement of cellphone contracts
- Irregular expenditure incurred presented to council and referred to MPAC for investigation

We would however like to report that the difficulty we find ourselves faced with when it comes to departments submitting the monthly monitoring reports as was agreed and committed. A report will be prepared and submitted separately as part of June 2020 reports to the full implementation of the audit

action plan stating reasons on items that have not been addressed. We can however report delays experienced in the following items that have not been concluded yet:

- Installation of electricity meter to verify Eskom billing
  - This has been delayed by approvals required from Eskom
  - The service provider has also reported a number of challenges faced in the implementation of this project that emanate from the municipality's lack of support, commitment and understanding of these processes that might have caused further delays
- Review of SCM processes and redesign of process flows
  - The appointment of a service provider was delayed by the lockdown but has now been appointed with the remote commencement on July 2020 with expected completion in September 2020.

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

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

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

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

The implementation of these regulations has seen a reduction in the amounts spent on traveling and accommodation and catering expenses which we believe will assist the municipality to redirect these

funds to other service delivery initiatives in the years to come including the first month of this current year.

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

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

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

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

The municipality successfully followed this process to procure two 4X4 double cabs that were delivered on the 30<sup>th</sup> of June 2020. This procurement resulted in a saving of over R400 thousand on the estimated expenditure based on past purchases through the municipality's procurement processes.

#### **b. Non-compliance with RT-57 2019 and cost containment regulations**

The municipality procured a tractor through its own procurement processes. The procurement processes were commenced without checking if the product is not on the RT-57 2019 contract and only



after delivery it was discovered that the item is also on the transversal contract. The following are the requirements for procuring outside the transversal contract that the municipality has contravened:

- The municipality must satisfy itself that the procurement process will yield lower prices than those in the transversal contract

Upon scrutiny of the RT-57 2019 transversal contract it was discovered that the item procured by the municipality through its normal procurement processes is available on the transversal contract and below are the savings the municipality would have achieved had the transversal contract been utilised which are therefore regarded as fruitless and wasteful expenditure:

DESCRIPTION	AMOUNT PAID TO GUYANA TRADING	AMOUNT ON RT-57 2019	DEEMED FRUITLESS
Supply and Delivery of two wheel drive tractor	R797 000	R494 500	R302 500

The above transaction is therefore required to be referred to a council committee for investigation and recommendation of the correct action that the council must take regarding the expenditure. If any financial misconduct is suspected then the council must refer the expenditure to the Municipal Disciplinary Board in terms of the Municipal Financial Misconduct Regulations.



## 7. Strategic Objectives

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

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

KPA NO 4: Budget & Treasury																	
Outcome 9 Objective																	
Sub-Result	Issue	Strategic	Objective	Strategies	Baseline	Project to be completed by	Output - KPI	KPI No.	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance	Indicator	Response	Responsible
						properly rates	database			2021							
				Develop and implement the Revenue Enhancement Strategy 2019/20													



**KPA NO 4: Budget & Treasury**

### Outcome 9 Objective

Sub-Result	Issue	Strategic Objective	Strategic Results	Baseline	Project to be	Output - KPI	KPI No.	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance			Warrant	Responsible	Responsible	
office	documents and payment vouchers																		
All assets of the municipality to be accounted for in terms of their value, status and location	To accurately account for the value and location of all municipal assets	Annual review of the asset management policy and update of the fixed asset register	GRAP compliant register as at June 30 2020	Review of the GRAP compliance asset register	Signed GRAP compliant asset register	4.4.1	12.5	GRAP compliant register as at June 30 2021	Signed GRAP compliant asset register, Appointment letter	R 1 300 000.00	Yes	N/A	Submission of the Asset Register to AG	Submission of Responses to audit findings	N/A	N/A	Warrant 1	Asset Management	Manager Supply Chain Management
				Review of useful life of movable assets						R 210 000.00	Yes		Appointment of the Service Provider, Submission of Asset Register to AG	Submission of Responses to audit findings	N/A		Warrant 1	Asset Management	Manager Supply Chain Management
		4.4		Staffing of Asset Management unit	Asset Management unit with its own manager		4.4.2	0.25	Functional and Fully fledged Asset Management Unit by June 2021	Approved Organisational Structure, Appointment letter	R 800 000.00	Yes	N/A	Submission of the review of organs structural to Council for approval	Assumption of duties by the Asset and Stores Manager	N/A	Warrant 1	Office of the CFO	Chief Financial Officer



KPA NO 4: Budget & Treasury																				
Outcome 9 Objective																				
Sub-Result	Issue	Strategic	Objective	Strategies	Baseline	Project to be	Output -KPI	KPI No.	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance	Ward	Response	Responsible			
																	Expenditure			
Budgeting	The municipality needs to comply with all statutory budgeting and reporting requirements	Adhere to compliance to Municipal budget and report	4.6	Preparation and submission of all in-year statutory reports	Approved intentions and new accountants	Training of at least 1 financial management interns and 1 finance staff to meet minimum competency requirements by June 2021	Training of at least 1 financial management interns and 1 finance staff to meet minimum competency requirements by June 2021	4.6.1	0.52	Training of at least 1 financial management interns and 1 finance staff to meet minimum competency requirements by June 2021	Proof of registration and Attendance register	R 800 000.00	N/A	Yes	Registration of at least 1 interns and 1 finance officials	Attendance of the training	Attendance of the training	Ward 1	Reporting and Reporting	Manager: Budgeting and Reporting
						To timely produce budget in line with the National Treasury guidelines and regulations	4.7	Develop and monitor processes to ensure timely preparation, adoption and public consultation of credible municipal budget	Adjustments budget approved by 27 February 2019 and draft budget approved by 31 March 2019 of each	Complete at least three budgets to be approved by council	Council resolutions adopting the budgets	4.7.1	1.5	3 Approved budgets by June 2021	Adjustment budget 19/20; Draft budget 20/21; Approved 20/21 Final Budget and Council resolutions	N/A	N/A	N/A	N/A	Adopted budget adjustment 20/20/21; Draft budget 20/20/22
						Publication of approved budgets	Advertisement of approved budget	4.7.2	1.5	Publication of at least three approved	Adverts	R 57 940.78	Yes	N/A	N/A	Advertisement budget advert	Draft budget; Adopted final budget	Ward 1	Budgeting	Manager: Budgeting and Reporting



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

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



## 8. In-year budget statement tables

### a) Budget Statement Summary

EC443 Mbizana - Table C1 Monthly Budget Statement Summary - M01 July

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	–	14 982	14 982	2 089	12 883	614%	25 189
Service charges	–	37 015	–	2 654	2 654	3 085	(430)	-14%	37 015
Investment revenue	–	10 364	–	–	–	864	(864)	-100%	10 364
Transfers and subsidies	–	282 528	–	125 215	125 215	23 544	101 671	432%	282 528
Other own revenue	–	13 646	–	786	786	1 137	(351)	-31%	13 646
<b>Total Revenue (excluding capital transfers and contributions)</b>	–	<b>368 742</b>	–	<b>143 637</b>	<b>143 637</b>	<b>30 728</b>	<b>112 908</b>	<b>367%</b>	<b>368 742</b>
Employee costs	–	119 133	–	(157)	(157)	9 928	(10 085)	-102%	119 133
Remuneration of Councillors	–	25 036	–	–	–	2 086	(2 086)	-100%	25 036
Depreciation & asset impairment	–	52 581	–	4	4	4 382	(4 378)	-100%	52 581
Finance charges	–	150	–	–	–	13	(13)	-100%	150
Materials and bulk purchases	–	39 573	–	933	933	3 298	(2 364)	-72%	39 573
Transfers and subsidies	–	1 835	–	–	–	153	(153)	-100%	1 835
Other expenditure	–	184 883	–	1 052	1 052	15 407	(14 355)	-93%	184 883
<b>Total Expenditure</b>	–	<b>423 190</b>	–	<b>1 832</b>	<b>1 832</b>	<b>35 266</b>	<b>(33 434)</b>	<b>-95%</b>	<b>423 190</b>
<b>Surplus/(Deficit)</b>	–	<b>(54 449)</b>	–	<b>141 805</b>	<b>141 805</b>	<b>(4 537)</b>	<b>146 342</b>	<b>-3225%</b>	<b>(54 449)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	77 335	–	1 913	1 913	6 445	(4 532)	-70%	77 335
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	–	<b>22 886</b>	–	<b>143 717</b>	<b>143 717</b>	<b>1 907</b>	<b>141 810</b>	<b>7436%</b>	<b>22 886</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	–	<b>22 886</b>	–	<b>143 717</b>	<b>143 717</b>	<b>1 907</b>	<b>141 810</b>	<b>7436%</b>	<b>22 886</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	–	<b>75 808</b>	–	<b>1 443</b>	<b>1 443</b>	<b>6 317</b>	<b>(4 874)</b>	<b>-77%</b>	<b>75 808</b>
Capital transfers recognised	–	45 647	–	1 413	1 413	3 804	(2 391)	-63%	45 647
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	30 162	–	30	30	2 513	(2 483)	-99%	30 162
<b>Total sources of capital funds</b>	–	<b>75 808</b>	–	<b>1 443</b>	<b>1 443</b>	<b>6 317</b>	<b>(4 874)</b>	<b>-77%</b>	<b>75 808</b>
<b>Financial position</b>									
Total current assets	–	288 379	–	–	425 524	–	–	–	288 379
Total non current assets	–	708 556	–	–	667 431	–	–	–	708 556
Total current liabilities	–	36 636	–	–	61 110	–	–	–	36 636
Total non current liabilities	–	3 920	–	–	3 920	–	–	–	3 920
Community wealth/Equity	–	956 378	–	–	1 027 925	–	–	–	956 378
<b>Cash flows</b>									
Net cash from (used) operating	–	65 440	–	125 204	125 204	5 453	(119 751)	-2196%	65 440
Net cash from (used) investing	–	(70 114)	–	(4 443)	(4 443)	(5 843)	(1 400)	24%	(70 114)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the month/year end</b>	–	<b>210 467</b>	–	–	<b>283 070</b>	<b>214 751</b>	<b>(68 319)</b>	<b>-32%</b>	<b>157 635</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 Days</b>	<b>151-180 Days</b>	<b>181 Days-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	18 399	2 875	3 106	2 700	2 622	56 245	–	–	85 948
<b>Creditors Age Analysis</b>									
Total Creditors	282	–	–	–	–	–	–	–	282

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

b) Financial Performance by functional classification

EC443 Mbizana - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

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	-	140 775	140 775	26 807	113 968	425%	321 684
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	321 684	-	140 775	140 775	26 807	113 968	425%	321 684
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	4 942	-	172	172	412	(240)	-58%	4 942
Community and social services		-	181	-	-	-	15	(15)	-100%	181
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	4 761	-	172	172	397	(225)	-57%	4 761
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	48 612	-	1 942	1 942	4 051	(2 109)	-52%	48 612
Planning and development		-	563	-	29	29	47	(18)	-38%	563
Road transport		-	48 049	-	1 913	1 913	4 004	(2 091)	-52%	48 049
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	70 839	-	2 662	2 662	5 903	(3 242)	-55%	70 839
Energy sources		-	63 969	-	2 274	2 274	5 331	(3 057)	-57%	63 969
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6 870	-	388	388	572	(185)	-32%	6 870
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>2</b>	-	<b>446 077</b>	-	<b>145 550</b>	<b>145 550</b>	<b>37 173</b>	<b>108 377</b>	<b>292%</b>	<b>446 077</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	184 624	-	1 755	1 755	15 385	(13 630)	-89%	184 624
Executive and council		-	63 018	-	7	7	5 251	(5 245)	-100%	63 018
Finance and administration		-	116 150	-	1 748	1 748	9 679	(7 931)	-82%	116 150
Internal audit		-	5 457	-	-	-	455	(455)	-100%	5 457
<i>Community and public safety</i>		-	30 879	-	-	-	2 573	(2 573)	-100%	30 879
Community and social services		-	12 117	-	-	-	1 010	(1 010)	-100%	12 117
Sport and recreation		-	2 769	-	-	-	231	(231)	-100%	2 769
Public safety		-	15 014	-	-	-	1 251	(1 251)	-100%	15 014
Housing		-	980	-	-	-	82	(82)	-100%	980
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	100 216	-	178	178	8 351	(8 174)	-98%	100 216
Planning and development		-	28 221	-	21	21	2 352	(2 331)	-99%	28 221
Road transport		-	69 641	-	157	157	5 803	(5 646)	-97%	69 641
Environmental protection		-	2 353	-	-	-	196	(196)	-100%	2 353
<i>Trading services</i>		-	103 891	-	(88)	(88)	8 658	(8 746)	-101%	103 891
Energy sources		-	77 927	-	814	814	6 494	(5 680)	-87%	77 927
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	25 964	-	(903)	(903)	2 164	(3 066)	-142%	25 964
<i>Other</i>		-	3 580	-	(12)	(12)	298	(310)	-104%	3 580
<b>Total Expenditure - Functional</b>	<b>3</b>	-	<b>423 190</b>	-	<b>1 832</b>	<b>1 832</b>	<b>35 266</b>	<b>(33 434)</b>	<b>-95%</b>	<b>423 190</b>
<b>Surplus/ (Deficit) for the year</b>		-	<b>22 886</b>	-	<b>143 717</b>	<b>143 717</b>	<b>1 907</b>	<b>141 810</b>	<b>7436%</b>	<b>22 886</b>

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

c) Revenue by Source

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

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		14 982	14 982	2 099	12 883	614%	25 189
Service charges - electricity revenue			32 578		2 267	2 267	2 715	(448)	-17%	32 578
Service charges - water revenue			-		-	-	-	-		-
Service charges - sanitation revenue			-		-	-	-	-		-
Service charges - refuse revenue			4 437		388	388	370	18	5%	4 437
Rental of facilities and equipment			2 851		225	225	238	(13)	-5%	2 851
Interest earned - external investments			10 364		-	-	864	(864)	-100%	10 364
Interest earned - outstanding debtors			4 404		335	335	367	(32)	-9%	4 404
Dividends received			-		-	-	-	-		-
Fines, penalties and forfeits			948		4	4	79	(75)	-94%	948
Licences and permits			2 756		93	93	230	(136)	-59%	2 756
Agency services			1 218		78	78	101	(23)	-23%	1 218
Transfers and subsidies			282 528		125 215	125 215	23 544	101 671	432%	282 528
Other revenue			1 470		51	51	122	(71)	-58%	1 470
Gains			-		-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		-	368 742	-	143 637	143 637	30 728	112 908	367%	368 742

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

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

from sale of electricity so that it may be able to maintain the infrastructure used to render the service and defray all other operating expenses related to the service provision. The municipality has generated over R2.2 million for the month and a year to date actual of the same amount since this is the first month. This is below the projection by about 17% (over R400 thousand) which may add up to R5.3 million by the end of the year if attempts to remedy the situation do not yield and results. Even though new bulk meters have been installed for identified large power users that we expect will begin to show results once the billing is made from them. There are however some disturbing observations that have been made by the professional service provider contacted by the municipality to install the meters and assess performance of some meters. Two of the large power users in town that are owned by the same person seem to have a way to lower the way in which our meters read consumption leading to less billing and more consumption from their side. The municipality has made some research and learnt that a solution might be installing a automated meter reading system that is able to identify when a meter changes its reading in real time.

- Solid Waste Removal:** Collection and disposal of solid waste is one of the services that the municipality provides to the town area and a few sites outside of town including the Wild Coast Sun Casino. The municipality has implemented a new billing approach which ensures that all customers who individually generate waste are billed individually. The exercise was conducted by the refuse section and the billing database has significantly increased and showed us that there are customers we have been providing the service to at no cost at all. This has resulted in the revenue billed for the month to be over R388 thousand which is more than the projection by 8% which will be monitored against performance of other periods to follow. There is however an expectation that revenue collection will decline this year due the effects of Covid-19 on both the consumers and businesses as we have seen a number of businesses closing down and some downscaling.
- Interest on Investments:** The municipality invests surplus cash and unspent grants to generate interest that would be utilised to fund other municipal programmes, this interest includes interest on the municipality's positive balance in the municipality's main account. The table above does not show any interest generated due to recording that had not happened when the month end processes were finalised due to unavailability of staff caused by adherence to Covid-19 protocols, however we can confirm that the municipality received an overall income of over R425 thousand

which is below the projected amount for the same period by 50%. This may be attributable to the decrease in revenue collection since the outbreak of COVID-19 which has meant the municipality continues to spend without making any significant money coming in.

- **Interest on outstanding debtors:** The municipality charges interest on debtors owing for more than 30 days at a rate of prime plus 2% as per the municipality's credit control and debt collection policy. This has yielded interest of R335 thousand for the period ended 31 July 2020 which is less than the amount projected for the period by 9%. This still requires intense debt collection initiatives. A higher interest generation means the municipality's debtors are more than what they were projected to be.
- **Fines:** The municipality has a traffic department which enforces traffic laws and the municipality's by-laws. Anyone found to have contravened these laws is charged a fine accordingly. These fines also include fines for electricity tempering. The municipality only generated about R4 thousand revenue on these fines during the month of July 2020 from nothing during the months of May and June due to the country being on lockdown, movement of people highly restricted and law enforcement personnel dedicated to monitoring and enforcing lockdown compliance. This resulted in less than a quarter of the projected amount for the period ended. It is worth noting though that this does not represent cash collected and measures should be put in place to ensure people pay their fines. Experience has taught us that people generally do not settle traffic fines and, in most cases when they do they do so at lower values than the initial revenue recognised. This is one of the areas where we were forced to adjust down to ensure that we end up with realistic revenues.
- **Rental of facilities:** The municipality has properties that it rents out to other businesses and individuals from which it generates revenue. These include properties like the Boxer complex, Spar, Browns, Bargain and others. The revenue generated here also includes rental for billboards and advertising around the town area. The municipality has generated about R225 thousand for the month which has left the actual performance to a level below the projection by 5% which is expected to improve as other revised contracts are concluded.
- **Licenses and permits:** The municipality has a fully functional testing station which has been operation for the past two years. This has been one of the municipality's promising revenue stream since the completion of the testing station. The municipality only generated R93 thousand worth of revenue for the period due to the National lockdown that directed that all licensing



services be suspended until further guidance from National Government is provided. As this report is being prepared the licensing services has since commenced which is expected to lead to an improvement from a number of financial challenges for the municipality that might have been experienced during the lockdown period. The municipality has collected below the revised projected collection by 59% which is expected to improve as the testing center begins operating fully and the lockdown restrictions are eased.

- **Transfers and subsidies:** The municipality receives grants, both conditional and those without conditions. The report shows that an amount of over R125 million has been transferred to revenue for the period ended 31 July 2020 from the operating grants whose conditions have been met. This has recorded a year to date performance of the same amount as this is the first month of the financial year. This happens when the municipality has spent the grants according to the requirements of the funders or DORA. The biggest chunk of these transfers is equitable share that was received during the month.

d) Debt Collection

The table below shows a 9% overall collection rate for the month ended 31 July 2020. However, we note a 87% collection rate on leasehold fees, 39% on electricity and 27% on refuse removal for the period.

**MBIZANA L M : MONTHLY BILLING & RECEIPTS (including VAT)**

**YEAR ENDING: 30 June 2021**

INCOME TYPE	JULY	1st QUARTER	TOTALS
<b>RATES</b>			
billed	14 981 719	14 981 719	14 981 718.74
payment received	266 309	266 309	266 308.85
% of billing received	2%	2%	2%
<b>ELECTRICITY</b>			
billed	2 261 089	2 261 089	2 261 089.26
payment received	870 983	870 983	870 983.15
% of billing received	39%	39%	39%
<b>LEASEHOLD FEES</b>			
billed	224 507	224 507	224 506.60
payment received	194 594	194 594	194 594.03
% of billing received	87%	87%	87%
<b>VAT</b>			
billed	430 975	430 975	430 975.32
payment received	175 616	175 616	175 616.34
% of billing received	41%	41%	41%
<b>INTEREST</b>			
billed	334 590	334 590	334 589.72
payment received	27 192	27 192	27 191.76
% of billing received	8%	8%	8%
<b>REFUSE REMOVAL</b>			
billed	387 581	387 581	387 580.52
payment received	103 046	103 046	103 045.91
% of billing received	27%	27%	27%
<b>TOTAL INCOME</b>			
billed	18 620 460	18 620 460	18 620 460
payment received	1 637 740	1 637 740	1 637 740
% of billing received	9%	9%	9%

e) Expenditure by Type

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

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		(157)	(157)	9 928	(10 085)	-102%	119 133
Remuneration of councillors			25 036		-	-	2 086	(2 086)	-100%	25 036
Debt impairment			4 500		-	-	375	(375)	-100%	4 500
Depreciation & asset impairment			52 581		4	4	4 382	(4 378)	-100%	52 581
Finance charges			150		-	-	13	(13)	-100%	150
Bulk purchases			31 896		828	828	2 658	(1 830)	-69%	31 896
Other materials			7 677		105	105	640	(534)	-84%	7 677
Contracted services			110 404		(32)	(32)	9 200	(9 233)	-100%	110 404
Transfers and subsidies			1 835		-	-	153	(153)	-100%	1 835
Other expenditure			69 979		1 084	1 084	5 832	(4 748)	-81%	69 979
Losses			-		-	-	-	-		-
Total Expenditure		-	423 190	-	1 832	1 832	35 266	(33 434)	-95%	423 190

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

- Employee costs and Remuneration of councillors:** The municipality has remunerated employees who are remunerated as per the prevailing Bargaining Council agreements. The expenditure for the period ended 31 July 2020 reflects a negative amount which is due to payroll interface not done due to year-end processes being done concurrently with the month end processes together with the unavailability of the full complement of personnel due to Covid-19 work protocols, these will be corrected in the month to follow.
- 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 R828 thousand on electricity purchases for the period ended 31 July 2020 and a year to date actual of the same amount. This amount only relates to the first 10 days of July as the billing by Eskom only takes place on the 10<sup>th</sup> of each month.
- Depreciation and asset impairment:** The depreciation run has been performed after the end of each quarter and recently monthly, however, this could not be done for July as the asset register was still in the process of being reviewed to ensure that the assets are correctly accounted for in the annual financial statements. More accurate and complete information will be reported once an updated asset register has been loaded on the system.
- 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 did not incur any expenditure during the month. 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 81% which might be as a result of the slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled. This requires though that departments that are currently underspending be sensitised of the matter.

f) Revenue by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July

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>Revenue by Vote</b>	<b>1</b>									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-		-
Vote 2 - BUDGET AND TREASURY		-	296 215	-	140 775	140 775	24 685	116 090	470.3%	296 215
Vote 3 - CORPORATE SERVICE		-	280	-	-	-	23	(23)	-100.0%	280
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	11 811	-	559	559	984	(425)	-43.2%	11 811
Vote 5 - ENGINEERING SERVICES		-	112 149	-	4 192	4 192	9 346	(5 153)	-55.1%	112 149
Vote 6 - DEVELOPMENT PLANNING		-	25 621	-	24	24	2 135	(2 111)	-98.9%	25 621
<b>Total Revenue by Vote</b>	<b>2</b>	-	446 077	-	145 550	145 550	37 173	108 377	291.5%	446 077

The table above shows revenue generated per municipal vote as defined in s1 of the MFMA. The table shows that Engineering services has generated over R4.1 million for the month with Budget and Treasury showing generation of over R140 million which may be attributable to grants that have already been received or spent more than the projected amounts as well as Community and Social services at over R559 thousand.

g) Expenditure by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands										
Expenditure by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	83 121	-	107	107	6 927	(6 820)	-98.5%	83 121
Vote 2 - BUDGET AND TREASURY		-	30 707	-	14	14	2 559	(2 545)	-99.4%	30 707
Vote 3 - CORPORATE SERVICE		-	55 365	-	1 095	1 095	4 614	(3 519)	-76.3%	55 365
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	75 969	-	(336)	(336)	6 331	(6 666)	-105.3%	75 969
Vote 5 - ENGINEERING SERVICES		-	152 604	-	961	961	12 717	(11 756)	-92.4%	152 604
Vote 6 - DEVELOPMENT PLANNING		-	25 425	-	(9)	(9)	2 119	(2 128)	-100.4%	25 425
Total Expenditure by Vote	2	-	423 190	-	1 832	1 832	35 266	(33 434)	-94.8%	423 190
Surplus/ (Deficit) for the year	2	-	22 886	-	143 717	143 717	1 907	141 810	7435.5%	22 886

The table above shows the expenditure by municipal vote. The total expenditure for the month of July 2020 amounted to above R1.8 million.

## h) Municipality's financial performance

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

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		14 982	14 982	2 099	12 883	614%	25 189
Service charges - electricity revenue			32 578		2 267	2 267	2 715	(448)	-17%	32 578
Service charges - water revenue			-		-	-	-	-		-
Service charges - sanitation revenue			-		-	-	-	-		-
Service charges - refuse revenue			4 437		388	388	370	18	5%	4 437
Rental of facilities and equipment			2 851		225	225	238	(13)	-5%	2 851
Interest earned - external investments			10 364		-	-	864	(864)	-100%	10 364
Interest earned - outstanding debtors			4 404		335	335	367	(32)	-9%	4 404
Dividends received			-		-	-	-	-		-
Fines, penalties and forfeits			948		4	4	79	(75)	-94%	948
Licences and permits			2 756		93	93	230	(136)	-59%	2 756
Agency services			1 218		78	78	101	(23)	-23%	1 218
Transfers and subsidies			282 528		125 215	125 215	23 544	101 671	432%	282 528
Other revenue			1 470		51	51	122	(71)	-58%	1 470
Gains			-		-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		-	368 742	-	143 637	143 637	30 728	112 908	367%	368 742
Expenditure By Type										
Employee related costs			119 133		(157)	(157)	9 928	(10 085)	-102%	119 133
Remuneration of councillors			25 036		-	-	2 086	(2 086)	-100%	25 036
Debt impairment			4 500		-	-	375	(375)	-100%	4 500
Depreciation & asset impairment			52 581		4	4	4 382	(4 378)	-100%	52 581
Finance charges			150		-	-	13	(13)	-100%	150
Bulk purchases			31 896		828	828	2 658	(1 830)	-59%	31 896
Other materials			7 677		105	105	640	(534)	-84%	7 677
Contracted services			110 404		(32)	(32)	9 200	(9 233)	-100%	110 404
Transfers and subsidies			1 835		-	-	153	(153)	-100%	1 835
Other expenditure			69 979		1 084	1 084	5 832	(4 748)	-81%	69 979
Losses			-		-	-	-	-		-
Total Expenditure		-	423 190	-	1 832	1 832	35 266	(33 434)	-95%	423 190
Surplus/(Deficit)		-	(54 449)	-	141 805	141 805	(4 537)	146 342	(0)	(54 449)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			77 335		1 913	1 913	6 445	(4 532)	(0)	77 335
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)								-		
Transfers and subsidies - capital (in-kind - all)								-		
Surplus/(Deficit) after capital transfers & contributions		-	22 886	-	143 717	143 717	1 907			22 886
Taxation			-					-		
Surplus/(Deficit) after taxation		-	22 886	-	143 717	143 717	1 907			22 886
Attributable to minorities			-							-
Surplus/(Deficit) attributable to municipality		-	22 886	-	143 717	143 717	1 907			22 886
Share of surplus/ (deficit) of associate			-							-
Surplus/ (Deficit) for the year		-	22 886	-	143 717	143 717	1 907			22 886

The municipality has so far recorded a surplus of over R143 million for the period ended 31 July 2020.

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

## 9. 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 - M01 July

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	30 775	-	-	-	2 585	2 585	100.0%	30 775
Roads Infrastructure		-	28 475	-	-	-	2 373	2 373	100.0%	28 475
Roads		-	28 475	-	-	-	2 373	2 373	100.0%	28 475
Electrical Infrastructure		-	2 300	-	-	-	192	192	100.0%	2 300
LV Networks		-	2 300	-	-	-	192	192	100.0%	2 300
<b>Community Assets</b>		-	1 100	-	-	-	92	92	100.0%	1 100
Community Facilities		-	1 100	-	-	-	92	92	100.0%	1 100
Markets		-	1 100	-	-	-	92	92	100.0%	1 100
<b>Heritage assets</b>		-	50	-	-	-	4	4	100.0%	50
Other Heritage		-	50	-	-	-	4	4	100.0%	50
<b>Other assets</b>		-	2 500	-	-	-	208	208	100.0%	2 500
Operational Buildings		-	2 500	-	-	-	208	208	100.0%	2 500
Yards		-	2 500	-	-	-	208	208	100.0%	2 500
<b>Computer Equipment</b>		-	6 800	-	-	-	567	567	100.0%	6 800
Computer Equipment		-	6 800	-	-	-	567	567	100.0%	6 800
<b>Furniture and Office Equipment</b>		-	1 650	-	30	30	137	107	77.9%	1 650
Furniture and Office Equipment		-	1 650	-	30	30	137	107	77.9%	1 650
<b>Machinery and Equipment</b>		-	2 101	-	-	-	175	175	100.0%	2 101
Machinery and Equipment		-	2 101	-	-	-	175	175	100.0%	2 101
<b>Transport Assets</b>		-	2 660	-	-	-	222	222	100.0%	2 660
Transport Assets		-	2 660	-	-	-	222	222	100.0%	2 660
<b>Total Capital Expenditure on new assets</b>	1	-	47 637	-	30	30	3 970	3 939	99.2%	47 637

EC443 Mbizana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M01 July

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-		-
<b>Community Assets</b>		-	6 000	-	-	-	500	500	100.0%	6 000
Community Facilities		-	6 000	-	-	-	500	500	100.0%	6 000
Taxi Ranks/Bus Terminals		-	6 000	-	-	-	500	500	100.0%	6 000
<b>Total Capital Expenditure on renewal of existing assets</b>	1	-	6 000	-	-	-	500	500	100.0%	6 000

EC443 Mbizana - Supporting Table SC13c Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M01 July

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	2 000	-	-	-	167	167	100.0%	2 000
Roads Infrastructure		-	2 000	-	-	-	167	167	100.0%	2 000
Roads		-	2 000	-	-	-	167	167	100.0%	2 000
<b>Community Assets</b>		-	20 172	-	1 413	1 413	1 681	268	16.0%	20 172
Community Facilities		-	11 251	-	-	-	938	938	100.0%	11 251
Halls		-	11 251	-	-	-	938	938	100.0%	11 251
Sport and Recreation Facilities		-	8 921	-	1 413	1 413	743	(669)	-90.0%	8 921
Outdoor Facilities		-	8 921	-	1 413	1 413	743	(669)	-90.0%	8 921
<b>Total Capital Expenditure on upgrading of existing assets</b>	1	-	22 172	-	1 413	1 413	1 848	435	23.5%	22 172



The above tables indicate that the municipality spent R1.4 million for the month from its capital budget for the period ended 31 July 2020. This is performance that cannot be encouraged, especially on the two major capital programmes being implemented by the municipality as it poses a number of risks for the institution including paying for work that has not been completed come the end of the year chasing targets and expenditure performance.

b) Capital Expenditure by municipal vote

EC443 Mbizana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Multi-Year expenditure appropriation</b>	<b>2</b>									
Vote 2 - BUDGET AND TREASURY		-	2 100	-	-	-	175	(175)	-100%	2 100
Vote 5 - ENGINEERING SERVICES		-	18 172	-	1 413	1 413	1 514	(101)	-7%	18 172
<b>Total Capital Multi-year expenditure</b>	<b>4,7</b>	-	20 272	-	1 413	1 413	1 689	(276)	-16%	20 272
<b>Single Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - EXECUTIVE AND COUNCIL		-	50	-	-	-	4	(4)	-100%	50
Vote 3 - CORPORATE SERVICE		-	10 210	-	-	-	851	(851)	-100%	10 210
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	5 401	-	30	30	450	(420)	-93%	5 401
Vote 5 - ENGINEERING SERVICES		-	38 775	-	-	-	3 231	(3 231)	-100%	38 775
Vote 6 - DEVELOPMENT PLANNING		-	1 100	-	-	-	92	(92)	-100%	1 100
<b>Total Capital single-year expenditure</b>	<b>4</b>	-	55 537	-	30	30	4 628	(4 598)	-99%	55 537
<b>Total Capital Expenditure</b>		-	75 808	-	1 443	1 443	6 317	(4 874)	-77%	75 808
<b>Capital Expenditure - Functional Classification</b>										
<i>Governance and administration</i>		-	12 760	-	30	30	1 063	(1 033)	-97%	12 760
Executive and council			50				4	(4)	-100%	50
Finance and administration			12 710		30	30	1 059	(1 029)	-97%	12 710
<i>Community and public safety</i>		-	3 191	-	-	-	266	(266)	-100%	3 191
Community and social services			1 300				108	(108)	-100%	1 300
Public safety			1 891				158	(158)	-100%	1 891
<i>Economic and environmental services</i>		-	55 747	-	1 413	1 413	4 646	(3 233)	-70%	55 747
Planning and development			25 272		1 413	1 413	2 106	(693)	-33%	25 272
Road transport			30 475				2 540	(2 540)	-100%	30 475
<i>Trading services</i>		-	4 110	-	-	-	343	(343)	-100%	4 110
Energy sources			2 300				192	(192)	-100%	2 300
Waste management			1 810				151	(151)	-100%	1 810
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	-	75 808	-	1 443	1 443	6 317	(4 874)	-77%	75 808
<b>Funded by:</b>										
National Government			45 647		1 413	1 413	3 804	(2 391)	-63%	45 647
Transfers recognised - capital		-	45 647	-	1 413	1 413	3 804	(2 391)	-63%	45 647
Internally generated funds			30 162		30	30	2 513	(2 483)	-99%	30 162
<b>Total Capital Funding</b>		-	75 808	-	1 443	1 443	6 317	(4 874)	-77%	75 808

The above table indicate that the municipality spent R1.4 million from its capital budget for the period ended 31 July 2020 which is very 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 year.

## **10. 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. Procurement requests below R2000.00

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

ReqNum	ReqDate	NoOfQuotEstRec	GR/VNum	PayNu	CreditorCode	CreditorName	QtyOrd	UnitPrice	VATAmnt	TotalAmnt	SegmentDESC	CSDRefNumbr
32896	17/09/2020	5	N/A	N/A	56682	TUNIMART	1	126.00	18.90	144.90	Accommodation 2505260240 Traffic	MAAA0051710
32915	23/09/2020	5	N/A	N/A	56682	TUNIMART	1	129.60	19.44	149.04	Accommodation 5505260240 PMU	MAAA0051710
32897	17/09/2020	5	N/A	N/A	56682	TUNIMART	1	129.60	19.44	149.04	Accommodation 5505260240 PMU	MAAA0051710
32877	09/09/2020	5	27598	EF007136-0002	10548	IHEANS TRAVELLING AGENCIES	1	273.60	-	273.60	Accommodation MM 515260240	MAAA0180464
32923	25/09/2020	5	N/A		56682		1	259.20	38.88	298.08	Tuition fees	
32878	09/09/2020	7	27595	EF007127-0003	664	THANKS TO GIVE TRADING AND PRO	1	300.00	-	300.00	Promotional items and Tokens Legacy 505260188	MAAA0447568
32907	22/09/2020	5	27622	N/A	2	MUNSOFT (PTY) LTD	1	340.13	51.02	391.15	Lease and usage	MAAA0175705
32871	07/09/2020	5	27599	EF007136-0004	10548	IHEANS TRAVELLING AGENCIES	1	456.00	-	456.00	Whippery support transport hire	MAAA0180464
32899	18/09/2020	5	N/A	N/A	10548	IHEANS TRAVELLING AGENCIES	1	547.00	-	547.00	Accommodation Fleet	MAAA0180464
32900	18/09/2020	5	N/A	N/A	10548	IHEANS TRAVELLING AGENCIES	1	547.20	-	547.20	Municipal finance Management Tuition	MAAA0180464
32894	15/09/2020	5	N/A	N/A	10548	IHEANS TRAVELLING AGENCIES	1	547.20	-	547.20	Accommodation 5505260240 PMU	MAAA0180464
32912	22/09/2020	1	27619	N/A	23	ESKOM HOLDINGS	1	582.81	-	582.81	Interest expense- Finance	MAAA0261424
32878	09/09/2020	7	27595	EF007127-0003	664	THANKS TO GIVE TRADING AND PRO	2	300.00	-	600.00	Promotional items and Tokens Legacy 505260188	MAAA0447568
3289	14/09/2020	5	27608	EF007131-	2282	SWORD GROUP	1				Acquisitions	MAAA044

RegNum	RegDate	NoOfQuotestRec	GRVNum	PayNum	CreditorCode	CreditorName	QtyOrd	UnitPrice	VATAmt	TotalAmt	SegmentDESC	CSDrftNumbr
2	2020			0002				940.00	-	940.00		7951
32896	17/09/2020		N/A	N/A	56682	TUNIMART	1	1 400.00	-	1 400.00	Accommodation Z505260240	MAAA005 1710
32915	23/09/2020		N/A	N/A	56682	TUNIMART	1	1 440.00	-	1 440.00	Accommodation 5505260240	MAAA005 1710
32897	17/09/2020		N/A	N/A	56682	TUNIMART	1	1 440.00	-	1 440.00	Accommodation 5505260240	MAAA005 1710
32887	14/09/2020		27606	EF007131-0007	9399	VUYANI GWEBINDLA & ASSOCIATES	1	1 996.05	-	1 996.05	Legal Cost:issue of Summons	MAAA023 5957
32878	09/09/2020		27595	EF007127-0003	664	THANKS TO GIVE TRADING AND PRO	1	2 000.00	-	2 000.00	Promotional items and Tokens Legacy 505260188	MAAA044 7568

13 754.39 147.68 14 202.07

**d. 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

Req Num	Req Date	Req Line	Num	PayNu	Credito rCode	CreditorName	UnitPrice	VATAmnt	TotalAmnt	SegmentDESC	CSDRefNu mber
3289	17/09/2020	1	N/A	N/A	15262	ARENA HOLDINGS	1 750.00	262.50	2 012.50	Advertising fees PMU 5505260540	MAAA007 6388
3290	21/09/2020	1	N/A	N/A	20306	BOB KANE FORMATION PTY LTD	1 900.00	285.00	2 185.00	Refuse- Vehicle Maintenance	MAAA039 7278
3287	09/09/2020	3	59	EF00712 7-0003	664	THANKS TO GIVE TRADING AND PRO	2 200.00	-	2 200.00	Promotional items and Tockens Legacy 505260188	MAAA044 7568
3292	25/09/2020	1			56682		1 440.00	-	2 880.00	Tuition fees	
3287	09/09/2020	1	21HE192	EF00713 6-0002	10548	IHEANS TRAVELLING AGENCIES	1 440.00	-	2 880.00	Accommodation 515260240 MM	MAAA018 0464
3287	09/09/2020	1	FCI00113 33	EF00712 7-0006	2658	GENBIZ TRADING 1001 PTY LTD	2 726.18	408.93	3 135.11	Lease and usage	MAAA002 3122
3288	14/09/2020	1	16	EF00713 1-0008	9399	VUYANI GWEBINDLA & ASSOCIATES	3 172.57	-	3 172.57	Legal Cost:issue of Summons	MAAA023 5957
3288	14/09/2020	1	9	EF00713 1-0010	9399	VUYANI GWEBINDLA & ASSOCIATES	3 300.31	-	3 300.31	Legal Cost:issue of Summons	MAAA023 5957
3287	09/09/2020	5	59	EF00712 7-0003	664	THANKS TO GIVE TRADING AND PRO	850.00	-	3 400.00	Promotional items and Tockens Legacy 505260188	MAAA044 7568
3288	14/09/2020	9	1005/201 9	EF00713 1-0004	6536	N.Z. MTSHABE INCORPORATED ATTO	3 488.00	-	3 488.00	Legal Cost:issue of Summons	MAAA016 1315
3292	25/09/2020	6			20306		1 695.65	508.69	3 899.99	Roads - Vehicle Maintenance	
3289	14/09/2020	2	17	EF00713 1-0002	2282	SWORD GROUP	700.00	-	4 200.00	Acquisitions	MAAA044 7951

Req Num	Req Date	Req Line	Num	PayNu	Credito rCode	CreditorName	UnitPrice	VATAmnt	TotalAmnt	SegmentDESC	CSDRefNum ber
3289 2	14/09/ 2020	3	17	EF00713 1-0002	2282	SWORD GROUP	700.00	-	4 200.00	Acquisitions	MAAA004 7951
3289 2	14/09/ 2020	4	17	EF00713 1-0002	2282	SWORD GROUP	700.00	-	4 200.00	Acquisitions	MAAA004 7951
3290 6	22/09/ 2020	1	N/A	N/A	5123	ISO NEWS PTY LTD	2 280.00	-	4 560.00	Advertising 515260540	MAAA061 0587
3287 1	07/09/ 2020	1	21HE194	EF00713 6-0004	10548	IHEANS TRAVELLING AGENCIES	4 800.00	-	4 800.00	Whippery support transport hire	MAAA018 0464
3289 2	14/09/ 2020	1	17	EF00713 1-0002	2282	SWORD GROUP	900.00	-	5 400.00	Acquisitions	MAAA004 7951
3290 0	18/09/ 2020	1	N/A	N/A	10548	IHEANS TRAVELLING AGENCIES	1 440.00	-	5 760.00	Municipal finance Management Tuition	MAAA018 0464
3289 9	18/09/ 2020	1	N/A	N/A	10548	IHEANS TRAVELLING AGENCIES	1 440.00	-	5 760.00	Accommodation Fleet	MAAA018 0464
3289 4	15/09/ 2020	1	N/A	N/A	10548	IHEANS TRAVELLING AGENCIES	1 440.00	-	5 760.00	Accommodation PMU 5505260240	MAAA018 0464
3291 1	22/09/ 2020	1	N/A	N/A	1204	YOUR MEDIA TODAY HUB AND PRINT	3 040.00	-	6 080.00	Advertising fees Human resources 1010260540	MAAA042 8800
3289 2	14/09/ 2020	17	17	EF00713 1-0002	2282	SWORD GROUP	1 300.00	-	6 500.00	Acquisitions	MAAA004 7951
3290 3	21/09/ 2020	1	N/A	N/A	15262	ARENA HOLDINGS	5 724.00	858.60	6 582.60	Advertising fees 1505	MAAA007 6388
3290 3	21/09/ 2020	2	N/A	N/A	15262	ARENA HOLDINGS	5 724.00	858.60	6 582.60	Advertising fees 1505	MAAA007 6388
3289 2	14/09/ 2020	18	17	EF00713 1-0002	2282	SWORD GROUP	1 500.00	-	7 500.00	Acquisitions	MAAA004 7951
3289 2	14/09/ 2020	19	17	EF00713 1-0002	2282	SWORD GROUP	1 500.00	-	7 500.00	Acquisitions	MAAA004 7951
3289 2	14/09/ 2020	20	17	EF00713 1-0002	2282	SWORD GROUP	1 500.00	-	7 500.00	Acquisitions	MAAA004 7951



Req Num	Req Date	Req Line	Num	Paynu	Credito Code	Creditor Name	Unit Price	VAT Amt	Total Amt	Segment Desc	CSD Ref Number
3289 1	14/09/2020	2	PS/B(823)	EF00713 1-0011	9734	SUGUDHAV. SEWERSADH ATTORNEYS	7 935.00	-	7 935.00	Legal Cost: Issue of Summons	MAAA032 1444
3289 0	14/09/2020	2	PS/B(823)	EF00713 1-0011	6536	N.Z. MITSHABE INCORPORATED ATTO	7 935.00	-	7 935.00	Legal Cost: Issue of Summons	MAAA016 1315
3288 2	10/09/2020	1	1	EF00713 6-0001	2079	AMACABHANI TRADING AND PROJECT	285.00	-	7 980.00	Acquisitions	MAAA042 5055
3287 9	09/09/2020	1	N/A	N/A	10527	KU-BHA SERVICE STATION	19.50	-	8 190.00	Acquisitions	MAAA055 3861
3291 4	23/09/2020	1	N/A	N/A	1204	YOUR MEDIA TODAY HUB AND PRINT	8 480.00	-	8 480.00	Advertising and Marketing: Corporate and Municipal	MAAA042 8800
3290 1	21/09/2020	1	N/A	N/A	20306	BOB KANE FORMATION PTY LTD	3 694.15	108.24	8 496.54	Vehicle maintenance outsourced 1010235115	MAAA039 7278
3287 2	08/09/2020	1	6831379	EF00713 6-0006	15262	ARENA HOLDINGS	8 480.00	272.00	9 752.00	Advertising fees PMU 5505260540	MAAA007 6388
3291 3	23/09/2020	1	N/A	N/A	56689	ISO NEWS (PTY) LTD	10 500.00	-	10 500.00	Advertising fees IDP 515260540	MAAA061 0587
3288 3	10/09/2020	1	6832541	EF00713 6-0007	15262	ARENA HOLDINGS	9 752.00	462.80	11 214.80	Advertising 515260540	MAAA007 6388

257 642  
741.05 14 467.91 567.87

### e. 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.

ReqNum	ReqDate	ReqUnit	OrderNum	CreditorCode	CreditorName	QtyOrdered	UnitPrice	VATAmnt	TotalAmnt	SegmentDesc	CSDRefNum
32917	23/09/20	1	30600	9734	SUGUDHAV-SEWPERSADH ATTORNEYS	1	868.90	-	868.90	Legal Cost:Issue: of Summons	MAAA03214 44
32874	09/09/20	2	30571	2	MUNSOFT (PTY) LTD	1	33	4	37	Lease and usage	MAAA01757 05
32885	14/09/20	1	30577	9399	VUYANI GWEBINDLA & ASSOCIATES	1	39	-	39	Legal Cost:Issue: of Summons	MAAA02359 57
32908	22/09/20	1	30607	25	CONLOG	1	48	7	55	Commission:Prepaid Electricity	MAAA02335 37
32919	23/09/20	1	30603	9734	SUGUDHAV-SEWPERSADH ATTORNEYS	1	57	-	57	Legal Cost:Issue: of Summons	MAAA03214 44
32880	09/09/20	1	30572	3654	THE MANE'S PTY LTD	1	60	-	60	R&M Refuse Power tools	MAAA01008 93
32912	22/09/20	1	30608	23	ESKOM HOLDINGS	1	84	12	96	Grid Electricity Subsidy	MAAA02614 24
32889	14/09/20	1	30581	6536	N.Z. MTSABE INCORPORATED ATTORNEYS	1	112	-	112	Legal Cost:Issue: of Summons	MAAA01613 15
32918	23/09/20	1	30604	9734	SUGUDHAV-SEWPERSADH ATTORNEYS	1	176	-	176	Legal Cost:Issue: of Summons	MAAA03214 44
							640 473.44	24 831.66	665 305.10		

## **11. 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 July 2020**

No mini tenders were awarded during the month of July 2020.

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

**Competitive Bidding**

No awards were made during the month of July 2020.

**c) Status of current tenders**

PROJECTS TO BE PRESENTED			Appointment Date	End of Validity
1.	Hiring of Construction Plant and Trucks	Mr. L. Gwala	08/06/2020	02/09/2020
2.	Co-Sourcing Arrangements for Internal Audit	Mr. S. Morlock	08/06/2020	28/08/2020
3	Supply and Delivery of Desktops and Laptops	Miss.N.Xoko	25/06/2020	25/09/2020
4	Repairs and Renovations of Library Maintenance	Mr.V.O.Nontanda	12/06/2020	12/09/2020
5	Maintenance of CBD	Mr.L.Gwala	12/06/2020	10/09/2020
6	Supply and delivery of Fisheries	Mr.B.Hlangabezo	19/06/2020	12/09/2020
7	Supply and Delivery of Material , Equipment and Machinery for SNME's	Mr.B.Hlangabezo	19/06/2020	12/09/2020
8	Supply and Delivery of Market Stalls and No Walking Double Sided Board	Mr.B.Hlangabezo	19/06/2020	12/09/2020
9	Supply and Delivery of Arts, Craft Material and Equipment	Mr.B.Hlangabezo	19/06/2020	12/09/2020
10	Website Revamp	Mr. V.O Nontanda	Not yet allocated	08/10/2020

#### d) Deviations

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

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

COMPANY	AMOUNT	NORMAL PROCUREMENT	PROCUREMENT USED	REASON FOR DEVIATION	SERVICE OR GOODS
Khuselindalo Development	R199 850.00	Seven Days Advert	Deviation	The Municipality could get a responsive Bidder	Revival of Dumping Site(Fianancilas)
Oracle	R 2 990.00	Three Formal Written Quotation	Deviation	It was an Emergency Procurement	
	R202 840.00				

## 12. Database rotation

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

Invoice Date	Invoice Ref	Invoice Amt	Supplier Ref	Supplier Name	SWC ID	Unit Price	Volume	Total	Service Description	Customer Ref	Ward
21/09/20	1	N/A	20306	BOB KANE FORMATION PTY LTD	1	1 900.00	285.00	2 185.00	Refuse- Vehicle Maintenance	MAAA0397 278	Ward 1
09/09/20	3	59	EF007127-0003	THANKS TO GIVE TRADING AND PRO	1	2 200.00	-	2 200.00	Promotional items and Tokens Legacy 505260188	MAAA0447 568	Ward 1
09/09/20	5	59	EF007127-0003	THANKS TO GIVE TRADING AND PRO	4	850.00	-	3 400.00	Promotional items and Tokens Legacy 505260188	MAAA0447 568	Ward 17
21/09/20	1	N/A	20306	BOB KANE FORMATION PTY LTD	2	3 694.15	1 108.24	8 496.54	Vehicle maintenance outsourced 1010235115	MAAA0397 278	Ward 1
09/09/20	1	59	EF007127-0003	THANKS TO GIVE TRADING AND PRO	2	8 250.00	-	16 500.00	Promotional items and Tokens Legacy 505260188	MAAA0447 568	Ward 1
10/09/20	2	1	EF007136-0001	AMACABHANI TRADING AND PROJECT	5	3 400.00	-	17 000.00	Acquisitions	MAAA0425 055	Ward 21
22/09/20	1	N/A	96899	ALUTTIUM PROJECTS	8	3 500.00	-	28 000.	Office Furniture	MAAA0664 784	Ward 17
<div>23</div> <div>794.15      393.24      781.54</div>											

## **PART 2 – SUPPORTING DOCUMENTATION**

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

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

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

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

The municipality generates its revenues from a number of sources including provision of services. With the lockdown in full force, it means 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 currently being closed, it means the municipality is not providing any service to those as they do not generate any refuse. This will require the municipality to exempt those from paying during the period of the lockdown.

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

The municipality provides electricity in the town area with businesses forming the bigger part of the municipality's revenue generation capacity. With most of these businesses currently closed, it means less electricity will be consumed and therefore less revenue generated.

iii. Licences and permits

The municipality as indicated earlier in the report runs a drivers license testing center which has unfortunately not been operating during the lockdown and will continue not operating for the duration of the lockdown. This means loss of income to the municipality.

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 are bound to be affected by the lockdown:

- Infrastructure Management Grant
  - The stopping of work at both the Civic Center and the stadium resulted in funds not being spent fully spend with a rollover to be applied for. Details of the actual amounts will be presented in the reports for the following month.
- Financial Management grant
  - The grant caters for training of BTO staff and interns
  - All forms of trainings that were expected to be conducted between March and June have been cancelled meaning that all the funds earmarked for those were not spent with a rollover to be applied for by 31 August 2020.
- Integrated National Electrification Grant
  - The biggest slice of this grant was allocated to the 8MVA backbone line which has not commenced due to delays from Eskom's approvals required. The lockdown has also meant that the project is further delayed.
  - These funds were not fully spent and a rollover with details of the amounts will be submitted by 31 August 2020.



## 2. Year-end Processes

The process starts with the year-end closure processes as follows:

- Stock count
- Verification and assessment of assets
- Review of the Infrastructure asset register
- Correction of prior year errors
- Closure of the General ledger

### a. Stock Count

The municipality runs a storeroom managed with the Supply Chain Management Unit that oversees proper recording and accounting for stock movements.

The inventory count is performed to ensure that all stock movements were recorded and to test effectiveness of stock control measures. This is a process that is done in the presence of the Auditor-General or delegate, in this case delegated to our Internal Audit Unit. The stock count was performed on Tuesday the 30<sup>th</sup> of June 2020 in the following storerooms:

- Finance
- Refuse removal
- Cultural Village
- Electricity

The following is a summary of stock items that have not moved over the past three years that we would like the executive committee to allow us to write them off and remove from our storerooms:

- Stationary items that are no longer being used
- Printer cartridges for printers that are not longer being sold even at the shops

Below is the list of items referred to:

<b>Date:</b> <b>Year end:</b> <b>Prepared by:</b>	<b>Mbizana Local Municipality</b>				
	<b>30/06/2020</b>				
	<b>B.M MBASA</b>				
CatDesc	PartNum	PartDesc	CLOSING	AvgCost	Total
STATIONERY	S07-CMA001	HP Catridge 56	3	732.72	2198.16
STATIONERY	S07-CMA002	HP Catridge 57	8	587.6	4700.8
STATIONERY	CMA0003	HP Catridge 135	2	439.51	879.02
STATIONERY	S07-CMA004	HP Catridge 15	8	552.7	4421.6
STATIONERY	S07-CMA008	Stamp Pads	5	8.5	42.5
STATIONERY	S07-CMA009	Lexmark Catridge 32	5	531.63	2658.15
STATIONERY	S07-CMA011	Cheques	12000	2.01	24120

<b>Date:</b> <b>Year end:</b> <b>Prepared by:</b>	<b>Mbizana Local Municipality</b>				
	<b>30/06/2020</b>				
	<b>B.M MBASA</b>				
<b>CatDesc</b>	<b>PartNum</b>	<b>PartDesc</b>	<b>CLOSING</b>	<b>AvgCost</b>	<b>Total</b>
STATIONERY	S07-CMA015	Slide Binders 10mm (Small)	31	75.4	2337.4
STATIONERY	CMA0016	Slide Binders 15mm (Big)	23	4.38	100.74
STATIONERY	S07-CMA031	A4 Binding Combs	2	35.4	70.8
STATIONERY	S07-CMA032	Laser Toner (Environment)	11	835.89	9194.79
STATIONERY	S07-CMA033	Penguin Toner (Big)	5	561.72	2808.6
STATIONERY	S07-CMA034	Penguin Toner (Small)	2	375	750
STATIONERY	S07-CMA036	HP Laser Jet 10A (Q2610A)	21	835.89	17553.69
STATIONERY	S07-CMA037	HP Invent Toner (C9702A)	5	485.64	2428.2
STATIONERY	S07-CMA043	Intro Cycle Toner (TC11A)	5	843.58	4217.9
STATIONERY	S07-CMA044	Intro Cycle Toner (TC 15A)	4	1454.14	5816.56
STATIONERY	S07-CMA045	Intro Cycle Toner (TC 13A)	1	835.89	835.89
STATIONERY	S07-CMA046	Xerox Toner	3	485.65	1456.95
STATIONERY	S07-CMA047	Xerox Drum	2	485.65	971.2
STATIONERY	S07-CMA048	Minolta Toner	2	835.89	1671.78
STATIONERY	S07-CMA049	HP Laser Jet (C7115A)	2	764.18	1528.36
STATIONERY	S07-CMA050	Lexmark Toner (2416SE)	2	531.63	1063.26
STATIONERY	S07-CMA051	Brother Toner (TN 155C)	4	450	1800
STATIONERY	CMA0052	Brother Toner (TN155BK)	4	450	1800
STATIONERY	S07-CMA053	Brother Toner (TN155Y)	4	450	1800
STATIONERY	S07-CMA054	Brother Toner (155m)	4	450	1800
STATIONERY	S07-CMA055	Sagem Toner	1	1645	1645
STATIONERY	CMA0056	Consumer Statements	8000	7.77	62160
STATIONERY	CMA0057	Blank Revenue Papers	11000	7.77	85470
STATIONERY	S07-CMA063	Folders	73	1.37	100.01
STATIONERY	S07-CMA064	Ecotoner	1	1204.71	1204.71
STATIONERY	S07-CMA069	Ribbons (Seikosha SBP 10)	9	296.4	2667.6
STATIONERY	S07-CMA070	Epson Ribbon #8750	4	47.83	191.32
STATIONERY	S07-CMA071	Epson Ribbon #7754	4	47.83	191.32
STATIONERY	S07-CMA084	HP Invent Toner (C9704A)	6	531.79	3190.74
STATIONERY	S07-CMA085	HP Laser Jet (C9701A)	5	531.79	2658.95
STATIONERY	CMA0009-a	Lexmark Catridge 26	5	531.63	2658.15
STATIONERY	CMA0009-b	Lexmark Catridge 83	6	531.63	3189.78
STATIONERY	CMA0009-c	Lexmark Catridge 82	5	531.63	2658.15
STATIONERY	CMA0009-d	Lexmark Catridge 16	1	531.63	531.63
STATIONERY	CMA0093	HP LASER JET-CE410A (BLACK)	3	3500	10500
STATIONERY	CMA0094	HP COLOUR LASER JET-CE410A (CYAN)	3	3700	11100
STATIONERY	CMA0095	HP COLOUR LASER JET-CE410A	3	3700	11100

<b>Date:</b> <b>Year end:</b> <b>Prepared by:</b>	<b>Mbizana Local Municipality</b>				
	<b>30/06/2020</b>				
	<b>B.M MBASA</b>				
<b>CatDesc</b>	<b>PartNum</b>	<b>PartDesc</b>	<b>CLOSING</b>	<b>AvgCost</b>	<b>Total</b>
		(YELLOW)			
STATIONERY	CMA0096	HP COLOUR LASER JET-CE410A (MAGENTA)	3	3700	11100
STATIONERY	CMA00100	HP LASER JET 1018	6	2975	17850
					<b><u>329 193.71</u></b>

## **b. Verification and Assessment of assets**

The municipality has movable assets that are 100% managed internally and Infrastructure assets that are managed through an external service provider due to their complex nature and specialised skill required.

Movable assets were all verified and assessed their condition at year end to determine those that are still good to be used and those that require disposal. Attached is a list of items that are no longer good for use and we request the executive committee to recommend to council that they be written-off and disposed. These assets include items as follows:

- Damaged computer equipment
- Damaged and old furniture
- Grass cutting and tree felling equipment

Most of these items have gotten to a stage where they can cause harm to those using them and cost the municipality more money while some are no longer usable and occupying spaces that could be used to address office space for the municipality. A list is provided separately due to the number of these assets.

## **c. Review of Infrastructure register**

The municipality's infrastructure register review is currently being finalised with the expected date being the 26<sup>th</sup> August 2020. The review was scheduled to be concluded by 31 July 2020 but due to National Lockdown regulations the project only took off after the 1<sup>st</sup> of July 2020 which was a delay of more than three months from the initial plan.

#### **d. Correction of prior year errors**

During the audit there are items and areas flagged by the auditors that require that the municipality addresses and avoids occurrence of such issues for the future. Some of these issues are identified by management when analysing the events of that took place during the year and the year before that. Management has identified areas that necessitated that prior year figures be revised and below is a summary of these items:

- Accruals where invoices for work done in the prior year were not submitted during that year
- Payroll suspense accounts that were not cleared
- Revenue not accounted for due to lack of information

### 3. Debtors' analysis

#### Summary of all Debtors

EC443 Mbizana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description	NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.to Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 DYS-1 Yr	Over 1Yr	Total	Total over 90 days		
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	2 261	1 356	1 187	1 049	1 111	6 762	-	-	13 737	8 922	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	14 970	782	763	728	701	27 614	-	-	45 558	29 043	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	377	337	305	281	262	6 163	-	-	7 726	6 706	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	118	18	18	18	18	1 179	-	-	1 368	1 214	-	-
Interest on Arrear Debtor Accounts	1810	335	331	349	433	415	11 833	-	-	13 696	12 681	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	338	51	474	191	115	2 694	-	-	3 853	3 000	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>18 399</b>	<b>2 875</b>	<b>3 105</b>	<b>2 700</b>	<b>2 622</b>	<b>56 245</b>	<b>-</b>	<b>-</b>	<b>85 948</b>	<b>61 568</b>	<b>-</b>	<b>-</b>
<b>2019/20 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	14 778	484	625	650	664	24 079	-	-	41 280	25 393	-	-
Commercial	2300	3 358	2 149	2 248	1 810	1 708	20 608	-	-	31 881	24 126	-	-
Households	2400	264	242	233	241	250	11 559	-	-	12 787	12 049	-	-
Other	2500	(0)	(0)	0	0	0	(0)	-	-	(0)	0	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>18 399</b>	<b>2 875</b>	<b>3 105</b>	<b>2 700</b>	<b>2 622</b>	<b>56 245</b>	<b>-</b>	<b>-</b>	<b>85 948</b>	<b>61 568</b>	<b>-</b>	<b>-</b>

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

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



## 4. Creditors' analysis

EC443 Mbizana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

Description R thousands	NT Code	Budget Year 2020/21									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100									-	
Bulk Water	0200									-	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700	282								282	
Auditor General	0800									-	
Other	0900									-	
<b>Total By Customer Type</b>	<b>1000</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282</b>	<b>-</b>

The above table shows the municipality's creditors and their ageing. All creditors recorded are within the 30 days requirement with no creditors beyond the 30 days. The municipality continues to find ways to ensure that this status quo is maintained at all times.

## 5. Payment of Creditors

With the current month (July) being the first month of the financial year the municipality has taken a decision to ensure that payments are processed every last day of the week to address a number of things as follows:

- Reduce creditors
- Support SMMEs to complete their current year contracts
- Speed up spending on conditional grants
- Manage the municipality's cash reserves

## 6. Investment portfolio analysis

EC443 Mbizana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M01 July

Investments by maturity Name of Institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed Interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
<b>Municipality</b>														
FNB CALL DEPOSIT ACCOUNT(62550717767)		Not fixed	Call Deposit	No	Variable	0.002585028	0	N/A	not fixed	1 825	5	{1 625}	9 729	9 934
FNB CALL DEPOSIT ACCOUNT(62459758078)		Not fixed	Call Deposit	No	Variable	0.002646355	0	N/A	not fixed	4 575	12	-	-	4 587
FNB CALL DEPOSIT ACCOUNT(62028477992)		Not fixed	Call Deposit	No	Variable	0.002485538	0	N/A	not fixed	162 782	405	{21 100}	125 163	267 249
FNB CALL DEPOSIT ACCOUNT(62816769220)		Not fixed	Call Deposit	No	Variable	0.002280825	0	N/A	not fixed	776	2	-	-	778
FNB CALL DEPOSIT ACCOUNT(62816773073)		Not fixed	Call Deposit	No	Variable	0.002214767	0	N/A	not fixed	615	1	{593}	-	23
FNB CALL DEPOSIT ACCOUNT(62550715828)		Not fixed	Call Deposit	No	Variable	0.002280783	0	N/A	not fixed	48	0	-	-	48
FNB CALL DEPOSIT ACCOUNT(62852108531)		Not fixed	Call Deposit	No	Variable	0.00228136	0	N/A	not fixed	8	0	-	-	8
<b>Municipality sub-total</b>										<b>170 628</b>		<b>(23 318)</b>	<b>134 892</b>	<b>282 627</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>170 628</b>		<b>(23 318)</b>	<b>134 892</b>	<b>282 627</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 over R111 million which lead to an increase in its investments for the month of July 2020. It should however be noted that this only reflects the difference between what was received and what was spent.



## 7. Allocation and grant receipts and expenditure

### a) Transfers & Grants Receipts

EC443 Mbizana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M01 July

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
National Government:		-	311 814	-	125 163	125 163	25 985	101 985	392.5%	311 814
Local Government Equitable Share			278 139		125 163	125 163	23 178	101 985	440.0%	278 139
Finance Management			2 000		-	-	167			2 000
EPWP Incentive			2 389		-	-	199			2 389
Integrated National Electrification Programme			29 286		-	-	2 441			29 286
	3							-		
Other transfers and grants [insert description]								-		
Provincial Government:		-	-	-	-	-	-	-		-
	4							-		
Other transfers and grants [insert description]								-		
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]								-		
<b>Total Operating Transfers and Grants</b>	5	-	311 814	-	125 163	125 163	25 985	101 985	392.5%	311 814
<b>Capital Transfers and Grants</b>										
National Government:		-	48 049	-	9 729	9 729	4 004	5 725	143.0%	48 049
Municipal Infrastructure Grant (MIG)			48 049		9 729	9 729	4 004	5 725	143.0%	48 049
								-		
Other capital transfers [insert description]								-		
Provincial Government:		-	-	-	-	-	-	-		-
[insert description]								-		
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]								-		
<b>Total Capital Transfers and Grants</b>	5	-	48 049	-	9 729	9 729	4 004	5 725	143.0%	48 049
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	-	359 863	-	134 892	134 892	29 989	107 710	359.2%	359 863

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

b) Transfers & Grants Expenditure

EC443 Mbizana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

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										
Operating expenditure of Transfers and Grants										
National Government:		-	311 814	-	52	52	25 985	(25 933)	-99.8%	311 814
Local Government Equitable Share			278 139		-	-	23 178	(23 178)	-100.0%	278 139
Finance Management			2 000		52	52	167	(115)	-69.1%	2 000
EPWP Incentive			2 389		-	-	199	(199)	-100.0%	2 389
Integrated National Electrification Programme			29 286		-	-	2 441	(2 441)	-100.0%	29 286
								-		
								-		
Other transfers and grants [insert description]								-		
Provincial Government:		-	-	-	-	-	-	-		-
								-		
								-		
								-		
Other transfers and grants [insert description]								-		
District Municipality:		-	-	-	-	-	-	-		-
								-		
[insert description]								-		
Other grant providers:		-	-	-	-	-	-	-		-
								-		
[insert description]								-		
Total operating expenditure of Transfers and Grants:		-	311 814	-	52	52	25 985	(25 933)	-99.8%	311 814
Capital expenditure of Transfers and Grants										
National Government:		-	48 049	-	1 913	1 913	4 004	(2 091)	-52.2%	48 049
Municipal Infrastructure Grant (MIG)			48 049		1 913	1 913	4 004	(2 091)	-52.2%	48 049
								-		
								-		
								-		
Other capital transfers [insert description]								-		
Provincial Government:		-	-	-	-	-	-	-		-
								-		
								-		
District Municipality:		-	-	-	-	-	-	-		-
								-		
								-		
Other grant providers:		-	-	-	-	-	-	-		-
								-		
								-		
Total capital expenditure of Transfers and Grants		-	48 049	-	1 913	1 913	4 004	(2 091)	-52.2%	48 049
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	359 863	-	1 964	1 964	29 989	(28 024)	-93.4%	359 863

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

c) Expenditure on approved rollovers

EC443 Mbizana - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M01 July

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

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

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

## 8. Cash flow Statement

EC443 Mbizana - Table C7 Monthly Budget Statement - Cash Flow - M01 July

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>										
Receipts										
Property rates			26 341	-	244	244	2 195	(1 951)	-89%	26 341
Service charges			36 579	-	1 153	1 153	3 048	(1 895)	-62%	36 579
Other revenue			11 515	-	467	467	960	(493)	-51%	11 515
Transfers and Subsidies - Operational			282 528	-	125 169	125 169	23 544	101 625	432%	282 528
Transfers and Subsidies - Capital			77 335	-	-	-	6 445	(6 445)	-100%	77 335
Interest			10 364	-	-	-	864	(864)	-100%	10 364
Dividends			-	-	-	-	-	-		-
Payments										
Suppliers and employees			(379 171)	-	(1 828)	(1 828)	(31 598)	(29 769)	94%	(379 171)
Finance charges			(50)	-	-	-	(4)	(4)	100%	(50)
Transfers and Grants			-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	65 440	-	125 204	125 204	5 453	(119 751)	-2196%	65 440
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Proceeds on disposal of PPE			-	-	-	-	-	-		-
Decrease (increase) in non-current receivables			-	-	-	-	-	-		-
Decrease (increase) in non-current investments			-	-	-	-	-	-		-
Payments										
Capital assets			(70 114)	-	(4 443)	(4 443)	(5 843)	(1 400)	24%	(70 114)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	(70 114)	-	(4 443)	(4 443)	(5 843)	(1 400)	24%	(70 114)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Short term loans			-	-	-	-	-	-		-
Borrowing long term/refinancing			-	-	-	-	-	-		-
Increase (decrease) in consumer deposits			-	-	-	-	-	-		-
Payments										
Repayment of borrowing			-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-		-
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		-	(4 674)	-	120 761	120 761	(389)			(4 674)
Cash/cash equivalents at beginning:			215 140	-		162 309	215 140			162 309
Cash/cash equivalents at month/year end:		-	210 467	-		283 070	214 751			157 635

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

## 9. Statement of Financial Position

EC443 Mbizana - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash			3 476		443	3 476
Call investment deposits			206 991		282 627	206 991
Consumer debtors			32 970		80 313	32 970
Other debtors			43 763		60 129	43 763
Current portion of long-term receivables			-			-
Inventory			1 179		2 012	1 179
<b>Total current assets</b>		-	<b>288 379</b>	-	<b>425 524</b>	<b>288 379</b>
<b>Non current assets</b>						
Long-term receivables			-			-
Investments			-			-
Investment property			25 097		25 097	25 097
Investments in Associate			-			-
Property, plant and equipment			682 178		640 959	682 178
Biological			-			-
Intangible			-		144	-
Other non-current assets			1 281		1 231	1 281
<b>Total non current assets</b>		-	<b>708 556</b>	-	<b>667 431</b>	<b>708 556</b>
<b>TOTAL ASSETS</b>		-	<b>996 934</b>	-	<b>1 092 955</b>	<b>996 934</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft			-			-
Borrowing			-			-
Consumer deposits			460		457	460
Trade and other payables			17 705		40 471	17 705
Provisions			18 471		20 183	18 471
<b>Total current liabilities</b>		-	<b>36 636</b>	-	<b>61 110</b>	<b>36 636</b>
<b>Non current liabilities</b>						
Borrowing			-			-
Provisions			3 920		3 920	3 920
<b>Total non current liabilities</b>		-	<b>3 920</b>	-	<b>3 920</b>	<b>3 920</b>
<b>TOTAL LIABILITIES</b>		-	<b>40 556</b>	-	<b>65 030</b>	<b>40 556</b>
<b>NET ASSETS</b>	2	-	<b>956 378</b>	-	<b>1 027 925</b>	<b>956 378</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)			956 378		1 027 925	956 378
Reserves			-	-		-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	-	<b>956 378</b>	-	<b>1 027 925</b>	<b>956 378</b>

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

## 10. Municipal Manager's quality certification

### Quality Certificate

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

☐ The monthly budget statement

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

Print name: Luvuyo Mahlaka

Municipal manager of Mbizana Local Municipality (EC443)

Signature: 

Date: 12/08/2020