



**WINNIE MADIKIZELA-MANDELA
LOCAL MUNICIPALITY
MONTHLY REPORT**

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

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PART 1 – IN-YEAR REPORT

1. Executive Summary

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

This is the 12th and the last report of the 2020/21 financial year which should give an indication of how the municipality has performed during the period of operation in the indicated year. This is normally the period where a number of programs would normally be reaching their completion and expenditure picking up for the last time in the year from the performance of the first half of the financial year that coincided with the year-end, preparation of the annual financial statements and the external audit by the Auditor-General which were all extended by a sixty-day period. 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 at all times. This information will continue to be analysed for the purposes of being used as a measuring tool for the 2021/22 budget that was passed before the end of May 2021 and hopefully the contents of this 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 oversight 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

2. Administration

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

3. Staff movement

We reported in the previous report that the recruitment processes including shortlisting, interviews and recommendation to the Accounting Officer for approval have been concluded for the position of the Accountant: Reporting. As expected, the successful candidate commenced duties on the 1st of June 2021 after completing the notice period to be served at his previous employer. During the 2020/21 budget processes, the council approved creation and funding of the Assets and Stores Manager position which was then added to the approved organisational structure of the institution. Job descriptions and requests to start recruitment processes have been submitted to the office of the Municipal Manager for approval. The advertising process was concluded during the month of March 2021 as expected. Shortlisting and interviews were expected to be concluded by 30 April 2021 to allow the department an opportunity to have this manager commence with duties before the end of the financial year. This unfortunately was not the case as the shortlisting did not take place during the month of April but during the month of May 2021 with all other processes concluded before the end of May 2021. There was hope that the successful candidate would commence duties by 1 July 2021 but by the end of June 2021 the appointment had not been concluded due to the delays from the SAPS security clearances. We continue to be hopeful that the successful candidate will be able to commence with duties before the end of August 2021.

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

- Manager: Assets and Stores Management – SAPS security clearance pending.

4. Implementation of mSCOA

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

a) Challenges Identified

i. Version Changes

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

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

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

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

ii. IDP Budgeting

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

iii. Production of in-year reports

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

iv. Budget and reporting module functionality

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

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

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

5. Implementation of the Municipal Cost containment regulations

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

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

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

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

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

a) Supply and Delivery of Municipal Vehicles

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

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

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

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

The municipality successfully procured a refuse skip bean truck during the year. There is currently a request for procurement for procurement of a bakkie for the refuse section which we were hoping will be delivered by the 30th of June 2021, however all the suppliers could not deliver the vehicle due to shortage of stock for the type of vehicle. One of the suppliers tried to charge the municipality a price higher than that indicated on the price list which the municipality declined as it was not in line with the prescribes of the contract.

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

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

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

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

6. Year -end processes

a) Stock count

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

The inventory count is performed to ensure that all stock movements were recorded and to test effectiveness of stock control measures. This is a process that is done in the presence of the Auditor-General or delegate, in this case delegated to our Internal Audit Unit. The stock count was performed on Tuesday the 30th of June 2021 in the following storerooms:

- Finance
- Refuse removal
- Cultural Village
- Electricity

The following is a summary of stock items that the municipality has in our stores:

Inventory description	FUNCTION	OPENNING BALANCE	PURCHASES	TRANSFER S	WRITE-OFF	ISSUES	CLOSING BALANCE
Electricity	Electricity	278 588,16	¹ 589 999,60	-	-	136 888,40	¹ 731 699,36
Refuse	Solid Waste Removal	974 395,11	-	-	-	776 655,47	197 739,64
Stationery	Admin & Corporate Support	350 959,29	84 250,00	-	²⁹⁶ 398,62	79 271,44	59 539,23
Building Material	Building Mterial	-	-	-	-	-	-
Cleaning Material	Admin & Corporate Support	9 049,77	68 700,00	-	-	24 547,54	53 202,23
Security Equipment	Security Equipment	-	-	-	-	-	-
Fuel	Fuel	-	4 290,00	-	-	-	4 290,00
Disaster PPE	Human Resources	-	-	-	-	-	-
Animal Feed	Animal Feed	198 575,00	-	-	-	198 575,00	-
TOTAL COST		1 811 567,33	1 747 239,60	-	-	1 215 937,85	2 046 470,46

7. Strategic Objectives

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

KPA N0 4: Budget & Treasury																			
Outcome 9 Objective																			
Sub-Result Area	Issue	Strategic Objective No.	Objectives	Baseline Information	Project to be Implemented	Output-KPI	KPI No.	KPI Weight	Annual Target	Means of Verification	Budget	Adjusted Budget	Budget Source	Measurable Performance	Non-Financial Performance	Financial Performance	Achieved / Not Achieved	Reason for Variance	Remedial Action
Revenue Management	Revenue collection trends are decreasing posing a threat to the municipality	To achieve 100% billing for all service users that are to be billed by June	4.1	Metering of all electricity consumption	Electricity meters are read, recorded, and captured manually	Automated Meter Reading System	Increase revenue collection	4.1.1	Automated meter reading system by June 2021	Terms of Reference, Publication, Appointment letter, Progress Report	R 500 000,00	N/A	yes	Linking of electricity meters to automated metering reading system	40 meters have been linked to the automated meter reading system	R329 566.08	Achieved	N/A	N/A

KPA N0 4: Budget & Treasury																				
Outcome 9 Objective																				
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented	Output - KPI	KPI No.	KPI Weight	Annual Target	Means of Verification	Budget	Adjusted Budget	Budget Source	Measurable Performance	Non-Financial Performance	Financial Performance	Achieved / Not Achieved	Reason for Variation	Remedial Action
				Implementation of credit control measures	Long outstanding debtors, which are more than 365 days	Outsourcing of collection services	Debtors age analysis reflecting debtors within 90 days	4.1.6	0.52	Consumer Data analyses and cleansing to ensure readiness for handing over of all accounts beyond 90 days by June 2021	2 Data cleansing report	R 500 000,00	N/A	Yes	N/A	Investigate account information	R0,00	Achieved		
Expenditure Management	Invoices not submitted within 30 days of receipt for payment	To pay creditors within 30 days in compliance with the MFMA by June 2020	4.2	Enforcement of system descriptions and processes as per the Account payable policy	Invoices still taking longer to reach BTO for payment	Centralisation of submission of invoices per department	Age analysis reflecting creditors within 30 days	4.2.1	0,52	Payment of all presented acceptable invoices within 30 days from receipt of invoice by June 2021	Invoice register and age analysis report	N/A	N/A	N/A	Payment of creditors within 30 days	All valid invoices presented were settled within 30 days	R0,00	Achieved		N/A
Supply Chain Management	Inadequate filing space and system for the volume of documents in the Budget Treasury office	To have an effective reliable filing system for SCM and all awarded tender documents and payments voucher	4,3	Conversion of Budget and Treasury filing to electronic for old documents already audited	Paper based and physical filing	Conversion of information into electronic documents	Electronic filing for SCM documents	4.3.1	0,55	Electronic filing system setup and loading of SCM Documents by June 2021	Progress report of Performance records audit and Progress report on SCM scanned documents	R2 000 000,00	N/A	Yes	N/A	Scanning of SCM documents	R749 087,81	Achieved		N/A

KPA N04: Budget & Treasury																				
Outcome 9 Objective																				
Sub-Result Area	Issue	Strategic Objective No.	Strategies	Baseline Information	Project to be Implemented	Output - KPI	KPI No.	KPI Weight	Annual Target	Means of Verification	Budget	Adjusted Budget	Budget Source	Measurable Performance	Non-Financial Performance	Financial Performance	Achieved / Not Achieved	Reason for Variation	Remedial Action	
	To timely produce budgets in line with the National Treasury guidelines and regulations	4,7	Develop and monitor processes to ensure timely preparation, on, adoption and publication of credible municipal budgets	Adjustments budget approved by 27 February 2019 and draft budget approved by 31 March 2019 of each year; final budget approved by 31 May 2019	Compile at least three budgets to be approved by council	Council resolutions adopting the budgets	4.7.1	1.5	3 Approved budgets by June 2021	Adjustment budget 2021; Draft budget 21/22; Approved 21/22 Final Budget and Council resolutions	N/A	N/A	N/A	Approved 2021/22 Budget	Draft, Final and Special Adjustment budget was approved	R0.00	Achieved		N/A	
					Publication of approved budgets and tariffs	Advertise approved budgets and tariffs	4.7.2	1.5	Publication of at least three approved budgets by June 2021	3 Adverts	R 57 940, 78	N/A	Yes	N/A	Draft budget advert; Adopted final budget advert	R65 972.00	Achieved		N/A	

The above table shows the department's performance during the last quarter of the financial year where 13 targets were set to be achieved during the quarter and 12 were achieved leaving only the commencement of the Assets and Stores Manager outstanding due to the delays in the SAPS security clearance that has not been received.

8. In-year budget statement tables

a) Budget Statement Summary

EC443 Mbizana - Table C1 Monthly Budget Statement Summary - M12 June

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	21 251	25 189	25 189	(4 526)	20 145	25 189	(5 044)	-20%	25 189
Service charges	38 374	37 015	37 144	2 706	35 789	37 144	(1 355)	-4%	37 144
Investment revenue	9 660	10 364	10 364	740	7 603	10 364	(2 761)	-27%	10 364
Transfers and subsidies	268 843	282 528	355 440	579	337 498	355 440	(17 941)	-5%	355 440
Other own revenue	23 818	13 646	13 476	90	11 821	13 476	(1 655)	-12%	13 476
Total Revenue (excluding capital transfers and contributions)	361 946	368 742	441 612	(411)	412 856	441 612	(28 756)	-7%	441 612
Employee costs	104 852	119 133	119 194	7 389	103 359	119 194	(15 836)	-13%	119 194
Remuneration of Councillors	23 970	25 036	25 036	1 973	23 964	25 036	(1 071)	-4%	25 036
Depreciation & asset impairment	39 437	52 581	52 681	(149)	38 577	52 681	(14 105)	-27%	52 681
Finance charges	11	150	150	-	1	150	(149)	-99%	150
Materials and bulk purchases	41 417	39 573	42 314	4 726	36 863	42 314	(5 451)	-13%	42 314
Transfers and subsidies	1 418	1 835	7 018	2 121	4 499	7 018	(2 519)	-36%	7 018
Other expenditure	159 372	184 883	202 410	16 261	109 650	202 410	(92 759)	-46%	202 410
Total Expenditure	370 477	423 190	448 803	32 322	316 913	448 803	(131 890)	-29%	448 803
Surplus/(Deficit)	(8 531)	(54 449)	(7 191)	(32 733)	95 943	(7 191)	103 133	-1434%	(7 191)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	78 881	77 335	77 967	14 931	78 628	77 967	661	1%	77 967
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	70 350	22 886	70 776	(17 802)	174 570	70 776	103 794	147%	70 776
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	70 350	22 886	70 776	(17 802)	174 570	70 776	103 794	147%	70 776
Capital expenditure & funds sources									
Capital expenditure	87 590	75 808	159 390	15 347	106 523	159 390	(52 867)	-33%	159 390
Capital transfers recognised	60 016	45 647	70 336	6 179	61 642	70 336	(8 694)	-12%	70 336
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	27 575	30 162	89 054	9 168	44 880	89 054	(44 173)	-50%	89 054
Total sources of capital funds	87 590	75 808	159 390	15 347	106 523	159 390	(52 867)	-33%	159 390
Financial position									
Total current assets	279 015	288 379	301 674		375 790				301 674
Total non current assets	679 499	708 556	749 931		736 323				749 931
Total current liabilities	58 261	36 636	80 577		65 787				80 577
Total non current liabilities	5 495	3 920	5 495		5 495				5 495
Community wealth/Equity	894 758	956 378	965 533		1 040 830				965 533
Cash flows									
Net cash from (used) operating	136 178	65 440	146 046	(24 103)	202 713	146 046	(56 667)	-39%	146 046
Net cash from (used) investing	(85 996)	(70 114)	(120 843)	(26 524)	(127 539)	(120 843)	6 696	-6%	(120 843)
Net cash from (used) financing	-	-	43	(3)	(2)	43	45	106%	43
Cash/cash equivalents at the month/year end	173 644	210 467	198 890	-	258 163	198 890	(59 274)	-30%	208 237
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	3 676	2 764	2 524	2 418	2 681	63 649	-	-	77 712
Creditors Age Analysis									
Total Creditors	3 892	-	-	-	-	-	-	-	3 892

The table above shows a summary of the municipality's financial performance for the period ended 30 June 2021. The first part of the table shows financial performance which gives information about whether the municipality made a loss or a surplus during the month followed by a summary of the municipality's performance on its capital budget. This is then followed by the municipality's financial position, a summary of the cashflow recalculation and then debtors and creditors age analysis.

b) Financial Performance by functional classification

EC443 Mbizana - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June

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										
Governance and administration		311 887	321 684	375 849	(3 638)	369 799	375 849	(6 050)	-2%	375 849
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration	311 887	321 684	375 849	(3 638)	369 799	375 849	(6 050)	-2%	375 849	
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety	5 779	4 942	6 046	492	4 287	6 046	(1 759)	-29%	6 046	
Community and social services	328	181	1 383	311	348	1 383	(1 035)	-75%	1 383	
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety	5 451	4 761	4 663	181	3 939	4 663	(724)	-16%	4 663	
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services	54 440	48 612	63 107	15 368	46 788	63 107	(16 319)	-26%	63 107	
Planning and development	307	563	17 648	26	122	17 648	(17 526)	-99%	17 648	
Road transport	54 133	48 049	45 459	15 341	46 666	45 459	1 207	3%	45 459	
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services	68 722	70 839	74 577	2 298	70 609	74 577	(3 967)	-5%	74 577	
Energy sources	58 896	63 969	67 191	1 916	63 240	67 191	(3 951)	-6%	67 191	
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management	9 826	6 870	7 386	383	7 369	7 386	(17)	0%	7 386	
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	440 828	446 077	519 579	14 520	491 483	519 579	(28 096)	-5%	519 579
Expenditure - Functional										
Governance and administration		154 836	184 624	186 635	12 916	135 895	186 635	(50 740)	-27%	186 635
Executive and council	54 296	63 018	60 829	4 875	51 416	60 829	(9 413)	-15%	60 829	
Finance and administration	97 700	116 150	119 884	7 497	81 067	119 884	(38 818)	-32%	119 884	
Internal audit	2 841	5 457	5 921	543	3 412	5 921	(2 509)	-42%	5 921	
Community and public safety	29 327	30 879	30 735	2 758	22 755	30 735	(7 979)	-26%	30 735	
Community and social services	8 044	12 117	11 494	1 161	7 249	11 494	(4 245)	-37%	11 494	
Sport and recreation	7 497	2 769	3 039	100	2 153	3 039	(886)	-29%	3 039	
Public safety	13 777	15 014	15 222	1 391	12 473	15 222	(2 749)	-18%	15 222	
Housing	9	980	980	106	880	980	(100)	-10%	980	
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services	68 983	100 216	108 211	9 256	76 269	108 211	(31 943)	-30%	108 211	
Planning and development	19 309	28 221	34 695	3 380	20 590	34 695	(14 105)	-41%	34 695	
Road transport	47 085	69 641	71 202	5 638	54 084	71 202	(17 117)	-24%	71 202	
Environmental protection	2 589	2 353	2 315	238	1 595	2 315	(720)	-31%	2 315	
Trading services	115 111	103 891	119 886	6 949	79 377	119 886	(40 509)	-34%	119 886	
Energy sources	96 839	77 927	93 174	4 907	56 068	93 174	(37 106)	-40%	93 174	
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management	18 271	25 964	26 712	2 042	23 309	26 712	(3 402)	-13%	26 712	
Other	2 220	3 580	3 336	442	2 617	3 336	(719)	-22%	3 336	
Total Expenditure - Functional	3	370 477	423 190	448 803	32 322	316 913	448 803	(131 890)	-29%	448 803
Surplus/ (Deficit) for the year		70 350	22 886	70 776	(17 802)	174 570	70 776	103 794	147%	70 776

The table above shows the municipality's financial performance for the period ended 30 June 2021 in functional classification which was created by National treasury to assist in reporting financial information per functional area. This information is consolidated at National treasury level to produce the provincial and national financial reports.

c) Revenue by Source

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		21 251	25 189	25 189	(4 526)	20 145	25 189	(5 044)	-20%	25 189
Service charges - electricity revenue		33 884	32 578	32 578	2 324	31 210	32 578	(1 368)	-4%	32 578
Service charges - water revenue		—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		4 490	4 437	4 566	383	4 578	4 566	12	0%	4 566
Rental of facilities and equipment		5 097	2 851	2 851	146	2 991	2 851	141	5%	2 851
Interest earned - external investments		9 660	10 364	10 364	740	7 603	10 364	(2 761)	-27%	10 364
Interest earned - outstanding debtors		4 912	4 404	4 404	(559)	3 949	4 404	(455)	-10%	4 404
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		2 066	948	850	2	342	850	(508)	-60%	850
Licences and permits		2 237	2 756	2 756	158	2 343	2 756	(413)	-15%	2 756
Agency services		1 021	1 218	1 218	21	1 291	1 218	73	6%	1 218
Transfers and subsidies		268 843	282 528	355 440	579	337 498	355 440	(17 941)	-5%	355 440
Other revenue		960	1 470	1 398	322	905	1 398	(492)	-35%	1 398
Gains		7 526	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		361 946	368 742	441 612	(411)	412 856	441 612	(28 756)	-7%	441 612

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 R771 thousand up to the end 30 June 2021. The current revenue recognised on this stream is below the annual target due to the reversal of the billing for the Wild Coast Sun Casino. This was done to account for the exemption that the CPA got from government for rates for a 10 year period. This was submitted to the municipality during the credit control processes where the municipality was following up over R11 million that was owed by the establishment. Receiving this document then revealed that the municipality was not entitled to any rates from the establishment for 10 years starting from 2020. This resulted in over R5 million having to be reversed during the year. This has lead to over 20% under performance.

- **ELECTRICITY REVENUE:** The municipality distributes electricity in the town area as per its distribution licence. This is one of the major sources of revenue for the municipality as households now depend on electricity for their day to day living. This is a trading service where the municipality gives electricity equivalent to the amount provided by the consumer. Municipalities are therefore expected to at least recover the cost of providing the service. The approval of tariffs by NERSA is set up such that the municipality can make some form of surpluses from sale of electricity so that it may be able to maintain the infrastructure used to render the service and defray all other operating expenses related to the service provision. The municipality has generated over R2.3 million for the month and a year to date actual of R31.2 million. This is below the revised projection by 4% which is a decline from the 3% deficit recorded in the previous month. Even though new bulk meters have been installed for identified large power users that we expect will begin to show results once the billing is made from them. There are however some disturbing observations that have been made by the professional service provider contacted by the municipality to install the meters and assess performance of some meters. Two of the large power users in town that are owned by the same person seem to have a way to lower the way in which our meters read consumption leading to less billing and more consumption from their side. The municipality has made some research and learnt that a solution might be installing a automated meter reading system that is able to identify when a meter changes its reading patterns in real time. In response to this, the municipality is in the processes of procuring services of a professional service provider to install and operate the system. During the month of January, it was identified that there is a need to conduct a professional re-assessment of the existing credit meters to ensure they have not been tampered with and are still reading correctly. The process was concluded during the month of March with a report indicating some areas of concern including installation of meters that do not meet the minimum requirements in some properties by the municipal staff and other providers.
- **Solid Waste Removal:** Collection and disposal of solid waste is one of the services that the municipality provides to the town area and a few sites outside of town including the Wild Coast Sun Casino. The municipality has implemented a new billing approach which ensures that all customers who individually generate waste are billed individually. The

exercise was conducted by the refuse section and the billing database has significantly increased and showed us that there are customers we have been providing the service to at no cost at all. This has resulted in the revenue billed for the month to be over R383 thousand which is in line with the revised projection. 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 R7.6 million worth of interest on investments with a year to date actual that is below the projection by 27%. This is a slight improvement from the 28% underperformance that was recorded in the previous month. This underperformance may be due to interest rates cuts that have been implemented by the South African Reserve Bank since the outbreak of Covid-19. This may also be attributable to the decrease in revenue collection since the outbreak of COVID-19 which has meant the municipality continues to spend without making any significant money coming in.
- **Interest on outstanding debtors:** The municipality charges interest on debtors owing for more than 30 days at a rate of prime plus 1% as per the municipality's credit control and debt collection policy. This has yielded a net reversal of R559 thousand for the period ended 30 June 2021 which has moved the overall performance below the projection by 10% from an over performance of 12% from the previous period. This should be a cause for concern considering that it continues to grow which can only mean that more debts continue to be unpaid and will eventually lead to these being uncollectible. This requires intense debt collection initiatives and consumer education of alternative ways to manage debt. A higher interest generation means the municipality's debtors are more than what they were projected to be.
- **Fines:** The municipality has a traffic department which enforces traffic laws and the municipality's by-laws. Anyone found to have contravened these laws is charged a fine

accordingly. These fines also include fines for electricity tempering. The current month's generation is at R2 thousand which is the continuation of the picture that has been seen throughout the year where there was no revenue generated in most of the months during the year. This resulted in a 60% less than projected amount performance 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 R146 thousand for the month which has pushed the actual performance to a level above the projection by 5% which is expected to improve as other revised contracts are concluded. The municipality is in the process of renegotiating the Browns and Spar lease agreements as they have reached the end of their terms. This renegotiation is expected to increase the amounts to be generated by the municipality from these rentals based on the independent valuations performed on the leased properties.
- **Licenses and permits:** The municipality has a fully functional testing station which has been in operation for the past three years. This has been one of the municipality's promising revenue stream since the completion of the testing station. The municipality only generated R158 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 15% which is a regression 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 R337 million as this is the twelfth month of the financial year. This happens when the municipality has spent the grants according to the requirements of the funders or DORA. The biggest chunk of these transfers is the equitable share that was received during the month of July 2020, December 2020 and March 2021.

d) Debt Collection

The table below shows a 128% overall collection rate for the month ended 30 June 2021. However, we note a 75% collection rate on leasehold fees, 146% on electricity and 81% on refuse removal for the period. This kind of performance has resulted in an increase from just over 23% at the end of the first quarter to 71% overall collection since the start of the financial year.

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

YEAR ENDING: 30 June 2021

INCOME TYPE	1st QUARTER	OCT	NOV	DEC	2nd QUARTER	Jan-21	Feb-21	Mar-21	3rd QUARTER	Apr-21	May-21	Jun-21	4th QUARTER	TOTALS
RATES														
billed	16 963 532	990 906	990 906	990 906	2 972 719	990 906	990 906	990 906	2 972 719	990 906	1 029 757	538 374	2 559 038	25 468 008,42
payment received	972 433	9 528 781	249 991	537 087	10 315 858	389 989	426 784	353 172	1 169 945	1 812 857	354 294	928 761	3 095 912	15 554 147,82
% of billing received	6%	962%	25%	54%	347%	39%	43%	36%	39%	183%	34%	173%	121%	61%
ELECTRICITY														
billed	6 790 291	3 225 859	2 247 534	2 242 143	7 715 536	2 349 708	2 159 951	2 204 732	6 714 390	2 157 320	2 189 612	2 232 045	6 578 976	27 799 193,04
payment received	3 495 575	2 151 617	1 566 753	2 008 519	5 726 890	1 310 804	2 254 279	1 685 770	5 250 853	3 295 791	1 260 290	3 250 672	7 806 753	22 280 071,13
% of billing received	51%	67%	70%	90%	74%	56%	104%	76%	78%	153%	58%	146%	119%	80%
LEASEHOLD FEES														
billed	673 520	225 908	225 908	228 635	680 451	228 635	228 937	240 172	697 744	240 172	287 875	288 737	816 784	2 868 498,37
payment received	584 567	1 069 773	194 594	194 594	1 458 961	197 322	197 322	197 322	591 965	208 557	208 557	217 432	634 545	3 270 038,13
% of billing received	87%	474%	86%	85%	214%	86%	86%	82%	85%	87%	72%	75%	78%	114%
VAT														
billed	1 293 838	573 358	428 859	428 460	1 430 676	434 500	415 201	423 603	1 273 304	416 492	435 067	435 464	1 287 022	5 284 841,07
payment received	699 716	530 101	338 070	373 647	1 241 817	256 184	417 118	393 561	1 066 864	575 009	242 040	513 468	1 330 517	4 338 914,34
% of billing received	54%	92%	79%	87%	87%	59%	100%	93%	84%	138%	56%	118%	103%	82%
INTEREST														
billed	1 225 603	395 574	406 039	412 584	1 214 197	424 797	429 122	437 833	1 291 752	158 620	166 162	160 134	484 917	4 216 467,65
interest billed on rates										267 297	268 766	201 322	737 385	737 385,24
payment received	86 469	1 160 261	51 350	98 741	1 310 353	35 920	200 034	79 856	315 810	318 811	49 166	217 541	585 518	2 298 149,46
% of billing received	7%	293%	13%	24%	108%	8%	47%	18%	24%	75%	11%	60%	48%	55%
REFUSE REMOVAL														
billed	1 161 800	385 626	385 626	385 626	1 156 877	385 626	379 126	379 126	1 143 877	379 126	422 967	382 316	1 184 409	4 646 963,65
payment received	512 077	305 256	278 869	248 948	833 073	162 231	326 894	229 128	718 254	239 307	150 604	308 667	698 578	2 761 981,52
% of billing received	44%	79%	72%	65%	72%	42%	86%	60%	63%	63%	36%	81%	59%	59%
TOTAL INCOME														
billed	28 108 583	5 797 230	4 684 871	4 688 355	15 170 457	4 814 173	4 603 242	4 676 372	14 093 787	4 609 933	4 800 206	4 238 392	13 648 531	71 021 357
payment received	6 350 837	14 745 789	2 679 627	3 461 536	20 886 953	2 352 450	3 822 431	2 938 809	9 113 689	6 450 332	2 264 951	5 436 541	14 151 824	50 503 302
% of billing received	23%	254%	57%	74%	138%	49%	83%	63%	65%	140%	47%	128%	104%	71%

e) Review of the Revenue enhancement strategy implementation

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

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

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

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

f) Expenditure by Type

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

EC445 Mbitzana - Table C4 Monthly Budget Statement - Financial Performance (Revenue and expenditure) - M12 June										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>Expenditure By Type</u>										
Employee related costs		104 852	119 133	119 194	7 389	103 359	119 194	(15 836)	-13%	119 194
Remuneration of councillors		23 970	25 036	25 036	1 973	23 964	25 036	(1 071)	-4%	25 036
Debt impairment		8 570	4 500	8 600	0	–	8 600	(8 600)	-100%	8 600
Depreciation & asset impairment		39 437	52 581	52 681	(149)	38 577	52 681	(14 105)	-27%	52 681
Finance charges		11	150	150	–	1	150	(149)	-99%	150
Bulk purchases		33 255	31 896	34 616	3 065	32 093	34 616	(2 523)	-7%	34 616
Other materials		8 162	7 677	7 699	1 661	4 770	7 699	(2 929)	-38%	7 699
Contracted services		50 929	110 404	93 388	10 977	61 430	93 388	(31 957)	-34%	93 388
Transfers and subsidies		1 418	1 835	7 018	2 121	4 499	7 018	(2 519)	-36%	7 018
Other expenditure		44 470	69 979	64 146	4 988	36 135	64 146	(28 011)	-44%	64 146
Losses		55 402	–	36 277	296	12 085	36 277	(24 191)	-67%	36 277
Total Expenditure		370 477	423 190	448 803	32 322	316 913	448 803	(131 890)	-29%	448 803

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 June 2021 reflects an amount of R7.3 million for employee costs and R1.9 million for the remuneration of councillors. The remuneration of councillors shows a 4% underspending compared to what is expected at the same period. Employee costs have continued to record a 13% saving that is always expected considering issues like annual and long-term bonuses, resignations, leave provisions and vacant positions.
- Bulk Purchases:** The municipality purchases electricity in bulk from Eskom for distribution to the town customers. This is the main input cost to the distribution of electricity. The table shows that the municipality spent about R3 million on electricity purchases for the period ended 30 June 2021 and a year to date actual of R32 million which is below the revised projected expenditure by 7%. This amount only relates to the last 21 days of July up to the first 10 days of June 2021 as the billing by Eskom only takes place on the 10th of each month.
- Depreciation and asset impairment:** The depreciation run used to be performed after the end of each quarter, but we have since moved to monthly runs, however, this could not be done for July as the asset register was still in the process of being reviewed to ensure that the assets are correctly accounted for in the annual financial statements. More accurate and complete information will be reported once an updated asset register has been loaded on the system. The table shows a depreciation net reversal which is due to

corrections that are being done on the asset module by the municipality and the system vendor leaving a year to date actual of R38.5 million which is below the projected amount by 27% for the same period. This is still expected to change as the process of the review of the asset register is concluded as the municipality prepares the Annual Financial Statement.

- **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 R61.4 million worth of expenditure for the month. This has resulted in a recorded saving of over R31 million which translates to 34% 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 44%, which is a slight improvement compared with last month's performance which might be as a result of the slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled. This requires though that departments that are currently underspending be sensitised of the matter.

g) Revenue by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description		Ref	2019/20	Budget Year 2020/21							
			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Revenue by Vote		1									
Vote 1 - Executive and Council			-	-	-	-	-	-		-	
Vote 2 - Budget and Treasury			311 534	296 215	350 379	877	350 240	350 379	(139)	0,0%	350 379
Vote 3 - Corporate Services			352	280	280	11	405	280	124	44,3%	280
Vote 4 - Community Services			15 605	11 811	13 432	875	11 656	13 432	(1 776)	-13,2%	13 432
Vote 5 - Development Planning			111	25 621	42 680	(4 500)	19 263	42 680	(23 418)	-54,9%	42 680
Vote 6 - Engineering Services			113 226	112 149	112 806	17 257	109 919	112 806	(2 887)	-2,6%	112 806
Total Revenue by Vote		2	440 828	446 077	519 579	14 520	491 483	519 579	(28 096)	-5,4%	519 579

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 R17.2 million for the month with Budget and Treasury showing generation of over R877 thousand for the month and R350 million for the period which is attributable to the last trench of the equitable share that was received during the month, Community and Social services at over R875 thousand as well as Development planning at minus R4.5 million as a result of the reversal of the rates billing for the Wild Coast Sun Casino as indicated earlier.

h) Expenditure by Municipal Vote

EC443 Mbizana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description		2019/20	Budget Year 2020/21							
	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure by Vote	1									
Vote 1 - Executive and Council		69 497	83 121	81 598	6 965	67 785	81 598	(13 813)	-16,9%	81 598
Vote 2 - Budget and Treasury		26 759	30 707	34 797	1 836	17 771	34 797	(17 025)	-48,9%	34 797
Vote 3 - Corporate Services		48 181	57 123	56 612	2 810	37 884	56 612	(18 728)	-33,1%	56 612
Vote 4 - Community Services		62 453	74 211	74 925	6 148	61 160	74 925	(13 765)	-18,4%	74 925
Vote 5 - Development Planning		16 060	25 425	31 488	3 590	17 482	31 488	(14 006)	-44,5%	31 488
Vote 6 - Engineering Services		147 526	152 604	169 383	10 973	114 830	169 383	(54 553)	-32,2%	169 383
Total Expenditure by Vote	2	370 476	423 190	448 803	32 322	316 913	448 803	(131 890)	-29,4%	448 803
Surplus/ (Deficit) for the year	2	70 352	22 886	70 776	(17 802)	174 570	70 776	103 794	146,7%	70 776

The table above shows the municipal expenditure by municipal vote. The total expenditure for the month of June 2021 amounted to just above R32.3 million.

i) Municipality's financial performance

EC443 Mbizana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		21 251	25 189	25 189	(4 526)	20 145	25 189	(5 044)	-20%	25 189
Service charges - electricity revenue		33 884	32 578	32 578	2 324	31 210	32 578	(1 368)	-4%	32 578
Service charges - water revenue		–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		4 490	4 437	4 566	383	4 578	4 566	12	0%	4 566
Rental of facilities and equipment		5 097	2 851	2 851	146	2 991	2 851	141	5%	2 851
Interest earned - external investments		9 660	10 364	10 364	740	7 603	10 364	(2 761)	-27%	10 364
Interest earned - outstanding debtors		4 912	4 404	4 404	(559)	3 949	4 404	(455)	-10%	4 404
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		2 066	948	850	2	342	850	(508)	-60%	850
Licences and permits		2 237	2 756	2 756	158	2 343	2 756	(413)	-15%	2 756
Agency services		1 021	1 218	1 218	21	1 291	1 218	73	6%	1 218
Transfers and subsidies		268 843	282 528	355 440	579	337 498	355 440	(17 941)	-5%	355 440
Other revenue		960	1 470	1 398	322	905	1 398	(492)	-35%	1 398
Gains		7 526	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		361 946	368 742	441 612	(411)	412 856	441 612	(28 756)	-7%	441 612
Expenditure By Type										
Employee related costs		104 852	119 133	119 194	7 389	103 359	119 194	(15 836)	-13%	119 194
Remuneration of councillors		23 970	25 036	25 036	1 973	23 964	25 036	(1 071)	-4%	25 036
Debt impairment		8 570	4 500	8 600	0	–	8 600	(8 600)	-100%	8 600
Depreciation & asset impairment		39 437	52 581	52 681	(149)	38 577	52 681	(14 105)	-27%	52 681
Finance charges		11	150	150	–	1	150	(149)	-99%	150
Bulk purchases		33 255	31 896	34 616	3 065	32 093	34 616	(2 523)	-7%	34 616
Other materials		8 162	7 677	7 699	1 661	4 770	7 699	(2 929)	-38%	7 699
Contracted services		50 929	110 404	93 388	10 977	61 430	93 388	(31 957)	-34%	93 388
Transfers and subsidies		1 418	1 835	7 018	2 121	4 499	7 018	(2 519)	-36%	7 018
Other expenditure		44 470	69 979	64 146	4 988	36 135	64 146	(28 011)	-44%	64 146
Losses		55 402	–	36 277	296	12 085	36 277	(24 191)	-67%	36 277
Total Expenditure		370 477	423 190	448 803	32 322	316 913	448 803	(131 890)	-29%	448 803
Surplus/(Deficit)		(8 531)	(54 449)	(7 191)	(32 733)	95 943	(7 191)	103 133	(0)	(7 191)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		78 881	77 335	77 967	14 931	78 628	77 967	661	0	77 967
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		70 350	22 886	70 776	(17 802)	174 570	70 776			70 776
Taxation		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		70 350	22 886	70 776	(17 802)	174 570	70 776			70 776
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		70 350	22 886	70 776	(17 802)	174 570	70 776			70 776
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		70 350	22 886	70 776	(17 802)	174 570	70 776			70 776

The municipality has so far recorded a deficit of over R17.8 million for the period ended 30 June 2021. This must be seen in the correct perspective as there has been receipts of the expected grants from the national purse. The municipality is still heavily reliant on grant funding and as such the surpluses still need to be seen in that perspective as they relate to expenditures that are still to be incurred. Measures still need to be put in place to move the municipality towards self-sustainability.

9. Capital programme performance

a) Capital expenditure by asset class and sub-class

EC443 Mbizana - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M12 June

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		50 758	30 775	74 891	4 582	56 886	74 891	18 005	24,0%	74 891
Roads Infrastructure		31 165	28 475	45 940	4 404	28 939	45 940	17 001	37,0%	45 940
Roads		31 165	28 475	45 940	4 404	28 939	45 940	17 001	37,0%	45 940
Electrical Infrastructure		19 592	2 300	28 950	179	27 947	28 950	1 004	3,5%	28 950
MV Networks		19 592	–	26 950	179	26 240	26 950	710	2,6%	26 950
LV Networks		–	2 300	2 000	–	1 707	2 000	293	14,7%	2 000
Community Assets		4 003	1 100	2 383	458	2 107	2 383	276	11,6%	2 383
Community Facilities		4 003	1 100	2 383	458	2 107	2 383	276	11,6%	2 383
Halls		4 003	–	783	–	660	783	124	15,8%	783
Markets		–	1 100	1 600	458	1 447	1 600	153	9,5%	1 600
Heritage assets		–	50	110	–	–	110	110	100,0%	110
Other Heritage		–	50	110	–	–	110	110	100,0%	110
Other assets		1 289	2 500	3 000	490	1 187	3 000	1 813	60,4%	3 000
Operational Buildings		1 289	2 500	3 000	490	1 187	3 000	1 813	60,4%	3 000
Yards		1 289	2 500	3 000	490	1 187	3 000	1 813	60,4%	3 000
Computer Equipment		3 400	6 800	8 400	187	3 749	8 400	4 651	55,4%	8 400
Computer Equipment		3 400	6 800	8 400	187	3 749	8 400	4 651	55,4%	8 400
Furniture and Office Equipment		1 101	1 650	1 910	137	576	1 910	1 334	69,8%	1 910
Furniture and Office Equipment		1 101	1 650	1 910	137	576	1 910	1 334	69,8%	1 910
Machinery and Equipment		2 537	2 101	2 482	–	1 054	2 482	1 428	57,5%	2 482
Machinery and Equipment		2 537	2 101	2 482	–	1 054	2 482	1 428	57,5%	2 482
Transport Assets		1 772	2 660	2 218	–	1 718	2 218	500	22,5%	2 218
Transport Assets		1 772	2 660	2 218	–	1 718	2 218	500	22,5%	2 218
Total Capital Expenditure on new assets	1	64 860	47 637	95 395	5 854	67 277	95 395	28 118	29,5%	95 395

EC443 Mbizana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M12 June

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										
Infrastructure		248	–	–	–	–	–	–	–	–
Roads Infrastructure		248	–	–	–	–	–	–	–	–
Roads		248	–	–	–	–	–	–	–	–
Community Assets		541	6 000	8 614	1 864	10 954	8 614	(2 340)	-27,2%	8 614
Community Facilities		541	6 000	8 614	1 864	10 954	8 614	(2 340)	-27,2%	8 614
Taxi Ranks/Bus Terminals		541	6 000	8 614	1 864	10 954	8 614	(2 340)	-27,2%	8 614
Total Capital Expenditure on renewal of existing assets	1	789	6 000	8 614	1 864	10 954	8 614	(2 340)	-27,2%	8 614

EC443 Mbizana - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M12 June

Description	Ref	2019/20	Budget Year 2020/21							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		–	2 000	4 800	1 628	2 495	4 800	2 305	48,0%	4 800
Roads Infrastructure		–	2 000	4 800	1 628	2 495	4 800	2 305	48,0%	4 800
Roads		–	2 000	4 800	1 628	2 495	4 800	2 305	48,0%	4 800
Community Assets		21 941	20 172	50 581	6 001	25 797	50 581	24 784	49,0%	50 581
Community Facilities		16 058	11 251	25 557	6 001	19 009	25 557	6 549	25,6%	25 557
Halls		16 058	11 251	25 557	6 001	19 009	25 557	6 549	25,6%	25 557
Sport and Recreation Facilities		5 884	8 921	25 024	–	6 788	25 024	18 235	72,9%	25 024
Outdoor Facilities		5 884	8 921	25 024	–	6 788	25 024	18 235	72,9%	25 024
Total Capital Expenditure on upgrading of existing assets	1	21 941	22 172	55 381	7 629	28 292	55 381	27 069	48,9%	55 381

The above tables indicate that the municipality spent R15.3 million for the month of its capital budget for the period ended 30 June 2021. The two major projects continue to underperform due to a number of reasons ranging from accidents and delays in agreeing on the correct designs between the contractor and the consultants. There is a positive side though as electrification projects have began picking up the pace and expenditure to at least make sure the rollovers are spent.

b) Capital Expenditure by municipal vote

EC443 Mbizana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

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 2 - Budget and Treasury		2 304	2 100	2 000	–	1 257	2 000	(743)	-37%	2 000
Vote 6 - Engineering Services		21 941	18 172	48 581	6 001	25 797	48 581	(22 784)	-47%	48 581
Total Capital Multi-year expenditure	4,7	24 245	20 272	50 581	6 001	27 054	50 581	(23 527)	-47%	50 581
Single Year expenditure appropriation	2									
Vote 1 - Executive and Council		–	50	110	–	–	110	(110)	-100%	110
Vote 2 - Budget and Treasury		–	–	200	187	187	200	(13)	-6%	200
Vote 3 - Corporate Services		2 630	10 210	10 768	32	4 250	10 768	(6 518)	-61%	10 768
Vote 4 - Community Services		5 164	5 401	5 970	595	2 589	5 970	(3 381)	-57%	5 970
Vote 5 - Development Planning		–	1 100	1 600	458	1 447	1 600	(153)	-10%	1 600
Vote 6 - Engineering Services		55 550	38 775	90 160	8 075	70 994	90 160	(19 166)	-21%	90 160
Total Capital single-year expenditure	4	63 345	55 537	108 809	9 346	79 468	108 809	(29 340)	-27%	108 809
Total Capital Expenditure		87 590	75 808	159 390	15 347	106 523	159 390	(52 867)	-33%	159 390
Capital Expenditure - Functional Classification										
Governance and administration		5 265	12 760	13 479	324	5 800	13 479	(7 678)	-57%	13 479
Executive and council		–	50	110	–	–	110	(110)	-100%	110
Finance and administration		5 265	12 710	13 369	324	5 800	13 369	(7 568)	-57%	13 369
Community and public safety		1 902	3 191	3 660	490	1 430	3 660	(2 230)	-61%	3 660
Community and social services		160	1 300	1 900	–	780	1 900	(1 120)	-59%	1 900
Public safety		1 742	1 891	1 760	490	650	1 760	(1 110)	-63%	1 760
Economic and environmental services		57 899	55 747	110 319	14 354	70 292	110 319	(40 027)	-36%	110 319
Planning and development		26 486	25 272	59 579	8 322	38 858	59 579	(20 721)	-35%	59 579
Road transport		31 413	30 475	50 740	6 032	31 434	50 740	(19 306)	-38%	50 740
Trading services		22 524	4 110	31 933	179	29 001	31 933	(2 932)	-9%	31 933
Energy sources		19 592	2 300	30 023	179	27 947	30 023	(2 076)	-7%	30 023
Waste management		2 932	1 810	1 910	–	1 054	1 910	(856)	-45%	1 910
Total Capital Expenditure - Functional Classification	3	87 590	75 808	159 390	15 347	106 523	159 390	(52 867)	-33%	159 390
Funded by:										
National Government		60 016	45 647	70 136	6 179	61 642	70 136	(8 494)	-12%	70 136
Provincial Government		–	–	200	–	–	200	(200)	-100%	200
Transfers recognised - capital		60 016	45 647	70 336	6 179	61 642	70 336	(8 694)	-12%	70 336
Internally generated funds		27 575	30 162	89 054	9 168	44 880	89 054	(44 173)	-50%	89 054
Total Capital Funding		87 590	75 808	159 390	15 347	106 523	159 390	(52 867)	-33%	159 390

The above table indicates that the municipality spent R15.3 million of its capital budget for the period ended 30 June 2021 which is still discouraging considering that we have two major projects that have been allocated the bigger slice of the municipality's available resources that have not performed desirably during the past years. Procurement processes have been finalised for outstanding infrastructure projects to ensure that current year projects start being implemented so that our expenditure improves and services delivered to the communities of Mbizana.

10. Supply chain management

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

a) Acquisition management

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

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

b) 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	Creditor Name	Value	Specifications	Function Name	SegmentDESC
2021/06/30	Tunimart	1 434,55	Accommodation Arrangements for Muleki Mqhehu In Bhisho Date In 29.06.2021 Date Out 30.06.2021	Core Function: Fleet Management	Accommodation Fleet
2021/06/24	Tunimart	1 434,55	Accommodation Arrangements For Bonisile Bhani In Kwt Date In 27.06.2021 Out 28.06.2021	Core Function: Police Forces Traffic And	Accommodation Traffic 2505260240
2021/06/24	Iheans Travelling Agencies	1 576,80	Accommodation Arrangements for Mkhaliphi Nceba In East London Date In 26.06.2021 Out 27.06.21	Core Function: Fleet Management	Accommodation Fleet
2021/06/24	Iheans Travelling Agencies	1 576,80	Accommodation Arrangements for Siyabonga Mdwaidwayi Date In 26.06.2021 Out 27.06.21	Core Function: Mayor And Council	Hiring-Public Participation
2021/06/08	Ku-Bha Service Station	1 950,00	Request For Procurement Of 100l Of Unleaded Petrol For Grass Cutting M	Core Function: Solid Waste Removal	Grass cutting Fuel 5020
		7 972,70			

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

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

Order Date	Creditor Name	Value	Specifications	Function Name	SegmentDESC
2021/06/11	Group Two Media Company	2 280,00	Advertising	Non-Core Function:Population Development	Advertising fees community services 2505260540
2021/06/08	Your Media Today Communicatio	3 600,00	Request To Advertise Multi-Utility Online Prepaid Electricity Vending Management System	Core Function:Project Management Unit	Advertising fees PMU 5505260540
2021/06/24	Your Media Today Communicatio	4 400,00	Request For Publication Of Supplementary Valuation Roll Notice For Pub Viewing And Objections	Core Function:Economic Development/Plann	Advertising fees 1505
2021/06/17	Sisters Owam	4 500,00	Request Lunch Packs For The Pondo Revolt Committee Evaluation Meeting On The 14/06/2021 At The Cultural Village At 10h00	Core Function:Mayor And Council	Catering Legacy 510260188
2021/06/24	Iheans Travelling Agencies	4 730,40	Accommodation For Aphiwe Nyamela East London Check In 27/06/2021 Check Out 30/06/2021	Core Function:Finance	Accommodation Finance 1005260240
2021/06/23	Iheans Travelling Agencies	4 730,40	Accommodation For Stella Bekameva East London Check In 27/06/2021 Check Out 30/06/2021	Core Function:Fleet Management	Accommodation Fleet
2021/06/23	Iheans Travelling Agencies	4 730,40	Accommodation For Mr V Nontanda East London Date In 27/06/2021 Date Out 30/06/2021	Core Function:Project Management Unit	Accommodation PMU 5505260240
2021/06/17	Tunimart	4 767,12	Accommodation Arrangements For Khanyisani Mthimde In Durban Date In 20.06.2021 Date Out 23.06.2021	Core Function: Finance	Accommodation FMG
2021/06/17	Yanda And Collection Pty _td	4 800,00	Catering Lunch Packs For 50 People In Ward 22 For Idp And Budget Road Lugwijini Jss	Core Function: Corporate Wide Strategic P	IDP catering 515260555
2021/06/17	Cover Age Investment (Pty) Ltd	4 825,00	Catering Luch Packs For 50 People In Ward 22 For Idp & Budget Road Sho At Lugwijini Jss	Core Function: Corporate Wide Strategic P	IDP catering 515260555
2021/06/23	Sthwale Trading 88 Pty Ltd	5 500,00	Request Catering With Soft Drinks For Evaluation Of Ward Committees To On The 23 June 2021	Core Function: Mayor and Council	Ward Committee support catering 505260581
2021/06/10	Kwik-Fit Bizana	5 520,00	Request For Replacement Of 4 Tyres For Patrol Vehicle Reg Number Hln08	Core Function: Police Forces Traffic And	Police- Vehicle Maintenance
2021/06/14	Iheans Travelling Agencies	6 307,20	Accommodation Arrangement In Durban For Ms Pindeka Luhabe Checking In 20/06/2021 Out 24/06/2021	Core Function: Municipal Manager Town Sec	Accommodation MM 515260240
2021/06/23	Tunimart	6 356,16	Accommodation Arrangements For Nakwa And Mkhaliphi In P.E Date In 25.06.2021 Date Out 27.06.2021	Core Function: Fleet Management	Accommodation Fleet
2021/06/22	Genbiz Trading 1001 Pty Ltd	7 237,23	Service Fee For Month Of June 2021	Core Function: Information Technology	Lease and usage
2021/06/21	Arena Holdings	7 679,70	Payment For The Re-Advert Of Fleet Maintenance Project	Core Function: Human Resources	Advertising fees Human resources 1010260540
2021/06/14	Iheans Travelling Agencies	7 884,00	Accommodation Arrangement In Durban For Mrs Oyama Nodangala Checking In 20/06/2021 Out 25/06/2021	Core Function: Municipal Manager Town Sec	Accommodation MM 515260240
2021/06/10	Iheans Travelling		Accommodation Arrangement In Durban For Ms Nobisi Mshweshwe Checking	Core Function: Human	Accommodation HR

Order Date	Creditor Name	Value	Specifications	Function Name	SegmentDESC
6/14	Agencies	7 884,00	In 20/06/2021 Out 25/06/2021	Resources	1010260240
2021/06/23	Odd's Koria Construction	8 075,00	Request Lunch Packs For Special Council Meeting On The 25 June 2021	Core Function: Mayor And Council	Catering Councilors meetings
2021/06/17	Iheans Travelling Agencies	9 460,80	Accommodation Arrangements In Durban For Siphamandla Mfenqa And Zwelethe Tikiili In 20/06/2021 Out 23/06/2021	Core Function: Finance	Accommodation FMG
2021/06/30	Eco Trajectory Pty Ltd	9 497,50	Payment For Spatial Development Framework Review	Core Function: Town Planning Building Reg	Business and Advisory: Research and Advisory
2021/06/29	Qobo And Partners	10 000,00	Supplyb And Delivery Of Library Periodicals For 12 Months	Non-Core Function: Libraries And Archives	Newspaper Library 2505
2021/06/11	Qobo And Partners	10 000,00	Supply And Delivery Of Library Periodicals For 12 Months May Payment	Libraries And Archives: Libraries And A	Newspaper Library 2505
2021/06/14	Sugudhav-Sewpersadh Attorneys	10 949,40	Payment Request For Legal Fee	Core Function: Legal Services	Legal Cost: Issue of Summons
2021/06/29	Kwik-Fit Bizana	11 713,44	Request For Fout All Terrain Tyres Including Fitting	Core Function: Fleet Management	Vehicle maintenance outsourced 1010235115
2021/06/08	Kwik-Fit Bizana	11 713,44	Request For Four All Terrain Tyres (Size 265/60r/18) For Vehicle Jnx 7 Including Fitting	Core Function: Fleet Management	Vehicle maintenance outsourced 1010235115
2021/06/08	Mphuyezwa Holdings	13 500,00	Request Lunch Packs For Community Education On The 07 June 2021 At Mak	Core Function: Mayor And Council	Community Education catering 505260695
2021/06/08	Kwik-Fit Bizana	14 715,40	Request For Four (4) Tyres Size (215/75r17.5) Two Front And Two Rear Electricity Truck Reg No. Hff 091 Ec	Non-Core Function: Electricity	Electricity- Vehicle Maintenance
2021/06/14	Sugudhav-Sewpersadh Attorneys	14 753,30	Payment Request For Legal Fees	Core Function: Legal Services	Legal Cost: Issue of Summons
2021/06/23	Iheans Travelling Agencies	17 344,80	Car Hire For Cllr. Matumbatha In P.E From 23.06.2021 To 26.06.21	Core Function: Mayor And Council	Vehicle rental councilors 505260240
2021/06/17	Kc And Sc Son Tradin Enterpr's	18 879,93	High Surge Protection 8 Way Multi Plug	Core Function: Information Technology	RM Computer equipment 1010
2021/06/24	The Middle Man Enterprise 485	19 000,00	Request Venue For Special Council Meeting On The 25 June 2021	Core Function: Mayor And Council	
2021/06/24	Masiphumelele Skills Training	22 500,00	Request For Maintenance/Calibration Of Speed Machine	Non-Core Function: Road And Traffic Regul	Traffic Equipment Maintenance
2021/06/23	Iheans Travelling Agencies	22 598,59	Accommodation Arrangement In Johannesburg For Cllr I. Sabuka Checking In 24/06/2021 Out 27/06/2021	Core Function: Mayor And Council	Whippery support accommodation 505260175
2021/06/08	Diamini Msn Trading (Pty)Ltd	24 000,00	Request Lunch Packs For Community Education On The 11 June 2021	Core Function: Mayor And Council	Community Education catering 505260695
2021/06/23	Bizana Plumbers And Maintenan	24 250,00	Supply And Delivery Of 50 Boxes Of Paper	Core Function: Finance	Acquisitions

Order Date	Creditor Name	Value	Specifications	Function Name	SegmentDESC
2021/06/07	Driving License Card Account	24 806,00	Payment To Driving Licence Card Account For The Month Of May 21	Non-Core Function: Road And Traffic Regul	Stationery vehicle testing and licencing
2021/06/22	Vos Concept	25 900,00	Catering For 100 People For Abs Awareness	Non-Core Function: Population Development	Catering Indigent
2021/06/17	Anforcept Trading Enterprise	26 450,00	Request Sleeping Sponges For Pre School Learners	Core Function: Mayor And Council	Promotional items childrens program 505260194
2021/06/24	Sodweba Tracing	26 743,50	Request For 14xlock Sets Stainless Steel For Hall Maintenance	Non-Core Function: Population Development	RM Recreational Facilities
2021/06/24	The Dream Girls Enterprise	27 380,00	Request For Ten (10) Pin Globes	Core Function: Roads	Municipal Building Maintenance
2021/06/17	Zusimise	28 500,00	Request For Supply & Delivery Of 150 X Lucerne Bales For Pound Animals	Core Function: Licensing and Control Of A	Pound Inventory
2021/06/23	Liquid Courage Projects	28 750,00	Request For Maintenance Of Road Marking Machine	Core Function: Solid Waste Removal	R&M Refuse Powertools
2021/06/17	Wandile And Sons Trading	29 000,00	Request Supply & Delivery Of 05x 20lt White Road Marking Paint For Road Marking	Core Function: Police Forces Traffic And	Road markings
2021/06/30	Bongakhona (Pty) Ltd	29 500,00	Request For Procurement Of One Laptop.	Core Function: Finance	MFMP Laptops
2021/06/23	Zusimise	29 850,00	Request For Servicing Of Machine Stamper	Core Function: Roads	CBD Road maintenance 5505235140

647 562,71

d) Procurement above R30 000 but below R200 000

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

No.	Creditor Name	Date	Amount	Specification	Function
2021/06/29	Thenjiwes Business Solutions	31 675,00	Payment To Thenjiwes For Ohs Handbooks	Core Function:Human Resources	Facilitator OHS 1010260397
2021/06/30	Mimt Trading	38 250,00	Payment For Branded Navy Jackets; Water Resistant	Core Function:Economic Development/Plann	Anchor LED Projects
2021/06/24	Ludwala Investment Services	40 550,57	Payment For First Aid Medical Kit	Core Function:Security Services	Security Equipment 2505
2021/06/23	Tunimart	40 829,50	Lunch For 30 People For Five Days And Conference For Five Days At Daphs - Bizana Attending Trainind For Digital Skills And Customer Care	Core Function:Economic Development/Plann	LED programme Support hiring 1505
2021/06/30	Evethe Trading 820(Pty)Ltd	54 000,00	Payment For Newsletter Production	Core Function:Marketing Customer Relatio	Newsletters Communication costs 515260565
2021/06/30	Timeless T Pty Ltd	55 385,00	Preliminary And General	Core Function:Roads	RM Buildings Maintenance roads 5505
2021/06/24	Ncaiana Trading And Projects	60 000,00	Payment Request For 36 Municipal Stamps	Core Function:Finance	Acquisitions
2021/06/24	Isiqhamo Sa Bambo Pty Ltd	67 800,00	Payment Request For 30 Industrial Mops	Administrative And Corporate Support:Cor	Acquisitions
2021/06/23	Ats Civils & Trading Pty Ltd	73 250,00	Payment For Roll Up Banner	Non-Core Function:Population Development	Social Relief promotional material 2505
2021/06/24	The Ant Capital	74 249,43	Payment To The Ant Capital (Cession) For Security Equipment	Core Function:Security Services	Security Equipment 2505
2021/06/30	Kkumyolzi Investments	76 990,03	Payment For Data Clensing	Core Function:Finance	Collection of debts legal fees
2021/06/18	Magholo Trading& Projects	83 000,00	Payment For Sanitary Towels	Core Function:Mayor And Council	Promotional items childrens program 505260194
2021/06/30	Imidihlume General Trading (Pt	111 000,00	Payment To Imidihlume For Disinfection Of Municipal Premises	Core Function:Human Resources	Disaster: Dis-infection of Office Building
2021/06/30	Ndizanyolo Trading Enterprise	120 000,00	Small Flasks	Core Function:Mayor And Council	Kitchen tools Elderly programe 505260189
2021/06/30	Iyanzi Pty Ltd	140 007,00	Payment For Flying Banners	Core Function:Marketing Customer Relatio	Branding Marketing customer relations
2021/06/29	Ludwala Investment Services	149 500,00	Payment For 1000 25kg Cold Asphalt	Core Function:Roads	RM Road Maintenance
2021/06/30	Ncaiana Trading And Projects	150 000,00	Shar Fin Banners	Core Function:Marketing Customer Relatio	Branding Marketing customer relations

No.	Creditor Name	Date	Amount	Specification	Function
2021/06/30	Yit Ply Ltc	150 000,00	Payment For Maintenance And Upgrade Of Self Service Information Centre	Core Function:Economic Development/Plann	Visitors Information Center upgrade 1505
2021/06/29	Ludwala Investment Services	156 300,00	Catering For 500 People Attending Mphuthumi Mafumbatha Memorial Lecture	Core Function:Mayor And Council	Catering Legacy 510260188
2021/06/29	Bongakhe (Pty) Ltd	157 600,00	11th Generation I5 Windows 10 Pro	Core Function:Finance	MFMP Laptops
2021/06/23	Wandile And Sons Trading	159 250,00	Payment For Household Gloves	Core Function:Biodiversity And Landscape	Environmental Awareness promotional items 2505260485
2021/06/30	Aquostic Elements Jv Limsa	170 000,00	Payment For Occupational Health And Safety Training	Core Function:Economic Development/Plann	BIGM capacity building
2021/06/30	Isiqhamo Sa Bambo Ply Ltd	184 500,00	Payment For Digital Skills And Customer Care Training	Core Function:Economic Development/Plann	BIGM capacity building
2021/06/07	Ncaiana Trading And Projects	187 000,00	Traffic Consumables	Core Function:Police Forces Traffic And Libraries And Archives:Libraries And A	Traffic Consumables
2021/06/17	Sebekho Holdings	187 250,00	Payment For Masks	Core Function:Economic Development/Plann	Library- PPE(Covid)
2021/06/30	Evethe Trading 820(Pty)Ltd	197 500,00	Payment For Chromadek 2000x 1800 Double Sided Frame And Aluminium Sign	Core Function:Mayor And Council	Anchor LED Projects
2021/06/17	Iheans Travelling Agencies	197 647,50	Meals For 2 Day Conferencing 15-16/06/2021	Core Function:Mayor And Council	Catering Youth Programme 510260190
2021/06/14	Sword Group	198 000,00	Payment Request For Transport	Core Function:Mayor And Council	Transport
		3 311 534,03			

11. Status of Tenders

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

a) Mini Tender progress for June 2021

NO	AWARDED BIDDER	BID AMOUNT	AMOUNT PAID	AMOUNT REMAINING	BID NUMBER	BID DESCRIPTION
60	Phapha Holdings	R 154 500,00	R 0,00	R 0,00	WMMLM 26/01/21 S&D HVPO	SUPPLY AND DELIVERY OF EDUCATIONAL MATERIAL AND HIRING OF EDUCATIONAL MATERIAL AND HIRING OF A VIDEO PRODUCTION STUDIO
61	Lustarz Projects	R 187 850,00	R 187 850,00	R 0,00	WMMLM03/05/21/S&DMMPO	SUPPLY AND DELIVERY OF MARKETING FOR PRODUCT OWNERS
62	Sword Group	R 198 000,00	R 198 000,00	R 0,00	WMMLM/22/04/21YM2021	YOUTH MONTH 2021
63	Ludwala Investments	R 114 800,00	R 114 800,00	R 0,00	MBIZLM/09/04/21 S&D SE	SUPPLY AND DELIVERY OF SECURITY EQUIPMENT
64	Ludwala Investments	R 156 300,00	R 156 300,00	R 0,00	WMMLM/17/05/2021	CATERING, PA SYSTEM, DÉCOR AND TRANSPORT
65	Isiqhamo SA Bambo Pty Ltd	R 67 800,00	R 67 800,00	R 0,00	WMMLM10/05/21 S& DCM	SUPPLY AND DELIVERY OF CLEANING MATERIAL
66	Ncaiana Trading and Projects	R 60 000,00	R 60 000,00	R 0,00	MBIZLM/10/05/21 S&B &RB	SUPPLY AND DELIVERY OF STAMPS AND REGISTRY BOOKS
67	Kervel Group	R 148 000,00	R 148 000,00	R 0,00	WMMLM28/05/21/01PON	TENTS, CATERING AND PA SYSTEM FOR PONDO REVOLT LEGACY COMMEMORATION
68	MAT Trading	R 39 000,00	R 39 000,00	R 0,00	WMMLM/03/05/21S&D500GN	SUPPLY AND DELIVERY OF 500 GRAVE NUMBERS
69	Ncaiana Trading and Projects	R 31 744,00	R 31 744,00	R 0,00	WMMLM/13/05/21S&DSM	SUPPLY AND DELIVERY OF SCREENING MACHINES
70	Ncaiana Trading and Projects	R 150 000,00	R 150 000,00	R 0,00	WMMLM10/05/2021	CUSTOMER CARE PROMOTIONAL MATERIAL
71	Ncaiana Trading and Projects	R 96 500,00	R 96 500,00	R 0,00	WMMLM/18/05/21S&DPPE FBS	SUPPLY AND DELIVERY OF PPE FOR FBS
72	YLT PTY LTD	R 185 950,00	R 150 000,00	R 0,00	WMMLM03/03/21/02SSI	MAINTENANCE AND UPGRADE OF SELF SERVICE INFORMATION CENTRE
73	Isiqhamo SA Bambo Pty Ltd	R 184 500,00	R 184 500,00	R 0,00	WMMLM/22/04/21 DS&CCCT	DIGITAL SKILLS AND CUSTOMER CARE TRAINING

NO	AWARDED BIDDER	BID AMOUNT	AMOUNT PAID	AMOUNT REMAINING	BID NUMBER	BID DESCRIPTION
74	Magholo Trading and Projects	R 83 000,00	R 83 000,00	R 0,00	WMMLM/26/05/21/ISAP	INKCIYO SUPPORT AWARENESS PARADE
75	Bongakhona Pty Ltd	R 157 600,00	R 157 600,00	R 0,00	WMMLM/04/04/21s&dI	SUPPLY & DELIVERY OF LAPTOPS
76	Evetho Trading	R 54 000,00	R 54 000,00	R 0,00	WMMLM/19/05/21/03NEW	PRINTING OF NEWSLETTER
77	Aquostic Elements JV Limsa	R 170 000,00	R 170 000,00	R 0,00	WMMLM/28/04/21OHST	OCCUPATIONAL HEALTH AND SAFETY TRAINING
78	Imidihlume General Trading	R 111 000,00	R 111 000,00	R 0,00	WMMLM/26/05/21DMP	DISINFECTING OF MUNICIPAL PREMISES
79	Ndizanyolo Trading	R 120 000,00	R 120 000,00	R 0,00	WMMLM/01/02/21ESE &M	ELDERLY AWARENESS CAMPAIGN AND SUPPORT
80	Limsa Institute	R 129 998,00	R 0,00	R 0,00	WMMLM/10/20/21 DP & L	TRAINING ON DISCIPLINARY PROCEDURES AND LOGISTICS
81	Ludwala Investments	R 149 500,00	R 149 500,00	R 0,00	WMMLM/06/06/21/01ASP	SUPPLY AND DELIVERY OF 1000 COLD ASPHALT 25KG AND 20 LITRE TUCK COAT
82	Black Solution Capital	R 198 800,00	R 0,00	R 0,00	WMMLM/28/04/21BM SMME'S	BRANDING MATERIAL FOR BUSINESS INCUBATOR SMME'S
Total		R 2 948 842,00	R 2 429 594,00	R 0,00		

b) Tenders awarded during the month of June 2021

Competitive Bidding

	AWARDED BIDDER	BID AMOUNT	BID NUMBER	DESCRIPTION	AWARD DATE
40	Ukuzama kwethu Trading	R 396 774,40	WMM LM/04/21 RST DLTC	Replacement of septic tank at DLTC	Wednesday, 23 June 2021
41	Mabozela Trading JV Boboshe Trading enterprise	R 2 603 711,60	WMM LM 00059 LV&MVL	Replacement of LV & MV LINES	Wednesday, 23 June 2021
42	Techseeds	R 372 127,35	WMM LM 0071 SR-UPS	Procurement of Server Room-UPS	Tuesday, 22 June 2021
43	YG Solutions	R 641 603,26	WMM LM 0091 MBM&C	Maintenance of Bulk Metering and Cables	Tuesday, 22 June 2021
44	Masilo Projects	R 1 152 032,62	WMM LM 04/05/21 ICT	Procurement of Laptops, Desktops and Communications System	Tuesday, 22 June 2021
		R 5 166 249,23			

c) Status of current tenders

PROJECT NAME	BID NUMBER	EVALUATION CHAIRPERSON	CLOSING DATE	APPOINTMENT DATE	VALIDITY PERIOD	END DATE OF VALIDITY	STATUS
Multi Utility online Vending Machine System	WMM 02/06/21/03/VEN	N/A	Monday, 12 July 2021	N/A	90	Sunday, 10 October 2021	Advertised
Review Disaster Recovery Plan	MBIZ LM 0069 R DRP	N/A	Friday, 02 July 2021	N/A	90	Thursday, 30 September 2021	To be appointed
Minor Maintenance Recreational Facilities	WMM 16/09/21/01	N/A	Monday, 26 July 2021	N/A	90	Sunday, 24 October 2021	Advertised
Private Security Company	MBIZ 08/12/20/03/PSC	Mr.D.N.Luphoko	Monday 25 January 2021	N/A	90	Sunday, 25 April 2021	To be re-advertised
Electrification of Xhulobeni Village Ward	WMM LM 00057 E	N/A	Tuesday, 10	N/A	90	Monday, 08	On the Paper

PROJECT NAME	BID NUMBER	EVALUATION CHAIRPERSON	CLOSING DATE	APPOINTMENT DATE	VALIDITY PERIOD	END DATE OF VALIDITY	STATUS
25	MV		August 2021			November 2021	
Supply and Delivery of Furniture	WMM LM 05/05/21/01 OFF	Miss.N.Rabie	Friday, 28 May 2021	N/A	90	Thursday, 26 August 2021	To be evaluated
Revelal of Climamate/Strategy	WMM LM 11/02/21/01 CCS	N/A	Friday, 02 July 2021	N/A	90	Thursday, 30 September 2021	Advertised
Multi discipline (Build Environment & Economic for 3 years)	WMM LM 003/ DP	N/A	Thursday, 22 July 2021	N/A	90	Wednesday, 20 October 2021	Advertised

d) Deviations

No deviations were recorded during the month of June 2021.

12. Irregular Expenditure

Irregular expenditure incurred because the service provider did not have a valid tax clearance pin

During the audit of the tenders awarded during the financial year, it was discovered that a tender for Supply and Delivery of Electricity Material was awarded to a bidder that should have been eliminated because they attached a tax pin that expired before the closing date of the tender.

a) The table below provides the details of the expenditures incurred up to June 2021:

Payment Date	Supplier	Amount paid	Type of Expenditure	Reason for conclusion	Expenditure status	Project Status
Thursday, 17 June 2021	TEBFIN	R 1 454 672.00	Irregular Expenditure	No Valid Tax Clearance	Under investigation	In progress
Thursday, 17 June 2021	MAT TRADING	R 52 944.50	Irregular Expenditure	No Valid Tax Clearance	Under investigation	In progress
		R 1 507 616.50				

The above report has already been presented to the executive committee and council as it was important that the council processes before the end of the financial year.

13. Database rotation

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

Value	Specifications	Function Name	SegmentDESC	WARD
26 450,00	Request: Sleeping Sponges For Pre School Learners	Core Function: Mayor And Council	Promotional items childrens program 505260194	WARD 1
7 679,70	Payment For The Re-Advert Of Fleet Maintenance Project	Core Function: Human Resources	Advertising fees Human resources 1010260540	Kostad
24 250,00	Supply And Delivery Of 50 Boxes Of Paper	Core Function: Finance	Acquisitions	WARD 1
4 825,00	Catering Lunch Packs For 50 People In Ward 22 For Ldp & Budget Road Sho At Lugwijini Jss	Core Function: Corporate Wide Strategic P	IDP catering 515260555	WARD 22
24 000,00	Request: Lunch Packs For Community Education On The 11 June 2021	Core Function: Mayor And Council	Community Education catering 505260695	WARD 24
2 280,00	ADVERTISING	Non-Core Function: Population Development	Advertising fees community services 2505260540	WARD 22
18 879,93	High Surge Protection 8 Way Multi Plug	Core Function: Information Technology	RM Computer equipment 1010	WARD 1
1 950,00	Request For Procurement Of 100l Of Unleaded Petrol For Grass Cutting M	Core Function: Solid Waste Removal	Grass cutting Fuel 5020	WARD 23
5 520,00	Request For Replacement Of 4 Tyres For Patrol Vehicle Reg Number Hln08	Core Function: Police Forces Traffic And	Police- Vehicle Maintenance	WARD 1
11 713,44	Request For Fout All Terrain Tyres Including Fitting	Core Function: Fleet Management	Vehicle maintenance outsourced 1010235115	WARD 1
11 713,44	Request For Four All Terrain Tyres (Size 265/60r/18) For Vehicle Jnx 7 Including Fitting	Core Function: Fleet Management	Vehicle maintenance outsourced 1010235115	WARD 1
14 715,40	Request For Four (4) Tyres Size (215/75r17.5) Two Front And Two Rear Electricity Truck Reg No. Hff 091 Ec	Non-Core Function: Electricity	Electricity- Vehicle Maintenance	WARD 1
28 750,00	Request For Maintenance Of Road Marking Machine	Core Function: Solid Waste Removal	R&M Refuse Powertools	WARD 20
22 500,00	Request For Maintenance/Calibration Of Speed Machine	Non-Core Function: Road And Traffic Regul	Traffic Equipment Maintenance	WARD 1
13 500,00	Request: Lunch Packs For Community Education On The 07 June 2021 At Mak	Core Function: Mayor And Council	Community Education catering 505260695	WARD 15
8 075,00	Request: Lunch Packs For Special Council Meeting On The 25 June 2021	Core Function: Mayor And Council	Catering Councilors meetings	WARD 13
4 500,00	Request: Lunch Packs For The Pondo Revolt Committee Evaluation Meeting On The 14/06/2021 At The Cultural Village At 10h00	Core Function: Mayor And Council	Catering Legacy 510260188	WARD 17
26 743,50	Request: For 14xlock Sets Stainless Steel For Hall Maintenance	Non-Core Function: Population Development	RM Recreational Facilities	WARD 17
5 500,00	Request: Catering With Soft Drinks For Evaluation Of Ward Committees To On The 23 June 2021	Core Function: Mayor And Council	Ward Committee support catering 505260581	WARD 1

Value	Specifications	Function Name	SegmentDESC	WARD
27 380,00	Request For Ten (10) Pin Globes	Core Function: Roads	Municipal Building Maintenance	WARD 17
19 000,00	Request Venue For Special Council Meeting On The 25 June 2021	Core Function: Mayor And Council	Hiring for Council	WARD 1
25 900,00	Catering For 100 People For Abs Awareness	Non-Core Function: Population Development	Catering Indigent	WARD 17
29 000,00	Request Supply & Delivery Of 05x 20lt White Road Marking Paint For Roa Marking	Core Function: Police Forces Traffic And	Road markings	WARD 17
4 800,00	Catering Lunch Packs For 50 People In Ward 22 For Idp And Budget Road Lugwijini Jss	Core Function: Corporate Wide Strategic P	IDP catering 515260555	WARD 20
3 600,00	Request To Advertise Multi-Utility Online Prepaid Electricity Vending Management System	Core Function: Project Management Unit	Advertising fees PMUJ 5505260540	PROCUR ED
4 400,00	Request For Publication Of Supplementary Valuation Roll Notice For Pub Viewing And Objections	Core Function: Economic Development/Plann	Advertising fees 1505	PROCUR ED
28 500,00	Request For Supply & Delivery Of 150 X Lucerne Bales For Pound Animals	Core Function: Licensing And Control Of A	Pound Inventory	WARD 24
29 850,00	Request For Servicing Of Machine Stamper	Core Function: Roads	CBD Road maintenance 5505235140	WARD 24

435 975,41

PART 2 – SUPPORTING DOCUMENTATION

14. The impact of COVID-19 to the municipality

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

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

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

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

a) Financial Performance

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

- i. Refuse removal

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

ii. Electricity distribution

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

iii. Licences and permits

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

iv. Spending on conditional grants

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

A response on the outcome of the application was received before the end of October for inclusion in the municipal budget through an adjustment budget which must be approved within 30 days from the approval of the rollovers or pay the amounts not approved to the National Revenue Fund within 30 days. Those have since been deducted from the municipality's equitable share transferred in March 2021.

15. Audit action plan

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

The municipality received and responded to the following:

- 34 Requests for information
- 16 Communications of audit findings
 - a) Areas of findings

Errors in the valuation of investment properties,

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

Prevention of irregular and fruitless expenditure

Understatement of commitments

Inconsistency in the comparative reporting of the notes on Employee costs

Appropriation statement included in the financial statements

Comparative contingent liabilities understatement

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

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

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

16. Implementation of the Finance Management Internship Programme

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

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

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

We have noted with concern that the municipality has not been following the guidelines in full when these are being recruited which may resulting in funding being withheld should this be picked up by the funder. Some of the candidates that get shortlisted do not meet the minimum requirements and no proscribed process is followed as prescribed when the municipality decides not to follow the guidelines.

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

The municipality has since enrolled two financial management interns on the programme who have will start attending classes during the month of June 2021.

The municipality is also in the process of recruiting two additional Financial Management Interns to make the required number of 5. This was anticipated to be concluded by 30 June 2021 but due to a number of issues related to Covid-19 restrictions the process was not concluded. Further follow-ups will be made during the month of July 2021.

17. Debtors' analysis

Summary of all Debtors

EC443 Mbizana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

Description		Budget Year 2020/21										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total				
R thousands														
Debtors Age Analysis By Income Source														
	Trade and Other Receivables from Exchange Transactions - Water	1200	—	—	—	—	—	—	—	—	—	—	—	—
	Trade and Other Receivables from Exchange Transactions - Electricity	1300	2 232	1 428	1 319	1 249	1 439	9 916	—	17 584	12 604	—	—	—
	Receivables from Non-exchange Transactions -Property Rates	1400	740	598	566	362	361	28 934	—	31 561	29 658	—	—	—
	Receivables from Exchange Transactions - Waste Water Management	1500	—	—	—	—	—	—	—	—	—	—	—	—
	Receivables from Exchange Transactions - Waste Management	1600	382	359	290	261	282	7 668	—	9 242	8 211	—	—	—
	Receivables from Exchange Transactions - Property Rental Debtors	1700	145	19	19	19	19	488	—	709	526	—	—	—
	Interest on Arrear Debtor Accounts	1810	160	166	157	371	364	13 844	—	15 062	14 579	—	—	—
	Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	—	—	—	—	—	—	—	—	—	—	—	—
	Other	1900	16	195	171	155	217	2 798	—	3 554	3 171	—	—	—
	Total By Income Source	2000	3 676	2 764	2 524	2 418	2 681	63 649	—	77 712	68 748	—	—	—
2019/20 - totals only														
Debtors Age Analysis By Customer Group														
	Organs of State	2200	588	750	671	687	653	29 682	—	33 032	31 022	—	—	—
	Commercial	2300	2 820	1 728	1 623	1 516	1 807	21 307	—	30 801	24 630	—	—	—
	Households	2400	267	286	230	215	221	12 660	—	13 880	13 086	—	—	—
	Other	2500	(0)	(0)	(1)	(0)	(0)	(0)	—	(1)	(0)	—	—	—
	Total By Customer Group	2600	3 676	2 764	2 524	2 418	2 681	63 649	—	77 712	68 748	—	—	—

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

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

18. Creditors' analysis

EC443 Mbizana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

Description R thousands	NT Code	Budget Year 2020/21									Prior year
		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	totals for chart (same period)
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	3 892								3 892	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	3 892	-	-	-	-	-	-	-	3 892	-

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

19. Investment portfolio analysis

EC443 Mbizana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
FNB CALL DEPOSIT ACCOUNT(62550717767)		Not fixed	Call Deposit	No	Variable	0,002305639	0	N/A	not fixed	17 155	40	(17 195)	-	-
FNB CALL DEPOSIT ACCOUNT(62459758078)		Not fixed	Call Deposit	No	Variable	0,00075343	0	N/A	not fixed	1 544	1	(1 544)	-	1
FNB CALL DEPOSIT ACCOUNT(62028477992)		Not fixed	Call Deposit	No	Variable	0,002275639	0	N/A	not fixed	262 768	643	(35 066)	-	248 346
FNB CALL DEPOSIT ACCOUNT(62816769220)		Not fixed	Call Deposit	No	Variable	0,002020109	0	N/A	not fixed	794	2	(402)	-	394
FNB CALL DEPOSIT ACCOUNT(62816773073)		Not fixed	Call Deposit	No	Variable	0,002052948	0	N/A	not fixed	2	0	-	-	2
FNB CALL DEPOSIT ACCOUNT(62550715828)		Not fixed	Call Deposit	No	Variable	0	0	N/A	not fixed	366	-	(366)	-	(0)
FNB CALL DEPOSIT ACCOUNT(62852108531)		Not fixed	Call Deposit	No	Variable	0,00205481	0	N/A	not fixed	67	0	-	-	67
Municipality sub-total										302 697		(54 573)	-	248 810
Entities														
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									302 697		(54 573)	-	248 810

The table above shows the municipality's investments performance. The table shows that the municipality's cash and cash equivalents decreased during the month by over R54 million which lead to an decrease in its investments for the month of June 2021.

20. Allocation and grant receipts and expenditure

a) Transfers & Grants Receipts

EC443 Mbizana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June

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:		297 006	311 814	380 032	–	367 267	380 032	(12 765)	-3,4%	380 032
Local Government Equitable Share		260 384	278 139	332 422	–	332 421	332 422	(1)	0,0%	332 422
Finance Management		2 215	2 000	2 000	–	2 000	2 000	–		2 000
EPWP Incentive		2 452	2 389	2 389	–	2 389	2 389	–		2 389
Integrated National Electrification Programme		31 240	29 286	26 202	–	26 202	26 202	–		26 202
Disaster Grant	3	715	–	–	–	–	–	–		–
Neighborhood Grants		–	–	–	–	–	–	–		–
Provincial Government:		3 786	–	500	–	500	500	(12 764)	-75,0%	17 019
Sport and Recreation		500	–	500	–	500	500	–		500
Greenest Municipality	4	3 286	–	–	–	–	–	–		–
Other transfers and grants [insert description]		–	–	–	–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Total Operating Transfers and Grants	5	300 792	311 814	380 532	–	367 767	380 532	(12 765)	-3,4%	380 532
Capital Transfers and Grants										
National Government:		54 489	48 049	45 459	–	45 459	45 459	0	0,0%	45 459
Municipal Infrastructure Grant (MIG)		54 489	48 049	45 459	–	45 459	45 459	0	0,0%	45 459
Other capital transfers [insert description]		–	–	–	–	–	–	–		–
Provincial Government:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Total Capital Transfers and Grants	5	54 489	48 049	45 459	–	45 459	45 459	0	0,0%	45 459
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	355 281	359 863	425 991	–	413 226	425 991	(12 765)	-3,0%	425 991

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

b) Transfers & Grants Expenditure

EC443 Mbizana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M12 June

Description		Ref	2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2020/21 YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
EXPENDITURE											
<u>Operating expenditure of Transfers and Grants</u>											
National Government:			30 263	311 814	380 032	33 386	363 017	380 032	(17 014)	-4,5%	380 032
Local Government Equitable Share			—	278 139	332 422	32 958	332 422	332 422	—		332 422
Finance Management			2 167	2 000	2 000	298	2 000	2 000	0	0,0%	2 000
EPWP Incentive			2 452	2 389	2 389	—	2 389	2 389	(0)	0,0%	2 389
Integrated National Electrification Programme			24 934	29 286	26 202	131	26 202	26 202	—		26 202
			—	—	—	—	—	—	—		—
Disaster Grant			710	—	—	—	—	—	—		—
Neighborhood Grants			—	—	17 019	—	4	17 019	(17 014)	-100,0%	17 019
Provincial Government:			3 130	—	—	—	—	—	—		—
Sport and Recreation			246	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
Greenest Municipality			2 884	—	—	—	—	—	—		—
Other transfers and grants [insert description]			—	—	—	—	—	—	—		—
District Municipality:			—	—	—	—	—	—	—		—
[insert description]			—	—	—	—	—	—	—		—
Other grant providers:			—	—	—	—	—	—	—		—
Disaster Grant			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		—
			—	—	—	—	—	—	—		

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 - M12 June

Description	Ref	Budget Year 2020/21				
		Approved Rollover 2019/20	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands						
EXPENDITURE						
Operating expenditure of Approved Roll-overs						
National Government:		6 311	(542)	5 769	542	8,6%
Local Government Equitable Share					-	
Finance Management					-	
EPWP Incentive					-	
Integrated National Electrification Programme		6 306	(542)	5 764	542	8,6%
Disaster Grant		5	-	5	-	
Neighborhood Grants					-	
Provincial Government:		1 104	-	402	703	63,6%
Sport and Recreation		703	-	-	703	100,0%
Greenest Municipality		402	-	402	0	0,0%
Other transfers and grants [insert description]					-	
District Municipality:		-	-	-	-	
[insert description]					-	
Other grant providers:		-	-	-	-	
[insert description]					-	
Total operating expenditure of Approved Roll-overs		7 416	(542)	6 171	1 244	16,8%
Capital expenditure of Approved Roll-overs						
National Government:		-	-	-	-	
Municipal Infrastructure Grant (MIG)					-	
Other capital transfers [insert description]					-	
Provincial Government:		-	-	-	-	
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
Total capital expenditure of Approved Roll-overs		-	-	-	-	
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS		7 416	(542)	6 171	1 244	16,8%

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

21. Cash flow Statement

EC443 Mbizana - Table C7 Monthly Budget Statement - Cash Flow - M12 June

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		12 522	26 341	22 853	554	15 110	22 853	(7 743)	-34%	22 853
Service charges		19 124	36 579	34 838	4 301	34 756	34 838	(82)	0%	34 838
Other revenue		2 142	11 515	11 443	932	9 342	11 443	(2 101)	-18%	11 443
Transfers and Subsidies - Operational		270 716	282 528	355 038	—	341 006	355 038	(14 031)	-4%	355 038
Transfers and Subsidies - Capital		78 660	77 335	77 967	1 544	73 205	77 967	(4 762)	-6%	77 967
Interest		14 572	10 364	10 364	740	7 603	10 364	(2 761)	-27%	10 364
Dividends		—	—	—	—	—	—	—		—
Payments										
Suppliers and employees		(261 547)	(379 171)	(366 406)	(32 174)	(278 308)	(366 406)	(88 099)	24%	(366 406)
Finance charges		(11)	(50)	(50)	—	(1)	(50)	(49)	97%	(50)
Transfers and Grants		—	—	—	—	—	—	—		—
NET CASH FROM/(USED) OPERATING ACTIVITIES		136 178	65 440	146 046	(24 103)	202 713	146 046	(56 667)	-39%	146 046
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		196	—	—	—	—	—	—		—
Decrease (increase) in non-current receivables		—	—	—	—	—	—	—		—
Decrease (increase) in non-current investments		—	—	—	(8 506)	(4 251)	—	(4 251)	#DIV/0!	—
Payments										
Capital assets		(86 192)	(70 114)	(120 843)	(18 018)	(123 288)	(120 843)	2 445	-2%	(120 843)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(85 996)	(70 114)	(120 843)	(26 524)	(127 539)	(120 843)	6 696	-6%	(120 843)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		—	—	—	—	—	—	—		—
Borrowing long term/refinancing		—	—	—	—	—	—	—		—
Increase (decrease) in consumer deposits		—	—	43	(3)	(2)	43	(45)	-106%	43
Payments										
Repayment of borrowing		—	—	—	—	—	—	—		—
NET CASH FROM/(USED) FINANCING ACTIVITIES		—	—	43	(3)	(2)	43	45	106%	43
NET INCREASE/ (DECREASE) IN CASH HELD		50 182	(4 674)	25 245	(50 630)	75 171	25 245			25 245
Cash/cash equivalents at beginning:		123 463	215 140	173 644		182 992	173 644			182 992
Cash/cash equivalents at month/year end:		173 644	210 467	198 890		258 163	198 890			208 237

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

22. Statement of Financial Position

EC443 Mbizana - Table C6 Monthly Budget Statement - Financial Position - M12 June

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		3 611	3 476	28 856	9 353	28 856
Call investment deposits		170 033	206 991	170 033	248 810	170 033
Consumer debtors		35 526	32 970	33 517	69 449	33 517
Other debtors		67 802	43 763	67 886	46 131	67 886
Current portion of long-term receivables		–	–	–	–	–
Inventory		2 042	1 179	1 381	2 046	1 381
Total current assets		279 015	288 379	301 674	375 790	301 674
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	(4)	–
Investment property		32 436	25 097	32 436	32 436	32 436
Investments in Associate		–	–	–	–	–
Property, plant and equipment		645 633	682 178	716 056	702 493	716 056
Biological		–	–	–	–	–
Intangible		198	–	98	166	98
Other non-current assets		1 231	1 281	1 341	1 231	1 341
Total non current assets		679 499	708 556	749 931	736 323	749 931
TOTAL ASSETS		958 514	996 934	1 051 605	1 112 112	1 051 605
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		503	460	503	455	503
Trade and other payables		37 805	17 705	60 120	47 380	60 120
Provisions		19 953	18 471	19 953	17 953	19 953
Total current liabilities		58 261	36 636	80 577	65 787	80 577
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		5 495	3 920	5 495	5 495	5 495
Total non current liabilities		5 495	3 920	5 495	5 495	5 495
TOTAL LIABILITIES		63 756	40 556	86 072	71 282	86 072
NET ASSETS	2	894 758	956 378	965 533	1 040 830	965 533
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		894 758	956 378	965 533	1 040 830	965 533
Reserve		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	894 758	956 378	965 533	1 040 830	965 533

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

23. Municipal Manager's quality certification

Quality Certificate

I, ...Luvuyo Mahloka....., the municipal manager of Winnie Madikizela-Mandela (Mbizana) Local Municipality, hereby certify that –

☒ The monthly budget statement

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

Print name: Luvuyo Mahloka

Municipal manager of Winnie Madikizela-Mandela (Mbizana) Local Municipality (EC443)

Signature: 

Date: 13/07/2021