



MBIZANA LOCAL MUNICIPALITY

MONTHLY REPORT

**REPORT IN TERMS OF s71 OF THE MFMA FOR THE
MONTH OF NOVEMBER 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 fifth report of the 2020/21 financial year which should give an indication of how the municipality has performed on its first five 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 first couple of months of the financial year that coincided with the year-end and preparation of the annual financial statements. It is expected though that things may not be as anticipated this year considering that the country is operating under lockdown regulations that make it impossible to operate optimally. This will be the baseline for the third 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 allocated desks within the department as follows:-

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

2. Administration

The municipality has been implementing mSCOA with its annual updates like all municipalities in the country as a business reform since its introduction from 1 July 2017. This was introduced

to address among other things ensuring standardisation of treatment of transactions and reporting across all municipalities, to encourage proper planning and put controls in terms of revenue and expenditure management. Introduction of new and improved versions of the mSCOA chart has proven to present problems that sometimes make it impossible to operate normally requiring some extra effort to be put into the operations of the municipality to fulfil its service delivery mandate.

3. Staff movement

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

We reported in the previous report both the Asset Management and Stores officers having been concluded and commenced with their duties.

We also report that both the Accountant: Reporting and the General Expenditure clerk positions have been advertised and their adverts have closed. We now await confirmation of the selection processes which we were hoping would be concluded by December 2020, but we are still hoping to get confirmation of the outcome of the processes. The vacancies still remain vacant as we write the report.

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

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

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

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 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 current implementation of the budget is in line with the said version as required.

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

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

ii. IDP Budgeting

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

iii. Production of in-year reports

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

iv. Budget and reporting module functionality

The budget module of the system that the municipality uses has 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 continue to analyse the reasonability of the principles these modules are using to check consistency with the financial management standards.

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

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

5. Implementation of the Municipal Cost containment regulations

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

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

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

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

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

a. Supply and Delivery of Municipal Vehicles

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

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

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

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

The department received a request from the Corporate Services Department to procure three 4X4 double cabs. The same process as outlined above 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, which in this case is December 2020.

KPA N0 4: Budget & Treasury

Outcome 9 Objective

Sub-Result	Issue	Strategic Objective	Objectives	Strategic Objectives	Baseline	Project to be	Output	KPI	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance			Ward	Responsible	Responsible														
				Develop and implement the Revenue enhancement Strategy	and 50% on refuse	se for refuse, electricity and property rates	billed as per consumer master database	4.1.3		refuse and electricity by June 2021	Specification, Publication, Appointment letter and Delivery note of items procured	R 10 000 000	Yes	N/A	Develop specification and public notice	Appointment of the Service Provider	Delivery of items procured	N/A	Ward 1	Revenue	Manager: Revenue and Expenditure												
																						Cash register and Cash counter machine	Install 2 cash register and 1 cash counter machine	R 10 000 000	Yes	N/A	Develop specification and public notice	Appointment of the Service Provider	Delivery of items procured	N/A	Ward 1	Revenue	Manager: Revenue and Expenditure
Consumer Awareness - Catering and promotional items	Implement consumer awareness program	Signed Publication Notice, Proof of Publication and Attendance register	R 20 000 000	Yes	N/A	Draft Public Notice	Hosting of awareness program	Hosting of awareness program	N/A	Ward 1	Revenue	Manager: Revenue and Expenditure																					
Develop and implement the Revenue enhancement Strategy	Develop and implement the Revenue enhancement Strategy	4.1.5	0.52	refuse and electricity by June 2021	Revenue Enhancement Implementation plan	R -	Yes	N/A	Develop specification and public notice	Present Revenue Enhancement Initiative	N/A	N/A	Ward 1	Revenue	Manager: Revenue and Expenditure																		

KPA N0 4: Budget & Treasury

Outcome 9 Objective

Sub-Result	Issue	Strategic Objective	Objectives	Strategies	Baseline	Project to be	Output	KPI	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance				Weight	Responsible	Responsible
Expenditure Management	Invoices not submitted within 30 days of receipt for MF M/A payment by June 2020	To pay creditors within 30 days in compliance with the MF M/A	4.2	Enforce system of system descriptions and processes as per the Account payable policy	Invoices still taking longer to reach BTO for payment	Centralisation of invoices per department	Age analysis is reflecting credits within 30 days	4.2.1	0.52	Settlement of all presented invoices within 30 days from receipt of invoice	Invoice register and ageing analysis report	N/A	N/A	Payment of credits within 30 days	Payment of credits within 30 days	Payment of credits within 30 days	Payment of credits within 30 days	Weighted	Expenditure	Manager: Revenue and Expenditure
				Continuation of the Conversion of Budget and Treasury filing to electronic	Paper based physical filing	Conversion of information into electronic documents	Electronic filing for Budget and Treasury documents	4.3.1	0.55	Electronic filing system setup and loading of Budget and Treasury	Progress report of Electronic Filing system (EFS), Progress report on scanned documents	R 200 000	Yes	Progress report on scanned documents	Progress report on scanned documents	Progress report on scanned documents	Progress report on scanned documents	Weighted	Supply Chain Management	Manager: Supply Chain Management

KPA NO 4: Budget & Treasury

Outcome 9 Objective

Sub-Result	Issue	Strategic Objective	Strategic Objectives	Baseline	Project to be	Output	KPI	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance				War	Responsible	Responsible	
	Budget and Treasury office	all awarded tender documents and payments vouchers	old documents already audited						documents by June 2021		R 130 000.00	N/A	Submission of the Asset Register to AG	Submission of the Responses to audit findings	N/A	N/A	Warrior 1	Asset Management	Manager: Supply Chain Management	
			Annual review of the asset management policy and update of the fixed asset register	GRAP compliant asset register as at 30 June 2020	Review of the usefulness of movable assets	Signed GRAP compliant asset register	4.4.1	1.2.5	GRAP compliant asset register as at 30 June 2021	Signed GRAP compliant asset register, Appointment letter	R 210 000.00	Yes		Development of Terms of Reference and of Asset Register to AG	Appointment of the Service Provider, Submission of Responses to audit findings	N/A	Warrior 1	Asset Management	Manager: Supply Chain Management	
		To accurately account for the value and location of all municipal assets, their capital status and location	4.4		Staffing of Asset Management function and Stores section	Asset Management function performed within SCM	Establishment of the Asset Management unit	4.4.2	0.2.5	Functional and Fully Fledged Asset Management Unit	Approved Organisational Structure, Advert, Appointment letter	R 80 000.00	Yes	N/A	Submission of the review of the organisation of working tools	Assumption of duties by the Asset and Stores Manager	N/A	Warrior 1	Office of the CFO	Chief Financial Officer

KPA NO 4: Budget & Treasury

Outcome 9 Objective																			
Sub-Result	Issue	Strategic Objective	Strategies	Baseline	Project to be	Output	KPI	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance	Warrant	Responsible	Responsible			
									by June 2021				Committed for approval						
Financial Reporting	To compile Annual Financial Statement that comply with all requirements as at 30 June 2021	4.5	Develop sound, strict and effective procedures for the compilation of AFS	Audited Annual Financial Statement for 2018/19 with compliance findings	Development of processes and procedures for compilation of annual financial statements	Credible Annual Financial Statement submitted by 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 20 000,00	N/A	Yes	Submit 2019/2020 Annual Financial Statements to the AG	Renew Casework Licenses	Compile Interim Financial Statements	N/A	Ward 1	Manager: Budgeting and Reporting
	Finance laws	To achieve a clean audit	Manage audit readiness	Audited Annual Financial Statement 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	Proof of submission to AG, COAF register, Audit Action Plan, updated	R 5 043 800,00	Yes	N/A	Submit 2019/2020 Annual Financial Statements to the AG	Respond to AG's queries and provide CoAF register	Implementation and monitoring of Action Plan	Ward 1	Manager: Budgeting and Reporting	

KPA NO 4: Budget & Treasury

Outcome 3 Objective

Sub-Result	Issue	Strategic Objective	Strategic Objective	Baseline	Project to be	Output	KPI 1	KPI 2	Annual 2021	Means of Verification	Budget	Budget Source	Measurable Performance			Ward	Responsible	Responsible
					Reconciliation of monthly reconciliation	Signed monthly reconciliation	4.5.3	1.5	7 Reviewed reconciliation	7 Reviewed reconciliations	N/A	N/A	21 Reconciliation of all accounts	21 Reconciliation of all accounts	21 Reconciliation of all accounts	Ward 1	Revenue, Expenditure and Reporting, Revenue	Manager, Budgeting and Reporting, Revenue and Expenditure
Budgeting	The municipality needs to comply with all statutory and budgeting and reporting requirements	Adhere to compliance to Municipal budget and reporting requirements	4.6	Preparation and submission of all necessary reports	Training of at least 1 financial management intern and 1 financial staff	Training of at least 1 financial management intern and 1 financial staff	4.6.1	0.52	Training of at least 1 financial management intern and 1 financial staff to meet minimum competency requirements by June 2021	Proof of registration and Attendance register	R 800 000	N/A	Registration of at least 1 intern and 1 financial official	Attendance of the training	Attendance of the training	Ward 1	Reporting	Manager, Budgeting and Reporting

KPA NO 4: Budget & Treasury

Outcome 9 Objective

Sub-Result	Issue	Strategic Objective	Objectives	Strategic Objectives	Baseline	Project to be	Output	KPI	KPI	Annual	Means of Verification	Budget	Budget Source	Measurable Performance	Performance			Warrant	Response	Reporting
		To timely produce budgets in line with the National Treasury guide lines and regulations		Develop and monitor or process to ensure timely preparation, adoption and public consultation of credible municipal budgets	Adjustments budget approved by February 27	Complete at least three budget approvals to be approved by council	Council resolutions adopted the budget	4.7.1	1.5	3 Approved budget by June 2021	Adjustment budget 19/20; Draft budget 20/21; Approved 20/21; Final Budget and Council resolution	N/A	N/A	N/A	Adopted budget adjustment 2020/21; Draft budget 2020/2022	Approved 2020/21 Budget	Warrant	Budgeting	Manager: Budgeting and Reporting	
					Adjustments budget approved by March 31	Public attention of approved budget	Advertisement of approved budget and tariffs	4.7.2	1.5	Public attention of at least three approved budget	Adverts	R 57 94 0.78	N/A	N/A	Adjusted budget advertisement	Draft budget advertisement	Warrant	Budgeting	Manager: Budgeting and Reporting	

The above information is currently being revised to reflect changes necessitated by both Covid-19 and the special adjustments budget that was passed at the end of September 2020. Reporting will then be done and monitored against the revised SDBIP which will be more realistic and implementable.

7. In-year budget statement tables

a) Budget Statement Summary

EC443 Mbizana - Table C1 Monthly Budget Statement Summary - M05 November

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	25 189	25 189	991	18 945	10 495	8 450	81%	25 189
Service charges	-	37 015	37 015	1 788	14 851	15 423	(572)	-4%	37 015
Investment revenue	-	10 364	10 364	540	2 783	4 318	(1 535)	-36%	10 364
Transfers and subsidies	-	282 528	337 213	362	128 259	140 505	(12 246)	-9%	337 213
Other own revenue	-	13 646	13 646	1 138	5 213	5 686	(473)	-8%	13 646
Total Revenue (excluding capital transfers and contributions)	-	368 742	423 427	4 819	170 052	176 428	(6 376)	-4%	423 427
Employee costs	-	119 133	119 133	8 883	44 412	49 639	(5 226)	-11%	119 133
Remuneration of Councilors	-	25 036	25 036	1 981	9 930	10 432	(501)	-5%	25 036
Depreciation & asset impairment	-	52 581	52 881	4 481	17 844	21 950	(4 106)	-19%	52 881
Finance charges	-	150	150	-	1	63	(61)	-98%	150
Materials and bulk purchases	-	39 573	39 773	3 546	14 633	16 572	(1 939)	-12%	39 773
Transfers and subsidies	-	1 835	5 015	-	-	2 089	(2 089)	-100%	5 015
Other expenditure	-	184 883	160 633	9 732	28 631	66 930	(38 299)	-57%	160 633
Total Expenditure	-	423 190	402 420	28 602	115 452	167 675	(52 223)	-31%	402 420
Surplus/(Deficit)	-	(54 449)	21 006	(23 783)	54 600	8 753	45 847	524%	21 006
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	77 335	74 251	4 432	18 651	30 938	###	-40%	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)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	22 886	95 257	(19 351)	73 250	39 691	33 560	85%	95 257
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	22 886	95 257	(19 351)	73 250	39 691	33 560	85%	95 257
Capital expenditure & funds sources									
Capital expenditure	-	75 808	122 183	8 143	23 596	50 909	(27 313)	-54%	122 183
Capital transfers recognised	-	45 647	69 161	3 828	15 889	28 817	(12 927)	-45%	69 161
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	30 162	53 022	4 316	7 707	22 093	(14 386)	-65%	53 022
Total sources of capital funds	-	75 808	122 183	8 143	23 596	50 909	(27 313)	-54%	122 183
Financial position									
Total current assets	-	288 379	311 520		374 522				311 520
Total non current assets	-	708 556	754 830		685 157				754 830
Total current liabilities	-	36 636	33 681		84 412				33 681
Total non current liabilities	-	3 920	3 920		5 495				3 920
Community wealth/Equity	-	956 378	1 028 749		969 772				1 028 749
Cash flows									
Net cash from (used) operating	-	65 440	124 413	(2 373)	86 346	51 839	(34 508)	-67%	124 413
Net cash from (used) investing	-	(70 114)	(110 973)	(8 945)	(28 540)	(29 214)	(674)	2%	(110 973)
Net cash from (used) financing	-	(460)	(460)	-	-	(192)	(192)	100%	(460)
Cash/cash equivalents at the month/year end	-	210 006	228 119	-	239 902	237 573	(2 328)	-1%	195 074
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	4 642	2 917	3 101	3 007	10 712	59 395	-	-	83 774
Creditors Age Analysis									
Total Creditors	572	-	-	-	-	-	-	-	572

The table above shows a summary of the municipality's financial performance for the period ended 30 November 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) - M05 November

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		–	321 684	375 967	2 260	150 443	156 653	(6 210)	-4%	375 967
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		–	321 684	375 967	2 260	150 443	156 653	(6 210)	-4%	375 967
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		–	4 942	4 942	440	1 869	2 059	(190)	-9%	4 942
Community and social services		–	181	181	3	13	75	(63)	-83%	181
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	4 761	4 761	437	1 856	1 984	(127)	-6%	4 761
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	48 612	48 612	2 744	15 112	20 255	(5 143)	-25%	48 612
Planning and development		–	563	563	14	68	235	(167)	-71%	563
Road transport		–	48 049	48 049	2 730	15 044	20 020	(4 976)	-25%	48 049
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		–	70 839	68 157	3 808	21 278	28 399	(7 120)	-25%	68 157
Energy sources		–	63 969	60 885	3 108	16 597	25 369	(8 772)	-35%	60 885
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	6 870	7 272	700	4 682	3 030	1 652	55%	7 272
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	–	446 077	497 678	9 252	188 702	207 366	(18 663)	-9%	497 678
Expenditure - Functional										
<i>Governance and administration</i>		–	184 624	185 284	13 315	53 292	77 202	(23 910)	-31%	185 284
Executive and council		–	63 018	63 018	4 620	19 667	26 257	(6 591)	-25%	63 018
Finance and administration		–	116 150	116 810	8 497	32 682	48 671	(15 989)	-33%	116 810
Internal audit		–	5 457	5 457	198	944	2 274	(1 330)	-59%	5 457
<i>Community and public safety</i>		–	30 879	31 109	1 538	8 327	12 962	(4 636)	-36%	31 109
Community and social services		–	12 117	12 347	494	2 624	5 145	(2 520)	-49%	12 347
Sport and recreation		–	2 769	2 769	158	1 045	1 154	(109)	-9%	2 769
Public safety		–	15 014	15 014	829	4 372	6 256	(1 883)	-30%	15 014
Housing		–	980	980	57	285	408	(123)	-30%	980
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	100 216	104 752	7 993	28 281	43 647	(15 366)	-35%	104 752
Planning and development		–	28 221	31 401	1 791	7 797	13 084	(5 287)	-40%	31 401
Road transport		–	69 641	71 027	6 030	19 732	29 595	(9 863)	-33%	71 027
Environmental protection		–	2 353	2 323	172	752	968	(216)	-22%	2 323
<i>Trading services</i>		–	103 891	77 695	5 383	24 558	32 373	(7 815)	-24%	77 695
Energy sources		–	77 927	51 329	3 484	16 353	21 387	(5 034)	-24%	51 329
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	25 964	26 366	1 889	8 205	10 986	(2 781)	-25%	26 366
<i>Other</i>		–	3 580	3 580	374	994	1 492	(497)	-33%	3 580
Total Expenditure - Functional	3	–	423 190	402 420	28 602	115 452	167 675	(52 223)	-31%	402 420
Surplus/ (Deficit) for the year		–	22 886	95 257	(19 351)	73 250	39 691	33 560	85%	95 257

The table above shows the municipality's financial performance for the period ended 30 November 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) - M05 November

20440 Indiana - Table 04 - Monthly Budget Statement - Financial Performance (revenue and expenditure) - Dec 2020/21										
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	18 945	10 495	8 450	81%	25 189
Service charges - electricity revenue		-	32 578	32 578	1 402	12 951	13 574	(623)	-5%	32 578
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	4 437	4 437	386	1 900	1 849	51	3%	4 437
Rental of facilities and equipment		-	2 851	2 851	229	1 137	1 188	(51)	-4%	2 851
Interest earned - external investments		-	10 364	10 364	540	2 783	4 318	(1 535)	-36%	10 364
Interest earned - outstanding debtors		-	4 404	4 404	406	2 027	1 835	192	10%	4 404
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	948	948	19	124	395	(271)	-69%	948
Licences and permits		-	2 756	2 756	261	1 054	1 148	(94)	-8%	2 756
Agency services		-	1 218	1 218	157	706	507	199	39%	1 218
Transfers and subsidies		-	282 528	337 213	362	128 259	140 505	(12 246)	-9%	337 213
Other revenue		-	1 470	1 470	66	165	612	(448)	-73%	1 470
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	368 742	423 427	4 819	170 052	176 428	(6 376)	-4%	423 427

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

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

the service. The approval of tariffs by NERSA is set up such that the municipality can make some form of surpluses from sale of electricity so that it may be able to maintain the infrastructure used to render the service and defray all other operating expenses related to the service provision. The municipality has generated over R1.4 million for the month and a year to date actual of R12.9 million. This is below the projection by 5% which is a decrease from a 6% surplus in the previous month which was for the first time in the past two financial years. Even though new bulk meters have been installed for identified large power users that we expect will begin to show results once the billing is made from them. There are however some disturbing observations that have been made by the professional service provider contacted by the municipality to install the meters and assess performance of some meters. Two of the large power users in town that are owned by the same person seem to have a way to lower the way in which our meters read consumption leading to less billing and more consumption from their side. The municipality has made some research and learnt that a solution might be installing a automated meter reading system that is able to identify when a meter changes its reading patterns in real time. In response to this, the municipality is in the processes of procuring services of a professional service provider to install and operate the system.

- **Solid Waste Removal:** Collection and disposal of solid waste is one of the services that the municipality provides to the town area and a few sites outside of town including the Wild Coast Sun Casino. The municipality has implemented a new billing approach which ensures that all customers who individually generate waste are billed individually. The exercise was conducted by the refuse section and the billing database has significantly increased and showed us that there are customers we have been providing the service to at no cost at all. This has resulted in the revenue billed for the month to be over R386 thousand which is more than the projection by 3% which will be monitored against performance of other periods to follow as this is still in line with previous months' reported performance. There is however an expectation that revenue collection will decline this year due the economic effects of Covid-19 on both the consumers and businesses as we have seen a number of businesses closing down and some downscaling.

- **Interest on Investments:** The municipality invests surplus cash and unspent grants to generate interest that would be utilised to fund other municipal programmes, this interest includes interest on the municipality's positive balance in the municipality's main account. The table above shows that the municipality generated over R2.7 million worth of interest on investments with a year to date actual that is below the projection by 36%. This may be due to interest rates cuts that have been implemented by the South African Reserve Bank since the outbreak of Covid-19. This may also be attributable to the decrease in revenue collection since the outbreak of COVID-19 which has meant the municipality continues to spend without making any significant money coming in.
- **Interest on outstanding debtors:** The municipality charges interest on debtors owing for more than 30 days at a rate of prime plus 1% as per the municipality's credit control and debt collection policy. This has yielded interest of R406 thousand for the period ended 30 November 2020 which is more than the amount projected for the period by 10%. 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 R19 thousand revenue on these fines during the month of November 2020 from nothing during the first two months of the financial year. 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 4% which is expected to improve as other revised contracts are concluded. The municipality is in the process of renegotiating the Browns and Spar lease agreements as they have reached the end of their terms. This renegotiation is expected to increase the amounts to be generated by the municipality from these rentals based on the independent valuations performed on the leased properties.

- **Licenses and permits:** The municipality has a fully functional testing station which has been in operation for the past three years. This has been one of the municipality's promising revenue stream since the completion of the testing station. The municipality only generated R261 thousand worth of revenue for the period due to the National lockdown that directed that all licensing services be suspended until further guidance from National Government is provided. As this report is being prepared the licensing services has since commenced which is expected to lead to an improvement from a number of financial challenges for the municipality that might have been experienced during the lockdown period. The municipality has collected below the projected collection by 8% which is an improvement from 14% recorded in the previous month and the situation is expected to improve as the testing center begins operating fully and the lockdown restrictions are further eased.
- **Transfers and subsidies:** The municipality receives grants, both conditional and those without conditions. The report shows a year to date performance of R128.2 million as this is the fifth month of the financial year. This happens when the municipality has spent the grants according to the requirements of the funders or DORA. The biggest chunk of these transfers is the equitable share that was received during the month of July 2020.

d) Debt Collection

The table below shows a 57% overall collection rate for the month ended 30 November 2020. However, we note a 86% collection rate on leasehold fees, 70% on electricity and 72% on refuse removal for the period. This kind of performance has resulted in an increase from just over 23% at the end of the last quarter to 62% overall collection since the start of the financial year.

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

INCOME TYPE	JULY	AUG	SEP	1st QUARTER	OCT	NOV	2nd QUARTER	TOTALS
RATES								
billed	14 981 719	990 906	990 906	16 963 532	990 906	990 906	1 981 813	18 945 344.70
payment received	266 309	421 832	284 292	972 433	9 528 781	249 991	9 778 771	10 751 204.32
% of billing received	2%	43%	29%	6%	962%	25%	493%	57%
ELECTRICITY								
billed	2 261 089	2 240 354	2 288 848	6 790 291	3 225 859	2 247 534	5 473 392	12 263 683.09
payment received	870 983	1 389 588	1 235 004	3 495 575	2 151 617	1 566 753	3 718 371	7 213 946.06
% of billing received	39%	62%	54%	51%	67%	70%	68%	59%
LEASEHOLD FEES								
billed	224 507	224 507	224 507	673 520	225 908	225 908	451 816	1 125 335.60
payment received	194 594	195 379	194 594	584 567	1 069 773	194 594	1 264 367	1 848 934.11
% of billing received	87%	87%	87%	87%	474%	86%	280%	164%
VAT								
billed	430 975	427 865	434 998	1 293 838	573 358	428 859	1 002 217	2 296 054.88
payment received	175 616	272 306	251 794	699 716	530 101	338 070	868 170	1 567 886.78
% of billing received	41%	64%	58%	54%	92%	79%	87%	68%
INTEREST								
billed	334 590	439 315	451 698	1 225 603	395 574	406 039	801 613	2 027 215.01
payment received	27 192	37 120	22 156	86 469	1 160 261	51 350	1 211 612	1 298 080.28
% of billing received	8%	8%	5%	7%	293%	13%	151%	64%
REFUSE REMOVAL								
billed	387 581	387 581	386 639	1 161 800	385 626	385 626	771 252	1 933 051.78
payment received	103 046	209 203	199 828	512 077	305 256	278 869	584 125	1 096 201.89
% of billing received	27%	54%	52%	44%	79%	72%	76%	57%
TOTAL INCOME								
billed	18 620 460	4 710 527	4 777 596	28 108 583	5 797 230	4 684 871	10 482 102	38 590 685
payment received	1 637 740	2 525 428	2 187 669	6 350 837	14 745 789	2 679 627	17 425 417	23 776 253
% of billing received	9%	54%	46%	23%	254%	57%	166%	62%

e) Review of the Revenue enhancement strategy

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

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

A presentation of the draft strategy has been made to the Budget and Treasury standing as a structure of council and will now continue to be presented to the Executive committee of the municipality.

f) Expenditure by Type

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November

Budget Statement - Financial Performance (Revenue and Expenditure) - 30 November										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>Expenditure By Type</u>										
Employee related costs		-	119 133	119 133	8 883	44 412	49 639	(5 226)	-11%	119 133
Remuneration of councillors		-	25 036	25 036	1 981	9 930	10 432	(501)	-5%	25 036
Debt impairment		-	4 500	4 500	-	-	1 875	(1 875)	-100%	4 500
Depreciation & asset impairment		-	52 581	52 681	4 461	17 844	21 950	(4 106)	-19%	52 681
Finance charges		-	150	150	-	1	63	(61)	-98%	150
Bulk purchases		-	31 896	31 896	2 736	13 479	13 290	189	1%	31 896
Other materials		-	7 677	7 877	810	1 154	3 282	(2 129)	-65%	7 877
Contracted services		-	110 404	86 223	3 957	14 405	35 926	(21 522)	-60%	86 223
Transfers and subsidies		-	1 835	5 015	-	-	2 089	(2 089)	-100%	5 015
Other expenditure		-	69 979	69 909	3 913	12 365	29 129	(16 763)	-58%	69 909
Losses		-	-	-	1 861	1 861	-	1 861	#DIV/0!	-
Total Expenditure		-	423 190	402 420	28 602	115 452	167 675	(52 223)	-31%	402 420

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

- **Employee costs and Remuneration of councillors:** The municipality has remunerated employees who are remunerated as per the prevailing Bargaining Council agreements. The expenditure for the period ended 30 November 2020 reflects an amount of R8.8 million for employee costs and R1.9 million for the remuneration of councillors. The remuneration of councillors shows a 5% underspending compared to what is expected at the same period. Employee costs have continued to record a 11% saving that is always expected considering issues like annual bonuses, resignations and vacant positions.
- **Bulk Purchases:** The municipality purchases electricity in bulk from Eskom for distribution to the town customers. This is the main input cost to the distribution of electricity. The table shows that the municipality spent about R2.7 million on electricity purchases for the period ended 30 November 2020 and a year to date actual of R13.4 million which is above the projected expenditure by 1%. This amount only relates to the last 21 days of July up to the first 10 days of November 2020 as the billing by Eskom only takes place on the 10th of each month.
- **Depreciation and asset impairment:** The depreciation run used to be performed after the end of each quarter, but we have since moved to monthly runs, however, this could not be done for July as the asset register was still in the process of being reviewed to ensure that the assets are correctly accounted for in the annual financial statements. More accurate and complete information will be reported once an updated asset register has

been loaded on the system. The table shows that the depreciation recorded for the period amounted to R4.4 million for the month with a year to date actual of R17.8 million which is below the projected amount by 19% for the same period.

- **Contracted Services:** This relates to the municipality's general expenses that have been incurred during the month where only external service providers could be used to render the service or procure goods. This shows that the municipality incurred about R3.9 million for the month. This has resulted in a recorded saving of over R21 million which translates to 60% 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 58%, which is an improvement from 64% compared with last month's performance which might be as a result of the slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled. This requires though that departments that are currently underspending be sensitised of the matter.

g) Revenue by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M05 November

Table 10: Monthly Budget Statement - Financial Performance (Revenue and expenditure by municipal vote) - 10th November										
Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Revenue by Vote	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	-		-
Vote 2 - Budget and Treasury		-	296 215	350 498	2 211	133 420	146 041	(12 621)	-8.6%	350 498
Vote 3 - Corporate Services		-	280	280	49	60	117	(57)	-48.9%	280
Vote 4 - Community Services		-	11 811	12 213	1 140	6 550	5 089	1 462	28.7%	12 213
Vote 5 - Development Planning		-	25 621	25 621	14	17 018	10 675	6 342	59.4%	25 621
Vote 6 - Engineering Services		-	112 149	109 065	5 838	31 654	45 444	(13 790)	-30.3%	109 065
Total Revenue by Vote	2	-	446 077	497 678	9 252	188 702	207 366	(18 663)	-9.0%	497 678

The table above shows revenue generated per municipal vote as defined in s1 of the MFMA. The table shows that Engineering services has generated over R5.3 million for the month with Budget and Treasury showing generation of over R2.2 million which is attributable to rates billing that has been moved to property services within Development Planning, Community and Social services at over R1.1 million as well as Development planning at R14 thousand.

h) Expenditure by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M05 November

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure by Vote	1									
Vote 1 - Executive and Council		-	83 121	83 121	5 989	27 107	34 634	(7 526)	-21.7%	83 121
Vote 2 - Budget and Treasury		-	30 707	31 267	1 998	6 042	13 028	(6 986)	-53.6%	31 267
Vote 3 - Corporate Services		-	57 123	57 223	4 238	16 239	23 843	(7 604)	-31.9%	57 223
Vote 4 - Community Services		-	74 211	74 812	5 348	22 974	31 172	(8 198)	-26.3%	74 812
Vote 5 - Development Planning		-	25 425	28 605	1 179	4 953	11 919	(6 965)	-58.4%	28 605
Vote 6 - Engineering Services		-	152 604	127 391	9 850	38 137	53 080	(14 943)	-28.2%	127 391
Total Expenditure by Vote	2	-	423 190	402 420	28 602	115 452	167 675	(52 223)	-31.1%	402 420
Surplus/ (Deficit) for the year	2	-	22 886	95 257	(19 351)	73 250	39 691	33 560	84.6%	95 257

The table above shows the municipal expenditure by municipal vote. The total expenditure for the month of November 2020 amounted to above R28.6 million.

i) Municipality's financial performance

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November

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	18 945	10 495	8 450	81%	25 189
Service charges - electricity revenue		-	32 578	32 578	1 402	12 951	13 574	(623)	-5%	32 578
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	4 437	4 437	386	1 900	1 849	51	3%	4 437
Rental of facilities and equipment		-	2 851	2 851	229	1 137	1 188	(51)	-4%	2 851
Interest earned - external investments		-	10 364	10 364	540	2 783	4 318	(1 535)	-36%	10 364
Interest earned - outstanding debtors		-	4 404	4 404	406	2 027	1 835	192	10%	4 404
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	948	948	19	124	395	(271)	-69%	948
Licences and permits		-	2 756	2 756	261	1 054	1 148	(94)	-8%	2 756
Agency services		-	1 218	1 218	157	706	507	199	39%	1 218
Transfers and subsidies		-	282 528	337 213	362	128 259	140 505	(12 246)	-9%	337 213
Other revenue		-	1 470	1 470	66	165	612	(448)	-73%	1 470
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	368 742	423 427	4 819	170 052	176 428	(6 376)	-4%	423 427
Expenditure By Type										
Employee related costs		-	119 133	119 133	8 883	44 412	49 639	(5 226)	-11%	119 133
Remuneration of councillors		-	25 036	25 036	1 981	9 930	10 432	(501)	-5%	25 036
Debt impairment		-	4 500	4 500	-	-	1 875	(1 875)	-100%	4 500
Depreciation & asset impairment		-	52 581	52 681	4 461	17 844	21 950	(4 106)	-19%	52 681
Finance charges		-	150	150	-	1	63	(61)	-98%	150
Bulk purchases		-	31 896	31 896	2 736	13 479	13 290	189	1%	31 896
Other materials		-	7 677	7 877	810	1 154	3 282	(2 129)	-65%	7 877
Contracted services		-	110 404	86 223	3 957	14 405	35 926	(21 522)	-60%	86 223
Transfers and subsidies		-	1 835	5 015	-	-	2 089	(2 089)	-100%	5 015
Other expenditure		-	69 979	69 909	3 913	12 365	29 129	(16 763)	-58%	69 909
Losses		-	-	-	1 861	1 861	-	1 861	#DIV/0!	-
Total Expenditure		-	423 190	402 420	28 602	115 452	167 675	(52 223)	-31%	402 420
Surplus/(Deficit)		-	(54 449)	21 006	(23 783)	54 600	8 753	45 847	0	21 006
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	77 335	74 251	4 432	18 651	30 938	(12 287)	(0)	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)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	22 886	95 257	(19 351)	73 250	39 691			95 257
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		-	22 886	95 257	(19 351)	73 250	39 691			95 257
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	22 886	95 257	(19 351)	73 250	39 691			95 257
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		-	22 886	95 257	(19 351)	73 250	39 691			95 257

The municipality has so far recorded a surplus of over R73.2 million for the period ended 30 November 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 Mbizana - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M05 November

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	30 775	70 052	2 555	5 295	29 188	23 893	81.9%	70 052
Roads Infrastructure		–	28 475	43 061	910	1 111	17 942	16 831	93.8%	43 061
Roads		–	28 475	43 061	910	1 111	17 942	16 831	93.8%	43 061
Electrical Infrastructure		–	2 300	26 991	1 645	4 184	11 246	7 062	62.8%	26 991
MV Networks		–	–	25 891	1 045	4 184	10 788	0 004	61.2%	25 891
LV Networks		–	2 300	1 100	–	–	458	458	100.0%	1 100
Community Assets		–	1 100	1 883	–	660	785	125	16.0%	1 883
Community Facilities		–	1 100	1 883	–	660	785	125	16.0%	1 883
Halls		–	–	783	–	660	326	(333)	-102.1%	783
Markets		–	1 100	1 100	–	–	458	458	100.0%	1 100
Heritage assets		–	50	50	–	–	21	21	100.0%	50
Other Heritage		–	50	50	–	–	21	21	100.0%	50
Other assets		–	2 500	2 500	300	300	1 042	742	71.2%	2 500
Operational Buildings		–	2 500	2 500	300	300	1 042	742	71.2%	2 500
Yards		–	2 500	2 500	300	300	1 042	742	71.2%	2 500
Computer Equipment		–	6 800	6 800	2 198	3 562	2 833	(728)	-25.7%	6 800
Computer Equipment		–	6 800	6 800	2 198	3 562	2 833	(728)	-25.7%	6 800
Furniture and Office Equipment		–	1 650	1 850	53	111	771	660	85.6%	1 850
Furniture and Office Equipment		–	1 650	1 850	53	111	771	660	85.6%	1 850
Machinery and Equipment		–	2 101	2 801	–	95	1 167	1 072	91.9%	2 801
Machinery and Equipment		–	2 101	2 801	–	95	1 167	1 072	91.9%	2 801
Transport Assets		–	2 660	2 660	1 829	1 829	1 108	(721)	-65.0%	2 660
Transport Assets		–	2 660	2 660	1 829	1 829	1 108	(721)	-65.0%	2 660
Total Capital Expenditure on new assets	1	–	47 637	88 597	6 935	11 852	36 915	25 064	67.9%	88 597

EC443 Mbizana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M05 November

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Community Assets		–	6 000	8 614	–	406	3 589	3 183	88.7%	8 614
Community Facilities		–	6 000	8 614	–	406	3 589	3 183	88.7%	8 614
Taxi Ranks/Bus Terminals		–	6 000	8 614	–	406	3 589	3 183	88.7%	8 614
Total Capital Expenditure on renewal of existing assets	1	–	6 000	8 614	–	406	3 589	3 183	88.7%	8 614

EC443 Mbizana - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M05 November

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	2 000	4 800	-	-	2 000	2 000	100.0%	4 800
Roads Infrastructure		-	2 000	4 800	-	-	2 000	2 000	100.0%	4 800
Roads		-	2 000	4 800	-	-	2 000	2 000	100.0%	4 800
Community Assets		-	20 172	20 172	1 208	11 338	8 405	(2 934)	-34.9%	20 172
Community Facilities		-	11 251	11 251	-	6 414	4 688	(1 726)	-36.8%	11 251
Halls		-	11 251	11 251	-	6 414	4 688	(1 726)	-36.8%	11 251
Sport and Recreation Facilities		-	8 921	8 921	1 208	4 924	3 717	(1 207)	-32.5%	8 921
Outdoor Facilities		-	8 921	8 921	1 208	4 924	3 717	(1 207)	-32.5%	8 921
Total Capital Expenditure on upgrading of existing assets	1	-	22 172	24 972	1 208	11 338	10 405	(934)	-9.0%	24 972

The above tables indicate that the municipality spent R8.1 million for the month of its capital budget for the period ended 30 November 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) - M05 November

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 6 - Engineering Services		-	18 172	18 172	1 208	11 338	7 571	3 767	50%	18 172
Total Capital Multi-year expenditure	4,7	-	18 172	18 172	1 208	11 338	7 571	3 767	50%	18 172
Single Year expenditure appropriation	2									
Vote 1 - Executive and Council		-	50	50	-	-	21	(21)	-100%	50
Vote 2 - Budget and Treasury		-	2 100	2 100	1 257	1 257	875	382	44%	2 100
Vote 3 - Corporate Services		-	10 210	10 210	2 770	4 162	4 254	(93)	-2%	10 210
Vote 4 - Community Services		-	5 401	5 601	353	478	2 334	(1 856)	-80%	5 601
Vote 5 - Development Planning		-	1 100	1 100	-	-	458	(458)	-100%	1 100
Vote 6 - Engineering Services		-	38 775	84 949	2 555	6 361	35 396	(29 035)	-82%	84 949
Total Capital single-year expenditure	4	-	57 637	104 011	6 935	12 258	43 338	(31 080)	-72%	104 011
Total Capital Expenditure		-	75 808	122 183	8 143	23 596	50 909	(27 313)	-54%	122 183
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		-	12 760	12 760	3 997	5 419	5 317	102	2%	12 760
Executive and council		-	50	50	-	-	21	(21)	-100%	50
Finance and administration		-	12 710	12 710	3 997	5 419	5 296	123	2%	12 710
<i>Community and public safety</i>		-	3 191	3 391	383	383	1 413	(1 030)	-73%	3 391
Community and social services		-	1 300	1 500	383	383	625	(242)	-39%	1 500
Public safety		-	1 891	1 891	-	-	788	(788)	-100%	1 891
<i>Economic and environmental services</i>		-	55 747	76 530	2 118	13 515	31 887	(18 373)	-58%	76 530
Planning and development		-	25 272	28 669	1 208	12 404	11 945	459	4%	28 669
Road transport		-	30 475	47 861	910	1 111	19 942	(18 831)	-94%	47 861
<i>Trading services</i>		-	4 110	29 501	1 645	4 279	12 292	(8 013)	-65%	29 501
Energy sources		-	2 300	27 691	1 645	4 184	11 538	(7 354)	-64%	27 691
Waste management		-	1 810	1 810	-	95	754	(659)	-87%	1 810
Total Capital Expenditure - Functional Classification	3	-	75 808	122 183	8 143	23 596	50 909	(27 313)	-54%	122 183
Funded by:										
National Government		-	45 647	69 161	3 828	15 889	28 817	(12 927)	-45%	69 161
Transfers recognised - capital		-	45 647	69 161	3 828	15 889	28 817	(12 927)	-45%	69 161
Internally generated funds		-	30 162	53 022	4 316	7 707	22 093	(14 386)	-65%	53 022
Total Capital Funding		-	75 808	122 183	8 143	23 596	50 909	(27 313)	-54%	122 183

The above table indicates that the municipality spent R8.1 million of its capital budget for the period ended 30 November 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 was completed in September 2020. Below are some of the changes that are expected to be introduced to address emergency procurement due to either operational requirements of national disasters like Covid-19 has necessitated. These will be included in the municipality's SCM policy that will then be presented to council for approval:

- Giving the accounting officer permission to use a three-quotation system procure goods or service required to respond to a disaster regardless of the value of the procurement limited to R500 000.
- Giving the accounting officer permission to send all vehicles and machinery directly to the manufacturer or any manufacturer approved motor mechanic or body repair shop for repairs when vehicles are immediately required to be back in use, this includes items of plant and machinery used in the delivery of basic services

- Giving the accounting office permission get at least three quotations from tyre shops to replace tyres regardless of the procurement value.

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

d. Procurement requests below R2000.00

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

Order Date	Creditorname	Totalamt	Specifications	Functiondesc	Segment
2020/11/24	South African Qualifications A	810.00	Request for Qualification Verification For Bigm Intern Agric Development	Function: Finance And Administration: Core Function: Human Resources	Personnel Recruitment Cost 1010
2020/11/26	Iheans Travelling Agencies	1 445.40	Accommodation Arrangements For Mr. S. Nodo In Bizana Date In 12.11.2020 Date Out 13.11.2020	Function: Finance And Administration: Core Function: Human Resources	Accommodation Hr 1010260240
2020/11/23	Iheans Travelling Agencies	1 533.00	Accommodation Arrangements For Bonisile Bhani In Kwt Date In 22/11/20 Date Out 23/11/2020	Function: Public Safety: Core Function: Police Forces Traffic And Street Parking Control	Accommodation Traffic 2505260240
2020/11/26	Tunimart	1 589.04	Accommodation Arrangements For Mr. L. Gwala In Port Alfred Date In 26.11.2020 Date Out 27.11.2020	Function: Road Transport: Core Function: Roads	Accommodation: Roads
2020/11/13	Tunimart	1 589.04	Accommodation Arrangements For Ms. Z. Ndzeu In East London Date 17.11.2020 Out 18.11.2020	Function: Planning And Development: Core Function: Town Planning Building Regulations And Enforcement And City Engineer	Accommodation Town Planning 1505260240
2020/11/20	African Compass Trading 37cc	2 000.00	Request for Lunch Vouchers For 8 People-Refuse Removal Committee Member Durban For Ppe Verification	Function: Finance And Administration:Core Function:Human Resources	Contractors: Catering Services
		8 966.48			

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

Ord er Dat e	Creditor name	Totalamt	Specifications	Functiondesc	Segment
202 0/11 /30	Magholo Trading & Projects	3 095.00	Request 2x10kg Rice For The Funeral	Function:Executive And Council:Core Function:Mayor And Council	Public Participation Groceries
202 0/11 /06	Tunimart	3 178.08	Accommodation Arrangements For Mr. L. Mahlaka In East London/Mthatha Date In 09/11/2020 Date Out 11/11/2020	Function:Executive And Council:Core Function:Municipal Manager Town Secretary And Chief Executive	Accommodation Mm 515260240
202 0/11 /11	Sandulube Trading And Projects	3 470.00	Black Refuse Plastic Bags	Function:Finance And Administration:Core Function:Finance:Default	Acquisitions
202 0/11 /23	Odds Koria Construction	3 900.00	Request For Catering By Means Of Lunch Served On A Take Away For 30 Pe Will Be Attending Gbs Technical Committee Meeting That Will Be Held On At 10h00 In The Council Chamber. Lunch To Be Served At 12	9a1247e5-6d44-4b68-A4f2-1e0d00a55d87	Maa0015056
202 0/11 /11	Iheans Travelling Agencies	4 336.20	Accommodation Arrangements For Bp Sibya And Noddo In Bizana Date In 11/11/2020 Out 12-13/11/2020	Function:Finance And Administration:Core Function:Human Resources	Accommodation Hr 1010260240
202 0/11 /12	Tunimart	4 767.12	Accommodation Arrangements For Mr. Zukulu In East London Date In 23.11.2020 Date Out 26.11.2020	Function:Finance And Administration:Core Function:Finance	Accommodation Finance 1005260240
202 0/11 /16	Salga Ec	5 000.00	Pyment To Salga For Membership Fees	Function:Finance And Administration:Core Function:Human Resources	Membership Fees- Hr
202 0/11 /10	Iheans Travelling Agencies	5 760.00	Accommodation Arrangement In East London For Menzi Mdingi Checking In 08/11/2020 Out 12/11/2020	Function:Finance And Administration:Core Function:Human Resources	Accommodation Hr 1010260240
202 0/11 /23	Pondo News	6 670.00	Request To Advetise Co- Sourcing Of Internal Audit Activities	Function:Executive And Council:Core Function:Municipal Manager Town Secretary And Chief Executive	Advertising 515260540
202 0/11 /20	Iheans Travelling Agencies	6 679.50	Accommodation Arrangements For Lizeka Magoga In K.W.T Date In 17/11/2020 Date Out 20/11/2020	Function:Public Safety:Core Function:Police Forces Traffic And Street Parking Control	Accommodation Traffic 2505260240
202 0/11 /20	Tunimart	7 945.20	Accommodation Arrangements For Vwe Nontanda In East London Date In 29/11/2020 Date Out 04/12/2020	Function:Planning And Development:Core Function:Project Management Unit	Accommodation Pmu 5505260240
202	Imidlume	8 500.00	Request Lunch Packs	Function:Finance And Administration:Core	Customer Care

Ord er Date	Creditor Name	Total Amount	Specifications	Function Desc	Segment
0/11/26	General Trading (Pt			Function:Marketing Customer Relations Publicity And Media Co-Ordination	Catering 515260179
2022/11	Tunimart	9 534.24	Accommodation Arrangements For Cllr. Matumbatha, Magini And Mpheshiwa Date In 23/11/2020 Date Out 25/11/2020	Function:Executive And Council:Core Function:Mayor And Council	Accommodation Council 505260240
2022/11/26	Iso News Ply Ltd	9 660.00	Request For Advertisement Of Senior Hr Officer And Capital Expenditure	Function:Finance And Administration:Core Function:Human Resources	Advertising Fees Human Resources 1010260540
2022/11	Masilhambes onke Bricks And Bloc	9 900.00	Catering Lunch Packs For 100 People In Ward 29 For Mayoral Imbizo On 1	Function:Planning And Development:Core Function:Corporate Wide Strategic Planning (Idps Leads)	Idp Catering 515260555
2022/11/20	Iyelooyo Trading And Project	9 947.64	10 Kg Rice	Function:Executive And Council:Core Function:Mayor And Council	Public Participation Groceries
2022/11/26	Daximonde Close Corporation	12 000.00	Request Lunch Packs For Constituency Work Program	Function:Executive And Council:Core Function:Mayor And Council	Whippery Support Catering Costs 505260175
2022/11/12	Pondo News	14 030.00	Request To Advetise Suitable Qualified Service Provider To Develop Online Application	Function:Planning And Development:Core Function:Economic Development/Planning	Advertising Fees 1505
2022/11/03	Nabunya Trading Enterprise	15 750.00	Request Lunch Packs For Constituency Work Program	Function:Executive And Council:Core Function:Mayor And Council	Whippery Support Catering Costs 505260175
2022/11/11	Tunimart	17 479.44	Accommodation Arrangements For Mngoma, Matumbatha, Mabude And Jwaol In East London Date In 23/11/2020 Date Out 25/11/2020	Function:Executive And Council:Core Function:Municipal Manager Town Secretary And Chief Executive	Accommodation Mm 515260240
2022/11/26	Kwik-Fit Bizana	17 999.89	Request For Supply Of 2xtyres (Size: 315/80r22.5) For Dlt289ec	Function:Waste Management:Core Function:Solid Waste Removal	Refuse- Vehicle Maintenance
2022/11/20	Nongcula Aircondtions And Ref	18 000.00	Request Hiring Of A Tlb For 8 Hours To Remove The Identified Waste Are	Function:Waste Management:Core Function:Solid Waste Removal	Transport Hire
2022/11/16	Kwik-Fit Bizana	18 170.00	Request For 1 (One) Tyre For Grader Size 17.5-25l4, Reg No: Fsc 24	Function:Road Transport:Core Function:Roads Function:Executive And Council:Core	Roads - Vehicle Maintenance
2022/11/23	Tunimart	19 068.46	Accommodation Arrangement In East London For Mr Andile Mngoma And Anam Matumbatha Checking In 22/11/2020 Out 23/11/2020	Function:Municipal Manager Town Secretary And Chief Executive	Accommodation Mm 515260240
2022/11/12	Ku-Bha Service	19 500.00	Request For Diesel For Speakers Hired Car With Registration Number j188cn Gp	Function:Finance And Administration:Core Function:Finance:Default	Acquisitions

Order Date	Credit amount	Total amount	Specifications	Function/Desc	Segment
202 /03	Station				
202 /011	Ku-Bha Service Station	19 500.00	Request To Procurement For A Diesel Of 1000l For Operation And Maintenance Plants Which Is Excavator And Roller	Function:Road Transport;Core Function:Roads	Rm Road Maintenance Fuel And Oil
202 /30					
202 /012	Supra Quick	22 310.00	Request For Supply & Delivery Of 04 X Tyres For Jds 863 E6 For Traffic	Function:Public Safety;Core Function:Police Forces Traffic And Street Parking Control	Police- Vehicle Maintenance
202 /01	Bzn Safety And Security			Function:Finance And Administration;Core Function:Finance;Default	Acquisitions
202 /26	Academ	27 180.00	Laminating Plastic	Function:Executive And Council;Core Function:Mayor And Council	Catering Special Programs Women
202 /011	Femolasi Construction				
202 /24	Py Lt	27 400.00	Request 200 _unch Packs	Function:Executive And Council;Core Function:Mayor And Council	Stationary Vehicle Testing And Licencing
202 /011	Driving License Card Account	29 230.00	Rquest Payment Of Driving Licence Card Account For The Month Of November 2020	Function:Road Transport;Non-Core Function:Road And Traffic Regulation	Hire Costs Youth Programme
202 /30	Mato				
202 /011	Entertainmen t And Events	29 500.00	Sound System	Function:Executive And Council;Core Function:Mayor And Council	505260190
		409 460.79			

f. Procurement above R30 000 but below R200 000

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

Order Date	Creditor Name	Total Amnt	Specifications	Function Desc	Segment Desc
2020/1 1/20	Driving License Card Account	56 248.00	Payment To Driving Licence Card Account For Month Of September	Function: Road Transport: Non-Core Function: Road And Traffic Regulation	Stationary Vehicle Testing And Licencing
2020/1 1/26	Iheans Travelling Agencies	71 437.80	Request For Car Hire (Suv) For The Speaker For 22 Days Form The 27.11.2020 To The 18.12.2020	Function: Executive And Council: Core Function: Mayor And Council	Vehicle Rental Councilors 505260240
2020/1 1/11	Sebekho Holdings	92 250.00	Payment To Sebekho Holdings For Supply Of Stage And Sound For Library Awareness Campaign	Function: Community And Social Services: Non-Core Function: Libraries And Archives	Library Awareness Campaign Sound
2020/1 1/27	Thabo Ntlangula Iv Ppilo Civil	101 275.70	Retention For The Construction Of Mkhungo To Nkunzi Access Road	Function: Road Transport: Core Function: Roads	Retentions: Withdrawals
2020/1 1/30	Contlog	109 136.51	Payment To Contlog For Revenue Vending Machine	Function: Energy Sources: Non-Core Function: Electricity	Commissions: Prepaid Electricity
2020/1 1/18	Tuninart	132 865.81	Venue And Meals For 200 People Attending Awards Ceremony For Pondo Chiefs On The 19.11.2020	Function: Executive And Council: Core Function: Mayor And Council	Hire Costs Youth Programme 505260190
2020/1 1/26	Lions Den Projects	139 700.00	Payment To Lions Den For Supply And Delivery Of Promotional Material For Tourism Awareness Campaign	Function: Other: Core Function: Tourism	Tourism Month Celebration Promotional Activities 1505
2020/1 1/13	Masiyane And Son (Pty) Ltd	161 120.00	Payment Request For Supply And Delivery Of Sanitling Operated Stand	Function: Community and Social Services: Non-Core Function: Population Development	Disaster: Dis-Infection Of Premises
2020/1 1/26	Misokukule	189 900.00	Disinfection and Deep Cleaning- Waste Management Campaign	Function: Waste Management: Core Function: Solid Waste Removal	Promotional Material Cleaning Campaign
2020/1 1/11	Bmi Electrical (Pty) Ltd	199 893.00	Payment to Bmi Electrical For Maintenance Of Bulk Metering and Cables	Function: Energy Sources: Non-Core Function: Electricity	Repairs and Maintenance Electricity 6505235130
		R 1 253 826.82			

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 November 2020

N O	SU CESSFUL TENDERER	AMOUNT	PAYMENTS	BALANCE	TENDER NO	DESCRIPTION	DATE AWARDED	END USER DEPARTMENT
						Nov-20		
14	Ncaiana Trading and Projects	R 168 000.00	R 0.00	R 0.00	MBIZLM15/10/20/01S&DC&T	SUPPLY AND DELIVERY OF CHAIRS AND TABLES	20/11/2020	CORPORATE SERVICES
15	ATS Civils and Trading	Rates- Per Kilometer	R 0.00	R 0.00	MBIZLM16/10/20HLOW BED	HIRING OF LOW BED	20/11/2020	ENGINEERING SERVICES
16	Qobo and Partners	R 89 000.00	R 0.00	R 0.00	MBIZLM16/08/10/20S&D CA&20LTC	SUPPLY AND DELIVERY OF 400 BAGS OF ASPHALT AND 20L TUCK COAT	20/11/2020	ENGINEERING SERVICES
17	Ezamazovo Trading Pty Ltd	R 160 000.00	R 0.00	R 0.00	MBIZLM01/09/20 S&D 2DLTCS	SUPPLY AND DELIVERY OF 2X STORAGE CONTAINERS	26/11/2020	COMMUNITY SERVICES
18	Lions Den Projects	R 198 597.00	R 0.00	R 0.00	MBIZLM/08/10/20S&D AFP	SUPPLY AND DELIVERY OF ANIMAL FEED	30/11/2020	COMMUNITY SERVICES
Total		R 615 597.00	R 0.00	R 0.00				

b) Tenders awarded during the month of November 2020

Competitive Bidding

	Nov-20					
	SUCCESSFUL TENDERER	AWARDED AMOUNT	TENDER NO	DESCRIPTION	DATE AWARDED	END USER DEPARTMENT
10	Ambrose Civils	R 3 296 658.31	MBIZ LM 0006 EWB	Extension 4 Bridge Ward 01	Friday, 06 November 2020	Engineering services
11	Masilo JV Mhawula	R 1 962 743.31	MBIZ LM 00058IHM.L	Supply and installation of 2 solar powered high mast lights	Monday, 16 November 2020	Engineering services
12	Vitsha Trading	R 13 335 739.54	MBIZ LM 00056 UBTR	Refurbishment of Mbizana Taxi rank phase 1	Monday, 16 November 2020	Engineering services
13	MAT Trading Enterprise	R 990 000.00	SSB MBIZ LM 0062	Deliver and servicing of skip bins	Wednesday, 18 November 2020	Community Services
14	Ingqayi Design Economic Partnership	R 395 000.00	MBIZ LM 00071 MDPV2030	Vision 2030	Thursday, 26 November 2020	Municipal Manager
TOTAL		R 19 980 141.16				

c) Status of current closed tenders

Name of the Project	Chairperson	Closing Date	Appointment Date	Validity	Validity Period	Status
Bid Number	n					
Assessment Batho-Pele	Ms S.N.Majova	Monday, 05 October 2020	Tuesday, 13 October 2020	91	Monday, 04 January 2021	Ready for BAC
Customer Satisfactory Survey	Ms S.N.Majova	Monday, 05 October 2020	Tuesday, 13 October 2020	91	Monday, 04 January 2021	Ready for BAC
Social Relief Material	Mr.DN.Lup	Monday, 21 September 2020	Tuesday, 13 October 2020	91	Monday, 21 December 2020	Ready for BAC
Extension of Waste Management Services	Ms.N.Xoko	Monday, 21 September 2020	Tuesday, 13 October 2020	91	Monday, 21 December 2020	Being evaluated
Disposal of Municipal Site	Ms.N.Mafu	Tuesday, 22 September 2020	Wednesday, 14 October 2020	90	Monday, 21 December 2020	To be Evaluated

Name of the Project Bid Number	Chairperson	Closing Date	Appointment Date	Validity	Validity Period	Status
Fleet Maintenance	MBIZLM00069CFM Ms N.Rabie	Friday, 13 November 2020	Thursday, 03 December 2020	90	Thursday, 11 February 2021	To be Appointed
Panel for Land Survey Services	MBIZLM00069PLS B.Hlangabezo	Thursday, 12 November 2020	Thursday, 03 December 2020	90	Wednesday, 10 February 2021	To be Appointed
Equipment and Material to Capacitate Mbizana Fisheries	MBIZLM20/05/20/02SSH Mr.V.Nontanda	Thursday, 29 October 2020	Friday, 06 November 2020	90	Wednesday, 27 January 2021	Ready for BAC
Equipment,Machinery and Material for SMME in the Business incubation	MBIZLM20/05/20/03 Mr.V.Nontanda	Thursday, 29 October 2020	Friday, 06 November 2020	90	Wednesday, 27 January 2021	Ready for BAC
Arts,Craft Material and Equipment	MBIZLM19/05/20/01ART Mr.S.Morlock	Thursday, 29 October 2020	Friday, 06 November 2020	90	Wednesday, 27 January 2021	Ready for BAC
Supply and Installation of Market Stalls and No Walking Double Sided Board	MBIZLM49MAR S.Morlock	Thursday, 29 October 2020	Friday, 06 November 2020	90	Wednesday, 27 January 2021	Ready for BAC
Electrification of Sigidi Village(ard 28)300 household connections ilncude	MBIZLM00057E MV Mr.L.Gwala	Monday, 09 November 2020	Wednesday, 11 November 2020	90	Sunday, 07 February 2021	Being evaluated
Supply & Installation of Lights and Panels	MBIZ LM 00074 ISL&P N.Xoko	Monday, 16 November 2020	Thursday, 03 December 2020	90	Sunday, 14 February 2021	To be Appointed
Maintenance of 2 Nurseries for the Period of 12 Months	MBIZ LM 00072 MN12M N.Xoko	Monday, 16 November 2020	Thursday, 03 December 2020	90	Sunday, 14 February 2021	To be Appointed
Implementation of of Records Management Programme	MBIZ LM 00072 IRMPP Ms N.Rabie	Tuesday, 03 November 2020	Thursday, 03 December 2020	90	Monday, 01 February 2021	To be Appointed
Electrification of Sidanga Village	MBIZ LM 00066 E SV S.N.Majova	Wednesday, 04 November 2020	Friday, 06 November 2020	90	Tuesday, 02 February 2021	Being evaluated
Ebumandini to Ngabeni S.S.S A/R	MBIZ LM 004ENS Mr.L.Gwala	Thursday, 05 November 2020	Friday, 06 November 2020	90	Wednesday, 03 February 2021	Being evaluated
Mqonjwana to Greenville Access Road	MBIZ LM 001MGA Mr.L.Gwala	Friday, 06 November 2020	Friday, 06 November 2020	90	Thursday, 04 February 2021	Being evaluated
Review Disaster Recovery Plan	MBIZ LM 0069 R DRP B.Hlangabezo	Friday, 20 November 2020	Thursday, 03 December 2020	90	Thursday, 18 February 2021	To be Appointed
Procurement of Server Room-Infrastructure	MBIZ LM 0070 P SR-1 Mr M.Morick	Friday, 20 November 2020	Thursday, 03 December 2020	90	Thursday, 18 February 2021	To be Appointed
Procurement of Server Room-UPS	MBIZ LM 0071 P SR-UPS M.Morick	Friday, 20 November 2020	Thursday, 03 December 2020	90	Thursday, 18 February 2021	No Submission

Name of the Project Bid Number		Chairperson	Closing Date	Appointment Date	Validity	Validity Period	Status
Maintenance of Cultural Village	MBIZ LM0080 MCV	V.Nontanda	Thursday, 03 December 2020	Thursday, 03 December 2020	90	Wednesday, 03 March 2021	To be Appointed
Maintenance of Youth Centre	MBIZ LM 081 MYC	V.Nontanda	Thursday, 03 December 2020	Thursday, 03 December 2020	90	Wednesday, 03 March 2021	To be Appointed
Maintenance of municipal Main Building	MBIZ LM 0082 M MMB	V.Nontanda	Friday, 04 December 2020	Thursday, 03 December 2020	90	Thursday, 04 March 2021	To be Appointed
Supply and Delivery of Electricity Material	MBIZ LM 0083 S&D EMI	N.Xoko	Friday, 04 December 2020	Thursday, 03 December 2020	90	Thursday, 04 March 2021	To be Appointed
CO-Sourcing Arrangements for internal Audit	MBIZ LM 00050 IAU	B.Hlangabe zo	Monday, 14 December 2020	Thursday, 03 December 2020	90	Sunday, 14 March 2021	To be Appointed
Online Web Services	MBIZ LM 0084 OWS	Mr. M. Morlock	Monday, 14 December 2020	Thursday, 03 December 2020	90	Sunday, 14 March 2021	To be Appointed
CBD Road Maintenance	MBIZ LM 00047 CBD	Mr. L. Gwala	Tuesday, 10 November 2020	Thursday, 03 December 2020	90	Monday, 08 February 2021	To be Appointed
Hiring of Construction Plant	MBIZ LM 0046 PLA	Mr. L. Gwala	Tuesday, 10 November 2020	Thursday, 03 December 2020	90	Monday, 08 February 2021	To be Appointed
Supply, Installation, operation and Maintenance of Automat Meter RS FOR 3Y	MBIZ LM 0085 AMRS	N/A	Monday, 11 January 2021	N/A	90	Sunday, 11 April 2021	Still on Advert

d) Deviations

There were no deviations recorded during the month of November 2020.

11. Database rotation

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

Order Date	Creditorname	Totalamt	Specifications	Functiondesc	Segment	Ward No
2020/11/24	South African Qualifications A	810.00	Request For Qualification Verification For Bign Intern Agric Development	Function:Finance And Administration:Core Function:Human Resources	Personnel Recruitment Cost 1010	Mthatha
2020/11/26	Iheans Travelling Agencies	1 445.40	Accommodation Arrangements For Mr. S. Nodoo In Bizana Date In 12.11.2020 Date Out 13.11.2020	Function:Finance And Administration:Core Function:Human Resources	Accommodation Hr 1010260240	Mthatha
2020/11/23	Iheans Travelling Agencies	1 533.00	Accommodation Arrangements For Bonisle Bhani In Kwi Date In 22/11/20 Date Out 23/11/2020 Accommodation Arrangements For Mr. L. Gwala In Port Alfred Date In 26.11.2020 Date Out 27.11.2020	Function:Public Safety:Core Function:Police Forces Traffic And Street Parking Control Function:Road Transport:Core Function:Roads	Accommodation Traffic 2505260240	Mthatha
2020/11/26	Tunimart	1 589.04		Function:Planning And Development:Core Function:Town Planning Building Regulations And Enforcement And City Engineer	Accommodation:Roads	Mthatha
2020/11/13	Tunimart	1 589.04	Accommodation Arrangements For Ms. Z. Ndzele In East London Date 17.11.2020 Out 18.11.2020	Function:Finance And Administration:Core Function:Human Resources	Accommodation Town Planning 1505260240	Mthatha
2020/11/20	African Compass Trading 37cc	2 000.00	Request For Lunch Vouchers For 8 People-Refuse Removal Committe Member Durban For Ppe Verification	Function:Executive And Council:Core Function:Mayor And Council	Contractors:Catering Services	WARD 31
2020/11/30	Maghoto Trading& Projects	3 095.00	Request 2x10kg Rice For The Funeral	Function:Executive And Council:Core Function:Municipal Manager Town Secretary And Chief Executive	Public Participation Groceries	WARD 13
2020/11/06	Tunimart	3 178.08	Accommodation Arrangements For Mr. L. Mahlaka In East London/Mthatha Date In 09/11/2020 Date Out 11/11/2020		Accommodation Mm 515260240	Mthatha

Order Date	Creditorname	Totalamt	Specifications	Functiondesc	Segment	Ward No
2020/1/11	Sandulube Trading And Projects	3 470.00	Black Refuse Plastic Bags Request For Catering By Means Of Lunch Served On A Take Away For 30 Pe Will Be Attending Gbs Technical Committee Meeting That Will Be Held On At 10h00 In The Council Chamber. Lunch To Be Served At 12	Function:Finance And Administration:Core Function:Finance:Default	Acquisitions	Ward 13
2020/1/23	Odd's Koria Construction	3 900.00		9a1247e5-6d44-4b68-A412-1e0d00a55d87 Function:Finance And Administration:Core Function:Human Resources	Maae015056	WARD 13
2020/1/11	Iheans Travelling Agencies	4 336.20	Accommodation Arrangements For Bp Sibya And Noda In Bizana Date In 11/11/2020 Out 12-13/11/2020	Function:Finance And Administration:Core Function:Human Resources	Accommodation Hr 1010260240	Mthatha
2020/1/12	Tunimart	4 767.12	Accommodation Arrangements For Mr. Zukulu In East London Date In 23.11.2020 Date Out 26.11.2020	Function:Finance And Administration:Core Function:Finance	Accommodation Finance 1005260240	Mthatha
2020/1/16	Saba Ec	5 000.00	Pyment To Saba For Membership Fees	Function:Finance And Administration:Core Function:Human Resources	Membership Fees- Hr	East London
2020/1/10	Iheans Travelling Agencies	5 760.00	Accommodation Arrangement In East London For Menzi Mdingi Checking In 08/11/2020 Out 12/11/2020	Function:Finance And Administration:Core Function:Human Resources	Accommodation Hr 1010260240	Mthatha
2020/1/23	Pondo News	6 670.00	Request To Advise Co- Sourcing Of Internal Audit Activities	Function:Executive And Council:Core Function:Municipal Manager Town Secretary And Chief Executive	Advertising 515260540	Kokstad
2020/1/20	Iheans Travelling Agencies	6 679.50	Accommodation Arrangements For Lizeka Maqoga In K.W.T Date In 17/11/2020 Date Out 20/11/2020	Function:Public Safety:Core Function:Police Forces Traffic And Street Parking Control	Accommodation Traffic 2505260240	Mthatha
2020/1/20	Tunimart	7 945.20	Accommodation Arrangements For Viwe Nontanda In East London Date In 29/11/2020 Date Out 04/12/2020	Function:Planning And Development:Core Function:Project Management Unit	Accommodation Pmu 5505260240	Mthatha
2020/1/26	Imidilume General Trading (Pt	8 500.00	Request Lunch Packs	Function:Finance And Administration:Core Function:Marketing Customer Relations Publicity And Media Co-Ordination	Customer Care Catering 515260179	WARD 30

Order Date	Creditorname	Totalamt	Specifications	Functiondesc	Segment	Ward No
2020/1/11	Tunimart	9 534.24	Accommodation Arrangements For Cllr. Matumbatha, Magini And Mpheliswa Date In 23/11/2020 Date Out 25/11/2020	Function:Executive And Council:Core Function:Mayor And Council	Accommodation Council 505260240	Mthatha
2020/1/26	Iso News Pty Ltd	9 660.00	Request For Advertisement Of Senior Ht Officer And Capital Expenditure	Function:Finance And Administration:Core Function:Human Resources	Advertising Fees Human Resources 1010260540	Kokstad
2020/1/11	Mashinabesonke Bricks And Bloc	9 900.00	Catering Lunch Packs For 100 People In Ward 29 For Mayoral Imbizo On 1	Function:Planning And Development:Core Function:Corporate Wide Strategic Planning (ldps Led)		
2020/1/20	Ityelovuyo Trading And Project	9 947.64	10 Kg Rice	Function:Executive And Council:Core Function:Mayor And Council	Public Participation Groceries	Ward 04
2020/1/26	Daximonde Close Corporation	12 000.00	Request Lunch Packs For Constituency Work Program	Function:Executive And Council:Core Function:Mayor And Council	Whippery Support Catering Costs 505260175	WARD 03
2020/1/12	Pondo News	14 030.00	Request To Advise Suitable Qualified Service Provider To Develop Online Application	Function:Planning And Development:Core Function:Economic Development/Planning	Advertising Fees 1505	Kokstad
2020/12/03	Nabunya Trading Enterprise	15 750.00	Request Lunch Packs For Constituency Work Program	Function:Executive And Council:Core Function:Mayor And Council	Whippery Support Catering Costs 505260175	WARD 01
2020/1/11	Tunimart	17 479.44	Accommodation Arrangements For Mngoma, Matumbatha, Mabude And Jwacu In East London Date In 23/11/2020 Date Out 25/11/2020	Function:Executive And Council:Core Function:Municipal Manager Town Secretary And Chief Executive	Accommodation Mm 515260240	Mthatha
2020/1/26	Kwik-Fit Bizana	17 999.89	Request For Supply Of 2xtyres (Size: 315/80r22.5) For Dlt:289ec	Function:Waste Management:Core Function:Solid Waste Removal	Refuse- Vehicle Maintenance	Ward 01
2020/1/20	Nongcula Airconditions And Ref	18 000.00	Request Hiring Of A Tlb For 8 Hours To Remove The Identified Waste Are	Function:Waste Management:Core Function:Solid Waste Removal	Transport Hire	WARD 26
2020/1/16	Kwik-Fit Bizana		Request For 1 (One) Tyre For Grader Size 17.5-	Function:Road	Roads - Vehicle	Ward 01

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 has broadly affected how municipalities and municipal entities undertake their financial management responsibilities for the remainder of the 2019/20 financial year in terms of the MFMA and the 2020/21 MTREF budget preparation process.

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

a. Financial Performance

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

i. Refuse removal

Due to the number of businesses that were closed during the lockdown, it meant the municipality was not providing any service to those as they did not generate any refuse. This required the municipality to exempt those from paying during the period of the lockdown. There has been a

trend of businesses closing down and offices spaces that were occupied currently being empty. This will mean less revenue for the municipality as the impact continues show its full might.

ii. Electricity distribution

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

iii. Licences and permits

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

iv. Spending on conditional grants

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

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

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

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	31 October 2020

No	Section	Action	New Deadline
		Auditor-General for auditing.	
2	Section 127(2) of the MFMA	The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.	31 March 2021
3	Section 129(1) of the MFMA	<p>The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council -</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>	31 May 2021
4	Section 133(2) of	The Auditor-General must submit to	31 December 2020

No	Section	Action	New Deadline
	the MFMA	<p>Parliament and the provincial legislatures—</p> <p>a) by no later than 31 October of each year, the names of any municipalities or municipal entities which have failed to submit their financial statements to the Auditor-General in terms of section 126; and</p> <p>b) at quarterly intervals thereafter, the names of any municipalities or municipal entities whose financial statements are still outstanding at the end of each interval.</p>	

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

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 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.

4. Debtors' analysis

Summary of all Debtors

EC443 Mhizana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M05 November											
Description	NT Code	Budget Year 2020/21									
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dya	151-180 Dya	181 Dya-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	2 250	1 499	1 326	1 295	1 277	8 794	-	-	16 441	11 366
Receivables from Non-exchange Transactions - Property Rates	1400	991	845	811	786	8 754	28 386	-	-	40 553	37 906
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1600	379	324	282	274	268	6 700	-	-	8 227	7 241
Receivables from Exchange Transactions - Property Rental Debtors	1700	226	20	18	18	(89)	374	-	-	567	303
Interest on Arrear Debtor Accounts	1810	406	395	441	427	324	12 134	-	-	14 127	12 885
Recoverable unauthorised, irregular, fullless and wastull expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	390	(169)	223	207	178	3 028	-	-	3 859	3 413
Total By Income Source	2000	4 642	2 917	3 101	3 007	10 712	59 355	-	-	83 774	73 114
2019/20 - totals only											
Debtors Age Analysis By Customer Group											
Organs of State	2200	778	309	821	828	8 672	22 647	-	-	34 065	32 147
Commercial	2300	3 596	2 360	2 053	1 963	1 823	24 550	-	-	36 345	28 336
Households	2400	268	248	228	216	217	12 198	-	-	13 374	12 631
Other	2500	(0)	(0)	(0)	(0)	(0)	0	-	-	(0)	(0)
Total By Customer Group	2600	4 642	2 917	3 101	3 007	10 712	59 355	-	-	83 774	73 114

The table above shows municipal debtors for the month of November 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 - M05 November

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	572	-	-	-	-	-	-	-	572	-
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	572	-	-	-	-	-	-	-	572	-

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

6. Investment portfolio analysis

EC443 Mbizana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M05 November

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
FNB CALL DEPOSIT ACCOUNT(62550717767)		Not fixed	Call Deposit	No	Variable	0.001675498	0	N/A	not fixed	11 663	18	(4 138)	-	7 543
FNB CALL DEPOSIT ACCOUNT(62459758078)		Not fixed	Call Deposit	No	Variable	0.001948661	0	N/A	not fixed	7 924	17	(1 702)	7 000	13 239
FNB CALL DEPOSIT ACCOUNT(62028477992)		Not fixed	Call Deposit	No	Variable	0.002246322	0	N/A	not fixed	221 963	473	(14 773)	-	207 663
FNB CALL DEPOSIT ACCOUNT(62816769220)		Not fixed	Call Deposit	No	Variable	0.002054799	0	N/A	not fixed	783	2		-	785
FNB CALL DEPOSIT ACCOUNT(62816773073)		Not fixed	Call Deposit	No	Variable	0.001986302	0	N/A	not fixed	1	0		-	1
FNB CALL DEPOSIT ACCOUNT(62550715828)		Not fixed	Call Deposit	No	Variable	0.002052758	0	N/A	not fixed	1 888	4	(117)	-	1 775
FNB CALL DEPOSIT ACCOUNT(62852108531)		Not fixed	Call Deposit	No	Variable	0.038165527	0	N/A	not fixed	4 272	9		-	4 281
Municipality sub-total										248 494		(20 731)	7 000	235 286

The table above shows the municipality's investments performance. The table shows that the municipality's cash and cash equivalents decreased during the month by just over R13.7 million which lead to a decrease in its investments for the month of November 2020. It should however be noted that this only reflects the difference between what was received and what was spent.

a) Transfers & Grants Receipts

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants	1,2									
National Government:		-	311 814	363 013	7 000	140 761	151 255	(10 494)	-6.9%	363 013
Local Government Equitable Share		-	278 139	332 422	-	125 163	138 509	(13 346)	-9.6%	332 422
Finance Management		-	2 000	2 000	-	2 000	833	1 167	140.0%	2 000
EPWP Incentive		-	2 389	2 389	-	598	995	(397)	-39.9%	2 389
Integrated National Electrification Programme		-	29 286	26 202	7 000	13 000	10 918	2 083	19.1%	26 202
	3	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	402	-	-	167	(167)	-100.0%	402
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Greenest Municipality		-	-	402	-	-	167	(167)	-100.0%	402
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	311 814	363 415	7 000	140 761	151 423	(10 662)	-7.0%	363 415
Capital Transfers and Grants										
National Government:		-	48 049	48 049	-	20 179	20 020	159	0.8%	48 049
Municipal Infrastructure Grant (MIG)		-	48 049	48 049	-	20 179	20 020	159	0.8%	48 049
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	48 049	48 049	-	20 179	20 020	159	0.8%	48 049
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	359 863	411 464	7 000	160 940	171 443	(10 503)	-6.1%	411 464

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

b) Transfers & Grants Expenditure

EC443 Mbizana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M05 November

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>EXPENDITURE</u>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		-	311 814	363 013	18 987	75 735	151 255	(75 521)	-49.9%	363 013
Local Government Equitable Share		-	278 139	332 422	16 932	69 425	138 509	(69 085)	-49.9%	332 422
Finance Management		-	2 000	2 000	48	315	833	(519)	-62.2%	2 000
EPWP Incentive		-	2 389	2 389	306	2 389	995	1 394	140.0%	2 389
Integrated National Electrification Programme		-	29 286	26 202	1 702	3 607	10 918	(7 311)	-67.0%	26 202
								-		
								-		
Provincial Government:		-	-	402	9	393	167	225	134.5%	402
								-		
								-		
								-		
Greenest Municipality		-	-	402	9	393	167	225	134.5%	402
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		-	-	-	-	-	-	-		-
								-		
[insert description]								-		
Total operating expenditure of Transfers and Grants:		-	311 814	363 415	18 996	76 127	151 423	(75 295)	-49.7%	363 415
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		-	48 049	48 049	2 730	15 044	20 020	(4 976)	-24.9%	48 049
Municipal Infrastructure Grant (MIG)			48 049	48 049	2 730	15 044	20 020	(4 976)	-24.9%	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	2 730	15 044	20 020	(4 976)	-24.9%	48 049
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS										
		-	359 863	411 464	21 726	91 171	171 443	(80 272)	-46.8%	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 - M05 November

Description	Ref	Budget Year 2020/21				
		Approved Rollover 2019/20	Monthly actual	YearTD actual	YTD variance	YTD variance
R thousands						%
EXPENDITURE						
Operating expenditure of Approved Roll-overs						
National Government:		6 306	-	-	6 306	100.0%
Local Government Equitable Share					-	
Finance Management					-	
EPWP Incentive		-	-	-	-	
Integrated National Electrification Programme		6 306	-	-	6 306	100.0%
					-	
					-	
Provincial Government:		402	9	393	9	2.3%
					-	
					-	
Greenest Municipality		402	9	393	9	2.3%
District Municipality:		-	-	-	-	
					-	
[insert description]					-	
Other grant providers:		-	-	-	-	
					-	
[insert description]					-	
Total operating expenditure of Approved Roll-overs		6 707	9	393	6 315	94.1%
Capital expenditure of Approved Roll-overs						
National Government:		-	-	-	-	
Municipal Infrastructure Grant (MIG)					-	
					-	
					-	
Other capital transfers [insert description]					-	
Provincial Government:		-	-	-	-	
					-	
District Municipality:		-	-	-	-	
					-	
Other grant providers:		-	-	-	-	
					-	
Total capital expenditure of Approved Roll-overs		-	-	-	-	
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS		6 707	9	393	6 315	94.1%

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

8. Cash flow Statement

EC443 Mbizana - Table C7 Monthly Budget Statement - Cash Flow - M05 November

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	26 341	22 853	274	10 830	9 522	1 308	14%	22 853
Service charges		-	36 579	34 838	2 218	11 714	14 516	(2 802)	-19%	34 838
Other revenue		-	11 515	11 515	729	4 323	4 798	(475)	-10%	11 515
Transfers and Subsidies - Operational		-	282 528	337 213	2	132 046	140 505	(8 459)	-6%	337 213
Transfers and Subsidies - Capital		-	77 335	74 251	17 450	33 179	30 938	2 241	7%	74 251
Interest		-	10 364	10 364	532	2 808	4 318	(1 511)	-35%	10 364
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-	(379 171)	(366 571)	(23 578)	(108 553)	(152 738)	(44 185)	29%	(366 571)
Finance charges		-	(50)	(50)	-	-	(21)	(21)	100%	(50)
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	65 440	124 413	(2 373)	86 346	51 839	(34 508)	-67%	124 413
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		-	(70 114)	(110 973)	(8 945)	(28 540)	(29 214)	(674)	2%	(110 973)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(70 114)	(110 973)	(8 945)	(28 540)	(29 214)	(674)	2%	(110 973)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	(460)	(460)	-	-	(192)	192	-100%	(460)
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(460)	(460)	-	-	(192)	(192)	100%	(460)
NET INCREASE/ (DECREASE) IN CASH HELD		-	(5 134)	12 979	(11 317)	57 807	22 433			12 979
Cash/cash equivalents at beginning:		-	215 140	215 140		182 095	215 140			182 095
Cash/cash equivalents at month/year end:		-	210 006	228 119		239 902	237 573			195 074

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 - M05 November

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		–	3 476	21 589	4 616	21 589
Call investment deposits		–	206 991	206 991	235 286	206 991
Consumer debtors		–	32 970	38 198	77 418	38 198
Other debtors		–	43 763	43 763	55 470	43 763
Current portion of long-term receivables		–	–	–	–	–
Inventory		–	1 179	979	1 733	979
Total current assets		–	288 379	311 520	374 522	311 520
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	18	–
Investment property		–	25 097	25 097	34 201	25 097
Investments in Associate		–	–	–	–	–
Property, plant and equipment		–	682 178	728 552	649 519	728 552
Biological		–	–	–	–	–
Intangible		–	–	(100)	188	(100)
Other non-current assets		–	1 281	1 281	1 231	1 281
Total non current assets		–	708 556	754 830	685 157	754 830
TOTAL ASSETS		–	996 934	1 066 350	1 059 679	1 066 350
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		–	460	460	452	460
Trade and other payables		–	17 705	14 750	64 169	14 750
Provisions		–	18 471	18 471	19 791	18 471
Total current liabilities		–	36 636	33 681	84 412	33 681
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		–	3 920	3 920	5 495	3 920
Total non current liabilities		–	3 920	3 920	5 495	3 920
TOTAL LIABILITIES		–	40 556	37 600	89 907	37 600
NET ASSETS	2	–	956 378	1 028 749	969 772	1 028 749
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		–	956 378	1 028 749	969 772	1 028 749
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	956 378	1 028 749	969 772	1 028 749

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

10. Municipal Manager's quality certification

Quality Certificate

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

☐ The monthly budget statement

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

Print name: LUVUYO MAHLAKA

Municipal manager of Mbizana Local Municipality (EC443)

Signature: 

Date: 07/12/2020