



## **MBIZANA LOCAL MUNICIPALITY**

### **MONTHLY REPORT**

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

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## **PART 1 – IN-YEAR REPORT**

### **1. Executive Summary**

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

This is the third report of the 2020/21 financial year which should give an indication of how the municipality has performed on its first three months of operation in the indicated year. This is normally the period where a number of programs begin to take shape and expenditure begins to pick up from the performance of the previous two months that coincided with the year-end and preparation of the annual financial statements. It is expected though that things may not be as anticipated this year considering that the country is operating under lockdown regulations that make it impossible to operate. This will be the baseline for the second quarter of the financial year and hopefully the contents of each report will help council and its structures to understand fully the status of the municipality's financial performance and decisions that need to be taken to ensure sustainability of the institution.

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

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

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

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## **2. Administration**

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

management. Introduction of new and improved versions of the mSCOA chart has proven to present problems that sometimes make it impossible to operate normally requiring some extra effort to be put into the operations of the municipality to fulfil its service delivery mandate.

### **3. Staff turnover**

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

The Asset and Supply Chain management section has not been spared from similar challenges as the Asset Management Officer position remains vacant after the resignation and departure of the incumbent who occupied the position back in November 2019. Recruitment processes commenced in January 2020 but were not finalised before the National Lockdown was enforced, we expected and hoped this would be attended to speedily to ensure that this is finalised before the end of the financial year but that was unfortunately not the case. The recruitment processes for the position have been concluded and the incumbent should assume duties by October 2020. This further delay is caused by processes required to be concluded of qualification verifications before an appointment can be made and also the amount of notice period the incumbent may be required to give to the current employer. The Asset Management Officer position is unfortunately not the only vacant position as we have also had the resignation of the Stores Officer who departed at the end of March 2020 to join another institution. Recruitment processes for the stores position commenced late due to the national lockdown due to the outbreak of COVID-19 and other related protocols.

The budgeting and reporting section has also experienced a similar challenge with the resignation of the Accountant: Reporting who has taken a senior position at one of the municipalities in the Amathole Region. This resignation could not have come at a worse period as we were busy preparing for the submission of annual financial statements and the audit. These are all unfortunately very key positions to ensure that the municipality does better or at least maintains the standard it has set for itself.

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

- General Expenditure Clerk – advertised
- Asset Management Officer – to commence in October 2020
- Stores Officer – advertised
- Accountant: Reporting - advertised

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

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

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

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

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

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

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

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

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

mSCOA requires that the IDP non-financial information be linked to the budget not only at the IDP and SDBIP level but also at the financial system level. As a way to force this mSCOA has since required that

all expenditures be linked to strategic objective, project and specific ward in the municipal area including expenditure on personnel expenses.

iii. Production of in-year reports

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

iv. Budget and reporting module functionality

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

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

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

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

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

difficult for municipalities to develop these policies at such a short space of time. The council of Mbizana local municipality developed and adopted a policy on cost containment that is now being implemented.

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

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

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

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

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

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

- The municipality to identify the need
- Development specification
- Check the specification against published suppliers and specification by Treasury
- Identify the supplier that is rated higher by treasury on the list of suppliers



- Send the order to the highest ranked supplier first
- Allow three working days for the supplier to respond
- Move only to the second ranked supplier with the permission of the highest ranked supplier

The department has received a request from the Corporate Services Department to procure three 4X4 double cabs. The same process as outlined above has been followed and a suitable service provider has been identified and an order issued. Delivery is expected within a month or two from the date of the order.



## 6. Strategic Objectives

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

KPA NO 4: Budget & Treasury																			
Outcome 9 Objective																			
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented	Output -KPI	KPI Weight	KPI No.	Annual Target	Means of Verification	Budget	Budget Source	Measurable Performance				Responsible Manager	
													Interim	Ext	Q1	Q2	Q3	Q4	Responsible Section
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 2021	4.1	Metering of all electricity consumption	Electricity meters are read, recorded, and captured manually	Automated Meter Reading System	Increased revenue collection	4.1.1	Automated meter reading system	Terms of Reference, Publication, Appointment letter, Progress Report and Completion Certificate.	R 500 000.00	yes			Terms of Reference, Publication	Appointment letter	Work in Progress	Confirmation of functioning system by means of proof of work done	
				Monthly billing of all consumers for all services	90% billing on properties, 60% on electric and 50% on refuse	Maintain accurate and complete consumer master database for refuse, electricity and	Reduced customer queries - 100% of consumers billed as per consumer master	4.1.2	Billing of 2 136 consumer accounts for Property rates, refuse and electricity by June	12 Monthly Billing Reports	N/A	N/A	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Bill 2 136 consumer accounts for Property rates, refuse and electricity	Manager: Revenue and Expenditure	







KPA NO 4: Budget & Treasury																			
Outcome 9 Objective																			
Sub-Result	Issue	Strategic	Objective	Strategies	Baseline	Project to be	Output -KPI	KPI No.	KPI	Annual	Means of Verification	Budget	Measurable Performance		War	Responsible	Responsible		
Financial Reporting	To complete Annual Financial Statements that comply with all requirements as at 30 June 2021	Develop sound, strict and effective procedures for the compilation of AFS	4.5	Audited Annual Financial Statements for 2018/19 with compliance findings	Development of processes and procedures for compilation of Financial Statements for 2018/19 with compliance findings	Credible Annual Financial Statements submitted by 31 August 2020	4.5.1	1.5	Credible and fully compliant Annual Financial Statement submitted by June 2021	AFS and proof of submission to AG, Proof of payment, Interim Financial statements	R 200 000.00	N/A	Yes	Submit 2019/20 Annual Financial Statements to the AG	Renew Caseware Licenses	Complete Interim Financial Statements	War d 1	Reporting	Manager: Budgeting and Reporting
				Audited Annual Financial Statements for 2017/18 with compliance findings	Manage the external audit by the office of the Auditor General to ensure smooth running	Signed Audit report	4.5.2	1.5	Manage the external audit and ensure audit readiness to achieve clean audit opinion as at 30 June 2021	Proof of submission to AG, COAF register, Audit Action Plan, updated Audit Action Plan	R 5 043 803.90	Yes	N/A	Submit 2019/20 Annual Financial Statements to the AG	Respond to AG's queries and provide CoAf register	Development of Audit Action plan	Implementation and monitoring of Action Plan	War d 1	Reporting
	To achieve a clean audit			Reconciliation not done monthly	Perform monthly reconciliations	Signed monthly reconciliations	4.5.3	1.5	Reviewed reconciliations	7	N/A	N/A	N/A	21 Reconciliation of all accounts	21 Reconciliation of all accounts	21 Reconciliation of all accounts	War d 1	Revenue, Expenditure and Reporting	Manager: Budgeting and Reporting, Revenue and



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

Reporting against the above information will be done on the quarterly report once verification by both PMS and internal audit has taken place to avoid reporting information that is still subject to change and have decisions taken on incomplete information.



## 7. In-year budget statement tables

### a) Budget Statement Summary

EC443 Mbizana - Table C1 Monthly Budget Statement Summary - M03 September

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	25 189	25 189	991	16 964	6 297	10 666	169%	25 189
Service charges	-	37 015	37 015	4 206	9 497	9 254	243	3%	37 015
Investment revenue	-	10 364	10 364	1 699	1 699	2 591	(892)	-34%	10 364
Transfers and subsidies	-	282 528	337 213	(413)	126 998	84 303	42 694	51%	337 213
Other own revenue	-	13 646	13 646	1 167	2 938	3 412	(473)	-14%	13 646
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	<b>368 742</b>	<b>423 427</b>	<b>7 651</b>	<b>158 095</b>	<b>105 857</b>	<b>52 239</b>	<b>49%</b>	<b>423 427</b>
Employee costs	-	119 133	119 133	9 130	26 862	29 783	(2 921)	-10%	119 133
Remuneration of Councillors	-	25 036	25 036	(27)	5 969	6 259	(290)	-5%	25 036
Depreciation & asset impairment	-	52 581	52 681	3 258	10 027	13 170	(3 144)	-24%	52 681
Finance charges	-	150	150	1	1	38	(36)	-97%	150
Materials and bulk purchases	-	39 573	39 773	3 591	8 406	9 943	(1 537)	-15%	39 773
Transfers and subsidies	-	1 835	5 015	-	-	1 254	(1 254)	-100%	5 015
Other expenditure	-	184 883	160 633	8 462	14 081	40 158	(26 078)	-65%	160 633
<b>Total Expenditure</b>	-	<b>423 190</b>	<b>402 420</b>	<b>24 415</b>	<b>65 346</b>	<b>100 605</b>	<b>(35 259)</b>	<b>-35%</b>	<b>402 420</b>
<b>Surplus/(Deficit)</b>	-	<b>(54 449)</b>	<b>21 006</b>	<b>(16 764)</b>	<b>92 750</b>	<b>5 252</b>	<b>87 498</b>	<b>1666%</b>	<b>21 006</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	77 335	74 251	5 353	10 719	18 563	(7 844)	-42%	74 251
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	<b>22 886</b>	<b>95 257</b>	<b>(11 411)</b>	<b>103 468</b>	<b>23 814</b>	<b>79 654</b>	<b>334%</b>	<b>95 257</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	-	<b>22 886</b>	<b>95 257</b>	<b>(11 411)</b>	<b>103 468</b>	<b>23 814</b>	<b>79 654</b>	<b>334%</b>	<b>95 257</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	-	<b>75 808</b>	<b>122 183</b>	<b>7 209</b>	<b>12 511</b>	<b>30 546</b>	<b>(18 035)</b>	<b>-59%</b>	<b>122 183</b>
Capital transfers recognised	-	45 647	69 161	5 889	9 135	17 290	(8 155)	-47%	69 161
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	30 162	53 022	1 320	3 376	13 256	(9 879)	-75%	53 022
<b>Total sources of capital funds</b>	-	<b>75 808</b>	<b>122 183</b>	<b>7 209</b>	<b>12 511</b>	<b>30 546</b>	<b>(18 035)</b>	<b>-59%</b>	<b>122 183</b>
<b>Financial position</b>									
Total current assets	-	288 379	311 520		398 379				311 520
Total non current assets	-	708 556	754 830		683 747				754 830
Total current liabilities	-	36 636	33 681		76 551				33 681
Total non current liabilities	-	3 920	3 920		5 495				3 920
Community wealth/Equity	-	956 378	1 028 749		1 000 080				1 028 749
<b>Cash flows</b>									
Net cash from (used) operating	-	65 440	124 413	(10 660)	87 040	31 103	(55 937)	-180%	124 413
Net cash from (used) investing	-	(70 114)	(110 973)	(7 450)	(16 330)	(27 743)	(11 413)	41%	(110 973)
Net cash from (used) financing	-	(460)	(460)	-	-	(460)	(460)	100%	(460)
<b>Cash/cash equivalents at the month/year end</b>	-	<b>210 006</b>	<b>228 119</b>	<b>-</b>	<b>249 345</b>	<b>218 040</b>	<b>(31 304)</b>	<b>-14%</b>	<b>191 614</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	4 760	3 333	16 937	2 526	2 778	60 359	-	-	90 693
<b>Creditors Age Analysis</b>									
Total Creditors	391	-	-	-	-	-	-	-	391

The table above shows a summary of the municipality's financial performance for the period ended 30 September 2020. The first part of the table shows financial performance which gives information about whether the municipality made a loss or a surplus during the month followed by a summary of the municipality's performance on its capital budget. This is then followed by the municipality's financial position, a summary of the cashflow recalculation and then debtors and creditors age analysis.

b) Financial Performance by functional classification

EC443 Mbizana - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		–	321 684	375 967	2 082	145 963	93 992	51 971	55%	375 967
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		–	321 684	375 967	2 082	145 963	93 992	51 971	55%	375 967
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		–	4 942	4 942	486	947	1 235	(289)	-23%	4 942
Community and social services		–	181	181	5	6	45	(39)	-87%	181
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	4 761	4 761	481	941	1 190	(249)	-21%	4 761
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	48 612	48 612	3 738	8 062	12 153	(4 091)	-34%	48 612
Planning and development		–	563	563	2	53	141	(88)	-63%	563
Road transport		–	48 049	48 049	3 735	8 009	12 012	(4 003)	-33%	48 049
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		–	70 839	68 157	6 699	13 842	17 039	(3 197)	-19%	68 157
Energy sources		–	63 969	60 885	5 464	11 087	15 221	(4 134)	-27%	60 885
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	6 870	7 272	1 236	2 755	1 818	937	52%	7 272
<i>Other</i>	<b>4</b>	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	<b>2</b>	–	<b>446 077</b>	<b>497 678</b>	<b>13 004</b>	<b>168 814</b>	<b>124 419</b>	<b>44 394</b>	<b>36%</b>	<b>497 678</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		–	184 624	185 284	9 830	30 411	46 321	(15 911)	-34%	185 284
Executive and council		–	63 018	63 018	1 887	10 828	15 754	(4 926)	-31%	63 018
Finance and administration		–	116 150	116 810	7 704	19 025	29 202	(10 177)	-35%	116 810
Internal audit		–	5 457	5 457	239	557	1 364	(807)	-59%	5 457
<i>Community and public safety</i>		–	30 879	31 109	1 908	4 844	7 777	(2 933)	-38%	31 109
Community and social services		–	12 117	12 347	740	1 464	3 087	(1 623)	-53%	12 347
Sport and recreation		–	2 769	2 769	207	685	692	(7)	-1%	2 769
Public safety		–	15 014	15 014	904	2 524	3 753	(1 229)	-33%	15 014
Housing		–	980	980	57	171	245	(74)	-30%	980
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	100 216	104 752	5 895	15 198	26 188	(10 990)	-42%	104 752
Planning and development		–	28 221	31 401	1 505	4 422	7 850	(3 429)	-44%	31 401
Road transport		–	69 641	71 027	4 258	10 329	17 757	(7 428)	-42%	71 027
Environmental protection		–	2 353	2 323	132	448	581	(133)	-23%	2 323
<i>Trading services</i>		–	103 891	77 695	6 639	14 416	19 424	(5 007)	-26%	77 695
Energy sources		–	77 927	51 329	3 983	9 756	12 832	(3 076)	-24%	51 329
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	25 964	26 366	2 656	4 660	6 591	(1 931)	-29%	26 366
<i>Other</i>		–	3 580	3 580	143	477	895	(418)	-47%	3 580
<b>Total Expenditure - Functional</b>	<b>3</b>	–	<b>423 190</b>	<b>402 420</b>	<b>24 415</b>	<b>65 346</b>	<b>100 605</b>	<b>(35 259)</b>	<b>-35%</b>	<b>402 420</b>
<b>Surplus/ (Deficit) for the year</b>		–	<b>22 886</b>	<b>95 257</b>	<b>(11 411)</b>	<b>103 468</b>	<b>23 814</b>	<b>79 654</b>	<b>334%</b>	<b>95 257</b>

The table above shows the municipality's financial performance for the period ended 30 September 2020 in functional classification which was created by National treasury to assist in reporting financial information per functional area. This information is consolidated at National treasury level to produce the provincial and national financial reports.

c) Revenue by Source

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
<b>Revenue By Source</b>										
Property rates		–	25 189	25 189	991	16 964	6 297	10 666	169%	25 189
Service charges - electricity revenue		–	32 578	32 578	3 842	8 358	8 144	213	3%	32 578
Service charges - water revenue		–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		–	4 437	4 437	364	1 139	1 109	30	3%	4 437
Rental of facilities and equipment		–	2 851	2 851	229	678	713	(35)	-5%	2 851
Interest earned - external investments		–	10 364	10 364	1 699	1 699	2 591	(892)	-34%	10 364
Interest earned - outstanding debtors		–	4 404	4 404	452	1 226	1 101	125	11%	4 404
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	948	948	45	66	237	(171)	-72%	948
Licences and permits		–	2 756	2 756	266	517	689	(172)	-25%	2 756
Agency services		–	1 218	1 218	170	371	304	66	22%	1 218
Transfers and subsidies		–	282 528	337 213	(413)	126 998	84 303	42 694	51%	337 213
Other revenue		–	1 470	1 470	6	81	367	(287)	-78%	1 470
Gains		–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		–	<b>368 742</b>	<b>423 427</b>	<b>7 651</b>	<b>158 095</b>	<b>105 857</b>	<b>52 239</b>	<b>49%</b>	<b>423 427</b>

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

- PROPERTY RATES:** The municipality being a local municipality levies property rates on all rateable properties within the Mbizana area in terms of the Municipal Property Rates Act No.6 of 2004. The categories of rate payers include government departments which own properties, like Public Works which are levied once at the beginning of the financial year which lead to the revenue generated for the month to be R14.9 million in the 1<sup>st</sup> month and a decrease 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 R3.8 million for the month and a year to date actual of R8.3 million. This is above the projection by 3% for the first time in the past two financial years and an improvement from an underperformance of about 17% (over R900 thousand) in the previous months which may add up to R5.3 million by the end of the year if attempts to remedy the situation did not yield and results. Even though new bulk meters have been installed for identified large power users that we expect will begin to show results once the billing is made from them. There are however some disturbing observations that have been made by the professional service provider contacted by the municipality to install the meters and assess performance of some meters. Two of the large power users in town that are owned by the same person seem to have a way to lower the way in which our meters read consumption leading to less billing and more consumption from their side. The municipality has made some research and learnt that a solution might be installing a automated meter reading system that is able to identify when a meter changes its reading in real time.

- **Solid Waste Removal:** Collection and disposal of solid waste is one of the services that the municipality provides to the town area and a few sites outside of town including the Wild Coast Sun Casino. The municipality has implemented a new billing approach which ensures that all customers who individually generate waste are billed individually. The exercise was conducted by the refuse section and the billing database has significantly increased and showed us that there are customers we have been providing the service to at no cost at all. This has resulted in the revenue billed for the month to be over R364 thousand which is more than the projection by 3% which will be monitored against performance of other periods to follow as this is still in line with last month's reported performance. There is however an expectation that revenue collection will decline this year due the economic effects of Covid-19 on both the consumers and businesses as we have seen a number of businesses closing down and some downscaling.
- **Interest on Investments:** The municipality invests surplus cash and unspent grants to generate interest that would be utilised to fund other municipal programmes, this interest includes interest on the municipality's positive balance in the municipality's main account. The table above shows that the municipality generated over R1.6 million worth of interest on investments with a year to date actual that is below the projection by 34%. This may be due to interests that have been

generated but not yet appearing due to a change in how these are recorded which has proven to have teething challenges. The non-recording on these transactions is also caused by the setups not properly concluded by the system vendor to ensure the new investment modules introduced for the first time are fully functionally. Transactions have been fully recorded but the system is unfortunately not posting to the general ledger for reporting purposes. 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 R452 thousand for the period ended 30 September 2020 which is more than the amount projected for the period by 11%. This still requires intense debt collection initiatives. A higher interest generation means the municipality's debtors are more than what they were projected to be.
- **Fines:** The municipality has a traffic department which enforces traffic laws and the municipality's by-laws. Anyone found to have contravened these laws is charged a fine accordingly. These fines also include fines for electricity tempering. The municipality only generated about R45 thousand revenue on these fines during the month of September 2020 from nothing R17 thousand during the previous month. This resulted in less than a quarter of the projected amount for the period ended. It is worth noting though that this does not represent cash collected and measures should be put in place to ensure people pay their fines. Experience has taught us that people generally do not settle traffic fines and, in most cases when they do they do so at lower values than the initial revenue recognised. This is one of the areas where we were forced to adjust down to ensure that we end up with realistic revenues.
- **Rental of facilities:** The municipality has properties that it rents out to other businesses and individuals from which it generates revenue. These include properties like the Boxer complex, Spar, Browns, Bargain and others. The revenue generated here also includes rental for billboards and advertising around the town area. The municipality has generated about R229 thousand for the month which has left the actual performance to a level below the projection by 5% which is expected to improve as other revised contracts are concluded. 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 two years. This has been one of the municipality's promising revenue stream since the completion of the testing station. The municipality only generated R93 thousand worth of revenue for the period due to the National lockdown that directed that all licensing services be suspended until further guidance from National Government is provided. As this report is being prepared the licensing services have 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 25% which is an improvement from 45% 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 that a year to date performance of R127 million as this is the third month of the financial year. This happens when the municipality has spent the grants according to the requirements of the funders or DORA. The biggest chunk of these transfers is equitable share that was received during the month of July 2020.



#### d) Debt Collection

The table below shows a 46% overall collection rate for the month ended 30 September 2020. However, we note a 87% collection rate on leasehold fees, 54% on electricity and 52% on refuse removal for the period.

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

YEAR ENDING: 30 June 2021

INCOME TYPE	JULY	AUG	SEP	1st QUARTER	TOTALS
<b>RATES</b>					
billed	14 981 719	990 906	990 906	16 963 532	16 963 531.72
payment received	266 309	421 832	284 292	972 433	972 433.04
% of billing received	2%	43%	29%	6%	6%
<b>ELECTRICITY</b>					
billed	2 261 089	2 240 354	2 288 848	6 790 291	6 790 290.77
payment received	870 983	1 389 588	1 235 004	3 495 575	3 495 575.36
% of billing received	39%	62%	54%	51%	51%
<b>LEASEHOLD FEES</b>					
billed	224 507	224 507	224 507	673 520	673 519.80
payment received	194 594	195 379	194 594	584 567	584 566.67
% of billing received	87%	87%	87%	87%	87%
<b>VAT</b>					
billed	430 975	427 865	434 998	1 293 838	1 293 838.21
payment received	175 616	272 306	251 794	699 716	699 716.37
% of billing received	41%	64%	58%	54%	54%
<b>INTEREST</b>					
billed	334 590	439 315	451 698	1 225 603	1 225 602.50
payment received	27 192	37 120	22 156	86 469	86 468.51
% of billing received	8%	8%	5%	7%	7%
<b>REFUSE REMOVAL</b>					
billed	387 581	387 581	386 639	1 161 800	1 161 800.28
payment received	103 046	209 203	199 828	512 077	512 076.81
% of billing received	27%	54%	52%	44%	44%
<b>TOTAL INCOME</b>					
billed	18 620 460	4 710 527	4 777 596	28 108 583	28 108 583
payment received	1 637 740	2 525 428	2 187 669	6 350 837	6 350 837
% of billing received	9%	54%	46%	23%	23%

e) Expenditure by Type

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		-	119 133	119 133	9 130	26 862	29 783	(2 921)	-10%	119 133
Remuneration of councillors		-	25 036	25 036	(27)	5 969	6 259	(290)	-5%	25 036
Debt impairment		-	4 500	4 500	-	-	1 125	(1 125)	-100%	4 500
Depreciation & asset impairment		-	52 581	52 681	3 258	10 027	13 170	(3 144)	-24%	52 681
Finance charges		-	150	150	1	1	38	(36)	-97%	150
Bulk purchases		-	31 896	31 896	3 435	8 141	7 974	167	2%	31 896
Other materials		-	7 677	7 877	156	266	1 969	(1 704)	-87%	7 877
Contracted services		-	110 404	86 023	4 703	7 851	21 506	(13 655)	-63%	86 023
Transfers and subsidies		-	1 835	5 015	-	-	1 254	(1 254)	-100%	5 015
Other expenditure		-	69 979	70 109	3 759	6 229	17 527	(11 298)	-64%	70 109
Losses		-	-	-	-	-	-	-		-
Total Expenditure		-	423 190	402 420	24 415	65 346	100 605	(35 259)	-35%	402 420

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

- Employee costs and Remuneration of councillors:** The municipality has remunerated employees who are remunerated as per the prevailing Bargaining Council agreements. The expenditure for the period ended 30 September 2020 reflects an amount of R9.1 million for employee costs and -R27 thousand correction for the remuneration of councillors. These amounts include payroll expenditure for the three months, July, August and September 2020. The remuneration of councillors shows a 5% underspending compared to what is expected at the same period. Employee costs have recorded a 10% saving that is always expected considering issues like annual bonuses 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 R3.2 million on electricity purchases for the period ended 30 September 2020 and a year to date actual of R8.1 million which is above the projected expenditure by 2%. This amount only relates to the last 21 days of July and the first 10 days of September 2020 as the billing by Eskom only takes place on the 10<sup>th</sup> of each month.
- Depreciation and asset impairment:** The depreciation run has been performed after the end of each quarter and recently monthly, however, this could not be done for July as the asset register was still in the process of being reviewed to ensure that the assets are correctly accounted for in the annual financial statements. More accurate and complete information will be reported once an updated asset register has been loaded on the system. The table shows that the depreciation recorded for the period amounted to R3.2 million for the month with a year to date actual of R10 million which is below the projected amount by 24% 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 R4.7 million for the month. This has resulted in a recorded saving of over R13 million which translates to 63% 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 64%, an improvement from 74% from the last month which might be as a result of the slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled. This requires though that departments that are currently underspending be sensitised of the matter.

f) Revenue by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September

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									%		
<u>Revenue by Vote</u>		1									
Vote 1 - Executive and Council			--	--	--	--	--	--		--	
Vote 2 - Budget and Treasury			--	296 215	350 498	(13 891)	129 990	87 624	42 366	48.3%	350 498
Vote 3 - Corporate Services			--	280	280	--	--	70	(70)	-100.0%	280
Vote 4 - Community Services			--	11 811	12 213	1 721	3 702	3 053	649	21.2%	12 213
Vote 5 - Development Planning			--	25 621	25 621	15 973	16 009	6 405	9 604	149.9%	25 621
Vote 6 - Engineering Services			--	112 149	109 065	9 201	19 113	27 266	(8 154)	-29.9%	109 065
Total Revenue by Vote		2	--	446 077	497 678	13 004	168 814	124 419	44 394	35.7%	497 678

The table above shows revenue generated per municipal vote as defined in s1 of the MFMA. The table shows that Engineering services has generated over R9.2 million for the month with Budget and Treasury showing generation of over -R13.8 million which is attributable to rates billing that has been moved to property services within Development Planning, Community and Social services at over R1.7 million as well as Development planning at R15.9 million.

g) Expenditure by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Expenditure by Vote</b>	1									
Vote 1 - Executive and Council		-	83 121	83 121	4 052	15 396	20 780	(5 385)	-25.9%	83 121
Vote 2 - Budget and Treasury		-	30 707	31 267	1 090	3 069	7 817	(4 748)	-60.7%	31 267
Vote 3 - Corporate Services		-	57 123	57 223	3 844	9 403	14 306	(4 902)	-34.3%	57 223
Vote 4 - Community Services		-	74 211	74 812	5 794	13 304	18 703	(5 399)	-28.9%	74 812
Vote 5 - Development Planning		-	25 425	28 605	940	2 815	7 151	(4 337)	-60.6%	28 605
Vote 6 - Engineering Services		-	152 604	127 391	8 694	21 359	31 848	(10 489)	-32.9%	127 391
Vote 7 - Null		-	-	-	-	-	-	-		-
<b>Total Expenditure by Vote</b>	2	-	423 190	402 420	24 415	65 346	100 605	(35 259)	-35.0%	402 420
<b>Surplus/ (Deficit) for the year</b>	2	-	22 886	95 257	(11 411)	103 468	23 814	79 654	334.5%	95 257

The table above shows the expenditure by municipal vote. The total expenditure for the month of September 2020 amounted to above R24.4 million.

## h) Municipality's financial performance

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		—	25 189	25 189	991	16 964	6 297	10 666	169%	25 189
Service charges - electricity revenue		—	32 578	32 578	3 842	8 358	8 144	213	3%	32 578
Service charges - water revenue		—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		—	4 437	4 437	364	1 139	1 109	30	3%	4 437
Rental of facilities and equipment		—	2 851	2 851	229	678	713	(35)	-5%	2 851
Interest earned - external investments		—	10 364	10 364	1 699	1 699	2 591	(892)	-34%	10 364
Interest earned - outstanding debtors		—	4 404	4 404	452	1 226	1 101	125	11%	4 404
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		—	948	948	45	66	237	(171)	-72%	948
Licences and permits		—	2 756	2 756	266	517	689	(172)	-25%	2 756
Agency services		—	1 218	1 218	170	371	304	66	22%	1 218
Transfers and subsidies		—	282 528	337 213	(413)	126 998	84 303	42 694	51%	337 213
Other revenue		—	1 470	1 470	6	81	367	(287)	-78%	1 470
Gains		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		—	368 742	423 427	7 651	158 095	105 857	52 239	49%	423 427
Expenditure By Type										
Employee related costs		—	119 133	119 133	9 130	26 862	29 783	(2 921)	-10%	119 133
Remuneration of councillors		—	25 036	25 036	(27)	5 969	6 259	(290)	-5%	25 036
Debt impairment		—	4 500	4 500	—	—	1 125	(1 125)	-100%	4 500
Depreciation & asset impairment		—	52 581	52 681	3 258	10 027	13 170	(3 144)	-24%	52 681
Finance charges		—	150	150	1	1	38	(36)	-97%	150
Bulk purchases		—	31 896	31 896	3 435	8 141	7 974	167	2%	31 896
Other materials		—	7 677	7 877	156	266	1 969	(1 704)	-87%	7 877
Contracted services		—	110 404	86 023	4 703	7 851	21 506	(13 655)	-63%	86 023
Transfers and subsidies		—	1 835	5 015	—	—	1 254	(1 254)	-100%	5 015
Other expenditure		—	69 979	70 109	3 759	6 229	17 527	(11 298)	-64%	70 109
Losses		—	—	—	—	—	—	—	—	—
Total Expenditure		—	423 190	402 420	24 415	65 346	100 605	(35 259)	-35%	402 420
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		—	(54 449)	21 006	(16 764)	92 750	5 252	87 498	0	21 006
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	77 335	74 251	5 353	10 719	18 563	(7 844)	(0)	74 251
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		—	22 886	95 257	(11 411)	103 468	23 814	—	—	95 257
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		—	22 886	95 257	(11 411)	103 468	23 814	—	—	95 257
Attributable to minorities		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		—	22 886	95 257	(11 411)	103 468	23 814	—	—	95 257
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year		—	22 886	95 257	(11 411)	103 468	23 814	—	—	95 257

The municipality has so far recorded a surplus of over R103 million for the period ended 30 September 2020. This must be seen in the correct perspective as there has been receipts of the expected grants from the national purse. The municipality is still heavily reliant on grant funding and as such the surpluses still need to be seen in that perspective as they relate to expenditures that are still to be incurred. Measures still need to be put in place to move the municipality towards self-sustainability.

## 8. Capital programme performance

### a) Capital expenditure by asset class and sub-class

EC443 Mbitana - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	30 775	70 052	1 591	2 676	17 513	14 837	84.7%	70 052
Roads Infrastructure		-	28 475	43 061	-	136	10 765	10 629	98.7%	43 061
Roads		-	28 475	43 061	-	136	10 765	10 629	98.7%	43 061
Electrical Infrastructure		-	2 300	26 991	1 591	2 540	6 748	4 208	62.4%	26 991
MV Networks		-	-	25 891	1 591	2 540	6 473	3 933	60.8%	25 891
LV Networks		-	2 300	1 100	-	-	275	275	100.0%	1 100
<b>Community Assets</b>		-	1 100	1 883	436	436	471	35	7.4%	1 883
Community Facilities		-	1 100	1 883	436	436	471	35	7.4%	1 883
Halls		-	-	783	436	436	196	(240)	-122.8%	783
Markets		-	1 100	1 100	-	-	275	275	100.0%	1 100
<b>Heritage assets</b>		-	50	50	-	-	13	13	100.0%	50
Other Heritage		-	50	50	-	-	13	13	100.0%	50
<b>Other assets</b>		-	2 500	2 500	-	-	625	625	100.0%	2 500
Operational Buildings		-	2 500	2 500	-	-	625	625	100.0%	2 500
Yards		-	2 500	2 500	-	-	625	625	100.0%	2 500
<b>Computer Equipment</b>		-	6 800	6 800	-	1 032	1 700	668	39.3%	6 800
Computer Equipment		-	6 800	6 800	-	1 032	1 700	668	39.3%	6 800
<b>Furniture and Office Equipment</b>		-	1 650	1 850	-	30	463	432	93.4%	1 850
Furniture and Office Equipment		-	1 650	1 850	-	30	463	432	93.4%	1 850
<b>Machinery and Equipment</b>		-	2 101	2 801	-	-	700	700	100.0%	2 801
Machinery and Equipment		-	2 101	2 801	-	-	700	700	100.0%	2 801
<b>Transport Assets</b>		-	2 660	2 660	-	-	665	665	100.0%	2 660
Transport Assets		-	2 660	2 660	-	-	665	665	100.0%	2 660
<b>Total Capital Expenditure on new assets</b>	1	-	47 637	88 597	2 027	4 175	22 149	17 974	81.2%	88 597

EC443 Mbitana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	6 000	8 614	-	-	2 154	2 154	100.0%	8 614
Community Facilities		-	6 000	8 614	-	-	2 154	2 154	100.0%	8 614
Taxi Ranks/Bus Terminals		-	6 000	8 614	-	-	2 154	2 154	100.0%	8 614
<b>Total Capital Expenditure on renewal of existing assets</b>	1	-	6 000	8 614	-	-	2 154	2 154	100.0%	8 614

EC443 Mbitana - Supporting Table SC13c Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	2 000	4 800	-	-	1 200	1 200	100.0%	4 800
Roads Infrastructure		-	2 000	4 800	-	-	1 200	1 200	100.0%	4 800
Roads		-	2 000	4 800	-	-	1 200	1 200	100.0%	4 800
<b>Community Assets</b>		-	20 172	20 172	5 182	8 336	5 043	(3 293)	-65.3%	20 172
Community Facilities		-	11 251	11 251	2 879	4 619	2 813	(1 807)	-64.2%	11 251
Halls		-	11 251	11 251	2 879	4 619	2 813	(1 807)	-64.2%	11 251
Sport and Recreation Facilities		-	8 921	8 921	2 303	3 716	2 230	(1 486)	-66.6%	8 921
Outdoor Facilities		-	8 921	8 921	2 303	3 716	2 230	(1 486)	-66.6%	8 921
<b>Total Capital Expenditure on upgrading of existing assets</b>	1	-	22 172	24 972	5 182	8 336	6 243	(2 093)	-33.5%	24 972

The above tables indicate that the municipality spent R.7.2 million for the month of its capital budget for the period ended 30 September 2020. This is performance that is not encouraged, especially on the two major capital programmes being implemented by the municipality as it poses a number of risks for the institution including paying for work that has not been completed come the end of the year chasing targets and expenditure performance.



b) Capital Expenditure by municipal vote

EC443 Mbizana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 6 - Engineering Services		-	18 172	18 172	5 182	8 336	4 543	3 793	83%	18 172
<b>Total Capital Multi-year expenditure</b>	4,7	-	18 172	18 172	5 182	8 336	4 543	3 793	83%	18 172
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Executive and Council		-	50	50	-	-	13	(13)	-100%	50
Vote 2 - Budget and Treasury		-	2 100	2 100	-	-	525	(525)	-100%	2 100
Vote 3 - Corporate Services		-	10 210	10 210	-	1 032	2 553	(1 520)	-60%	10 210
Vote 4 - Community Services		-	5 401	5 601	-	30	1 400	(1 370)	-98%	5 601
Vote 5 - Development Planning		-	1 100	1 100	-	-	275	(275)	-100%	1 100
Vote 6 - Engineering Services		-	38 775	84 949	2 027	3 112	21 237	(18 125)	-85%	84 949
<b>Total Capital single-year expenditure</b>	4	-	57 637	104 011	2 027	4 175	26 003	(21 828)	-84%	104 011
<b>Total Capital Expenditure</b>		-	75 808	122 183	7 209	12 511	30 546	(18 035)	-59%	122 183
<b>Capital Expenditure - Functional Classification</b>										
<i>Governance and administration</i>		-	12 760	12 760	-	1 063	3 190	(2 127)	-67%	12 760
Executive and council		-	50	50	-	-	13	(13)	-100%	50
Finance and administration		-	12 710	12 710	-	1 063	3 178	(2 114)	-67%	12 710
<i>Community and public safety</i>		-	3 191	3 391	-	-	848	(848)	-100%	3 391
Community and social services		-	1 300	1 500	-	-	375	(375)	-100%	1 500
Public safety		-	1 891	1 891	-	-	473	(473)	-100%	1 891
<i>Economic and environmental services</i>		-	55 747	76 530	5 618	8 908	19 132	(10 224)	-53%	76 530
Planning and development		-	25 272	28 689	5 618	8 772	7 167	1 605	22%	28 689
Road transport		-	30 475	47 861	-	136	11 965	(11 829)	-99%	47 861
<i>Trading services</i>		-	4 110	29 501	1 591	2 540	7 375	(4 836)	-66%	29 501
Energy services		-	2 300	27 691	1 591	2 540	6 923	(4 383)	-63%	27 691
Waste management		-	1 810	1 810	-	-	453	(453)	-100%	1 810
<b>Total Capital Expenditure - Functional Classification</b>	3	-	75 808	122 183	7 209	12 511	30 546	(18 035)	-59%	122 183
<b>Funded by:</b>										
National Government		-	45 647	69 161	5 889	9 135	17 290	(8 155)	-47%	69 161
Transfers recognised - capital		-	45 647	69 161	5 889	9 135	17 290	(8 155)	-47%	69 161
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	30 162	53 022	1 320	3 376	13 256	(9 879)	-75%	53 022
<b>Total Capital Funding</b>		-	75 808	122 183	7 209	12 511	30 546	(18 035)	-59%	122 183

The above table indicate that the municipality spent R7.2 million of its capital budget for the period ended 30 September 2020 which is still discouraging considering that we have two major projects that have been allocated the bigger slice of the municipality's available resources that have not performed desirably during the past years. Procurement processes will need to be finalised as quick as possible to ensure that current year projects start being implemented so that our expenditure improves.

## **9. Supply chain management**

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

### **a. Acquisition management**

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

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

### **b. Handling of tenders during COVID-19**

In attempt to continue delivering services to the communities decisions needed to be taken to ensure that the municipality proceeds with the procurement processes in line with the limitations placed by the regulations governing the movement of people and other things.

The municipality introduced virtual tender briefings using the Facebook live platform to share information with interested parties and provide clarities on tenders issued by the municipality. This was coupled with creation and introduction of email addresses where tenders can be submitted. This was done to address the following:

- Procurement to proceed despite the lockdown
- Protect the public and municipal staff from direct human interaction
- Limit movement in line with the lockdown
- Avoid documents which are known to be one of the carriers of COVID-19

To continue ensuring these processes are transparent the following has been introduced:

- After each live Facebook briefing a register is generated of all those who interacted with the presentation as instructed and posted on the municipal website so that all interested parties know who is considered to have fully complied
- Once the tender closing time passes, a register indicating the name of the company, tender amount, email address, date and time is prepared and posted on the municipal website for all bidders to know if their tenders will be considered
- All tenders are evaluated in electronic versions
- The recommended bidders are then requested to make a submission of the hard copies of their submission (originals)
- Only the hard copy of the winning bidder is then filed which also addresses issues with filing space and safety of the documents.

### **c. Review and redesign of SCM processes**

The Supply Chain Management environment has changes that are introduced regularly to make it more efficient in delivering service and combating unfair and corrupt practices. The municipality appointed a service provider to assess our current SCM processes against all improvements in legislation and operating guidelines to ensure alignment. The project commenced in June 2020 and will be completed in September 2020. Below are some of the changes that are expected to be introduced to address emergency procurement due to either operational requirements of national disasters like Covid-19 has necessitated. These will be included in the municipality's SCM policy that will then be presented to council for approval:

- Giving the accounting officer permission to use a three-quotation system procure goods or service required to respond to a disaster regardless of the value of the procurement limited to R500 000.
- Giving the accounting officer permission to take all vehicles and machinery directly to the manufacturer or any manufacturer approved motor mechanic or body repair shop for repairs where vehicles are immediately required to back in use, this includes items of plant and machinery used in the delivery of basic services
- Giving the accounting office permission get at least three quotations from tyre shops to replace tyres regardless of the procurement value.

These are being proposed to speed up service delivery while not doing away with competition to ensure the municipality gets the best deal.

**d. Procurement requests below R2000.00**

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

ReqNum	Order Num	Creditor Code	CreditorName	UnitPrice	VATAmnt	TotalAmnt	QtyOut	CreditorAddress	SegmentDESC	CSDRefNumbr
32929	30617	5060	LIKHO TRADING CC	10	0	100	10	AMANIKHWE LOCATION NTSINGIZI LOCATION BIZANA	Community Education catering 505260695	MAAA002 2525
32941	30629	15362	IMIDIHLUME GENERAL TRADING (PT)	10	0	200	20	MATHWEBU LOCATION P.O BOX 156 WARD 30	Catering Legacy 510260188	MAAA046 5323
32947	30632	55225	NATHINA PROJECT	11	0	220	20	1647 BHONGWENI LOCATION WARD 08	Catering Legacy 510260188	MAAA047 8152
32878	30573	1664	THANKS TO GIVE TRADING AND PRO	300	0	300	1	AMANIKHWE A/A WARD 17 BIZANA	Promotional items and Tokens Legacy 505260188	MAAA044 7568
32878	30573	1664	THANKS TO GIVE TRADING AND PRO	300	0	600	2	AMANIKHWE A/A WARD 17 BIZANA	Promotional items and Tokens Legacy 505260188	MAAA044 7568
32941	30629	15362	IMIDIHLUME GENERAL TRADING (PT)	1150	0	1150	1	MATHWEBU LOCATION P.O BOX 156 WARD 30	Hire costs Legacy 505260188	MAAA046 5323
32947	30632	55225	NATHINA PROJECT	1640	0	1640	1	1647 BHONGWENI LOCATION WARD 08	Hire costs Legacy 505260188	MAAA047 8152
32930	30618	1242	REINMO CONSTRUCTION AND PROJEC	2000	0	2000	1	MBHONGWENI LOCATION BIZANA WARD 14	Sound Legacy 505260188	MAAA014 2804
32878	30573	1664	THANKS TO GIVE TRADING AND PRO	2000	0	2000	1	AMANIKHWE A/A WARD 17 BIZANA	Promotional items and Tokens Legacy 505260188	MAAA044 7568

7 421.00 - 8 210.00

**e. Procurement requests above R2, 000.00 but below R30, 000.00**

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

Req Num	Order Num	Credit orCode	CreditorName	UnitPrice	VATAmnt	TotalAmnt	Qty/Out	Fixed Asset Y/N	Creditor/Address	SegmentDESC	CSDRef Number
328 98	3058 7	15262	ARENA HOLDINGS	1 750.00	262.50	012.50	2 1		12TH FLOOR 2 LONG STREET CAPE TOWN	Advertising fees PMU 5505260540	MAAA0 076388
329 02	3059 3	20306	BOB KANE FORMATIO N PTY LTD	1 900.00	285.00	185.00	2 1	N	36 HOPE STREET BIZANA	Refuse- Maintenance Vehicle	MAAA0 397278
328 78	3057 3	664	THANKS TO GIVE TRADING AND PRO	2 200.00	-	200.00	2 1		AMANIKHWE A/A WARD 17 BIZANA	Promotional items and Tokens Legacy 505260188	MAAA0 447568
328 78	3057 3	664	THANKS TO GIVE TRADING AND PRO	850.00	-	400.00	3 4		AMANIKHWE A/A WARD 17 BIZANA	Promotional items and Tokens Legacy 505260188	MAAA0 447568
329 47	3063 2	55225	NATHINA PROJECT	3 500.00	-	500.00	3 1		1647 BHONGWENI LOCATION WARD 08	Promotional items and Tokens Legacy 505260188	MAAA0 478152
329 26	3062 8	20306	BOB KANE FORMATIO N PTY LTD	1 695.65	508.69	899.99	3 2	N	36 HOPE STREET BIZANA	Roads - Vehicle Maintenance	MAAA0 397278
329 06	3059 7	5123	ISO NEWS PTY LTD	2 280.00	-	560.00	4 2		SINGENI A/A MT AYLIFF MT AYLIFF	Advertising 515260540	MAAA0 610587
329 39	3062 7	45788	PONDO NEWS	4 000.00	600.00	600.00	4 1		BOX 1275 KOKSTAD	Advertising community fees services 2505260540	
329 44	3063 0	1204	YOUR MEDIA TODAY HUB AND PRINT	5 600.00	-	600.00	5 1	N	66 MAIN STREET KOKSTAD KOKSTAD SP	Advertising Publicity and Marketing:Corporate and Municipal	MAAA0 428800

Req Num	Order Num	Credit Code	Creditor Name	Unit Price	VAT Amt	Total Amt	Qty Out	Fixed Asset Y/N	Creditor Address	Segment Desc	CSD Ref Number
329 11	3059 2	1204	YOUR MEDIA TODAY HUB AND PRINT	3 040.00	-	6 080.00	2		66 MAIN STREET KOKSTAD KOKSTAD SP	Advertising fees Human resources 1010260540	MAAA0 428800
329 03	3059 8	15262	ARENA HOLDINGS	5 724.00	858.60	6 582.60	1		12TH FLOOR 2 LONG STREET CAPE TOWN	Advertising fees 1505	MAAA0 076388
329 03	3059 8	15262	ARENA HOLDINGS	5 724.00	858.60	6 582.60	1		12TH FLOOR 2 LONG STREET CAPE TOWN	Advertising fees 1505	MAAA0 076388
329 49	3063 3	23125	ASILONDEL E TRADING PTY LTD	95.00	-	6 650.00	70		WARD 31 ESIKHUMBENI A/A BIZANA	Ward Committee support catering 505260581	MAAA0 673600
329 40	3062 6	15262	ARENA HOLDINGS	6 678.00	1 001.70	7 679.70	1		12TH FLOOR 2 LONG STREET CAPE TOWN	Advertising fees Human resources 1010260540	MAAA0 076388
328 82	3057 6	2079	AMACABHANI TRADING PROJECT	285.00	-	7 980.00	28		MZAMBA LOCATION WARD BIZANA	Acquisitions	MAAA0 425055
329 14	3059 9	1204	YOUR MEDIA TODAY HUB AND PRINT	8 480.00	-	8 480.00	1		66 MAIN STREET KOKSTAD KOKSTAD SP	Advertising Publicity and Marketing:Corporate and Municipal	MAAA0 428800
329 01	3059 4	20306	BOB KANE FORMATION PTY LTD	3 694.15	1 108.24	8 496.54	2		36 HOPE STREET BIZANA	Vehicle maintenance outsourced 1010235115	MAAA0 397278
328 72	3056 6	15262	ARENA HOLDINGS	8 480.00	1 272.00	9 752.00	1		12TH FLOOR 2 LONG STREET CAPE TOWN	Advertising fees PMU 5505260540	MAAA0 076388
329 48	3063 4	15262	ARENA HOLDINGS	8 586.00	1 287.90	9 873.90	1		12TH FLOOR 2 LONG STREET CAPE TOWN	Advertising fees 1505	MAAA0 076388
329 13	3059 5	56689	ISO NEWS (PTY) LTD	10 500.00	-	10 500.00	1	N	SINGENI A/A MOUNT AYLIFF WARD 7	Advertising fees IDP 515260540	MAAA0 610587
329	3062	15362	IMIDIHLUM			10	120		MATHWEBU	Catering Legacy	MAAA0



Req Num	Order Num	Credit Code	Creditor Name	Unit Price	VAT Amt	Total Amt	Qty Out	Fixed Asset Y/N	Creditor Address	Segment DESC	CSD Ref Number
41	9		E GENERAL TRADING (PT)	90.00	-	800.00			LOCATION P.O BOX 156 WARD 30	510260188	465323
328 83	3057 5	15262	ARENA HOLDINGS	752.00	1 462.80	214.80	1		12TH FLOOR 2 LONG STREET CAPE TOWN	Advertising 515260540	MAAA0 076388
329 47	3063 2	55225	NATHINA PROJECT	95.00	-	400.00	120		1647 BHONGWENI LOCATION WARD 08	Catering Legacy 510260188	MAAA0 478152
329 29	3061 7	9060	LIKIHO TRADING CC	95.00	-	250.00	150	N	AMANIKHWE LOCATION NTSINGIZI LOCATION BIZANA	Community Education catering 505260695	MAAA0 022525
329 26	3062 8	20306	BOB KANE FORMATION PTY LTD	490.00	2 020.50	490.50	3	N	36 HOPE STREET BIZANA	Roads - Vehicle Maintenance	MAAA0 397278
328 70	3056 3	550	SOUTHERN BUSINESS SCHOOL	060.00	-	060.00	1		P/BAG X03 HELDERKRUIJN	Study assistance HR 1010260395	MAAA0 009609
328 78	3057 3	664	THANKS TO GIVE TRADING AND PRO	250.00	-	500.00	2	N	AMANIKHWE A/A WARD 17 BIZANA	Promotional items and Tokens Legacy 505260188	MAAA0 447568
328 82	3057 6	2079	AMACABHANI TRADING AND PROJECT	400.00	-	000.00	5		MZAMBA LOCATION WARD BIZANA	Acquisitions	MAAA0 425055
329 25	3061 6	20306	BOB KANE FORMATION PTY LTD	100.87	2 460.52	864.00	4	N	36 HOPE STREET BIZANA	Roads - Vehicle Maintenance	MAAA0 397278
329 30	3061 8	1242	REINMO CONSTRUCTION AND PROJEC	130.00	-	000.00	200		MBHONGWENI LOCATION BIZANA WARD 14	Catering Legacy 510260188	MAAA0 142804
329	3060	96899	ALUTTIUM	3		28	8		AMANIKHWE A/A	Office Furniture	MAAA0

Req Num	Order Num	Credit or Code	Credit Name	Unit Price	VAT Amt	Total Amt	Qty Out	Fixed Asset Y/N	Creditor Address	Segment DESC	CSD Ref Number
09	1		PROJECTS	500.00	-	000.00			WARD 19 BIZANA		664784

135	13
024.67	987.05
	306 194.13

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

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

- ✓ No procurement in this range for the month of September 2020.

## 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 September 2020

					Sep-20			
1	Vilito Trading	R 99 900.00	R 0.00	R 0.00	MBIZLM 3/08/20//02	PRINTING AND BIDDING OF IDP DOCUMENTS	11/09/2020	MUNICIPAL OFFICE MANAGER'S
2	Ezamavovo Trading	R 157 200.00	R 0.00	R 0.00	MBIZLM 25/08/20/21	MAINTENANCE AND REPAIRS OF GARDEN POWER TOOLS FOR 12 MONTHS	11/09/2020	COMMUNITY SERVICES
3	VDS Concepts	R 110 000.00	R 0.00	R 0.00	MBIZLM/13/08/20/01A	PRINTING AND BINDING OF ANNUAL REPORT	16/09/2020	MUNICIPAL OFFICE MANAGER'S
4	BMI Electrical Pty Ltd	R 199 894.04	R 0.00	R 0.00	MBIZLM 07/09/20/BMB	MAINTENANCE OF BULK METERING AND CABLE REPLACEMENT LOW VOLTAGE	30/09/2020	ENGINEERING SERVICES
5	Ezamavovo Trading	R 95 000.00	R 0.00	R 0.00	MBIZLM 25/08/20/01 S&D 05GCM	SUPPLY AND DELIVERY OF GRASS CUTTING MACHINES	16/09/2020	COMMUNITY SERVICES
<b>Total</b>		<b>R 661 994.04</b>	<b>R 0.00</b>	<b>R 0.00</b>				



4.	PROJECTS TO BE PRESENTED		Appointment Date	End of Validity
6.	Panel of Electrical Engineering Consultants	Mr. L. Gwala	31-09-2020	28/11/2020
7.	Electrification of Isidanga	Mr. L. Gwala	02-10-2020	27/12/2020
8.	Electrification of Mabhenguteni	Mr. L. Gwala	02-10-2020	28/12/2020
9.	Construction of Taxi Rank	To be appointed at the start of October 2020	28/12/2020	
10.	Assessment Batho-Pele	To be appointed at the start of October 2020	03/01/2021	
11.	Mbizana Development Plan Vision 2030	To be appointed at the start of October 2020	03/01/2021	
12.	Customer Satisfactory Survey	To be appointed at the start of October 2020	03/01/2021	
13.	Social Relief Material	To be appointed at the start of October 2020	20/12/2020	
14.	EPWP Protective Clothing	To be appointed at the start of October 2020	20/12/2020	
15.	Skip Bins	To be appointed at the start of October 2020	20/12/2020	
16.	Extension of Waste Management Services	To be appointed at the start of October 2020	20/12/2020	
17.	Construction of High Musk Voltage	To be appointed at the start of October 2020	23/12/2020	

**d) Deviations**

There were no deviations during the month of September 2020.

## 11. Database rotation

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

Req Num	Order Num	Creditor Code	Creditor Name	Unit Price	VAT Amt	Total Amt	Qty Out	Fixed Asset Y/N	Segment Desc	CSD Ref Number	Ward No
3290	2	30593	BOB KANE FORMATION PTY LTD	900.00	285.00	2 185.00	1	N	Refuse- Vehicle Maintenance	MAAA03 97278	Ward 1
3287	8	30573	THANKS TO GIVE TRADING AND PRO	200.00	-	2 200.00	1		Promotional items and Tokens Legacy 505260188	MAAA04 47568	Ward 17
3287	8	30573	THANKS TO GIVE TRADING AND PRO	850.00	-	3 400.00	4		Promotional items and Tokens Legacy 505260188	MAAA04 47568	Ward 17
3294	7	30632	NATHINA PROJECT	500.00	-	3 500.00	1		Promotional items and Tokens Legacy 505260188	MAAA04 78152	Ward 8
3292	6	30628	BOB KANE FORMATION PTY LTD	695.65	508.69	3 899.99	2	N	Roads - Vehicle Maintenance	MAAA03 97278	Ward 1
3290	6	30597	ISO NEWS PTY LTD	280.00	-	4 560.00	2		Advertising 515260540	MAAA06 10587	Mt Alif
3294	4	30630	YOUR MEDIA TODAY HUB AND PRINT	600.00	-	5 600.00	1	N	Advertising Publicity and Marketing:Corporate and Municipal	MAAA04 28800	Kokstad
3291	1	30592	YOUR MEDIA TODAY HUB AND PRINT	040.00	-	6 080.00	2		Advertising fees Human resources 1010260540	MAAA04 28800	Kokstad
3294	9	30633	ASILONDELE TRADING PTY LTD	95.00	-	6 650.00	70		Ward Committee support catering 505260581	MAAA06 73600	Ward 31
3288	2	30576	AMACABHANI TRADING AND PROJECT	285.00	-	7 980.00	28		Acquisitions	MAAA04 25055	Ward 23
3291	4	30599	YOUR MEDIA TODAY HUB AND PRINT	480.00	-	8 480.00	1		Advertising Publicity and Marketing:Corporate and Municipal	MAAA04 28800	Kokstad
3290	1	30594	BOB KANE FORMATION PTY LTD	694.15	108.24	8 496.54	2		Vehicle maintenance outsourced 1010235115	MAAA03 97278	Kokstad



Req Num	Order Num	Creditor Code	Creditor Name	Unit Price	VAT Amt	Total Amt	Qty Out	Fixed Asset Y/N	Segment DESC	CSD Ref Number	Ward No
32913	30595	56689	ISO NEWS (PTY) LTD	500.00	-	500.00	10	N	Advertising fees IDP 515260540	MAAA0610587	Mt Alif
32941	30629	15352	IMIDIHLUME GENERAL TRADING (PT	90.00	-	800.00	10		Catering Legacy 510260188	MAAA0465323	Ward 30
32947	30632	55225	NATHINA PROJECT	95.00	-	400.00	11		Catering Legacy 510260188	MAAA0478152	Ward 8
32929	30617	9050	LIKIHO TRADING CC	95.00	-	250.00	14	N	Community Education catering 505260695	MAAA0022525	Ward 13
32926	30628	20306	BOB KANE FORMATION PTY LTD	490.00	020.50	490.50	15	N	Roads - Vehicle Maintenance	MAAA0397278	Ward 1
32878	30573	654	THANKS TO GIVE TRADING AND PRO	250.00	-	500.00	16	N	Promotional items and Tokens Legacy 505260188	MAAA0447568	Ward 17
32882	30576	2079	AMACABHANI TRADING AND PROJECT	400.00	-	000.00	17		Acquisitions	MAAA0425055	Ward 24
32925	30616	20306	BOB KANE FORMATION PTY LTD	100.87	460.52	864.00	18	N	Roads - Vehicle Maintenance	MAAA0397278	Ward 1
32930	30618	1202	REINMO CONSTRUCTION AND PROJE	130.00	-	000.00	26		Catering Legacy 510260188	MAAA0142804	Ward 14
32909	30601	96899	ALUTTIIUM PROJECTS	500.00	-	000.00	28		Office Furniture	MAAA0664784	Ward 19

68	6	231
270.67	382.95	836.03

## **PART 2 – SUPPORTING DOCUMENTATION**

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

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

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

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

The municipality generates its revenues from a number of sources including provision of services. With the lockdown in full force, it 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.

##### **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.

### 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:

Grant	Original Allocation	Additional allocation/Roll Over	Expenditure to date	% Spent	Roll-over Amount
Integrated National Electrification Program Grant	R31 240 000	R0	R24 934 411	80%	R 6 305 589
Municipal Infrastructure Grant	R48 362 000	R 6 126 580	R53 946 982	99%	R 541 598
Financial Management Grant	R 2 215 000	R0	R 2 167 495	98%	R 47 505
Municipal Disaster Management Grant	R0	R 715 000	R 709 526	99%	R 5 474

A response on the outcome of the application is expected to be 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.

## **2. Extension to timelines for submission of annual financial statements, annual reports, audits and related matters in terms of the MFAM**

The Minister of Finance exempted municipalities and municipal entities from submitting key reports. The notice allows for a two-months delay in the submission of Annual Financial Statements, Annual Reports, Audit Opinions, Oversight reports and associated processes.

The context of this exemption flows from the Minister of Cooperative Governance and Traditional Affairs' announcement of the national state of disaster in terms of the Disaster Management Act to enable government and the country at large to manage the spread of the Covid-19 virus. Following the initial announcements of the national state of disaster, subsequent extensions and different levels were communicated.

Whilst the lockdown and restrictions have been eased over time, they are still in force and in effect with direct implications for municipalities, municipal entities, audit processes, amongst others. The lockdown impacts on the ability by municipalities and municipal entities to prepare and submit quality annual financial statements that meet the uniform norms and standards, related reports and processes to discharge their accountability towards the public and report on the utilisation of public funds.

The timing of the phased lockdown also had a knock-on effect on availability of municipal staff, which impacted on operations and added to the delays in ability to prepare AFS, undertake procedures such as the physical verification of assets, meter reading, revenue management, valuations, finalising supporting documentation and concluding reconciliations. There are similar impacts on the quality assurance processes, annual report, performance report and oversight report procedures and processes. The audit process and timelines by the Office of the Auditor-General to perform its audits, is also extended accordingly.

The effects of this Ministerial exemption are to mitigate anticipated widespread non-compliance with sections 126, 127, 129 and 133 of the MFMA due to the national state of disaster and lockdown restrictions. This provides a further two-month period to municipalities and municipal entities to comply with the MFMA to submit the AFS, annual reports, performance report and its oversight report. It also

extends the period for the Office of the Auditor-General to conduct their audits and submission of the audit opinion to auditees, thereafter. This will be followed by Council Committees engagements and concluding their oversight processes.

The extension will therefore enable municipalities and municipal entities to undertake all the necessary actions, checks and reviews, to ensure that the annual financial statements fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.

In terms of the Ministerial Exemption, municipalities and municipal entities are exempted from complying with the deadlines provided in sections 126(1) and (2), 127(1) and (2) and 129(1) and 133(2) of the MFMA for a period of 2 months, as reflected in the table below. It is advised that all performance reports, required as per Section 46 of the Municipal Systems Act, be equally aligned.

No	Section	Action	New Deadline
1	Section 126(1)(a) of the MFMA	The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	31 October 2020
2	Section 127(2) of the MFMA	The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.	31 March 2021
3	Section 129(1) of the MFMA	The council of a municipality must consider the annual report of the	31 May 2021

No	Section	Action	New Deadline
		<p>municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council -</p> <p>a) has approved the annual report with or without reservations;</p> <p>b) has rejected the annual report; or</p> <p>c) has referred the annual report back for revision of those components that can be revised.</p>	
4	Section 133(2) of the MFMA	<p>The Auditor-General must submit to Parliament and the provincial legislatures—</p> <p>a) by no later than 31 October of each year, the names of any municipalities or municipal entities which have failed to submit their financial statements to the Auditor-General in terms of section 126; and</p> <p>b) at quarterly intervals thereafter, the names of any municipalities or municipal entities whose financial statements are still outstanding at the end of each interval.</p>	31 December 2020

Despite the above changes the municipality and other municipality in the district were eager to comply with the original requirements but engagements between the municipalities and the Auditor-General determined that the Auditor-General will only be accepting submissions from 30 September 2020 to due to resources to audit these. This is also informed that they have three months to conclude their audits once they accept the financial statements. We were therefore encouraged to use the extra month on reviews of the AFS and supporting schedules.

### **3. Special adjustment budget**

The Minister of Finance in Parliament delivered the 2020 National Supplementary Budget on the 24 June 2020. The 2020 Supplementary Budget responds to the COVID-19 pandemic and its impact on the economy. This includes the R20 billion allocation for local government announced by the President to assist in funding COVID-19 expenditure and supplementing lost revenue. This allocation consists of R11 billion added to the local government equitable share and just over R9 billion that was re-purposed for the provision of water and sanitation and for sanitising public transport facilities within existing grant allocations to local government.

Municipalities are then required to utilise the additional equitable share allocation as per the Government Gazette No. 43605 dated 7th August 2020 to compensate for the sharp decline experienced in revenue lost because of the pandemic, this essentially means that municipalities must resist as far as possible the temptation to increase expenditure but prioritize funding for basic service delivery expenditure already budgeted for but couldn't be discharged. This should include the servicing of both current and arrear bulk service accounts as prioritized by the municipalities paying particular attention to statutory payments, without compromising service delivery due to non-payment of other Creditors.

In addition, municipalities are required to use this adjustments budget to reprioritise the 2020/21 budget to respond to the impact of the COVID-19 pandemic. Given that it has been 6 months since the lockdown, better quality information should be available to inform the budget assumptions. Municipalities that have adopted unfunded budgets for the 2020/21 financial year are required to also correct their budgets through this process to ensure funding compliance on the adjustment budgets. The 2020/21 special adjustments budget is required to be adopted by Council by no later than 30 September 2020

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

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

The Chief Financial Officer consulted with the departments with programmes that could be negatively affected by the massive drop in revenue collection in relation to their approved planned programmes, with the budget principles and approach to be applied to avoid creating new programmes.

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

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

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

a) Budget assumptions

The budget assumptions used during the preparation of the approved budget have remained the same. However, a collection rates for the following revenue streams have been revised as follows:

Revenue Stream	Forecasted Collection Rate	Revised Collection Rate	Decrease
Property Rates	97%	63%	-34%
Refuse Removal	97%	51%	-42%



Revenue Stream	Forecasted Collection Rate	Revised Collection Rate	Decrease
Electricity Distribution	97%	69%	-28%
Licenses and Permits	100%	80%	-20%
Fines	50%	40%	-10%

It must be noted though that anticipated revenues from these revenue streams will not be revised as the municipality is still required to account for revenues due, only the collection expectations have been revised.

The above revised collection levels will result in a R26 million under collection which will then be covered with the increase in the equitable share with the difference utilised to fund existing gaps in the current infrastructure budget.

b) Grants allocations

Reconciliation of Mbizana Local Municipality allocations for 2020 MTREF					
	Original 2020/21	Change	Revised 2020/21	2021/22	2022/23
<b>National Allocations</b>					
<i>Operational</i>	<b>282 528 000</b>	<b>54 283 000</b>	<b>336 811 000</b>	<b>299 988 000</b>	<b>316 506 000</b>
Equitable Share	278 139 000	54 283 000	332 422 000	297 788 000	314 306 000
Financial Management Grant	2 000 000	-	2 000 000	2 200 000	2 200 000
Municipal Systems Improvement Grant	-	-	-	-	-
Expanded Public Works Programme	2 389 000	-	2 389 000	-	-
Municipal Infrastructure Grant	-	-	-	-	-
<i>Capital</i>	<b>77 335 000</b>	<b>-3 084 000</b>	<b>74 251 000</b>	<b>84 384 000</b>	<b>94 037 000</b>
Municipal Infrastructure Grant	48 049 000	-	48 049 000	52 084 000	55 037 000
Integrated National Electrification	29 286 000	-3 084 000	26 202 000	32 300 000	39 000 000
<b>TOTAL NATIONAL ALLOCATIONS</b>	<b>359 863 000</b>	<b>51 199 000</b>	<b>411 062 000</b>	<b>384 372 000</b>	<b>410 543 000</b>

The table above shows an overall increase of R51 million which is as a result of a R54 million increase on the equitable share allocation and a R3 million decrease on the Integrated National Electrification grant.

c) Summary of adjustments

BUDGET	ORIGINAL	ADJUSTMENT	ADJUSTED BUDGET
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BUDGET	ORIGINAL	ADJUSTMENT	ADJUSTED BUDGET
Operating budget	R 423 190 249.00	R -20 770 122.00	R 402 420 127.00
Capital	R 75 808 150.11	R 46 374 487.00	R 122 182 637.11
Revenue	R 446 076 653.38	R 51 600 905.00	R 497 677 558.38

## 4. Debtors' analysis

### Summary of all Debtors

EC443 Mbizana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

Description		NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.e. Council Policy	
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dts-1 Yr	Over 1Yr	Total	Total over 90 days			
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	2 289	1 466	1 445	1 151	1 015	8 250	-	-	15 614	10 415	-	-	-
Receivables from Non-exchange Transactions - Property Rates		1400	991	853	14 787	727	684	28 802	-	-	46 844	30 214	-	-	-
Receivables from Exchange Transactions - Waste Water Management		1500	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management		1600	387	319	280	288	259	6 516	-	-	8 049	7 062	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors		1700	225	18	(89)	18	18	1 214	-	-	1 403	1 250	-	-	-
Interest on Arrear Debtor Accounts		1810	452	437	332	329	344	12 636	-	-	14 529	13 309	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure		1820	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		1900	417	241	182	13	459	2 941	-	-	4 254	3 413	-	-	-
Total By Income Source		2000	4 760	3 333	16 937	2 526	2 778	60 359	-	-	90 693	65 663	-	-	-
2019/20 - totals only															
Debtors Age Analysis By Customer Group															
Organs of State		2200	922	892	14 745	474	760	24 415	-	-	42 208	25 649	-	-	-
Commercial		2300	3 569	2 214	1 965	1 827	1 943	22 985	-	-	34 503	26 756	-	-	-
Households		2400	269	227	228	224	220	11 959	-	-	13 127	12 403	-	-	-
Other		2500	(0)	(0)	0	(0)	(146)	1 000	-	-	855	854	-	-	-
Total By Customer Group		2600	4 760	3 333	16 937	2 526	2 778	60 359	-	-	90 693	65 663	-	-	-

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

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

## 5. Creditors' analysis

EC443 Mbizana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

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	391								391	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	391	-	-	-	-	-	-	-	391	-

The above table shows the municipality's creditors and their ageing. The report shows that the municipality has 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.

## 6. Investment portfolio analysis

EC443 Mbizana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
<u>Municipality</u>														
FNB CALL DEPOSIT ACCOUNT(62550717767)		Not fixed	Call Deposit	No	Variable	0.001675498	0	N/A	not fixed	7 534	13	(5 834)	-	1 712
FNB CALL DEPOSIT ACCOUNT(62459758078)		Not fixed	Call Deposit	No	Variable	0.001948661	0	N/A	not fixed	9 506	19	-	-	9 524
FNB CALL DEPOSIT ACCOUNT(62028477992)		Not fixed	Call Deposit	No	Variable	0.002246322	0	N/A	not fixed	251 681	565	(22 200)	-	230 046
FNB CALL DEPOSIT ACCOUNT(62816769220)		Not fixed	Call Deposit	No	Variable	0.002054799	0	N/A	not fixed	780	2	-	-	781
FNB CALL DEPOSIT ACCOUNT(62816773073)		Not fixed	Call Deposit	No	Variable	0.001986302	0	N/A	not fixed	621	1	-	-	623
FNB CALL DEPOSIT ACCOUNT(62550715828)		Not fixed	Call Deposit	No	Variable	0.002052758	0	N/A	not fixed	1 996	4	(59)	-	1 941
FNB CALL DEPOSIT ACCOUNT(62852108531)		Not fixed	Call Deposit	No	Variable	0.038165527	0	N/A	not fixed	8	0	-	-	8
Municipality sub-total										272 125		(28 093)	-	244 636
<u>Entities</u>														-
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									272 125		(28 093)	-	244 636

The table above shows the municipality's investments performance. The table shows that the municipality's cash and cash equivalents decreased during the month by over R28 million which lead to a decrease in its investments

for the month of September 2020. It should however be noted that this only reflects the difference between what was received and what was spent.

## 7. Allocation and grant receipts and expenditure

### a) Transfers & Grants Receipts

EC443 Mbizana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
National Government:		-	311 814	363 013	6 000	133 761	90 753	43 008	47.4%	363 013
Local Government Equitable Share		-	278 139	332 422	-	125 163	83 106	42 058	50.6%	332 422
Finance Management		-	2 000	2 000	-	2 000	500	1 500	300.0%	2 000
EPWP Incentive		-	2 389	2 389	-	598	597	1	0.1%	2 389
Integrated National Electrification Programme		-	29 286	26 202	6 000	6 000	6 551	(551)	-8.4%	26 202
	3	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	402	-	-	100	(100)	-100.0%	402
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Greenest Municipality		-	-	402	-	-	100	(100)	-100.0%	402
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	-	311 814	363 415	6 000	133 761	90 854	42 907	47.2%	363 415
<b>Capital Transfers and Grants</b>										
National Government:		-	48 049	48 049	-	-	12 012	(12 012)	-100.0%	48 049
Municipal Infrastructure Grant (MIG)		-	48 049	48 049	-	-	12 012	(12 012)	-100.0%	48 049
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	-	48 049	48 049	-	-	12 012	(12 012)	-100.0%	48 049
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	-	359 863	411 464	6 000	133 761	102 866	30 895	30.0%	411 464

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

## b) Transfers & Grants Expenditure

EC443 Mbizana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		–	311 814	363 013	16 293	44 126	90 753	(46 627)	-51.4%	363 013
Local Government Equitable Share			278 139	332 422	13 845	39 741	83 106	(43 364)	-52.2%	332 422
Finance Management			2 000	2 000	117	219	500	(281)	-56.3%	2 000
EPWP Incentive			2 389	2 389	713	1 457	597	860	144.0%	2 389
Integrated National Electrification Programme			29 286	26 202	1 618	2 709	6 551	(3 841)	-58.6%	26 202
								–		
								–		
Other transfers and grants (insert description)								–		
Provincial Government:		–	–	402	159	159	100	58	58.1%	402
								–		
								–		
								–		
Greenest Municipality			–	402	159	159	100	58	58.1%	402
District Municipality:		–	–	–	–	–	–	–		–
								–		
(insert description)								–		
Other grant providers:		–	–	–	–	–	–	–		–
								–		
(insert description)								–		
Total operating expenditure of Transfers and Grants:		–	311 814	363 415	16 452	44 285	90 854	(46 569)	-51.3%	363 415
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		–	48 049	48 049	3 451	7 183	12 012	(4 829)	-40.2%	48 049
Municipal Infrastructure Grant (MIG)			48 049	48 049	3 451	7 183	12 012	(4 829)	-40.2%	48 049
								–		
								–		
								–		
Other capital transfers (insert description)								–		
Provincial Government:		–	–	–	–	–	–	–		–
								–		
								–		
District Municipality:		–	–	–	–	–	–	–		–
								–		
								–		
Other grant providers:		–	–	–	–	–	–	–		–
								–		
								–		
Total capital expenditure of Transfers and Grants		–	48 049	48 049	3 451	7 183	12 012	(4 829)	-40.2%	48 049
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		–	359 863	411 464	19 903	51 469	102 866	(51 397)	-50.0%	411 464

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

c) Expenditure on approved rollovers

EC443 Mbizana - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M03 September

Description	Ref	Budget Year 2020/21				
		Approved Rollover 2019/20	Monthly actual	YearTD actual	YTD variance	YTD variance %
<b>R thousands</b>						
<b>EXPENDITURE</b>						
<b>Operating expenditure of Approved Roll-overs</b>						
National Government:		–	–	–	–	
Local Government Equitable Share					–	
Finance Management					–	
EPWP Incentive					–	
Integrated National Electrification Programme					–	
Other transfers and grants [insert description]					–	
Provincial Government:		402	159	100	301	75.0%
					–	
					–	
					–	
Greenest Municipality		402	159	100	301	75.0%
District Municipality:		–	–	–	–	
[insert description]					–	
Other grant providers:		–	–	–	–	
[insert description]					–	
<b>Total operating expenditure of Approved Roll-overs</b>		<b>402</b>	<b>159</b>	<b>100</b>	<b>301</b>	<b>75.0%</b>
<b>Capital expenditure of Approved Roll-overs</b>						
National Government:		–	–	–	–	
Municipal Infrastructure Grant (MIG)					–	
					–	
					–	
Other capital transfers [insert description]					–	
Provincial Government:		–	–	–	–	
					–	
District Municipality:		–	–	–	–	
					–	
Other grant providers:		–	–	–	–	
					–	
<b>Total capital expenditure of Approved Roll-overs</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL EXPENDITURE OF APPROVED ROLL-OVERS</b>		<b>402</b>	<b>159</b>	<b>100</b>	<b>301</b>	<b>75.0%</b>

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

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



## 8. Cash flow Statement

EC443 Mbizana - Table C7 Monthly Budget Statement - Cash Flow - M03 September

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Receipts										
Property rates		-	26 341	22 853	274	944	5 713	(4 769)	-83%	22 853
Service charges		-	36 579	34 838	3 473	6 479	8 710	(2 230)	-26%	34 838
Other revenue		-	11 515	11 515	747	1 753	2 879	(1 126)	-39%	11 515
Transfers and Subsidies - Operational		-	282 528	337 213	4 262	131 441	84 303	47 138	56%	337 213
Transfers and Subsidies - Capital		-	77 335	74 251	-	-	18 563	(18 563)	-100%	74 251
Interest		-	10 364	10 364	1 741	1 741	2 591	(849)	-33%	10 364
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-	(379 171)	(366 571)	(21 157)	(55 318)	(91 643)	(36 325)	40%	(366 571)
Finance charges		-	(50)	(50)	(1)	(1)	(13)	(11)	90%	(50)
Transfers and Grants		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	65 440	124 413	(10 660)	87 040	31 103	(55 937)	-180%	124 413
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	0	0	-	0	#DIV/0!	-
Payments										
Capital assets		-	(70 114)	(110 973)	(7 451)	(16 330)	(27 743)	(11 413)	41%	(110 973)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	(70 114)	(110 973)	(7 450)	(16 330)	(27 743)	(11 413)	41%	(110 973)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	(460)	(460)	-	-	(460)	460	-100%	(460)
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	(460)	(460)	-	-	(460)	(460)	100%	(460)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	(5 134)	12 979	(18 110)	70 710	2 900			12 979
Cash/cash equivalents at beginning:		-	215 140	215 140		178 635	215 140			178 635
Cash/cash equivalents at month/year end:		-	210 006	228 119		249 345	218 040			191 614

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

## 9. Statement of Financial Position

EC443 Mbizana - Table C6 Monthly Budget Statement - Financial Position - M03 September

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		–	3 476	21 589	4 709	21 589
Call investment deposits		–	206 991	206 991	244 636	206 991
Consumer debtors		–	32 970	38 198	85 082	38 198
Other debtors		–	43 763	43 763	61 656	43 763
Current portion of long-term receivables		–	–	–	–	–
Inventory		–	1 179	979	2 296	979
<b>Total current assets</b>		–	<b>288 379</b>	<b>311 520</b>	<b>398 379</b>	<b>311 520</b>
<b>Non current assets</b>						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		–	25 097	25 097	34 201	25 097
Investments in Associate		–	–	–	–	–
Property, plant and equipment		–	682 178	728 552	648 124	728 552
Biological		–	–	–	–	–
Intangible		–	–	(100)	192	(100)
Other non-current assets		–	1 281	1 281	1 231	1 281
<b>Total non current assets</b>		–	<b>708 556</b>	<b>754 830</b>	<b>683 747</b>	<b>754 830</b>
<b>TOTAL ASSETS</b>		–	<b>996 934</b>	<b>1 066 350</b>	<b>1 082 126</b>	<b>1 066 350</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		–	460	460	453	460
Trade and other payables		–	17 705	14 750	56 223	14 750
Provisions		–	18 471	18 471	19 876	18 471
<b>Total current liabilities</b>		–	<b>36 636</b>	<b>33 681</b>	<b>76 551</b>	<b>33 681</b>
<b>Non current liabilities</b>						
Borrowing		–	–	–	–	–
Provisions		–	3 920	3 920	5 495	3 920
<b>Total non current liabilities</b>		–	<b>3 920</b>	<b>3 920</b>	<b>5 495</b>	<b>3 920</b>
<b>TOTAL LIABILITIES</b>		–	<b>40 556</b>	<b>37 600</b>	<b>82 047</b>	<b>37 600</b>
<b>NET ASSETS</b>	<b>2</b>	–	<b>956 378</b>	<b>1 028 749</b>	<b>1 000 080</b>	<b>1 028 749</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		–	956 378	1 028 749	1 000 080	1 028 749
Reserves		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	–	<b>956 378</b>	<b>1 028 749</b>	<b>1 000 080</b>	<b>1 028 749</b>

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

## 10. Municipal Manager's quality certification

### Quality Certificate

I, huvuyo MATHAKA, the municipal manager of Mbizana Local Municipality,  
hereby certify that –

☐ The monthly budget statement

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

Print name: \_\_\_\_\_

Municipal manager of Mbizana Local Municipality (EC443)

Signature:  \_\_\_\_\_

Date: \_\_\_\_\_

