



MBIZANA LOCAL MUNICIPALITY

MONTHLY REPORT

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

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PART 1 – IN-YEAR REPORT

1. Executive Summary

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

This is the ninth report of the 2020/21 financial year which should give an indication of how the municipality has performed during the period of operation in the indicated year. This is normally the period where a number of programs would have began to take shape and expenditure began to pick up from the performance of the first half of the financial year that coincided with the year-end, preparation of the annual financial statements and the external audit by the Auditor-General. It is expected though that things may not be as anticipated this year considering that the country is operating under lockdown regulations that make it impossible to operate optimally. This information will continue to be analysed for the purposes of being used as a baseline for the 2021/22 budget that should be passed before the end of May 2021 and hopefully the contents of each report will help council and its structures to understand fully the status of the municipality's financial performance and decisions that need to be taken to ensure sustainability of the institution.

1.1 The Political Oversight

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

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

2. Administration

The municipality has been implementing mSCOA with its annual updates like all municipalities in the country as a business reform since its introduction from 1 July 2017. This was introduced to address among other things ensuring standardisation of treatment of transactions and reporting across all municipalities, to encourage proper planning and put controls in terms of revenue and expenditure management. Introduction of new and improved versions of the mSCOA chart has proven to present problems that sometimes make it impossible to operate normally requiring some extra effort to be put into the operations of the municipality to fulfil its service delivery mandate.

3. Staff movement

We reported in the previous reports that the Accountant: Reporting position had been advertised and the advert closed. We can now confirm that the recruitment processes including shortlisting, interviews and recommendation to the Accounting Officer for approval have been concluded. It is expected that the successful candidate will commence duties before the end of May 2021 should there be a need to wait for the notice period to be served. During the 2020/21 budget processes, the council approved creation and funding of the Assets and Stores Manager position which was then added to the approved organisational structure of the institution. Job descriptions and requests to start recruitment processes have been submitted to the office of the Municipal Manager for approval. The advertising process was concluded during the month of March 2021 as expected. Shortlisting and interviews are expected to be concluded by 30 April 2021. This will allow the department an opportunity to have this manager commence with duties before the end of the financial year.

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

- Manager: Assets and Stores Management – awaiting shortlisting processes
- Accountant: Reporting – short listing and interviews concluded, awaiting final approval by the Accounting Officer

4. Implementation of mSCOA

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

a) Challenges Identified

i. Version Changes

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, version 6.5 has been released and introduced with MFMA Circular 107.

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

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

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

ii. IDP Budgeting

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

iii. Production of in-year reports

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

iv. Budget and reporting module functionality

The budget module of the system that the municipality uses has in the past been discovered to only work well with income and expenditure, other modules like balance sheet and cashflow budgeting still continue to produce aligning reports even though some principles are incorrect. This challenge seems however, to have been addressed from the adjustment budget processes and we continue to analyse the reasonability of the principles these modules are using to check consistency with the financial management standards.

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

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

5. Implementation of the Municipal Cost containment regulations

During the month of June 2019, the minister of finance approved Municipal Containment regulations effective from 1 July 2019. The regulations required municipalities to develop, adopt and implement policies as part of its budget related policies to support cost containment measures. These regulations were unfortunately approved after the municipal budget processes had been concluded which made it difficult for municipalities to develop these policies at such a

short space of time. The council of Mbizana local municipality developed and adopted a policy on cost containment that is now being implemented.

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

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

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

a) Supply and Delivery of Municipal Vehicles

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

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

- The municipality to identify the need
- Development specification
- Check the specification against published suppliers and specification by Treasury

- Identify the supplier that is rated higher by treasury on the list of suppliers
- Send the order to the highest ranked supplier first
- Allow three working days for the supplier to respond
- Move only to the second ranked supplier with the permission of the highest ranked supplier

The municipality made a request for procurement of a refuse removal truck which was confirmed to be delivered on the 3rd of March 2021.

**b) Provision of vehicle fleet management services for the period 1 April
2021 to 31 March 2026**

As part of both cost containment and operational needs of the municipality, the municipality has been approved to be a participant of RT-46 2020 arranged by National Treasury. The contract covers a range of services including the following:

- a) Fleet data integration
- b) Fuel, oil and Toll services
- c) Managed Maintenance, Repairs and Accident Reports
- d) Vehicle Tracking and Monitoring
- e) Driver, Vehicle Condition and Fine Management

We are hoping the approval in this contact will greatly assist the municipality in addressing the delays in procurement processes in cases where vehicles are required to be available for use in the short space of time.

6. Strategic Objectives

The Budget and Treasury Office was part of the development of strategies for the municipality for the next five years from which short-term operational plans and targets relating to at least a period of one financial year which 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 and the revised one approved by the Mayor within 30 days after the adjusted budget was approved by 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:

[illegible]

KPA NO 4: Budget & Treasury													
Outcome 9 Objective													
Sub-Result	Issue	Strategic	Objective	Strategies	Baseline	Project to be	Output -KPI	KPI No.	KPI We	Annual Target	Means of Verification	Budget	Adjusted
Revenue Management	Revenue collection trends are decreasing posing a threat to the municipality's going concern	To achieve 100% billing for all services that are to be billed by June 2020	4.1	Metering of all electricity consumption	Electricity meters are read, recorded, and captured manually	Automated Meter Reading System	Increased revenue collection	4.1.1		Automated meter reading system by June 2021	Terms of Reference, Publication, Appointment letter, Progress Report	R 500 000.00	R 500 000.00
											Yes		
											Sourcing of suitable service provider		
											The bid was advertised in and closed in January 2021 after which it was recommended for a re-advertisement which was also done and closed in March 2021. Bid committees were appointed and the project has been evaluated	0	
											Not achieved		
											Procurement processes took longer than anticipated		
											The evaluation report will be presented to the BID Adjudication Committee on 7 April 2021 after which we expect the appointment to be finalised and the service provider to commence in April as was initially scheduled		

KPA N0 4: Budget & Treasury																				
Outcome 9 Objective																				
Sub-Result	Issue	Strategic	Objective	Strategies	Baseline	Project to be	Output - KPI	KPI No.	KPI Weight	Annual Target	Means of Verification	Budget	Adjusted	Source	Q3	Non-Financial	Financial	Achieved	Reason for	Remedial
				Staffing of Asset Management and Stores section	Asset Management function performed within SCM	Establishment of the Asset Management unit	Asset Management unit with its own manager	4.4.2	0.25	Functional and Fully Fledged Asset Management Unit by June 2021	Approved Organisational Structure, Advert, Appointment letter	Yes	R 800 000.00	N/A	N/A	N/A	N/A	N/A		N/A
Financial Reporting	Financial statements with non-compliance with laws	To compile Annual Financial Statements that comply with all requirements as at 30 June 2021	4.5	Develop sound, strict and effective procedures for the compilation of AFS	Audited Annual Financial Statements for 2018/19 with compliance findings	Development of processes and procedures for compilation of compliant annual financial statements	Credible Annual Financial Statements submitted by 31 August 2020	4.5.1	1.5	Credible and compliant Annual Financial Statement submitted 31 August 2020 by June 2021	AFS and proof of submission to AG, Proof of payment, Interim Financial statements	N/A	R 200 000.00	Yes	N/A	N/A	N/A	N/A		N/A
		To achieve a clean audit		Manage the external audit by the office of the Auditor General to	Audited Annual Financial Statements for 2017/18 with compliance	Manage the external audit by the office of the Auditor General to	Signed Audit report	4.5.2	1.5	Manage the external audit and ensure audit readiness to achieve	Proof of submission to AG, COAF register, Audit Action Plan, updated Audit Action Plan	Yes	R 5043 803.90	N/A	Respond to AG's queries and provide CcAf register	100 965.90	Achieved	N/A	N/A	

KPA N0 4: Budget & Treasury																				
Outcome 9 Objective																				
Sub-Result	Issue	Strategic	Objective	Strategies	Baseline	Project to be	Output - KPI	KPI No.	KPI Weight	Annual Target	Means of Verification	Budget	Adjusted	Budget Source	Q3	Non-Financial	Financial	Achieved	Reason for	Remedial
					findings	ensure smooth running				clean audit opinion as at 30 June 2021										
						Reconciliation of monthly reconciliations	Signed monthly reconciliations	4.5.3	1.5	7 Reviewed reconciliations by June 2021	7	N/A	N/A	N/A	21 Reconciliation of all accounts	21 Reconciliations prepared	0	Achieved	N/A	N/A
Budgeting	The municipality needs to comply with all statutory budgeting and reporting requirements	Adhere to compliance to Municipality budget and reporting requirements	4.6	Preparation and submission of all in-year statutory reports	Appointed interns and new accountants	Training of at least 1 financial management interns and 1 finance staff to meet minimum competency requirements by June 2021	Training of at least 1 financial management interns and 1 finance staff to meet minimum competency requirements by June 2021	4.6.1	0.52	Proof of registration and Attendance register	R 800 000.00	N/A	R 800 000.00	Yes	Attendance of the training	Training attended by 1 intern	10 990.86	Achieved	N/A	N/A

7. In-year budget statement tables

a) Budget Statement Summary

EC443 Mbizana - Table C1 Monthly Budget Statement Summary - M09 March

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	21 251	25 189	25 189	991	22 909	18 892	4 017	21%	25 189
Service charges	38 374	37 015	37 144	4 877	27 793	27 858	(64)	-0%	37 144
Investment revenue	9 660	10 364	10 364	664	5 447	7 773	(2 326)	-30%	10 364
Transfers and subsidies	268 843	282 528	354 940	69 627	335 331	266 205	69 126	26%	354 940
Other own revenue	23 818	13 646	13 476	1 365	9 577	10 107	(530)	-5%	13 476
Total Revenue (excluding capital transfers and contributions)	361 946	368 742	441 112	77 525	401 058	330 834	70 224	21%	441 112
Employee costs	104 852	119 133	119 313	8 533	79 127	89 484	(10 358)	-12%	119 313
Remuneration of Councillors	23 970	25 036	25 036	2 008	17 975	18 777	(801)	-4%	25 036
Depreciation & asset impairment	39 437	52 581	52 681	3 565	31 759	39 511	(7 752)	-20%	52 681
Finance charges	11	150	150	—	1	113	(111)	-99%	150
Materials and bulk purchases	41 417	39 573	42 513	2 652	26 235	31 885	(5 650)	-18%	42 513
Transfers and subsidies	1 418	1 835	7 018	618	1 757	5 263	(3 507)	-67%	7 018
Other expenditure	159 372	184 883	202 292	8 746	67 038	151 719	(84 681)	-56%	202 292
Total Expenditure	370 477	423 190	449 003	26 122	223 892	336 752	(112 860)	-34%	449 003
Surplus/(Deficit)	(8 531)	(54 449)	(7 891)	51 403	177 165	(5 918)	183 083	-3094%	(7 891)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	78 881	77 335	80 557	1 351	45 152	60 417	(15 265)	-25%	80 557
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	70 350	22 886	72 666	52 754	222 317	54 499	167 818	308%	72 666
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	70 350	22 886	72 666	52 754	222 317	54 499	167 818	308%	72 666
Capital expenditure & funds sources									
Capital expenditure	87 590	75 808	152 051	26 653	67 214	114 038	(46 824)	-41%	152 051
Capital transfers recognised	60 016	45 647	72 797	13 660	39 455	54 598	(15 142)	-28%	72 797
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	27 575	30 162	79 254	12 993	27 758	59 440	(31 682)	-53%	79 254
Total sources of capital funds	87 590	75 808	152 051	26 653	67 214	114 038	(46 824)	-41%	152 051
Financial position									
Total current assets	279 015	288 379	300 480		517 689				300 480
Total non current assets	679 499	708 556	742 592		703 303				742 592
Total current liabilities	58 261	36 636	70 154		98 423				70 154
Total non current liabilities	5 495	3 920	5 495		5 495				5 495
Community wealth/Equity	894 758	956 378	967 423		1 117 074				967 423
Cash flows									
Net cash from (used) operating	136 178	65 440	147 906	63 933	269 162	141 487	(127 675)	-90%	147 906
Net cash from (used) investing	(85 996)	(70 114)	(123 698)	(17 058)	(76 669)	(82 465)	(5 796)	7%	(123 698)
Net cash from (used) financing	—	—	43	(1)	(1)	29	29	102%	43
Cash/cash equivalents at the month/year end	173 644	210 467	197 895	—	368 202	232 694	(135 507)	-58%	199 960
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	4 454	3 352	3 084	2 952	2 945	73 250	—	—	90 037
Creditors Age Analysis									
Total Creditors	63	—	—	—	—	—	—	—	63

The table above shows a summary of the municipality's financial performance for the period ended 31 March 2021. The first part of the table shows financial performance which gives information about whether the municipality made a loss or a surplus during the month followed by a summary of the municipality's performance on its capital budget. This is then followed by the municipality's financial position, a summary of the cashflow recalculation and then debtors and creditors age analysis.

b) Financial Performance by functional classification

EC443 Mbizana - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M09 March

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		311 887	321 684	375 849	71 967	366 914	281 887	85 028	30%	375 849
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration	311 887	321 684	375 849	71 967	366 914	281 887	85 028	30%	375 849	
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5 779	4 942	5 546	663	3 423	4 160	(737)	-18%	5 546
Community and social services	328	181	883	5	24	663	(639)	-96%	883	
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety	5 451	4 761	4 663	658	3 399	3 497	(98)	-3%	4 663	
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		54 440	48 612	65 697	(2 714)	21 996	49 273	(27 277)	-55%	65 697
Planning and development	307	563	17 648	7	79	13 236	(13 157)	-99%	17 648	
Road transport	54 133	48 049	48 049	(2 721)	21 916	36 037	(14 120)	-39%	48 049	
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		68 722	70 839	74 577	8 959	53 877	55 932	(2 056)	-4%	74 577
Energy sources	58 896	63 969	67 191	8 579	47 687	50 393	(2 706)	-5%	67 191	
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management	9 826	6 870	7 386	380	6 190	5 539	651	12%	7 386	
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	440 828	446 077	521 669	78 876	446 210	391 251	54 958	14%	521 669
Expenditure - Functional										
<i>Governance and administration</i>		154 836	184 624	186 835	11 561	100 030	140 126	(40 096)	-29%	186 835
Executive and council	54 296	63 018	60 829	5 060	37 414	45 622	(8 208)	-18%	60 829	
Finance and administration	97 700	116 150	120 555	6 363	60 625	90 416	(29 791)	-33%	120 555	
Internal audit	2 841	5 457	5 451	138	1 991	4 088	(2 097)	-51%	5 451	
<i>Community and public safety</i>		29 327	30 879	30 775	1 874	15 395	23 081	(7 686)	-33%	30 775
Community and social services	8 044	12 117	11 534	713	5 067	8 650	(3 584)	-41%	11 534	
Sport and recreation	7 497	2 769	3 039	224	1 704	2 279	(575)	-25%	3 039	
Public safety	13 777	15 014	15 222	871	8 102	11 417	(3 315)	-29%	15 222	
Housing	9	980	980	66	523	735	(212)	-29%	980	
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		68 983	100 216	108 171	7 922	48 656	81 129	(32 472)	-40%	108 171
Planning and development	19 309	28 221	34 695	1 365	13 109	26 021	(12 912)	-50%	34 695	
Road transport	47 085	69 641	71 202	6 473	34 396	53 401	(19 005)	-36%	71 202	
Environmental protection	2 589	2 353	2 275	84	1 151	1 706	(555)	-33%	2 275	
<i>Trading services</i>		115 111	103 891	119 886	4 600	58 082	89 914	(31 832)	-35%	119 886
Energy sources	96 839	77 927	93 174	2 917	41 848	69 881	(28 032)	-40%	93 174	
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management	18 271	25 964	26 712	1 683	16 234	20 034	(3 800)	-19%	26 712	
<i>Other</i>		2 220	3 580	3 336	164	1 728	2 502	(774)	-31%	3 336
Total Expenditure - Functional	3	370 477	423 190	449 003	28 122	223 892	336 752	#####	-34%	449 003
Surplus/ (Deficit) for the year		70 350	22 886	72 666	52 754	222 317	54 499	167 818	308%	72 666

The table above shows the municipality's financial performance for the period ended 31 March 2021 in functional classification which was created by National treasury to assist in reporting financial information per functional area. This information is consolidated at National treasury level to produce the provincial and national financial reports.

c) Revenue by Source

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

2019/2020 - Table 04 Monthly Budget Statement - Financial Performance (Revenue and expenditure) - M05 March										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		21 251	25 189	25 189	991	22 909	18 892	4 017	21%	25 189
Service charges - electricity revenue		33 884	32 578	32 578	4 497	24 394	24 433	(39)	0%	32 578
Service charges - water revenue		—	—	—	—	—	—	—		—
Service charges - sanitation revenue		—	—	—	—	—	—	—		—
Service charges - refuse revenue		4 490	4 437	4 566	380	3 399	3 425	(25)	-1%	4 566
Rental of facilities and equipment		5 097	2 851	2 851	245	2 073	2 138	(65)	-3%	2 851
Interest earned - external investments		9 660	10 364	10 364	664	5 447	7 773	(2 326)	-30%	10 364
Interest earned - outstanding debtors		4 912	4 404	4 404	438	3 731	3 303	429	13%	4 404
Dividends received		—	—	—	—	—	—	—		—
Fines, penalties and forfeits		2 066	948	850	301	425	638	(213)	-33%	850
Licences and permits		2 237	2 756	2 756	223	1 852	2 067	(214)	-10%	2 756
Agency services		1 021	1 218	1 218	141	1 158	913	245	27%	1 218
Transfers and subsidies		268 843	282 528	354 940	69 627	335 331	266 205	69 126	26%	354 940
Other revenue		960	1 470	1 398	17	337	1 048	(711)	-68%	1 398
Gains		7 526	—	—	—	—	—	—		—
Total Revenue (excluding capital transfers and contributions)		361 946	368 742	441 112	77 525	401 058	330 834	70 224	21%	441 112

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

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

the service. The approval of tariffs by NERSA is set up such that the municipality can make some form of surpluses from sale of electricity so that it may be able to maintain the infrastructure used to render the service and defray all other operating expenses related to the service provision. The municipality has generated over R4.4 million for the month and a year to date actual of R24.3 million. This is in line with the revised projection which is an improvement from the 8% deficit recorded in the prior month. Even though new bulk meters have been installed for identified large power users that we expect will begin to show results once the billing is made from them. There are however some disturbing observations that have been made by the professional service provider contacted by the municipality to install the meters and assess performance of some meters. Two of the large power users in town that are owned by the same person seem to have a way to lower the way in which our meters read consumption leading to less billing and more consumption from their side. The municipality has made some research and learnt that a solution might be installing a automated meter reading system that is able to identify when a meter changes its reading patterns in real time. In response to this, the municipality is in the processes of procuring services of a professional service provider to install and operate the system. During the month of January, it was identified that there is a need to conduct a professional re-assessment of the existing credit meters to ensure they have not been tampered with and are still reading correctly. The process was concluded during the month of March with a report indicating some areas of concern including installation of meters that do not meet the minimum requirements in some properties by the municipal staff and other providers.

- **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 R380 thousand which is below the projection by 1% which is because of the recently approved adjustment budget that adjusted the revenue upwards. There is however an expectation that

revenue collection will decline this year due the economic effects of Covid-19 on both the consumers and businesses as we have seen a number of businesses closing down and some downscaling.

- **Interest on Investments:** The municipality invests surplus cash and unspent grants to generate interest that would be utilised to fund other municipal programmes, this interest includes interest on the municipality's positive balance in the municipality's main account. The table above shows that the municipality generated over R5.4 million worth of interest on investments with a year to date actual that is below the projection by 30%. This is an improvement from the 31% underperformance that was recorded in the previous month. This underperformance may be due to interest rates cuts that have been implemented by the South African Reserve Bank since the outbreak of Covid-19. This may also be attributable to the decrease in revenue collection since the outbreak of COVID-19 which has meant the municipality continues to spend without making any significant money coming in.
- **Interest on outstanding debtors:** The municipality charges interest on debtors owing for more than 30 days at a rate of prime plus 1% as per the municipality's credit control and debt collection policy. This has yielded interest of R438 thousand for the period ended 31 March 2021 which is more than the amount projected for the period by 1%. This should be a cause for concern considering that it continues to grow which can only mean that more debts continue to be unpaid and will eventually lead to these being uncollectible. This requires intense debt collection initiatives and consumer education of alternative ways to manage debt. A higher interest generation means the municipality's debtors are more than what they were projected to be.
- **Fines:** The municipality has a traffic department which enforces traffic laws and the municipality's by-laws. Anyone found to have contravened these laws is charged a fine accordingly. These fines also include fines for electricity tempering. The municipality generated over R300 thousand of revenue on these fines during the month of March 2021 which is an improvement from the past three months where no activity was recorded. This resulted in a 33% less than 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 R245 thousand for the month which has left the actual performance to a level below the projection by 3% which is expected to improve as other revised contracts are concluded. The municipality is in the process of renegotiating the Browns and Spar lease agreements as they have reached the end of their terms. This renegotiation is expected to increase the amounts to be generated by the municipality from these rentals based on the independent valuations performed on the leased properties.
- **Licenses and permits:** The municipality has a fully functional testing station which has been in operation for the past three years. This has been one of the municipality's promising revenue stream since the completion of the testing station. The municipality only generated R223 thousand worth of revenue for the period due to the National lockdown that directed that all licensing services be suspended until further guidance from National Government is provided. As this report is being prepared the licensing services has since commenced which is expected to lead to an improvement from a number of financial challenges for the municipality that might have been experienced during the lockdown period. The municipality has collected below the projected collection by 10% which is an improvement from 11% recorded in the previous month and the situation is expected to improve as the testing center begins operating fully and the lockdown restrictions are further eased.
- **Transfers and subsidies:** The municipality receives grants, both conditional and those without conditions. The report shows a year to date performance of R335.3 million as this is the ninth month of the financial year. This happens when the municipality has spent the grants according to the requirements of the funders or DORA. The biggest chunk of these transfers is

the equitable share that was received during the month of July 2020, December 2020 and March 2021. It is worth mentioning that the last trench of the equitable share was transferred after deducting R590 thousand relating to rollovers that were not approved.

d) Debt Collection

The table below shows a 63% overall collection rate for the month ended 31 March 2021. However, we note a 82% collection rate on leasehold fees, 76% on electricity and 60% on refuse removal for the period. This kind of performance has resulted in an increase from just over 23% at the end of the first quarter to 63% overall collection since the start of the financial year.

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

YEAR ENDING: 30 June 2021

INCOME TYPE	SEP	1st QUARTER	OCT	NOV	DEC	2nd QUARTER	Jan-21	Feb-21	Mar-21	3rd QUARTER	TOTALS
RATES											
billed	990 906	16 963 532	990 906	990 906	990 906	2 972 719	990 906	990 906	990 906	2 972 719	22 908 970.66
payment received	284 292	972 433	9 528 781	249 991	537 087	10 315 858	389 989	426 784	353 172	1 169 945	12 458 235.67
% of billing received	29%	6%	962%	25%	54%	347%	39%	43%	36%	39%	54%
ELECTRICITY											
billed	2 288 848	6 790 291	3 225 859	2 247 534	2 242 143	7 715 536	2 349 708	2 159 951	2 204 732	6 714 390	21 220 216.65
payment received	1 235 004	3 495 575	2 151 617	1 566 753	2 008 519	5 726 890	1 310 804	2 254 279	1 685 770	5 250 853	14 473 318.30
% of billing received	54%	51%	67%	70%	90%	74%	56%	104%	76%	78%	68%
LEASEHOLD FEES											
billed	224 507	673 520	225 908	225 908	228 635	680 451	228 635	228 937	240 172	697 744	2 051 714.82
payment received	194 594	584 567	1 069 773	194 594	194 594	1 458 961	197 322	197 322	197 322	591 965	2 635 492.82
% of billing received	87%	87%	474%	86%	85%	214%	86%	86%	82%	85%	128%
VAT											
billed	434 998	1 293 838	573 358	428 859	428 460	1 430 676	434 500	415 201	423 603	1 273 304	3 997 818.95
payment received	251 794	699 716	530 101	338 070	373 647	1 241 817	256 184	417 118	393 561	1 066 864	3 008 397.15
% of billing received	58%	54%	92%	79%	87%	87%	59%	100%	93%	84%	75%
INTEREST											
billed	451 698	1 225 603	395 574	406 039	412 584	1 214 197	424 797	429 122	437 833	1 291 752	3 731 551.02
payment received	22 156	86 469	1 160 261	51 350	98 741	1 310 353	35 920	200 034	79 856	315 810	1 712 631.08
% of billing received	5%	7%	293%	13%	24%	108%	8%	47%	18%	24%	46%
REFUSE REMOVAL											
billed	386 639	1 161 800	385 626	385 626	385 626	1 156 877	385 626	379 126	379 126	1 143 877	3 462 554.78
payment received	199 828	512 077	305 256	278 869	248 948	833 073	162 231	326 894	229 128	718 254	2 063 403.80
% of billing received	52%	44%	79%	72%	65%	72%	42%	86%	60%	63%	60%
TOTAL INCOME											
billed	4 777 596	28 108 583	5 797 230	4 684 871	4 688 355	15 170 457	4 814 173	4 603 242	4 676 372	14 093 787	57 372 827
payment received	2 187 669	6 350 837	14 745 789	2 679 627	3 461 536	20 886 953	2 352 450	3 822 431	2 938 809	9 113 689	36 351 479
% of billing received	46%	23%	254%	57%	74%	138%	49%	83%	63%	65%	63%

e) Review of the Revenue enhancement strategy implementation

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

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

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

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

f) Expenditure by Type

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

LC445 Imbizana - Table C4 monthly Budget Statement - Financial Performance (Revenue and expenditure) - M03 March										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>Expenditure By Type</u>										
Employee related costs		104 852	119 133	119 313	8 533	79 127	89 484	(10 358)	-12%	119 313
Remuneration of councillors		23 970	25 036	25 036	2 008	17 975	18 777	(801)	-4%	25 036
Debt impairment		8 570	4 500	8 600	–	–	6 450	(6 450)	-100%	8 600
Depreciation & asset impairment		39 437	52 581	52 681	3 565	31 759	39 511	(7 752)	-20%	52 681
Finance charges		11	150	150	–	1	113	(111)	-99%	150
Bulk purchases		33 255	31 896	34 616	2 498	23 862	25 962	(2 099)	-8%	34 616
Other materials		8 162	7 677	7 898	154	2 373	5 923	(3 551)	-60%	7 898
Contracted services		50 929	110 404	93 396	5 380	31 456	70 047	(38 591)	-55%	93 396
Transfers and subsidies		1 418	1 835	7 018	618	1 757	5 263	(3 507)	-67%	7 018
Other expenditure		44 470	69 979	64 020	3 366	23 793	48 015	(24 221)	-50%	64 020
Losses		55 402	–	36 277	–	11 789	27 207	(15 418)	-57%	36 277
Total Expenditure		370 477	423 190	449 003	26 122	223 892	336 752	(112 860)	-34%	449 003

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

- Employee costs and Remuneration of councillors:** The municipality has remunerated employees who are remunerated as per the prevailing Bargaining Council agreements. The expenditure for the period ended 31 March 2021 reflects an amount of R8.5 million for employee costs and R2 million for the remuneration of councillors. The remuneration of councillors shows a 4% underspending compared to what is expected at the same period. Employee costs have continued to record a 12% saving that is always expected considering issues like annual bonuses, resignations and vacant positions.
- Bulk Purchases:** The municipality purchases electricity in bulk from Eskom for distribution to the town customers. This is the main input cost to the distribution of electricity. The table shows that the municipality spent about R2.4 million on electricity purchases for the period ended 31 March 2021 and a year to date actual of R31.7 million which is below the revised projected expenditure by 8%. This amount only relates to the last 21 days of July up to the first 10 days of March 2021 as the billing by Eskom only takes place on the 10th of each month.
- Depreciation and asset impairment:** The depreciation run used to be performed after the end of each quarter, but we have since moved to monthly runs, however, this could not be done for July as the asset register was still in the process of being reviewed to ensure that the assets are correctly accounted for in the annual financial statements. More accurate and complete information will be reported once an updated asset register has been loaded on the system. The table shows that depreciation was recorded for at R3.5

million the period ended 31 March 2021 with a year to date actual of R31.7 million which is below the projected amount by 20% for the same period.

- **Contracted Services:** This relates to the municipality's general expenses that have been incurred during the month where only external service providers could be used to render the service or procure goods. This shows that the municipality incurred about R5.3 million for the month. This has resulted in a recorded saving of over R38 million which translates to 55% of the budget for contracted services for the same period. This is as a result of slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled.
- **Other Expenditure:** This also shows a saving of about 50%, which is a slight improvement compared with last month's performance which might be as a result of the slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled. This requires though that departments that are currently underspending be sensitised of the matter.

g) Revenue by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M09 March

LC449 Mbizana - Table 03 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M05 March										
Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	-		-
Vote 2 - Budget and Treasury		311 534	296 215	350 379	68 984	343 810	262 784	81 025	30.8%	350 379
Vote 3 - Corporate Services		352	280	280	11	196	210	(15)	-6.9%	280
Vote 4 - Community Services		15 605	11 811	12 932	1 043	9 613	9 699	(86)	-0.9%	12 932
Vote 5 - Development Planning		111	25 621	42 680	2 980	22 975	32 010	(9 035)	-28.2%	42 680
Vote 6 - Engineering Services		113 226	112 149	115 396	5 859	69 616	86 547	(16 931)	-19.6%	115 396
Total Revenue by Vote	2	440 828	446 077	521 669	78 876	446 210	391 261	54 968	14.0%	521 669

The table above shows revenue generated per municipal vote as defined in s1 of the MFMA. The table shows that Engineering services has generated over R5.8 million for the month with Budget and Treasury showing generation of over R68.9 million which is attributable to the last trench of the equitable share that was received during the month, Community and Social services at over R1 million as well as Development planning at R2.9 million.

h) Expenditure by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M09 March

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Expenditure by Vote	1									
Vote 1 - Executive and Council		69 497	83 121	81 128	6 274	49 137	60 846	(11 708)	-19.2%	81 128
Vote 2 - Budget and Treasury		26 759	30 707	35 467	2 017	13 185	26 600	(13 416)	-50.4%	35 467
Vote 3 - Corporate Services		48 181	57 123	56 612	2 263	28 682	42 459	(13 777)	-32.4%	56 612
Vote 4 - Community Services		62 453	74 211	74 925	4 751	43 048	56 194	(13 146)	-23.4%	74 925
Vote 5 - Development Planning		16 060	25 425	31 488	981	10 080	23 616	(13 536)	-57.3%	31 488
Vote 6 - Engineering Services		147 526	152 604	169 383	9 836	79 760	127 037	(47 277)	-37.2%	169 383
Total Expenditure by Vote	2	370 476	423 190	449 003	26 122	223 892	336 752	(112 860)	-33.5%	449 003
Surplus/ (Deficit) for the year	2	70 352	22 886	72 666	52 754	222 317	54 499	167 818	307.9%	72 666

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

i) Municipality's financial performance

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		21 251	25 189	25 189	991	22 909	18 892	4 017	21%	25 189
Service charges - electricity revenue		33 884	32 578	32 578	4 497	24 394	24 433	(39)	0%	32 578
Service charges - water revenue		—	—	—	—	—	—	—		—
Service charges - sanitation revenue		—	—	—	—	—	—	—		—
Service charges - refuse revenue		4 490	4 437	4 566	380	3 399	3 425	(25)	-1%	4 566
Rental of facilities and equipment		5 097	2 851	2 851	245	2 073	2 138	(65)	-3%	2 851
Interest earned - external investments		9 660	10 364	10 364	664	5 447	7 773	(2 326)	-30%	10 364
Interest earned - outstanding debtors		4 912	4 404	4 404	438	3 731	3 303	429	13%	4 404
Dividends received		—	—	—	—	—	—	—		—
Fines, penalties and forfeits		2 066	948	850	301	425	638	(213)	-33%	850
Licences and permits		2 237	2 756	2 756	223	1 852	2 067	(214)	-10%	2 756
Agency services		1 021	1 218	1 218	141	1 158	913	245	27%	1 218
Transfers and subsidies		268 843	282 528	354 940	69 627	335 331	266 205	69 126	26%	354 940
Other revenue		960	1 470	1 398	17	337	1 048	(711)	-68%	1 398
Gains		7 526	—	—	—	—	—	—		—
Total Revenue (excluding capital transfers and contributions)		361 946	368 742	441 112	77 525	401 058	330 834	70 224	21%	441 112
Expenditure By Type										
Employee related costs		104 852	119 133	119 313	8 533	79 127	89 484	(10 358)	-12%	119 313
Remuneration of councillors		23 970	25 036	25 036	2 008	17 975	18 777	(801)	-4%	25 036
Debt impairment		8 570	4 500	8 600	—	—	6 450	(6 450)	-100%	8 600
Depreciation & asset impairment		39 437	52 581	52 681	3 565	31 759	39 511	(7 752)	-20%	52 681
Finance charges		11	150	150	—	1	113	(111)	-99%	150
Bulk purchases		33 255	31 896	34 616	2 498	23 862	25 962	(2 099)	-8%	34 616
Other materials		8 162	7 677	7 898	154	2 373	5 923	(3 551)	-60%	7 898
Contracted services		50 929	110 404	93 396	5 380	31 456	70 047	(38 591)	-55%	93 396
Transfers and subsidies		1 418	1 835	7 018	618	1 757	5 263	(3 507)	-67%	7 018
Other expenditure		44 470	69 979	64 020	3 366	23 793	48 015	(24 221)	-50%	64 020
Losses		55 402	—	36 277	—	11 789	27 207	(15 418)	-57%	36 277
Total Expenditure		370 477	423 190	449 003	26 122	223 892	336 752	(112 860)	-34%	449 003
Surplus/(Deficit)		(8 531)	(54 449)	(7 891)	51 403	177 165	(5 918)	183 083	(0)	(7 891)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		78 881	77 335	80 557	1 351	45 152	60 417	(15 265)	(0)	80 557
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	—	—	—	—	—	—		—
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—		—
Surplus/(Deficit) after capital transfers & contributions		70 350	22 886	72 666	52 754	222 317	54 499			72 666
Taxation		—	—	—	—	—	—	—		—
Surplus/(Deficit) after taxation		70 350	22 886	72 666	52 754	222 317	54 499			72 666
Attributable to minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		70 350	22 886	72 666	52 754	222 317	54 499			72 666
Share of surplus/ (deficit) of associate		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		70 350	22 886	72 666	52 754	222 317	54 499			72 666

The municipality has so far recorded a surplus of over R52.7 million for the period ended 31 March 2021. This must be seen in the correct perspective as there has been receipts of the

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

8. Capital programme performance

a) Capital expenditure by asset class and sub-class

EC443 Mbizana - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M09 March

Description	Ref	2019/20	Budget Year 2020/21							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		50 758	30 775	58 830	22 687	38 922	44 123	5 201	11.8%	58 830
Roads Infrastructure		31 165	28 475	29 880	5 956	16 272	22 410	6 138	27.4%	29 880
Roads		31 165	28 475	29 880	5 956	16 272	22 410	6 138	27.4%	29 880
Electrical Infrastructure		19 592	2 300	28 950	16 730	22 650	21 713	(937)	-4.3%	28 950
MV Networks		19 592	–	26 950	16 127	21 336	20 213	(1 123)	-5.6%	26 950
LV Networks		–	2 300	2 000	604	1 313	1 500	187	12.4%	2 000
Community Assets		4 003	1 100	2 383	383	1 525	1 787	263	14.7%	2 383
Community Facilities		4 003	1 100	2 383	383	1 525	1 787	263	14.7%	2 383
Halls		4 003	–	783	–	660	587	(72)	-12.3%	783
Markets		–	1 100	1 600	383	865	1 200	335	27.9%	1 600
Heritage assets		–	50	110	–	–	83	83	100.0%	110
Other Heritage		–	50	110	–	–	83	83	100.0%	110
Other assets		1 289	2 500	3 000	–	697	2 250	1 553	69.0%	3 000
Operational Buildings		1 289	2 500	3 000	–	697	2 250	1 553	69.0%	3 000
Yards		1 289	2 500	3 000	–	697	2 250	1 553	69.0%	3 000
Computer Equipment		3 400	6 800	8 200	–	3 562	6 150	2 588	42.1%	8 200
Computer Equipment		3 400	6 800	8 200	–	3 562	6 150	2 588	42.1%	8 200
Furniture and Office Equipment		1 101	1 650	1 750	160	439	1 313	873	66.5%	1 750
Furniture and Office Equipment		1 101	1 650	1 750	160	439	1 313	873	66.5%	1 750
Machinery and Equipment		2 537	2 101	2 692	961	1 216	2 019	803	39.8%	2 692
Machinery and Equipment		2 537	2 101	2 692	961	1 216	2 019	803	39.8%	2 692
Transport Assets		1 772	2 660	2 168	–	1 718	1 626	(92)	-5.7%	2 168
Transport Assets		1 772	2 660	2 168	–	1 718	1 626	(92)	-5.7%	2 168
Total Capital Expenditure on new assets	1	64 860	47 637	79 134	24 190	48 078	59 351	11 273	19.0%	79 134

EC443 Mbizana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M09 March

Description	Ref	2019/20	Budget Year 2020/21							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		248	–	–	–	–	–	–		–
Roads Infrastructure		248	–	–	–	–	–	–		–
Roads		248	–	–	–	–	–	–		–
Community Assets		541	6 000	8 614	2 463	4 825	6 461	1 636	25.3%	8 614
Community Facilities		541	6 000	8 614	2 463	4 825	6 461	1 636	25.3%	8 614
Taxi Ranks/Bus Terminals		541	6 000	8 614	2 463	4 825	6 461	1 636	25.3%	8 614
Total Capital Expenditure on renewal of existing assets	1	789	6 000	8 614	2 463	4 825	6 461	1 636	25.3%	8 614

EC443 Mbizana - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M09 March

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	2 000	4 800	-	-	3 600	3 600	100.0%	4 800
Roads Infrastructure		-	2 000	4 800	-	-	3 600	3 600	100.0%	4 800
Roads		-	2 000	4 800	-	-	3 600	3 600	100.0%	4 800
Community Assets		21 941	20 172	59 502	-	14 311	44 627	30 315	67.9%	59 502
Community Facilities		16 058	11 251	25 557	-	8 639	19 168	10 529	54.9%	25 557
Halls		16 058	11 251	25 557	-	8 639	19 168	10 529	54.9%	25 557
Sport and Recreation Facilities		5 884	8 921	33 945	-	5 673	25 459	19 786	77.7%	33 945
Outdoor Facilities		5 884	8 921	33 945	-	5 673	25 459	19 786	77.7%	33 945
Total Capital Expenditure on upgrading of existing assets	1	21 941	22 172	64 302	-	14 311	48 227	33 915	70.3%	64 302

The above tables indicate that the municipality spent R26.6 million for the month of its capital budget for the period ended 31 March 2021. The two major projects continue to underperform due to a number of reasons ranging from accidents and delays in agreeing on the correct designs between the contractor and the consultants. There is a positive side though as electrification projects have began picking up the pace and expenditure to at least make sure the rollovers are spent.

b) Capital Expenditure by municipal vote

EC443 Mbizana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M09 March

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive and Council		-	-	-	-	-	-	-		-
Vote 2 - Budget and Treasury		2 304	2 100	2 000	-	1 258	1 500	(242)	-16%	2 000
Vote 6 - Engineering Services		21 941	18 172	57 502	-	14 311	43 127	(28 815)	-67%	57 502
Total Capital Multi-year expenditure	4,7	24 245	20 272	59 502	-	15 569	44 627	(29 058)	-65%	59 502
Single Year expenditure appropriation	2									
Vote 1 - Executive and Council		-	50	110	-	-	83	(83)	-100%	110
Vote 3 - Corporate Services		2 630	10 210	10 768	160	4 378	8 076	(3 698)	-46%	10 768
Vote 4 - Community Services		5 164	5 401	5 970	961	1 996	4 478	(2 482)	-55%	5 970
Vote 5 - Development Planning		-	1 100	1 600	383	865	1 200	(335)	-28%	1 600
Vote 6 - Engineering Services		55 550	38 775	74 100	25 149	44 406	55 575	(11 169)	-20%	74 100
Total Capital single-year expenditure	4	63 345	55 537	92 548	26 653	51 645	69 411	(17 766)	-28%	92 548
Total Capital Expenditure		87 590	75 808	152 051	26 653	67 214	114 038	(46 824)	-41%	152 051
Capital Expenditure - Functional Classification										
Governance and administration		5 265	12 760	13 279	160	5 636	9 959	(4 323)	-43%	13 279
Executive and council		-	50	110	-	-	83	(83)	-100%	110
Finance and administration		5 265	12 710	13 169	160	5 636	9 876	(4 240)	-43%	13 169
Community and public safety		1 902	3 191	3 660	(160)	780	2 745	(1 965)	-72%	3 660
Community and social services		160	1 300	1 900	-	780	1 425	(645)	-45%	1 900
Public safety		1 742	1 891	1 760	(160)	-	1 320	(1 320)	-100%	1 760
Economic and environmental services		57 899	55 747	103 179	8 801	36 932	77 385	(40 452)	-52%	103 179
Planning and development		26 486	25 272	68 499	2 845	20 660	51 375	(30 714)	-60%	68 499
Road transport		31 413	30 475	34 680	5 956	16 272	26 010	(9 738)	-37%	34 680
Trading services		22 524	4 110	31 933	17 851	23 866	23 950	(84)	0%	79 918
Energy sources		19 592	2 300	30 023	16 730	22 650	22 517	132	1%	2 300
Waste management		2 932	1 810	1 910	1 121	1 216	1 433	(216)	-15%	1 810
Total Capital Expenditure - Functional Classification	3	87 590	75 808	152 051	26 653	67 214	114 038	(46 824)	-41%	200 036
Funded by:										
National Government		60 016	45 647	72 597	13 660	39 455	54 448	(14 992)	-28%	72 597
Provincial Government		-	-	200	-	-	150	(150)	-100%	200
Transfers recognised - capital		60 016	45 647	72 797	13 660	39 455	54 598	(15 142)	-28%	72 797
Borrowing		-	-	-	-	-	-	-	-	-
Internally generated funds		27 575	30 162	79 254	12 993	27 758	59 440	(31 682)	-53%	79 254
Total Capital Funding		87 590	75 808	152 051	26 653	67 214	114 038	(46 824)	-41%	152 051

The above table indicates that the municipality spent R26.6 million of its capital budget for the period ended 31 March 2021 which is still discouraging considering that we have two major projects that have been allocated the bigger slice of the municipality's available resources that have not performed desirably during the past years. Procurement processes have been finalised for outstanding infrastructure projects to ensure that current year projects start being implemented so that our expenditure improves and services delivered to the communities of Mbizana.

9. Supply chain management

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

a) Acquisition management

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

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

b) Procurement requests below R2000.00

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

Order Date	Credit name	Totalamt	Specifications	Functiondesc	Segment
2021/03/05	South African Qualifications A	810,00	Payment to Saqa For Qualification Verification (Capital Exp Clerk)	Core Function: Human Resources	Personnel Recruitment Cost 1010
2021/03/29	Zongs Mshatvelatuthi	1 080,00	Request Quantum with 15-Seater for Transporting Women on the 25 March Nyaisweni Ward 30 At 10h00	Core Function: Mayor and Council	Solar Energy Subsidy Grant 2505
2021/03/29	Mr Fabulous Holdings	1 200,00	Request For Polycop Pipe 15mm	Core Function: Roads	Vehicle Rental 505260240
2021/03/29	Pondoland Times	1 691,95	Request to Advertised Sdbip For 2020/21 Financial Year	Core Function: Municipal Manager Town Se	Vehicle Rental 505260240
2021/03/29	Pondoland Times	1 691,95	Request To Advertise Up Rep Forum On A Local Newspaper	Core Function: Corporate Wide Strategic P	Municipal Building Maintenance
		6 473,90			

c) Procurement requests above R2, 000.00 but below R30, 000.00

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

Docd ate	Creditormame	Totalamnt	Specifications	Functiondesc	Segment
2021/ 03/29	Nodipha Tradings And Projects	3 360.00	Request For 2 Pole Tent For Community Education Programme To Be Held On The 25.03.2021 At Ward 4	Core Function:Mayor And Council	Transportation Special Program Women 505260191
2021/ 03/19	Iso News Pty Ltd	3 840.00	Request For Re-Advertisment For Procurement Of Municipal Backup Gener	Core Function:Project Management Unit	R&M Refuse Powertools
2021/ 03/17	Iso News (Pty) Ltd	4 080.00	Request Advertisment For Ordinary Virtual Council Meeting On The 30 M At 09h30	Core Function:Municipal Manager Town Se	Advertising Mm
2021/ 03/24	Ku-Bha Service Station	4 290.00	Request For Fuel (2200) For Skip Loader Truck	Core Function:Solid Waste Removal	Customer Care Catering 515260179
2021/ 03/05	Iso News Pty Ltd	4 560.00	Request For A Suitable Qualified Service Provider To Do A Feasibility For Manufacturing Hubs In Various Wards (04:08 & 16)	Core Function:Economic Development/Plan	Advertising Fees 1505
2021/ 03/29	Sisters Owam	4 750.00	Request Lunch Packs For Workshop To Operate Machines On The 22 March 2 Cultural Village At 10h00	Core Function:Mayor And Council	Building Regulations Sign Boards 1505
2021/ 03/16	Magholo Tradings Projects	4 913.00	Request For 4x 5 Kg Chicken For The Methodist Church Event	Core Function:Mayor And Council	Public Participation Groceries
2021/ 03/17	Kwik-Fit Bizana	5 037.00	Request For Two (2) Tyres Size (215/75r17 5) For Electricity Truck Reg Hff 091 Ec	Non-Core Function:Electricity	Vehicle Maintenance Outsourced 1010235115
2021/ 03/05	Iso News Pty Ltd	5 040.00	Request For Advert For Vip Protector	Core Function:Human Resources	Advertising Fees Human Resources 1010260540
2021/ 03/29	Thanks To Give Trading And Pro	5 400.00	Request Lunch Packs For Constituency Work Programme On The 29 March 20 Council Chamber At 10h00	Core Function:Mayor And Council	Personnel Recruitment Cost 1010
2021/ 03/05	Nomangwana Projects	5 500.00	Request Lunch With Soft Drinks For Training Of New Ward Committee Memb On The 05 March 2021at Multi Purpose Youth Centre	Core Function:Mayor And Council	Ward Committee Support Catering 505260581
2021/ 03/05	Iso News (Pty) Ltd	5 760.00	Advertising Of The 2nd Adjustment Budget 2020/21 On The Local News Paper	Core Function:Finance	Advertising Finance
2021/ 03/05	Arena Holdings	8 107.50	Request For Advert Of Town Planner Position	Core Function:Human Resources	Advertising Fees Human Resources 1010260540
2021/ 03/31	Pondoland Times	8 300.00	Request For Mobile Toilets X2 For One Day Only (31/03/2021)	Core Function:Roads	Rm Buildings Maintenance Roads 5505
2021/ 03/05	G-U Trading & Projects	8 600.00	Hiring Of 3-Pole Tent For A Memorial Service In Ward 02 On The 06.03.2	Core Function:Mayor And Council	Hiring-Public Participation
2021/ 03/29	Nodipha Tradings And Projects	9 120.00	Request Lunch Packs For Customer Care Program On The 25 March 2021 At	Core Function:Marketing Customer Relati	Community Education Hiring Costs 505260695
2021/ 03/18	Meyife Construction And Projec	9 200.00	Request For 100 Still Water-500ml For Gender Base Violence Campaign	Core Function:Human Resources	Maaa0610587

Docd ate	Creditormame	Totalamnt	Specifications	Functiondesc	Segment
2021/ 03/29	The Chossen Trading & Project	9 500,00	Request Purchase Of 100xwaste Information Stickers For Branding Of Was See Attached Specification.	Core Function:Solid Waste Removal	Advertising Mm
2021/ 03/18	Masinyane And Son (Pty) Ltd	9 500,00	Request Lunch Packs For Know Your Cdw Campaign On The 18 March 2021 At Reformed Church At 10h00	Core Function:Mayor And Council	Housing Project
2021/ 03/12	Arena Holdings	9 729,00	Request For Advert Manager:Assets & Stores Management Under Budget & Office	Core Function:Human Resources	Advertising Fees Human Resources 1010260540
2021/ 03/31	Qobo And Partners	10 000,00	Payment To Qobo And Partners For Supply And Felivery Of Periodicals	Non-Core Function:Libraries And Archives	Newspaper Library 2505
2021/ 03/12	Arena Holdings	10 239,60	Request Advert For Private Security Services For Mbizana Local Municipality	Core Function:Police Forces Traffic And	Advertising Traffic 2505260540
2021/ 03/05	Arena Holdings	10 239,60	Request For Cancellation And Re-Advertisement Roads Maintenance In Cld & Of Plant & Truck	Core Function:Project Management Unit	Advertising Fees Pmu 5505260540
2021/ 03/24	Kamvelo Trading (Pty) Ltd	11 912,50	Request For 20 Mops	Core Function:Finance	Customer Care Catering 515260179
2021/ 03/18	Kwik-Fit Bizana	14 996,00	Request For Four Tyres Of Isuzu Kb Size L265/60r18 With Registratio Number Jfc823 Ec	Core Function:Fleet Management	Acquisitions
2021/ 03/18	Iso News Pty Ltd	16 380,00	Request For Adverts : General Assistantx3; Driver Under Community S Administration Clerk ; Cleansing Supervisor ; Store Room Keeper; Env Management Officer Under Community Services And Manager: Assets & S	Core Function:Human Resources	Acquisitions
2021/ 03/30	Kwik-Fit Bizana	17 537,50	Request For One (1) Grader Tyre; Size 17.5-25L4	Core Function:Roads	Roads Vehicle Maintenance
2021/ 03/05	Scaras Construction And Logist	19 600,00	Request For Promotional Material Of 200 Pamphlets For Library Awareness On The 16/03/2021 At Mbizana Public Library	Non-Core Function:Libraries And Archives	Library Awareness Promotional Material
2021/ 03/29	Show Love And Care Trading	24 000,00	Request For Supply And Installation Of 3 Welcome Sign Boards And 3 Thank You For Visiting Winnie Madikizela-Mandela Sign Boards	Core Function:Town Planning Building Re	Whipery Support Catering Costs 505260175
2021/ 03/11	Aquostic Elements	24 500,00	Request For Purchase Of 100 X Stickers Promotional Material For Disast Awareness That Will Be On The 10/03/2021 At Sihukuthezi Hall	Non-Core Function:Population Development	Social Services Awarenesses Promotional Materials 2505
2021/ 03/17	Sne Jay Construction (Pty) Ltd	25 000,00	Request 200 Lunch Packs For Awareness Campign Against Women Abuse On T 25 March 2021 At Nyanisweni At Ward 30 At 10h00	Core Function:Mayor And Council	Catering Special Progrmans Women 505260191
2021/ 03/12	Lions Den Projects	25 000,00	Request 50 Pens With Stand (Branded With The Municipal Logo)	Core Function:Marketing Customer Relati	Promotional Items
2021/ 03/30	Tomcy Trading Enterprise Pty	28 500,00	Request For Cleaning Of Gutters And Windows ; Cleaning Of Outside Wal Using A Pressure Cleaner	Core Function:Roads	Rm Buildings Maintenance Roads 5505
2021/ 03/30	Siphosakhe Trading	28 900,00	Request Roll Up Banners With Municipal Logo For The Renaming Ceremony	Core Function:Marketing Customer Relati	Promotional Items
2021/ 03/30	Wandle And Sons Trading	29 500,00	Request For 20 Overalls With Elastic At The Back(With Embroidered Mbi Municipality Logo On The Right With Employees Initial & Surname On Th With Different Size	Administrative And Corporate Support:Cor	Protective Clothing 1010260630
2021/	Southern Business School	29 540,00	Payment Request For Ziyanda Bewu	Core Function:Human	Study Assistance Hr 1010260395

Docd ate 03/15	Creditortname	Totalamnt	Specifications	Functiondesc Resources	Segment
2021/ 03/11	Soul Media Solutions	29 950,00	Request For High Pressure Cleaner Xlr2000	Administrative Corporate SupportCor	Cleaning Materials 1010260070
		484 381,70			

d) 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.

Orderdate	Creditorname	Totalamt	Specifications	Functiondesc	Segmentdesc
2021/03/31	Techseeds Telecommunications	50 139.60	Payment To Techseeds Telecommunications For Month March 2021	Core Technology	Telephone And Fax
2021/03/25	Ezamaovo Trading (Pty) Ltd	52 250.00	Maintenance Of Power Garden Tools- Brush Cutter	Core Function:Solid Waste Removal	Advertising Mm
2021/03/11	Sne Jay Construction (Pty) Ltd	97 390.00	Payment To Sne Jay For Back To School Campaign- Shoes	Core Function:Mayor And Council	Uniforms Childrens Program 510260194
2021/03/11	Ncsg Trading	122 325.00	Payment Request For Liver Arch Files	Core Function:Finance	Acquisitions
2021/03/15	Imidhume General Trading (Pt)	167 050.00	Payment For Tent Hire	Core Function:Mayor And Council	Hiring Costs Mayoral Awards Pwd 505260280
2021/03/11	Emerald Metering And Utility	189 681.00	Payment To Emerald Metering & Utility Management For Assessment And Programming Of Bulk Meters	Non-Core Function:Electricity	Repairs And Maintenance Electricity 6505235130
		678 835.60			

10. Status of Tenders

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

a) Mini Tender progress for March 2021

MARCH 2021									
39	The Dream Girls Enterprise	R 187 500,00	R 0,00	R 0,00	MBIZLM/25/02/21 WMAC	WASTE MANAGEMENT AWARENESS CAMPAIGN	18/03/2021	COMMUNITY SERVICES	
40	Timeless T	R 55 385,00	R 0,00	R 0,00	MBIZLM01/02/21/02W/14	REPAIRING OF WARD 14 ECDC	18/03/2021	ENGINEERING SERVICES	
41	Ncaiana Trading & Projects	R 180 020,00	R 0,00	R 0,00	MBIZLM/18/02/21S&D RMP & RS	SUPPLY AND DELIVERY OF ROAD MARKING PAINT AND SIGNS	18/03/2021	COMMUNITY SERVICES	
42	ATS Civils and Trading	R 69 250,00	R 0,00	R 0,00	MBIZLM 01/02/21/ W08	REPAIRING OF WARD 08 ECDC	18/03/2021	ENGINEERING SERVICES	
43	Masinyane and Sons	R 170 500,00	R 0,00	R 0,00	MBIZLM 15/03/21 MLM	RENAMING OF MBIZANA LOCAL MUNICIPALITY	29/03/2021	MUNICIPAL MANAGER'S OFFICE	
44	The Chosen Trading	R 109 400,00	R 0,00	R 0,00	MBIZLM 01/02/21/04 W15	REPAIRING OF WARD 15 ECDC	18/03/2021	ENGINEERING SERVICES	
Total		R 772 055,00	R 0,00	R 0,00					

b) Tenders awarded during the month of March 2021

Competitive Bidding

MARCH 2021					
SUCCESSFUL TENDERER	AWARDED AMOUNT	TENDER NO	DESCRIPTION	DATE AWARDED	END USER DEPARTMENT
30 Langenithemba Construction	R 1 943 324,94	MBIZ LM 0047 CBD	CBD Road Maintenance	Monday, 03 May 2021	Engineering Services
31 YG Solutions Pty Ltd	R 1 997 310,57	MBIZ LM 04/02/21/02 SVL	Electrification of Sidanga Village (Ward 28) link line	Tuesday, 16 March 2021	Engineering Services
TOTAL				R 3 940 635,51	

c) Status of current closed tenders

Name of the Project	Bid Number	Chairperson	Closing Date	Appointment Date	Validity	Validity Period	Status
Assessment Batho-Pele	MBIZ LM 00070 BPF STUDY	Ms. N. Ngejane	Monday, 05 October 2020	Tuesday, 13 October 2020	91	Monday, 04 January 2021	To be re-advised
Customer Satisfactory Survey	MBIZ LM 00072 CSS	Ms. N. Ngejane	Monday, 05 October 2020	Tuesday, 13 October 2020	91	Monday, 04 January 2021	To be re-advised
Disposal of Municipal Site	MBIZ LM 00060 DMP	Ms. N. Mafumba	Tuesday, 22 September 2020	Wednesday, 14 October 2020	90	Monday, 21 December 2020	to be awarded
Panel for Land Survey Services	MBIZ LM 00069 PLS	Hlangabeza	Thursday, 12 November 2020	N/A	90	Wednesday, 10 February 2021	To be re-advised
Equipment and Material to Capacitate Mbizana Fisheries	MBIZ LM 00070/05/20/02FSH	Not Yet Appointed	Monday, 22 February 2021	N/A	90	Sunday, 23 May 2021	To be appointed
Implementation of of Records Management Programme	MBIZ LM 00072 IRMP	Ms. Rabie	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	Re-advised
Review Disaster Recovery Plan	MBIZ LM 00069 R DRP	Mr. Mqina	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	Re-advised
Procurement of server room-Ups	MBIZ LM 00071 P SR-UPS	Mr. Mqina	Tuesday, 02 March 2021	N/A	90	Monday, 31 May 2021	On Evaluation
Procurement of Server Room-Infrastructure	MBIZ LM 00070 P SR-I	Mr. Mqina	Monday, 01 March 2021	N/A	90	Sunday, 30 May 2021	On Evaluation
Replacement of LV & MV lines	MBIZ LM 00059 LV &	Mr. Mqina	Wednesday, 03 March 2021	N/A	90	Tuesday, 01 June 2021	Re-advised

Name of the Project	Bid Number	Chairperson	Closing Date	Appointment Date	Validity	Validity Period	Status
	MV L		2021				
Fencing of Mzamba Community Hall & Extension of Dudumeni Hall	MBIZ LM /02/02/01 FEW	Ms Xoko	Tuesday, 02 March 2021	N/A	90	Monday, 31 May 2021	On Evaluation
Reviewal of Disaster Management Plan	MBIZ LM 29/09/20/ R DRMP	Mr S.Morlock	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	On Evaluation
Reviewal of Climate change strategy	MBIZ LM 11/02/21/01 CCS	Mr S.Morlock	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	On Evaluation
Minor Maintenance of Recreational Facilities (IGB)	MBIZ LM 16/09/20/01 MRF	Ms Xoko	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	On Evaluation
Maintenance of 4 Mbizana Libraries (IGB)	MBIZ LM 0009 MLF	Ms Xoko	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	On Evaluation
Online Web Services	MBIZ LM 0084 OWS	Not Yet Appointed	Tuesday, 09 March 2021	N/A	90	Monday, 07 June 2021	On Evaluation
Disaster Social Relief Material	MBIZ LM 0064 SRM	Mr S.Morlock	Thursday, 04 March 2021	N/A	90	Wednesday, 02 June 2021	On Evaluation
Contract fleet Maintenance for 36 months	MBIZ LM 0069 CFM	Transversal contract	Wednesday, 10 March 2021	N/A	90	Tuesday, 08 June 2021	Canceled to RT46
Provision of car wash for 36 months	MBIZ LM 0089 PCWS	Ms Rabie	Wednesday, 10 March 2021	N/A	90	Tuesday, 08 June 2021	On Evaluation
Electrification of Sidanga Village Linkline	MBIZ LM 04/02/21/02	Mr. V. Mqina	Friday, 05 March 2021	21-Jan	90	Thursday, 03 June 2021	On Evaluation
CBD Road Maintenance	MBIZ LM 0047 CBD	Mr. V. Nontanda	Monday, 25 January 2021	22-Jan	90	Sunday, 25 April 2021	On Evaluation
Rehabilitation of Tshayingca Access Road	MBIZ LM 0048 RTAR	Mr. V. Nontanda	Monday, 25 January 2021	23-Jan	90	Sunday, 25 April 2021	On Evaluation
Private Security Company	MBIZ LM 08/12/20/03/PSC	Mr Lophoko	Monday, 25 January 2021	N/A	90	Sunday, 25 April 2021	On Evaluation
Supply, Installation Operation and Maintenance of Automated System for 3 years	MBIZ LM 0085 AMRs	Mr Morlock	Tuesday, 26 January 2021	N/A	90	Monday, 26 April 2021	On Evaluation
DLTC Palisade Fencing	MBIZ LM 03/02/21/3 FEN	Not Yet Appointed	Wednesday, 27 January 2021	N/A	90	Tuesday, 27 April 2021	On Evaluation

d) Deviations

No deviations were recorded during the month of March 2021.

11.Database rotation

The following table indicates the service providers that have been utilised for the month of March 2021. This is in keeping with demonstrating that we are making strides in ensuring that there is rotation of service providers and no single provider is preferred.

Order Date	Creditor Name	Creditor Address	Function Name	Value	Status	Ward No.
2021/03/05	SOUTH AFRICAN QUALIFICATIONS A	PRIVATE BAG X06 WATERKLOOF 014 PRETORIA 0145	Human Resources	810,00	OPEN	Pretoria
2021/03/29	ZONGS MTSHASVELAFUTHI	P.O. BOX 210073 WARD 13 BIZANA 4800	Mayor and Council	1	OPEN	Ward 13
2021/03/29	MR FABULOUS HOLDINGS	PO BOX 495 PORT EDWARD 4295	Roads	1	OPEN	Ward 24
2021/03/29	SOUTH AFRICAN QUALIFICATIONS A	PRIVATE BAG X06 WATERKLOOF 014 PRETORIA 0145	Human Resources	1	OPEN	Pretoria
2021/03/29	PONDOLAND TIMES	P.O BOX 127 BIZANA WARD 17 4800	Municipal Manager	691,95	RECEIVED	Ward 17
2021/03/29	PONDOLAND TIMES	P.O BOX 127 BIZANA WARD 17 4800	Corporate Wide Strategic	1	RECEIVED	Ward 17
2021/03/29	NODIP-HA PROJECTS AND	P.O BOX 210517 BIZANA WARD 04 4800	Mayor and Council	3	OPEN	Ward 04
2021/03/19	ISO NEWS PTY LTD	P.O BOX 257 KOKSTAD KOKSTAD 4700	Project Management Unit	3	RECEIVED	Kokstad
2021/03/17	ISO NEWS (PTY) LTD	P.O BOX 257 KOKSTAD WARD 1 4700	Municipal Manager	4	RECEIVED	Kokstad
2021/03/05	ISO NEWS PTY LTD	P.O BOX 257 KOKSTAD KOKSTAD 4700	Economic Development/Planning	4	RECEIVED	Kokstad
2021/03/29	SISTERS OWAM	P.O BOX 23 BIZANA 4800	Mayor and Council	4	OPEN	Ward 06
2021/03/16	MAGHOLO TRADING& PROJECTS	PO BOX 698 BIZANA WARD 13 4800	Mayor and Council	4	RECEIVED	Ward 13
2021/03/17	KWIK-FIT BIZANA	SHOP 221 45 MAIN STREET BIZANA 4800	Electricity	5	RECEIVED	Ward 01
2021/03/05	ISO NEWS PTY LTD	P.O BOX 257 KOKSTAD KOKSTAD 4700	Human Resources	5	RECEIVED	Kokstad
2021/03/29	THANKS TO GIVE TRADING AND PRO	P.O BOX 12 WARD 17 BIZANA 4800	Mayor and Council	5	RECEIVED	Ward 17
2021/03/05	NOMANGWANYA TRADING PROJECTS	P.O. BOX 210226 WARD 4 BIZANA 4800	Mayor and Council	5	RECEIVED	Ward 04

Order Date	Creditor Name	Creditor Address	Function Name	Value	Status	Ward No.
2021/03/05	ISO NEWS (PTY) LTD	P.O BOX 257 KOKSTAD WARD 1 4700	Core Function: Finance	760.00	RECEIVED	Kokstad
2021/03/05	ARENA HOLDINGS	P.O BOX 2447 CAPE TOWN 8000 8000	Human Resources	107.50	RECEIVED	East London
2021/03/31	PONDCLAND TIMES	P.O BOX 127 BIZANA WARD 17 4800	Roads	300.00	OPEN	Ward 17
2021/03/05	G-U TRADING & PROJECTS	P.O BOX 411 FLAGSTAFF WARD 10 4810	Mayor and Council	600.00	RECEIVED	Ward 10
2021/03/29	NODIPHA TRADINGS AND PROJECTS	P.O BOX 210517 BIZANA WARD 04 4800	Marketing Customer Relations	120.00	OPEN	Ward 04
2021/03/18	MEYIFE CONSTRUCTION AND PROJECT	P.O BOX 210168 WARD 9 BIZANA 4800	Human Resources	200.00	RECEIVED	Ward 09
2021/03/29	THE CHOSSEN TRADING & PROJECT	P.O BOX 21002 LUJECWENI NGQELENI 5140	Solid Waste Removal	500.00	OPEN	Ward 10
2021/03/18	MASINYANE AND SON (PTY) LTD	P.O BOX 229 BIZANA 4800 4800	Mayor and Council	500.00	RECEIVED	Ward 17
2021/03/12	ARENA HOLDINGS	P.O BOX 2447 CAPE TOWN 8000 8000	Human Resources	729.00	RECEIVED	East London
2021/03/31	QOBO AND PARTNERS	SKHUMBENI BIZANA WARD 7 4800	Libraries and Archives	100.00	RECEIVED	Ward 07
2021/03/12	ARENA HOLDINGS	P.O BOX 2447 CAPE TOWN 8000 8000	Police Forces Traffic and	239.60	RECEIVED	East London
2021/03/05	ARENA HOLDINGS	P.O BOX 2447 CAPE TOWN 8000 8000	Project Management Unit	239.60	RECEIVED	East London
2021/03/24	KAMVELO TRADING (PTY) LTD	AMADIBA A/A LURHOLWENI BIZANA WARD 24 4800	Finance	912.50	RECEIVED	Ward 24
2021/03/18	KWIK-FIT BIZANA	SHOP 221 45 MAIN STREET BIZANA 4800	Fleet Management	996.00	OPEN	Ward 01
2021/03/18	ISO NEWS PTY LTD	P.O BOX 257 KOKSTAD KOKSTAD 4700	Human Resources	380.00	RECEIVED	Kokstad
2021/03/30	KWIK-FIT BIZANA	SHOP 221 45 MAIN STREET BIZANA 4800	Roads	537.50	OPEN	Ward 01
2021/03/05	SCARAS CONSTRUCTION AND LOGISTICS	P.O BOX 210668 WARD 4 BIZANA 4800	Libraries and Archives	600.00	RECEIVED	Ward 04
2021/03/29	SHOW LOVE AND CARE TRADING	P.O BOX 210568 BIZANA 4800	Town Planning Building	2400.00	RECEIVED	Ward 13
2021/03/11	AQUOS TIC ELEMENTS	PO BOX 21028 BIZANA WARD 17 4800	Population Development	500.00	RECEIVED	Ward 17
2021/03/11	SNE JAY CONSTRUCTION (PTY)	P.O BOX 228 BIZANA WARD 30 4800	Mayor and Council	25	RECEIVED	Ward 17

Order Date	Creditor Name	Creditor Address	Function Name	Value	Status	Ward No.
2021/03/17	LTD			000,00	D	
2021/03/12	LIONS DEN PROJECTS	BOX 51 BIZANA WARD 4 4800	Marketing Customer Relations	25 000,00	OPEN	Ward 04
2021/03/30	TOMCY TRADING ENTERPRISE PTY	P O BOX 246 BIZANA	Roads	28 500,00	RECEIVED	Ward 01
2021/03/30	SIPHOSAKHE TRADING	P O BOX 781 FLAGSTAFF WARD 08 4810	Marketing Customer Relations	28 900,00	OPEN	Ward 08
2021/03/30	WANEILE AND SONS TRADING	P.O BOX 39274 HARDING WARD 4800	Administrative and Corporate Support	29 500,00	OPEN	Ward 17
2021/03/15	SOUTHERN BUSINESS SCHOOL	P/BAG X03 HELDERKRUIJN	Human Resources	29 540,00	RECEIVED	Johannesburg
2021/03/29	BARLOWORLD EQUIPMENT	P.O. BOX 1001 EAST LONDON	Roads	29 565,11	OPEN	East London
2021/03/11	SOUL MEDIA SOLUTIONS	AMANIKHWE ADMIN AREA DINDINI LOCATION BIZANA WARD 17 4800	Administrative and Corporate Support	29 950,00	RECEIVED	Ward 17

517 750,71

PART 2 – SUPPORTING DOCUMENTATION

12. The impact of COVID-19 to the municipality

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

As a result, the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) on 30 March 2020 to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

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

Below are some of the areas that have been greatly affected and will continue to be affected as long COVID-19 is still within our shores.

a) Financial Performance

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

- i. Refuse removal

Due to the number of businesses that were closed during the lockdown, it meant the municipality was not providing any service to those as they did not generate any refuse. This required the municipality to exempt those from paying during the period of the lockdown. There has been a trend of businesses closing down and offices spaces that were occupied currently being empty. This will mean less revenue for the municipality as the impact continues show its full might.

ii. Electricity distribution

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

iii. Licences and permits

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

iv. Spending on conditional grants

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

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

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

13. Audit action plan

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

The municipality received and responded to the following:

- 34 Requests for information
- 16 Communications of audit findings

a) Areas of findings

Errors in the valuation of investment properties,

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

Prevention of irregular and fruitless expenditure

Understatement of commitments

Inconsistency in the comparative reporting of the notes on Employee costs

Appropriation statement included in the financial statements

Comparative contingent liabilities understatement

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

The municipality developed an audit action plan to address issues raised above to assist the municipality to get closer to clean governance. The audit action plan has been presented to the municipal council for approval on the 30th of March 2021.

The implementation of the action plan has already commenced with one of the items relating to commitments already included in the 2022 Draft SDBIP to ensure it is monitored at least quarterly.

14. Implementation of the Finance Management Internship Programme

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

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

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

We have noted with concern that the municipality has not been following the guidelines in full when these are being recruited which may resulting in funding being withheld should this be picked up by the funder. Some of the candidates that get shortlisted do not meet the minimum

requirements and no prescribed process is followed as prescribed when the municipality decides not to follow the guidelines.

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

15. Debtors' analysis

Summary of all Debtors

EC443 Mbizana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March

Description	NT Code	Budget Year 2020/21										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total					
R thousands															
Debtors Age Analysis By Income Source															
Trade and Other Receivables from Exchange Transactions - Water	1200	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trade and Other Receivables from Exchange Transactions - Electricity	1300	2 205	1 513	1 301	1 225	1 248	11 777	—	—	19 269	14 250	—	—	—	—
Receivables from Non-exchange Transactions - Property Rates	1400	991	831	821	805	805	38 441	—	—	42 693	40 050	—	—	—	—
Receivables from Exchange Transactions - Waste Water Management	1500	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Receivables from Exchange Transactions - Waste Management	1600	351	300	290	281	280	7 242	—	—	8 744	7 802	—	—	—	—
Receivables from Exchange Transactions - Property Rental Debtors	1700	240	19	19	19	19	341	—	—	657	379	—	—	—	—
Interest on Arrear Debtor Accounts	1810	438	427	422	410	403	13 320	—	—	15 420	14 133	—	—	—	—
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	1900	229	262	230	212	191	2 129	—	—	3 254	2 532	—	—	—	—
Total By Income Source	2000	4 454	3 352	3 084	2 952	2 945	73 250	—	—	90 037	79 147	—	—	—	—
2019/20 - totals only															
Debtors Age Analysis By Customer Group															
Organs of State	2200	742	706	696	686	722	33 711	—	—	37 263	35 119	—	—	—	—
Commercial	2300	3 445	2 413	2 160	2 040	1 996	26 902	—	—	38 956	30 938	—	—	—	—
Households	2400	267	233	228	226	227	12 637	—	—	13 818	13 090	—	—	—	—
Other	2500	—	(0)	0	0	—	(0)	—	—	(0)	(0)	—	—	—	—
Total By Customer Group	2600	4 454	3 352	3 084	2 952	2 945	73 250	—	—	90 037	79 147	—	—	—	—

The table above shows municipal debtors for the month of March 2021 per income source and per customer group. It should be noted that the municipality's leading source of income when it comes to debtors is property rate followed by interest on arrears which is an indication that we have more debtors that have stayed for longer periods outstanding. It should also be noted that the municipality's majority of debtors are more than 150 days old. This could prompt a write-off at some point if these are not collected as they overstate the municipality's balance sheet.

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

16. Creditors' analysis

EC443 Mbizana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March

Description	NT Code	Budget Year 2020/21									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100									-	
Bulk Water	0200									-	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700	63								63	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	63	-	-	-	-	-	-	-	63	-

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

17. Investment portfolio analysis

EC443 Mbizana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M09 March

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
FNB CALL DEPOSIT ACCOUNT(62550717767)		Not fixed	Call Deposit	No	Variable	0.00193043	0	N/A	not fixed	8 877	17	(3 734)	12 345	17 505
FNB CALL DEPOSIT ACCOUNT(62459758078)		Not fixed	Call Deposit	No	Variable	0.001831744	0	N/A	not fixed	12 485	23	(5 780)	-	6 727
FNB CALL DEPOSIT ACCOUNT(62028477992)		Not fixed	Call Deposit	No	Variable	0.001954619	0	N/A	not fixed	293 674	574	(26 874)	69 535	336 909
FNB CALL DEPOSIT ACCOUNT(62816769220)		Not fixed	Call Deposit	No	Variable	0.002123297	0	N/A	not fixed	789	2	-	-	791
FNB CALL DEPOSIT ACCOUNT(62816773073)		Not fixed	Call Deposit	No	Variable	0.002120837	0	N/A	not fixed	2	0	-	-	2
FNB CALL DEPOSIT ACCOUNT(62550715828)		Not fixed	Call Deposit	No	Variable	0.002124164	0	N/A	not fixed	1 457	3	(3)	-	1 457
FNB CALL DEPOSIT ACCOUNT(62852108531)		Not fixed	Call Deposit	No	Variable	0.002123288	0	N/A	not fixed	4 307	9	-	-	4 317
Municipality sub-total										321 592		(36 392)	81 880	367 708
Entities														-
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									321 592		(36 392)	81 880	367 708

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 R45 million which lead to

an increase in its investments for the month of March 2021. It should however be noted that this only reflects the difference between what was received (R81.8 million) and what was spent (R36.3 million).

18. Allocation and grant receipts and expenditure

a) Transfers & Grants Receipts

EC443 Mbizana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M09 March

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
<u>Operating Transfers and Grants</u>										
National Government:		297 006	311 814	380 032	69 535	366 678	285 024	81 654	28.6%	380 032
Local Government Equitable Share		260 384	278 139	332 422	69 535	331 832	249 317	82 516	33.1%	332 422
Finance Management		2 215	2 000	2 000	-	2 000	1 500	500	33.3%	2 000
EPWP Incentive		2 452	2 389	2 389	-	2 389	1 792	597	33.3%	2 389
Integrated National Electrification Programme		31 240	29 286	26 202	-	26 202	19 652	6 551	33.3%	26 202
		-	-	-	-	-	-	-	-	-
Disaster Grant	3	715	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Neighborhood Grants		-	-	17 019	-	4 255	12 764	(8 509)	-66.7%	17 019
Provincial Government:		3 786	-	-	-	-	-	-	-	-
Sport and Recreation		500	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Greenest Municipality		3 286	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	300 792	311 814	380 032	69 535	366 678	285 024	81 654	28.6%	380 032
<u>Capital Transfers and Grants</u>										
National Government:		54 489	48 049	48 049	12 345	45 459	36 037	9 422	26.1%	48 049
Municipal Infrastructure Grant (MIG)		54 489	48 049	48 049	12 345	45 459	36 037	9 422	26.1%	48 049
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	54 489	48 049	48 049	12 345	45 459	36 037	9 422	26.1%	48 049
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	355 281	359 863	428 081	81 880	412 137	321 061	91 076	28.4%	428 081

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

b) Transfers & Grants Expenditure

EC443 Mbizana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M09 March

[illegible]

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

c) Expenditure on approved rollovers

EC443 Mbizana - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M09 March

Description	Ref	Budget Year 2020/21				
		Approved Rollover 2019/20	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands						
EXPENDITURE						
Operating expenditure of Approved Roll-overs						
National Government:		6 311	2 133	5 049	1 263	20.0%
Local Government Equitable Share					-	
Finance Management					-	
EPWP Incentive					-	
Integrated National Electrification Programme		6 306	2 127	5 043	1 263	20.0%
Disaster Grant		5	5	5	-	
Neighborhood Grants					-	
Provincial Government:		1 104	-	402	703	63.6%
Sport and Recreation		703	-	-	703	100.0%
Greenest Municipality		402	-	402	0	0.0%
Other transfers and grants [insert description]					-	
District Municipality:		-	-	-	-	
[insert description]					-	
Other grant providers:		-	-	-	-	
[insert description]					-	
Total operating expenditure of Approved Roll-overs		7 416	2 133	5 450	1 965	26.5%
Capital expenditure of Approved Roll-overs						
National Government:		-	-	-	-	
Municipal Infrastructure Grant (MIG)					-	
Other capital transfers [insert description]					-	
Provincial Government:		-	-	-	-	
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
Total capital expenditure of Approved Roll-overs		-	-	-	-	
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS		7 416	2 133	5 450	1 965	26.5%

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

d) Reallocation of grants

During the implementation of grant funded programs, grant funders continue to assess performance and compliance with the conditions of conditional grants. During this process municipalities that are underspending are identified and grants re-allocated to other better municipalities to avoid underspending and application of rollovers. Mbizana Local Municipality has been affected by the re-allocation of the Municipal Infrastructure Grant because the municipality did not reach the required spending percentage both by September 2020 and December 2020. The table below shows the details of the municipality's MIG allocation:

ORIGINAL ALLOCATION	AMOUNT RE-ALLOCATED	REVISED ALLOCATION
R 48 049 000	R 2 590 000	R 45 459 000

The information above was published on Government Gazette No 44349 dated 29 March 2021. The main contributing factor to the municipality not meeting these required targets is the non-recognition by CoGTA of the amounts spent on Mphuthumi Mafumbatha Stadium amounting to R6.4 million. As a result of this the municipality has therefore incurred unauthorised expenditure and is required to pass an adjustment budget within 30 days from the date of the Gazette indicated above.

19. Unauthorised Expenditure

Section 1 of the Municipal Finance Management Act, No.56 of 2003 defines unauthorised expenditure as any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes –

- a) Overspending of the total amount appropriated in the municipality's approved budget;
- b) Overspending of the total amount appropriated for a vote in the approved budget;
- c) Expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) *Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;*

- e) Spending of an allocation referred to in paragraph (b), (c), or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or
- f) A grant by the municipality otherwise than in accordance with the Act

The expenditure spent on the following projects therefore falls within the specific purpose allocation not spent for that specific purpose in terms of the grant conditions. Below are two projects that the municipality has incurred unauthorised expenditure:

PROJECT NAME	BUDGET ALLOCATION	ADJUSTMENT	ADJUSTED ALLOCATION	EXPENDITURE TO DATE	REMAINING BUDGET	UNAUTHORISED EXPENDITURE
MPHUTHUMI MAFUMBATHA STADIUM	8 920 788.00	-2 460 498.00	6 460 290.00	-	6 460 290.00	6 438 076.45
MQONJWANA TO GREENVILLE ACCESS ROAD	1 388 430.00		1 388 430.00	1 444 605.36	-56 175.36	
EBUMNANDINI TO NQABENI ACCESS ROAD	1 431 897.00		1 431 897.00	-	1 431 897.00	1 646 680.86
SIJINGI TO MANGUNGA VIA METHODIST ACCESS ROAD	4 540 000.00		4 540 000.00	3 729 562.53	810 437.47	
LUBEKELE ACCESS ROAD	1 648 099.00		1 648 099.00	624 321.57	1 023 777.43	
GABISA VIA MAKHOSONKE TO LEKHEWILI ACCESS ROAD	4 160 000.00		4 160 000.00	2 543 806.04	1 616 193.96	
MBIZANA TOWN HALL / CIVIC CENTER	23 557 334.00		23 557 334.00	8 967 133.79	14 590 200.21	
	45 646 548.00	-2 460 498.00	43 186 050.00	17 309 429.28	25 876 620.72	8 084 757.31

- Mphuthumi Mafumbatha stadium expenditure is incurred as a result of non-recognition of expenditure incurred by the funder.
- Mqonjwana to Greenville Access Road expenditure is as a result of the project not registered with MIG.

20. Recommendations

It is therefore recommended that the committee recommends the following to the executive committee:

- An adjustment budget be prepared and passed before the end of April 2021 which is 30 days after the date of the government gazette for grant re-allocations
- The council refers the unauthorised expenditure incurred to MPAC for consideration and recommendation of the appropriate action to be taken
- The council passes an adjustment budget to authorise the expenditure incurred before the end April 2021

21. Cash flow Statement

EC443 Mbizana - Table C7 Monthly Budget Statement - Cash Flow - M09 March

Description	Ref	2019/20	Budget Year 2020/21							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		12 522	26 341	22 853	398	12 435	17 140	(4 705)	-27%	22 853
Service charges		19 124	36 579	34 838	5 142	24 324	26 129	(1 804)	-7%	34 838
Other revenue		2 142	11 515	11 443	684	6 804	8 582	(1 778)	-21%	11 443
Transfers and Subsidies - Operational		270 716	282 528	354 538	69 535	340 506	265 903	74 603	28%	354 538
Transfers and Subsidies - Capital		78 660	77 335	80 557	12 345	71 661	60 417	11 244	19%	80 557
Interest		14 572	10 364	10 364	655	5 413	7 773	(2 359)	-30%	10 364
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(261 547)	(379 171)	(366 636)	(24 826)	(191 982)	(244 424)	(52 442)	21%	(366 636)
Finance charges		(11)	(50)	(50)	-	-	(33)	(33)	100%	(50)
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		136 178	65 440	147 906	63 933	269 162	141 487	#####	-90%	147 906
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		196	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(86 192)	(70 114)	(123 698)	(17 058)	(76 669)	(82 465)	(5 796)	7%	(123 698)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(85 996)	(70 114)	(123 698)	(17 058)	(76 669)	(82 465)	(5 796)	7%	(123 698)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	43	(1)	(1)	29	(29)	-102%	43
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	43	(1)	(1)	29	29	102%	43
NET INCREASE/ (DECREASE) IN CASH HELD		50 182	(4 674)	24 251	46 874	192 492	59 050			24 251
Cash/cash equivalents at beginning:		123 463	215 140	173 644		175 709	173 644			175 709
Cash/cash equivalents at month/year end:		173 644	210 467	197 895		368 202	232 694			199 960

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

22. Statement of Financial Position

EC443 Mbizana - Table C6 Monthly Budget Statement - Financial Position - M09 March

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		3 611	3 476	27 862	494	27 862
Call investment deposits		170 033	206 991	170 033	367 708	170 033
Consumer debtors		35 526	32 970	33 517	83 679	33 517
Other debtors		67 802	43 763	67 886	63 953	67 886
Current portion of long-term receivables		—	—	—	—	—
Inventory		2 042	1 179	1 182	1 856	1 182
Total current assets		279 015	288 379	300 480	517 689	300 480
Non current assets						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	9	—
Investment property		32 436	25 097	32 436	32 436	32 436
Investments in Associate		—	—	—	—	—
Property, plant and equipment		645 633	682 178	708 716	669 447	708 716
Biological		—	—	—	—	—
Intangible		198	—	98	179	98
Other non-current assets		1 231	1 281	1 341	1 231	1 341
Total non current assets		679 499	708 556	742 592	703 303	742 592
TOTAL ASSETS		958 514	996 934	1 043 072	1 220 992	1 043 072
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Borrowing		—	—	—	—	—
Consumer deposits		503	460	503	451	503
Trade and other payables		37 805	17 705	49 697	78 319	49 697
Provisions		19 953	18 471	19 953	19 653	19 953
Total current liabilities		58 261	36 636	70 154	98 423	70 154
Non current liabilities						
Borrowing		—	—	—	—	—
Provisions		5 495	3 920	5 495	5 495	5 495
Total non current liabilities		5 495	3 920	5 495	5 495	5 495
TOTAL LIABILITIES		63 756	40 556	75 649	103 918	75 649
NET ASSETS	2	894 758	956 378	967 423	1 117 074	967 423
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		894 758	956 378	967 423	1 117 074	967 423
Reserves		—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	2	894 758	956 378	967 423	1 117 074	967 423

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

23. Municipal Manager's quality certification

Quality Certificate

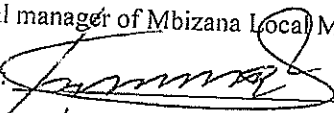
I, Luvuyo Mahleka, the municipal manager of Mbizana Local Municipality, hereby certify that –

☐ The monthly budget statement

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

Print name: Luvuyo Mahleka

Municipal manager of Mbizana Local Municipality (EC443)

Signature: 

Date: 14/04/2021

