



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

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

---

## Table of Contents

Part 1 – in-year report .....	1
1. Executive Summary .....	1
1.1 The Political Oversight .....	1
2. Administration .....	1
3. Staff turnover .....	2
4. Implementation of mSCOA .....	2
5. 2019/20 Audit Action Plan Implementation .....	4
6. Implementation of the Municipal Cost containment regulations .....	5
a. Supply and Delivery of Municipal Vehicles.....	5
b. Provision of vehicle fleet management services for the period 1 April 2021 to 31 March 2026.....	6
7. Strategic Objectives .....	7
8. In-year budget statement tables.....	19
9. Capital programme performance .....	31
10. Supply chain management .....	34
a. Acquisition management.....	34
b. Handling of tenders during COVID-19.....	34
c. Procurement requests below R2000.00.....	36
d. Procurement requests above R2, 000.00 but below R30, 000.00.....	37
e. Procurement above R30 000 but below R200 000.....	39
11. Status of Tenders.....	40
12. Database rotation .....	44
Part 2 – supporting documentation .....	45
1. The impact of COVID-19 to the municipality .....	45
a. Financial Performance .....	45
2. Year-end Processes .....	46
a. Stock Count.....	46
b. Verification and Assessment of assets .....	46
c. Review of Infrastructure register .....	47
d. Correction of prior year errors .....	47
3. Implementation of the Finance Management Internship Programme .....	47
4. Debtors' analysis.....	49
5. Creditors' analysis .....	50
6. Investment portfolio analysis .....	50
7. Allocation and grant receipts and expenditure.....	51
8. Cash flow Statement .....	54
9. Statement of Financial Position .....	55
10. Municipal Manager's quality certification.....	56

## **PART 1 – IN-YEAR REPORT**

### **1. Executive Summary**

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

This is the first report of the 2021/22 financial year which should give an indication of how the municipality has performed on its first month of operation in the indicated year. There is generally nothing to report during this month as processes to close the previous year always take part of it. This situation may be better this year compared to July 2020 considering that the country was operating under strict lockdown regulations that made it impossible to operate fully. This will be the baseline for the new financial year and hopefully the contents of each report will help council and its structures to understand fully the status of the municipality's financial performance and decisions that need to be taken to ensure sustainability of the institution.

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

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

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

### **2. Administration**

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

### **3. Staff turnover**

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. During the month, the Accounting Officer with the advice from Legal services was advised to issue pending appointments on condition that candidate agree that their contracts will be cancelled should the security clearances return any information that has not been declared. 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. Following are some of the challenges that the implementation has posed to the municipality over the years:

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

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

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, version 6.5 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. 2019/20 Audit Action Plan Implementation**

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.

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

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



## 7. Strategic Objectives

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

KPA 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	Budget Source		Budget: MTREF				WARD	Responsible Section	Responsible Agency/s
													Internal	External	Q1	Q2	Q3	Q4			
Revenue Management	Revenue collection trends are decreasing posing a threat to the municipality's going concern	To achieve 100% billing for all services that are to be billed by June 2022	4.1	Metering of all electricity consumption	Electricity meters are read, recorded, and captured manually	Reading of electricity meters	Accurate billing of electricity consumption	4.1.1	0.5	Reading of 78 electricity meters utilizing the Automated system by June 2022	Meter reading Report from the AMR System, invoice and GRV	R 700,000.00	Yes	0	Reading of electricity meters	Reading of electricity meters	Reading of electricity meters	Reading of electricity meters	Ward 1	Revenue Section	Manager: Revenue and Expenditure
						Training of meter reader		4.1.2	0.5		Application letter, Attendance register		Yes	n/a	n/a	Attending training	n/a				

KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Resu lt Area	Issue	Strat egic Objec tive	Obj ectiv e No.	Strateg ies	Baseli ne Inform ation	Project to be Implemented							Budget Source		Budget: MTREF				W AR D	Resp onsibl e Sectio	Resp onsibl e Agen
n				Monthl y billing of all consum ers for all ser vice s	90% billing on prop erty rates, 80% on electric ity and 90% on refuse	Maintain an accurate and complete consumer master database for refuse,electricit y and property rates	Reduc ed Custo mer queries - 100% of consum ers billed as per con sumer master databa se	4. 1. 3	0.5	Billing of 2 246 consu mer accoun ts for Propert y rates, refuse and electric ity by June 2022	12 monthly Billing Report	R -	N/ A	0	Billing of 2 246 consu mer accoun ts for Propert y rates, refuse and electric ity	Billing of 2 246 consu mer accoun ts for Propert y rates, refuse and electric ity	Billing of 2 246 consu mer accoun ts for Propert y rates, refuse and electric ity	Billing of 2 246 consu mer accoun ts for Propert y rates, refuse and electric ity	Wa rd 1		Mana ger: Reve nue and Expe nditur e
					Billing comple ted beyond the 3rd day of the follo wing month	Completion of billing processes by the 3rd day of each following month		4. 1. 4	0.5	Billing comple ted by the 3rd day of each month followi ng the billing month by June 2022	12 Month end closing Reports	R -	N/ A	0	Perfo m month end proced ure for con sumer debtor s, sundry debtor s	Perfo m month end proced ure for con sumer debtor s, sundry debtor s	Perfo m month end proced ure for con sumer debtor s, sundry debtor s	Perfo m month end proced ure for con sumer debtor s, sundry debtor s	Wa rd 1		Mana ger: Reve nue and Expe nditur e
					Manual distribu tion of con sumer stateme nts	Sending of monthly statement using emails and sms's		4. 1. 5	0.5	Distrib ution of electro nical monthl y con sumer stateme nts by June 2022	12 Monthly Statements distributio n Report	R -	N/ A	0	Emaili ng of monthl y con sumer statem ents	Emaili ng of monthl y con sumer statem ents	Emaili ng of monthl y con sumer stateme nts	Emaili ng of monthl y con sumer statem ents	Wa rd 1		Mana ger: Reve nue and Expe nditur e

KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented						Budget Source		Budget: MTREF				WARD	Responsible Section	Responsible Agent	
				Implementation of the Revenue enhancement Strategy	Revenue Enhancement Strategy reviewed in 2019/20	Monitoring of the Revenue enhancement Strategy Action Plan	Improved revenue collection and generation	4.1.6	0.5	Implementation of the Revenue enhancement Strategy Action Plan by June 2022	4 Quartely Revenue enhancement Strategy Committee minutes and attendance register	R -	N/A	0	Quarterly Revenue enhancement meeting	Quarterly Revenue enhancement meeting	Quarterly Revenue enhancement meeting	Quarterly Revenue enhancement meeting	Ward 1		Manager: Revenue and Expenditure
		To achieve at least 95% collection of all debt	4.2	Implementation of credit control measures	Long outstanding debtors, which are more than 365 days	Outsourcing of collection services	Debtors age analysis reflecting debtor within 90 days	4.2.1	0.5	Consumer Data analysis and cleansing to ensure readiness for handing over of all accounts beyond 90 days by June 2022. Handing over of accounts that are beyond 90 days by June 2022	2 Quartely Data cleansing report, Progress report on accounts handed over beyond 90 days	R 500,000.00	Yes	0	Investigate account information	Investigate account information	n/a	n/a	Ward 1		Manager: Revenue and Expenditure

KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented							Budget Source		Budget: MTREF				WARD	Responsible Section	Responsible Agent
	Accounts with errors taking longer to identify and resolve	To achieve a clean audit as at 30 June 2022	4.3	Performance of monthly debtors, rates and investment reconciliations	Monthly reconciliations not performed by the 7th day of each month	Monthly reviewal of debtors, rates and investment reconciliation by the 7th working day of each month	Accurate and complete reconciliations	4.3.1	0.5	12 monthly reviewal debtors, 12 investments and 12 rates reconciliation by June 2022	12 Signed debtors, 12 investments and 12 rates reconciliation	R -	N/A	0	Preparation of 3 debtors, 3 investments and 3 rates reconciliation	Preparation of 3 debtors, 3 investments and 3 rates reconciliation	Preparation of 3 debtors, 3 investments and 3 rates reconciliation	Preparation of 3 debtors, 3 investments and 3 rates reconciliation	Admin Offices		Manager: Revenue and Expenditure
Expenditure Management	Invoices not submitted within 30 days of receipt for payment	To pay creditors within 30 days in compliance with the MFM A by June 2022	4.4	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	4.4.1	0.5	Payment of all presented acceptable invoices within 30 days from receipt of invoice by June 2022	Invoice register and age analysis report	R -	N/A	0	Payment of creditors within 30 days	Payment of creditors within 30 days	Payment of creditors within 30 days	Payment of creditors within 30 days	Admin Offices	Expenditure Section	Manager: Revenue and Expenditure
	Datastings that are submitted with incomplete information and month end procedures that are not	To achieve a clean audit as at 30 June 2022	4.5	Develop sound, strict and effective procedures for reporting	Non implementation of all monthly procedures	Implementing of month end procedures for 3 modules(credit cards,cashbook,GL)	Submission of monthly reports	4.5.1	0.5	Submitting monthly datastings and Reports not later than 10 working days after month end of each month by June	12 confirmations of submission from LG Portal not later than 10 working days after month end	R -	N/A	0	Submission of 3 monthly datastings to LG Portal	Submission of 3 monthly datastings to LG Portal	Submission of 3 monthly datastings to LG Portal	Submission of 3 monthly datastings to LG Portal	Admin Offices		Manager: Revenue and Expenditure

KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Resu It Area	Issue	Strat egic Objec tive	Obj ectiv e No.	Strateg ies	Baseli ne Inform ation	Project to be Implemented							Budget Source		Budget: MTREF				W AR D	Resp onsibl e Sectio	Resp onsibl e Agen
	perfo med on time								2022												
	Commi tment register with materia l misstat ements				Monthly reviewal of commitment register by the 7th working day of each month	Accuar te and compl ete commi tmet registe r	4. 5. 2	0.5	12 monthl y review ed commi tment register by June 2022	12 signed commitme nt register	R -	N/ A	0	Prepar ation of 3 Comm itment registe r	Prepar ation of 3 Comm itment registe r	Prepara tion of 3 Commi tment register	Prepar ation of 3 Commi tment registe r	Ad min Off ices		Mana ger: Reve nue and Expe nditur e	
	Credit ors and grants with errors taking longer to identif y and resolv e			To achieve a clean audit as at 30 June 2022	4.6	Perform ance of monthl y Condition al Grants, creditor s , retentio n and vat reconcili ation	Monthl y reconcili ations of not perfor med by the 7th day of each month	Monthly reviewal of Conditional Grants, creditors , retention and vat reconciliation by the 7th working day of each month	Accura te and compl ete reconcili ation s	4. 6. 1	0.5	12 monthl y review ed Condition al grants , 12 credito rs , 12 retentio n and 12 vat reconcili ation by June 2022	12 Signed monthly Conditiona l grants, 12 creditors, 12 retention and 12 vat reconcili ations	R -	N/ A	0	Prepar ation of 3 monthl y credito rs, 3 retenti on and 3 vat reconcili ation	Prepar ation of 3 monthl y credito rs, 3 retenti on and 3 vat reconcili ation	Prepara tion of 3 monthl y credito rs, 3 retentio n and 3 vat reconcili ation	Prepar ation of 3 monthl y credito rs, 3 retenti on and 3 vat reconcili ation	Ad min Off ices
	Payrol l accounts with errors taking longer to identif y and resolv e			Perform ance of monthl y payroll reconcili ation	Monthl y reconcili ations not perfor med by the 7th day of each month	Monthly reviewal of payroll reconciliation by the 7th working day of each month	Accura te and compl ete reconcili ation s	4. 6. 2	0.5	12 monthl y review ed payroll reconcili ation by June 2022	12 Signed monthly payroll reconcili ation	R -	N/ A	0	Prepar ation of 3 monthl y payroll reconcili ations	Prepar ation of 3 monthl y payroll reconcili ations	Prepara tion of 3 monthl y payroll reconcili ations	Prepar ation of 3 monthl y payroll reconcili ations	Ad min Off ices		Mana ger: Reve nue and Expe nditur e

KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented							Budget Source		Budget: MTREF				WARD	Responsible Section	Responsible Agent
Supply Chain Management	Inadequate filing space and system for the volume of documents in the Budget and Treasury office	To have an effective and reliable filing system for SCM and all awarded tender documents and payment vouchers	4.7	Conversion of Supply Chain Management filing to electronic for old documents already audited	Paper based and physical filing	Conversion of information into electronic documents	Electronic filing for Budget and Treasury documents	4.7.1	0.5	Electronic filing system setup and loading of Budget and Treasury Office Documents by June 2022	12 Progress report on BTO scanned documents	R -	N/A	0	scanning of BTO documents	scanning of BTO documents	scanning of BTO documents	scanning of BTO documents	Admin Offices	Supply Chain Management	Manager: SCM
	No clear monitoring of the procurement plan	To have fully capacitated Supply Chain Management	4.8	Monitoring of adherence to the procurement plan	Approved procurement plan with no clear monitoring plan	Monthly monitoring of the procurement plan	Report on adherence to the procurement plan	4.8.1	0.5	12 monthly reports on the monitoring of the procurement plan by June 2022	Signed report by the SCM Manager	R	N/A	0	3 signed reports	3 signed reports	3 signed reports	3 signed reports	Admin Offices		Manager: SCM
	Supplier Database not updated annually	Personnel and effective procurement system		Calling of all suppliers to update their information	Supplier database with bidders showing information that expired in the past	Annual update of the supplier database	Updated Supplier Database	4.8.2	0.5	Supplier Database with most bidders information updated during the year by	Advertisement and Munsoft audit trail	R 5,000.00		0	Publication of the call to suppliers to update their information	300 Suppliers information updated	600 Suppliers information updated	1200 Suppliers information updated	Admin Offices	Manager: SCM	

KPA N0 4: Budget & Treasury																							
Outcome 9 Objective																							
Sub-Resu lt Area	Issue	Strategic Objec tive	Obj ectiv e No.	Strateg ies	Baseli ne In forma tion	Project to be Implemented							Budget Source		Budget: MTREF				W AR D	Resp onsibl e Sectio	Resp onsibl e Agen		
					years				June 2022												Mana ger: SCM		
	No sched ule of bid comm ittee seatin gs				Develo ping Mechan isms to monito r seating of the bid commit tees	Bid commit tees seating random ly	Schedule of seating of bid committees	Sched ule of bid commi tee seating s with confir med dates	4. 8. 3	0.5	Schedu le of seating of bid commit tees ensurin g each bid is conclu ded within 60 days of the tender colsing by June 2022	Signed schedule of bid committee s, attendance registers of members	R	N/ A		Develo ment and approv al of the Bid commi tee schedu le	6 seated bid commi tees	6 seated bid commi tees	6 seated bid commi tees			Ad min Off ices	Mana ger: SCM
	Procur ement docu ments not upload ed on the websit e on time				Monito ring of complia nce with publica tion of docu ments	Publica tion docu ments upload ed late on the website	Monthly monitoring of documents uploads	Update d Websit e will SCM adverts , closing registe rs and awarde d tenders	4. 8. 4	0.5	Upload ing of all Advert s, closing registe rs and awarde d tenders on the municip al website by June 2022	Screenshot s of the website showing documents uploaded	R	N/ A		Uploa ding of all tenders adverti sed from July 2021 to Septem ber 2021	Uploa ding of all tenders adverti sed from Octobe r 2021 to Decem ber 2021	Uploa ding of all tenders adverti sed from Januar y 2022 to March 2022	Uploa ding of all tenders adverti sed from April 2022 to June 2022			Ad min Off ices	

KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented							Budget Source	Budget: MTREF				WARD	Responsible Section	Responsible Agent	
	SCM personnel not regularly trained on updates regularly			Communication of all updates on SCM matters	Updates only communicated to Managers and Senior Managers	Training of all SCM officials on updates on SCM matters	Capacitated SCM Officials with relevant knowledge	4.8.5	0.5	Capacitating of all SCM officials on updates by June 2022	Email confirmations	R	N/A		Distribution to all SCM officials of changes and updates between March 2021 to September 2021		Distribution to all SCM officials of changes and updates between October 2021 to June 2022	Admin Offices		Manager: SCM	
	Inadequate contract management processes			Monthly review of all existing contracts	Contracts only reviewed at year end	Contract register to be reviewed and signed monthly	Reviewed contract register	4.8.6	0.5	12 monthly contract registers reviewed by June 2022	12 signed contract registers	R-	N/A		3 monthly contract registers reviewed	3 monthly contract registers reviewed	3 monthly contract registers reviewed	3 monthly contract registers reviewed	Admin Offices		Manager: SCM
	The municipality needs to comply with all statutory training requirement			Training of Supply Chain Management Personnel	Officials operating with outdated information relevant to their sections	Training of SCM Officials by 30 June 2022	Capacitated SCM Officials with relevant knowledge	4.8.7	0.5	Training of 1 Manager and 1 SCM officer on CIPS by June 2022	Proof of attendance	R-	N/A	0	5 Classes attendance	5 Classes attendance	5 Classes attendance	5 Classes attendance	Admin Offices		Manager: SCM



KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented							Budget Source		Budget: MTREF				WARD	Responsible Section	Responsible Agent
Asset and Stores Management	All assets of the municipality to be accounted for in terms of their value, status and location	To accurately account for the value and location of all municipal assets by 30 June 2022	4,9	Quarterly update of the fixed asset register	Move ment of assets without Asset Management office being notified	Performing quarterly asset verification within 30 days of the end of each quarter	Accounting for all municipal assets	4.9.1	0.5	4 Quarterly Assets verification Reports by June 2022	4 Signed quarterly Assets verification Report	R -	N/A	0	Quarterly verification of Assets	Quarterly verification of Assets	Quarterly verification of Assets	Quarterly verification of Assets	all wards	Asset Management	Manager: Assets and Stores
					Annual review of the asset management policy and update of the fixed asset register	GRAP compliant Asset register as at 30 June 2021	Review of the GRAP compliant asset register	Signed GRAP compliant asset register	4.9.2	0.5	GRAP compliant Asset register as at 30 June 2021 by June 2022	Signed GRAP compliant asset register, Proof of submission to AG, RFI and Coaf Register	R 1,300,000.00	Yes	0	Submission of the Asset Register to AG by 31st August 2021. Submission of Responses to audit requests	Submission of Responses to audit requests	n/a	n/a	Admin Offices	Asset Management
	Stores function that is not fully structured and properly managed	To correctly and effectively manage the stores function of the municipality	4,10	Quarterly update of the stock items to ensure adequate levels are kept at all times	Only one stock count performed at the end of the year	Stock updates at least once each quarter	4 stock count reports	4.10.1	0.5	12 monthly Inventory reconciliation and 4 Stock count Report by June 2022	Signed 12 Monthly inventory reconciliation and 4 signed Stock count Reports	R -	N/A	0	Preparation of 3 inventory reconciliation and perform 1 quarterly stock count	Preparation of 3 inventory reconciliation and perform 1 quarterly stock count	Preparation of 3 inventory reconciliation and perform 1 quarterly stock count	Preparation of 3 inventory reconciliation and perform 1 quarterly stock count	Admin Offices	Stores Management	Manager: Assets and Stores

KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented						Budget Source		Budget: MTREF				WARD	Responsible Section	Responsible Agent	
Financial Reporting	Financial statements with non-compliance with laws	To compile Annual Financial Statements that comply with all requirements as at 30 June 2022	4.11	Develop sound, strict and effective procedures for the compilation of AFS	Audited Annual Financial Statements for 2019/20 with compliance findings	Development and approval of processes and procedures for compilation of Compliant annual financial statements by 30 May 2021	Credible Annual Financial Statements submitted by 31 August 2021	4.11.1	0.5	Credible and fully compliant Annual Financial Statements as at 30 June 2021 submitted by 31 August 2021	AFS and proof of submission to AG, Proof of payment, Interim Financial statements	R 200,000.00	Yes	0	Submit 2020/21 Annual Financial Statements to the AG	Renew of Caseware Licence	n/a	Preparation of Interim Financial	Admin Offices	Reporting	Manager; Budget and Reporting
		To achieve a clean audit as at 30 June 2022	4.12	Manage audit and ensure audit readiness	Audited Annual Financial Statements for 2019/20 with compliance findings	Manage the external audit by the office of the Auditor General to ensure smooth running	Signed Audit report	4.12.1	0.5	Manage the external audit and ensure audit readiness to achieve clean audit opinion as at 30 June 2022	Proof of submission to AG, COAF register, Audit Action Plan, updated Audit Action Plan	R 5,295,993.00	Yes	0	Submit 2019/20 Annual Financial Statements to the AG Respond to AG's queries and provide CoAf register	Respond to AG's queries and provide CoAf register	n/a	Admin Offices	Reporting	Manager; Budget and Reporting	
				Performance of Monthly bank reconciliations	Reconciliation not always completed within times	Performance of monthly reconciliations by the 7th working day of each month	Signed monthly reconciliations	4.12.2	0.5	12 Reviewed bank reconciliations by June 2022	12 Signed Bank Reconciliation	R -	N/A		Preparation of 3 Bank Reconciliation	Preparation of 3 Bank Reconciliation	Preparation of 3 Bank Reconciliation	Preparation of 3 Bank Reconciliation	Admin Offices	Reporting	Manager; Budget and Reporting

KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Result Area	Issue	Strategic Objective	Objective No.	Strategies	Baseline Information	Project to be Implemented						Budget Source		Budget: MTREF				WARD	Responsible Section	Responsible Agent	
	Non compliance with statutory requirements	Adhere to compliance in terms of management and reporting	4.13	Preparation and submission of all in-year statutory reports	Reports not submitted on time	Submission of s71 Report not later than 10 working day of each month	Signed monthly reports	4.13.1	0.5	Submission of all statutory reports as required by June 2022	Proof of submission of 12 signed s71 Report	R -	N/A	0	Preparation of 3 monthly reports	Preparation of 3 monthly reports	Preparation of 3 monthly reports	Preparation of 3 monthly reports	Admin Offices	Reporting	Manager; Budget and Reporting
						Submission of s52d reports within 30 days of the end of each quarter	Signed quarterly reports	4.13.2	0.5		Proof of submission of 4 Signed s52 Reports and 4 FMG Quartely Reports	R -	N/A	0	Preparation of Quartely and FMG Reports	Preparation of Quartely and FMG Reports	Preparation of Quartely and FMG Reports	Preparation of Quartely and FMG Reports	Admin Offices	Reporting	Manager; Budget and Reporting
						Submission of the s72 report by the 25th of Janaury 2022	Signed mid-year assessment report	4.13.3	0.5		Proof of submission s72 Report by the 25th of Jan 2022	R -	N/A	0	n/a	n/a	Preparation of s72 Report	n/a	Admin Offices	Reporting	Manager; Budget and Reporting
Budgeting	The municipality needs to comply with all statutory budgeting and reporting requirements	Adhere to compliance to Municipal budget and reporting requirements	4.14	Preparation and submission of all in-year statutory reports	Appointed interns and new accountants	Training of 3 financial management interns and 1 finance staff to meet minimum competency requirements by June 2022	Trained interns and finance officials to meet minimum competency	4.15.1	0.5	Training of 2 financial management interns and 1 finance staff to meet minimum competency requirements by June 2022	Proof of registration and Attendance register	R 403,800.00	0	Yes	Enrollment of 2 Finance interns	Attendance of the training	Attendance of the training	Attendance of the training	Admin Offices	Budgeting	Manager; Budget and Reporting

KPA N0 4: Budget & Treasury																					
Outcome 9 Objective																					
Sub-Resu lt Area	Issue	Strat egic Objec tive	Obj ectiv e No.	Strateg ies	Baseli ne Inform ation	Project to be Implemented						Budget Source		Budget: MTREF				W AR D	Resp onsibl e Sectio	Resp onsibl e Agen	
		To timely produ ce budge ts in line with the Natio nal Treas ury guidel ines and regula tions	4.15	Develo p and monito r process es to ensure timely prepara tion, adoptio n and publica tion of credibl e munici pal budgets	Adjust ments budget approv ed by 28 Februa ry 2022 and draft budget approv ed by 31 March 2022 of each year; final budget approv ed 31 May 2022	Compile three budgets to be approved by council	Counci l resolut ions adopti ng the budget s	4. 15 .2	0.5	3 Approv ed budget s by June 2022	Adjustmen t budget 21/22; Draft budget 22/23; Approved 22/23 Final Budget and Council resolutions	R -	N/ A	0	n/a	n/a	Adopte d budget adjust ment 2021/2 2; Draft budget 2022/2 3	Appro ved 2022/2 3 Budget	Ad min Off ices	Budg eting	Mana ger; Budg et and Report ing
									Publication of approved budgets	Public ation of at least three approv ed budget s June 2022	4. 15 .3	0.5	Publica tion of three approv ed budget s June 2022	3 Adverts	R 60,20 0.00	Yes	0	n/a	n/a	Adjust ment budget advert	Draft budget advert ; Adopt ed final budget advert

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

## 8. In-year budget statement tables

### a) Budget Statement Summary

EC443 Winnie Madikizela Mandela - Table C1 Monthly Budget Statement Summary - M01 July

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	–	26,171	–	15,080	15,080	2,181	12,899	591%	26,171
Service charges	–	43,474	–	3,034	3,034	3,623	(589)	-16%	43,474
Investment revenue	–	10,047	–	596	596	837	(241)	-29%	10,047
Transfers and subsidies	–	295,690	–	120,698	120,698	24,641	96,057	390%	295,690
Other own revenue	–	14,651	–	1,090	1,090	1,221	(131)	-11%	14,651
<b>Total Revenue (excluding capital transfers and contributions)</b>	–	<b>390,032</b>	–	<b>140,498</b>	<b>140,497</b>	<b>32,503</b>	<b>107,995</b>	<b>332%</b>	<b>390,032</b>
Employee costs	–	126,854	–	8,176	8,176	10,571	(2,395)	-23%	126,854
Remuneration of Councillors	–	26,007	–	2,149	2,149	2,167	(19)	-1%	26,007
Depreciation & asset impairment	–	52,682	–	3,510	3,510	4,390	(881)	-20%	52,682
Finance charges	–	150	–	–	–	13	(13)	-100%	150
Inventory consumed and bulk purchases	–	48,440	–	935	935	4,037	(3,102)	-77%	48,440
Transfers and subsidies	–	5,907	–	–	–	492	(492)	-100%	5,907
Other expenditure	–	173,490	–	3,658	3,658	14,458	(10,799)	-75%	173,490
<b>Total Expenditure</b>	–	<b>433,529</b>	–	<b>18,427</b>	<b>18,427</b>	<b>36,127</b>	<b>(17,701)</b>	<b>-49%</b>	<b>433,529</b>
<b>Surplus/(Deficit)</b>	–	<b>(43,497)</b>	–	<b>122,071</b>	<b>122,071</b>	<b>(3,625)</b>	<b>125,696</b>	<b>-3468%</b>	<b>(43,497)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	99,296	–	1,454	1,454	8,275	###	-82%	99,296
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	–	<b>55,799</b>	–	<b>123,525</b>	<b>123,525</b>	<b>4,650</b>	<b>118,875</b>	<b>2557%</b>	<b>55,799</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	–	<b>55,799</b>	–	<b>123,525</b>	<b>123,525</b>	<b>4,650</b>	<b>118,875</b>	<b>2557%</b>	<b>55,799</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	–	<b>117,727</b>	–	<b>913</b>	<b>913</b>	<b>9,811</b>	<b>(8,897)</b>	<b>-91%</b>	<b>117,727</b>
Capital transfers recognised	–	86,399	–	296	296	7,200	(6,904)	-96%	86,399
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	<b>31,328</b>	–	<b>617</b>	<b>617</b>	<b>2,611</b>	<b>(1,994)</b>	<b>-76%</b>	<b>31,328</b>
<b>Total sources of capital funds</b>	–	<b>117,727</b>	–	<b>913</b>	<b>913</b>	<b>9,811</b>	<b>(8,897)</b>	<b>-91%</b>	<b>117,727</b>
<b>Financial position</b>									
Total current assets	–	277,032	–		506,034				277,032
Total non current assets	–	789,359	–		724,490				789,359
Total current liabilities	–	49,384	–		85,939				49,384
Total non current liabilities	–	5,495	–		–				5,495
Community wealth/Equity	–	<b>1,011,512</b>	–		<b>1,144,585</b>				<b>1,011,512</b>
<b>Cash flows</b>									
Net cash from (used) operating	–	129,537	–	124,199	124,199	10,795	(113,404)	-1051%	129,537
Net cash from (used) investing	–	(119,176)	–	(1,127)	(1,127)	(29,794)	(28,667)	96%	(119,176)
Net cash from (used) financing	–	–	–	–	–	–	–	–	(503)
<b>Cash/cash equivalents at the month/year end</b>	–	<b>191,598</b>	–	–	<b>381,231</b>	<b>162,237</b>	<b>(218,994)</b>	<b>-135%</b>	<b>268,018</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	19,007	2,443	2,626	2,499	2,433	64,860	–	–	93,867
<b>Creditors Age Analysis</b>									
Total Creditors	463	–	–	–	–	–	–	–	463

The table above shows a summary of the municipality's financial performance for the period ended 31 July 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 Winnie Madikizela Mandela - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		–	335,534	–	137,207	137,207	27,961	109,245	391%	335,534
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		–	335,534	–	137,207	137,207	27,961	109,245	391%	335,534
Internal audit		–	–	–	–	–	–	–	–	–
<i><b>Community and public safety</b></i>		–	5,479	–	254	254	457	(202)	-44%	5,479
Community and social services		–	681	–	0	0	57	(56)	-100%	681
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	4,798	–	254	254	400	(146)	-37%	4,798
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i><b>Economic and environmental services</b></i>		–	71,475	–	701	701	5,956	(5,255)	-88%	71,475
Planning and development		–	20,452	–	3	3	1,704	(1,701)	-100%	20,452
Road transport		–	51,023	–	698	698	4,252	(3,553)	-84%	51,023
Environmental protection		–	–	–	–	–	–	–	–	–
<i><b>Trading services</b></i>		–	76,840	–	3,790	3,789	6,403	(2,614)	-41%	76,840
Energy sources		–	68,576	–	3,414	3,414	5,715	(2,301)	-40%	68,576
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	8,264	–	376	376	689	(313)	-45%	8,264
<i><b>Other</b></i>	<b>4</b>	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	<b>2</b>	–	<b>489,328</b>	–	<b>141,952</b>	<b>141,951</b>	<b>40,777</b>	<b>101,174</b>	<b>248%</b>	<b>489,328</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		–	195,801	–	8,845	8,845	16,317	(7,471)	-46%	195,801
Executive and council		–	62,138	–	3,337	3,337	5,178	(1,841)	-36%	62,138
Finance and administration		–	127,983	–	5,331	5,331	10,665	(5,334)	-50%	127,983
Internal audit		–	5,679	–	177	177	473	(296)	-63%	5,679
<i><b>Community and public safety</b></i>		–	31,625	–	1,954	1,954	2,635	(681)	-26%	31,625
Community and social services		–	11,967	–	592	592	997	(406)	-41%	11,967
Sport and recreation		–	2,853	–	304	304	238	66	28%	2,853
Public safety		–	15,769	–	1,035	1,035	1,314	(279)	-21%	15,769
Housing		–	1,037	–	24	24	86	(63)	-73%	1,037
Health		–	–	–	–	–	–	–	–	–
<i><b>Economic and environmental services</b></i>		–	105,923	–	4,637	4,637	8,827	(4,190)	-47%	105,923
Planning and development		–	31,356	–	1,377	1,377	2,613	(1,236)	-47%	31,356
Road transport		–	72,029	–	3,120	3,120	6,002	(2,882)	-48%	72,029
Environmental protection		–	2,539	–	140	140	212	(72)	-34%	2,539
<i><b>Trading services</b></i>		–	96,328	–	2,805	2,805	8,027	(5,222)	-65%	96,328
Energy sources		–	68,375	–	1,946	1,946	5,698	(3,752)	-66%	68,375
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	27,952	–	859	859	2,329	(1,470)	-63%	27,952
<i><b>Other</b></i>		–	3,853	–	185	185	321	(136)	-42%	3,853
<b>Total Expenditure - Functional</b>	<b>3</b>	–	<b>433,529</b>	–	<b>18,427</b>	<b>18,427</b>	<b>36,127</b>	<b>(17,701)</b>	<b>-49%</b>	<b>433,529</b>
<b>Surplus/ (Deficit) for the year</b>		–	<b>55,799</b>	–	<b>123,525</b>	<b>123,525</b>	<b>4,650</b>	<b>118,875</b>	<b>2557%</b>	<b>55,799</b>

The table above shows the municipality's financial performance for the period ended 31 July 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 Winnie Madikizela Mandela - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
		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			26,171	–	15,080	15,080	2,181	12,899	591%	26,171
Service charges - electricity revenue			38,809	–	2,658	2,658	3,234	(576)	-18%	38,809
Service charges - water revenue			–	–	–	–	–	–	–	–
Service charges - sanitation revenue			–	–	–	–	–	–	–	–
Service charges - refuse revenue			4,665	–	376	376	389	(13)	-3%	4,665
Rental of facilities and equipment			3,093	–	449	449	258	191	74%	3,093
Interest earned - external investments			10,047	–	596	596	837	(241)	-29%	10,047
Interest earned - outstanding debtors			5,133	–	369	369	428	(59)	-14%	5,133
Dividends received			–	–	–	–	–	–	–	–
Fines, penalties and forfeits			938	–	–	–	78	(78)	-100%	938
Licences and permits			2,756	–	170	170	230	(59)	-26%	2,756
Agency services			1,265	–	83	83	105	(22)	-21%	1,265
Transfers and subsidies			295,690	–	120,698	120,698	24,641	96,057	390%	295,690
Other revenue			1,466	–	18	18	122	(104)	-85%	1,466
Gains			–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	390,032	–	140,498	140,497	32,503	107,995	332%	390,032

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

- PROPERTY RATES:** The municipality being a local municipality levies property rates on all rateable properties within the Mbizana area in terms of the Municipal Property Rates Act No.6 of 2004. The categories of rate payers include government departments which own properties, like Public Works which are levied once at the beginning of the financial year which lead to the revenue generated for the month to be R15 million in the 1<sup>st</sup> month and a decrease is expected for the following months to the end 30 June 2022. The current revenue recognised on this stream may seem to be way above the monthly target but it is important to note that this is only due to properties levied only at the beginning of the financial for the whole year.
- ELECTRICITY REVENUE:** The municipality distributes electricity in the town area as per its distribution licence. This is one of the major sources of revenue for the municipality as households now depend on electricity for their day to day living. This is a trading service where the municipality gives electricity equivalent to the amount provided by the consumer. Municipalities are therefore expected to at least recover the cost of providing the service. The approval of tariffs by NERSA is set up such that the municipality can make some form of surpluses from sale of electricity so that it may be able to maintain the infrastructure used to render the service and defray all other operating expenses related to the service provision. The municipality has generated over



R2.6 million for the month and a year to date actual of the same amount since this is the first month. This is below the projection by about 18% (over R576 thousand) which may add up to R6.9 million by the end of the year if attempts to remedy the situation do not yield and results. Even though new bulk meters have been installed for identified large power users that we expect will begin to show results, there are however some disturbing observations that have been made by the professional service provider contracted by the municipality to install automated meter reading system. Some of the large power users in town that are owned by the different persons seem to have a way to lower the way in which our meters read consumption leading to less billing and more consumption from their side. The municipality has made some research and learnt that a solution might be installing a automated meter reading system that is able to identify when a meter changes its reading in real time. The installation processes has assessments reports that have been shared with the municipality's Electricity Section with findings that also require action from the municipality to protect revenue losses.

- **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 R376 thousand which is less than the projection by 3% which will be monitored against performance of other periods to follow.
- **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 R596 thousand worth of interest on investments with a year to date actual that is below the projection by 29%. 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 2% as per the municipality's credit control and debt collection policy. This has yielded interest of R369 thousand for the period ended 31 July 2021 which is less

than the amount projected for the period by 14%. This still requires intense debt collection initiatives. A higher interest generation means the municipality's debtors are more than what they were projected to be.

- **Fines:** The municipality has a traffic department which enforces traffic laws and the municipality's by-laws. Anyone found to have contravened these laws is charged a fine accordingly. These fines also include fines for electricity tempering. The municipality did not generate any revenue on these fines during the month of July 2021. 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 in the previous year 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 R449 thousand for the month which has pushed the actual performance to a level above the projection by 74% which is a result of other revised contracts that have been concluded.
- **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 R170 thousand worth of revenue for the period. The municipality has collected below the projected collection by 59% which is a regression from 15% recorded in the previous month and the situation is expected to improve as the testing center begins operating fully and the lockdown restrictions are further eased.
- **Transfers and subsidies:** The municipality receives grants, both conditional and those without conditions. The report shows that an amount of over R120.6 million has been transferred to revenue for the period ended 31 July 2021 from the operating grants whose conditions have been met. This has recorded a year to date performance of the same amount as this is the first month of the financial year. This happens when the municipality has spent the grants according to the requirements of the funders or DORA. The biggest chunk of these transfers is equitable share that was received during the month.

d) **Debt Collection**

The table below shows a 15% overall collection rate for the month ended 31 July 2021. However, we note a 65% collection rate on leasehold fees, 51% on electricity and 66% on refuse removal for the period.

**WINNIE MADIKIZELA MANDELA LM : MONTHLY BILLING & RECEIPTS (including VAT)**

**YEAR ENDING: 30 June 2022**

INCOME TYPE	JULY	1st QUARTER
<b>RATES</b>		
billed	15,281,245	15,281,245
payment received	682,650	682,650
% of billing received	4%	4%
<b>ELECTRICITY</b>		
billed	2,485,637	2,485,637
payment received	1,278,856	1,278,856
% of billing received	51%	51%
<b>LEASEHOLD FEES</b>		
billed	320,729	320,729
payment received	208,557	208,557
% of billing received	65%	65%
<b>VAT</b>		
billed	478,481	478,481
payment received	269,193	269,193
% of billing received	56%	56%
<b>INTEREST</b>		
billed	167,391	167,391
payment received	82,143	82,143
% of billing received	49%	49%
<b>REFUSE REMOVAL</b>		
billed	383,508	383,508
payment received	253,877	253,877
% of billing received	66%	66%
<b>TOTAL INCOME</b>		
billed	19,116,991	19,116,991
payment received	2,775,276	2,775,276
% of billing received	15%	15%

e) Expenditure by Type

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

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs			126,854	–	8,176	8,176	10,571	(2,395)	-23%	126,854
Remuneration of councillors			26,007	–	2,149	2,149	2,167	(19)	-1%	26,007
Debt impairment			9,600	–	–	–	800	(800)	-100%	9,600
Depreciation & asset impairment			52,682	–	3,510	3,510	4,390	(881)	-20%	52,682
Finance charges			150	–	–	–	13	(13)	-100%	150
Bulk purchases - electricity			40,777	–	891	891	3,398	(2,507)	-74%	40,777
Inventory consumed			7,663	–	43	43	639	(595)	-93%	7,663
Contracted services			98,848	–	1,732	1,732	8,237	(6,506)	-79%	98,848
Transfers and subsidies			5,907	–	–	–	492	(492)	-100%	5,907
Other expenditure			65,042	–	1,926	1,926	5,420	(3,494)	-64%	65,042
Losses			–	–	–	–	–	–		–
Total Expenditure		–	433,529	–	18,427	18,427	36,127	(17,701)	-49%	433,529

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

- Employee costs and Remuneration of councillors:** The municipality has remunerated employees who are remunerated as per the prevailing Bargaining Council agreements. The expenditure for the period ended 31 July 2021 reflects an amount of R8.1 million for employee costs and R2.9 million for the remuneration of councillors. The remuneration of councillors shows a 1% underspending compared to what is expected at the same period. Employee costs have continued to record a 23% saving that is always expected considering issues like, annual increment, 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 R891 thousand on electricity purchases for the period ended 31 July 2021 and a year to date actual of the same which is below the projected expenditure by 74%. This amount only relates to 10 days of July as the billing by Eskom only takes place on the 10<sup>th</sup> of each month.
- Depreciation and asset impairment:** The depreciation run has been performed after the end of each quarter and recently monthly, resulting in the depreciation for July 2021 being R3.5 million 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. This has resulted in the depreciation recorded being below the projection for the month by about 20%.
- 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 R1.7 million worth of expenditure during the month. This is as a result of slow spending during the first months of each financial

year which is always experienced and the national lockdown which has meant that less activity was recorded for the municipality and some events being cancelled or held virtually.

- **Other Expenditure:** This also shows a saving of about 64% which might be as a result of the slow spending during the first months of each financial year which is always experienced and the national lockdown which has meant that no activity was recorded for the municipality and some events being cancelled. This requires though that departments that are currently underspending be sensitised of the matter.

f) Revenue by Municipal Vote

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

Vote Description	Ref	2020/21	Budget Year 2021/22							
		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		–	309,070	–	122,116	122,116	25,756	96,360	374.1%	309,070
Vote 3 - Corporate Services		–	293	–	11	11	24	(13)	-53.3%	293
Vote 4 - Community Services		–	13,743	–	630	630	1,138	(508)	-44.7%	13,651
Vote 5 - Development Planning		–	46,466	–	15,083	15,083	3,872	11,211	289.5%	46,467
Vote 6 - Engineering Services		–	119,755	–	4,112	4,112	9,980	(5,867)	-58.8%	119,755
Total Revenue by Vote	2	–	489,328	–	141,952	141,952	40,770	101,182	248.2%	489,236

The table above shows revenue generated per municipal vote as defined in s1 of the MFMA. The table shows that Engineering services has generated over R4.1 million for the month with Budget and Treasury showing generation of over R122 million which may be attributable to grants that have already been received or spent more than the projected amounts as well as Community and Social services at over R630 thousand.

g) Expenditure by Municipal Vote

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

Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Expenditure by Vote	1									
Vote 1 - Executive and Council		–	83,323	–	4,221	4,221	6,944	(2,723)	-39.2%	83,323
Vote 2 - Budget and Treasury		–	37,982	–	1,056	1,056	3,165	(2,109)	-66.6%	37,982
Vote 3 - Corporate Services		–	59,154	–	2,713	2,713	4,929	(2,217)	-45.0%	59,154
Vote 4 - Community Services		–	78,225	–	3,991	3,992	6,519	(2,527)	-38.8%	78,225
Vote 5 - Development Planning		–	29,062	–	1,003	1,003	2,422	(1,419)	-58.6%	29,061
Vote 6 - Engineering Services		–	145,783	–	5,443	5,043	12,149	(7,106)	-58.5%	145,783
Total Expenditure by Vote	2	–	433,529	–	18,427	18,028	36,127	(18,100)	-50.1%	433,529
Surplus/ (Deficit) for the year	2	–	55,798	–	123,525	123,924	4,642	119,282	2569.5%	55,706

The table above shows the expenditure by municipal vote. The total expenditure for the month of July 2021 amounted to above R18.4 million.

## h) Municipality's financial performance

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

Description	Ref	2020/21	Budget Year 2021/22							
		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			26,171	–	15,080	15,080	2,181	12,899	591%	26,171
Service charges - electricity revenue			38,809	–	2,658	2,658	3,234	(576)	-18%	38,809
Service charges - water revenue			–	–	–	–	–	–	–	–
Service charges - sanitation revenue			–	–	–	–	–	–	–	–
Service charges - refuse revenue			4,665	–	376	376	389	(13)	-3%	4,665
Rental of facilities and equipment			3,093	–	449	449	258	191	74%	3,093
Interest earned - external investments			10,047	–	596	596	837	(241)	-29%	10,047
Interest earned - outstanding debtors			5,133	–	369	369	428	(59)	-14%	5,133
Dividends received			–	–	–	–	–	–	–	–
Fines, penalties and forfeits			938	–	–	–	78	(78)	-100%	938
Licences and permits			2,756	–	170	170	230	(59)	-26%	2,756
Agency services			1,265	–	83	83	105	(22)	-21%	1,265
Transfers and subsidies			295,690	–	120,698	120,698	24,641	96,057	390%	295,690
Other revenue			1,466	–	18	18	122	(104)	-85%	1,466
Gains			–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	390,032	–	140,498	140,497	32,503	107,995	332%	390,032
Expenditure By Type										
Employee related costs			126,854	–	8,176	8,176	10,571	(2,395)	-23%	126,854
Remuneration of councillors			26,007	–	2,149	2,149	2,167	(19)	-1%	26,007
Debt impairment			9,600	–	–	–	800	(800)	-100%	9,600
Depreciation & asset impairment			52,682	–	3,510	3,510	4,390	(881)	-20%	52,682
Finance charges			150	–	–	–	13	(13)	-100%	150
Bulk purchases - electricity			40,777	–	891	891	3,398	(2,507)	-74%	40,777
Inventory consumed			7,663	–	43	43	639	(595)	-93%	7,663
Contracted services			98,848	–	1,732	1,732	8,237	(6,506)	-79%	98,848
Transfers and subsidies			5,907	–	–	–	492	(492)	-100%	5,907
Other expenditure			65,042	–	1,926	1,926	5,420	(3,494)	-64%	65,042
Losses			–	–	–	–	–	–	–	–
Total Expenditure		–	433,529	–	18,427	18,427	36,127	(17,701)	-49%	433,529
Surplus/(Deficit)		–	(43,497)	–	122,071	122,071	(3,625)	125,696	(0)	(43,497)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			99,296	–	1,454	1,454	8,275	(6,821)	(0)	99,296
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		–	55,799	–	123,525	123,525	4,650			55,799
Taxation								–		
Surplus/(Deficit) after taxation		–	55,799	–	123,525	123,525	4,650			55,799
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		–	55,799	–	123,525	123,525	4,650			55,799
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		–	55,799	–	123,525	123,525	4,650			55,799

The municipality has so far recorded a surplus of over R123 million for the period ended 31 July 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 Winnie Madikizela Mandela - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M01 July

Description	Ref	2020/21	Budget Year 2021/22							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	34,277	-	296	296	2,856	2,560	89.6%	34,277
Roads Infrastructure		-	13,070	-	296	296	1,089	793	72.8%	13,070
Roads			13,070	-	296	296	1,089	793	72.8%	13,070
Electrical Infrastructure		-	20,957	-	-	-	1,746	1,746	100.0%	20,957
MV Networks			18,107	-	-	-	1,509	1,509	100.0%	18,107
LV Networks			2,850	-	-	-	238	238	100.0%	2,850
Solid Waste Infrastructure		-	250	-	-	-	21	21	100.0%	250
Waste Drop-off Points			250	-	-	-	21	21	100.0%	250
<b>Community Assets</b>		-	13,500	-	-	-	1,125	1,125	100.0%	13,500
Community Facilities		-	13,500	-	-	-	1,125	1,125	100.0%	13,500
Halls			8,400	-	-	-	700	700	100.0%	8,400
Crèches			3,500	-	-	-	292	292	100.0%	3,500
Markets			1,600	-	-	-	133	133	100.0%	1,600
<b>Other assets</b>		-	19,820	-	-	-	1,652	1,652	100.0%	19,820
Operational Buildings		-	19,820	-	-	-	1,652	1,652	100.0%	19,820
Manufacturing Plant			19,820	-	-	-	1,652	1,652	100.0%	19,820
<b>Computer Equipment</b>		-	1,248	-	-	-	104	104	100.0%	1,248
Computer Equipment			1,248	-	-	-	104	104	100.0%	1,248
<b>Furniture and Office Equipment</b>		-	6,280	-	-	-	523	523	100.0%	6,280
Furniture and Office Equipment			6,280	-	-	-	523	523	100.0%	6,280
<b>Machinery and Equipment</b>		-	300	-	-	-	25	25	100.0%	300
Machinery and Equipment			300	-	-	-	25	25	100.0%	300
<b>Transport Assets</b>		-	1,400	-	-	-	117	117	100.0%	1,400
Transport Assets			1,400	-	-	-	117	117	100.0%	1,400
<b>Total Capital Expenditure on new assets</b>	1	-	76,825	-	296	296	6,402	6,106	95.4%	76,825

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

Description	Ref	2020/21	Budget Year 2021/22							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	11,000	-	617	617	917	300	32.7%	11,000
Community Facilities		-	11,000	-	617	617	917	300	32.7%	11,000
Taxi Ranks/Bus Terminals			11,000	-	617	617	917	300	32.7%	11,000
<b>Total Capital Expenditure on renewal of existing assets</b>	1	-	11,000	-	617	617	917	300	32.7%	11,000

EC443 Winnie Madikizela Mandela - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M01 July

Description	Ref	2020/21	Budget Year 2021/22							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	29,902	-	-	-	2,492	2,492	100.0%	29,902
Community Facilities		-	28,402	-	-	-	2,367	2,367	100.0%	28,402
Halls			28,402	-	-	-	2,367	2,367	100.0%	28,402
Sport and Recreation Facilities		-	1,500	-	-	-	125	125	100.0%	1,500
Outdoor Facilities			1,500	-	-	-	125	125	100.0%	1,500
<b>Total Capital Expenditure on upgrading of existing assets</b>	1	-	29,902	-	-	-	2,492	2,492	100.0%	29,902

The above tables indicate that the municipality spent R913 thousand for the month from its capital budget for the period ended 31 July 2021. This is performance that cannot be encouraged, especially on the two major capital programmes being implemented by the municipality as it poses a number of risks for the institution including paying for work that has not been completed come the end of the year chasing targets and expenditure performance.

b) Capital Expenditure by municipal vote

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

Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Multi-Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - Executive and Council		–	–	–	–	–	0	(0)	-100%	–
Vote 6 - Engineering Services		–	29,902	–	–	–	2,492	(2,492)	-100%	29,902
<b>Total Capital Multi-year expenditure</b>	<b>4,7</b>	<b>–</b>	<b>29,902</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,492</b>	<b>(2,492)</b>	<b>-100%</b>	<b>29,902</b>
<b>Single Year expenditure appropriation</b>	<b>2</b>									
Vote 3 - Corporate Services		–	7,028	–	–	–	586	(586)	-100%	7,028
Vote 4 - Community Services		–	3,150	–	–	–	263	(263)	-100%	3,150
Vote 5 - Development Planning		–	21,420	–	–	–	1,785	(1,785)	-100%	21,420
Vote 6 - Engineering Services		–	56,227	–	913	913	4,686	(3,772)	-81%	56,227
<b>Total Capital single-year expenditure</b>	<b>4</b>	<b>–</b>	<b>87,825</b>	<b>–</b>	<b>913</b>	<b>913</b>	<b>7,319</b>	<b>(6,406)</b>	<b>-88%</b>	<b>87,825</b>
<b>Total Capital Expenditure</b>		<b>–</b>	<b>117,727</b>	<b>–</b>	<b>913</b>	<b>913</b>	<b>9,811</b>	<b>(8,897)</b>	<b>-91%</b>	<b>117,727</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>–</b>	<b>7,028</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>586</b>	<b>(586)</b>	<b>-100%</b>	<b>7,028</b>
Finance and administration			7,028	–	–	–	586	(586)	-100%	7,028
<b>Community and public safety</b>		<b>–</b>	<b>2,450</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>204</b>	<b>(204)</b>	<b>-100%</b>	<b>2,450</b>
Community and social services			1,650	–	–	–	138	(138)	-100%	1,650
Public safety			800	–	–	–	67	(67)	-100%	800
<b>Economic and environmental services</b>		<b>–</b>	<b>85,891</b>	<b>–</b>	<b>913</b>	<b>913</b>	<b>7,158</b>	<b>(6,244)</b>	<b>-87%</b>	<b>85,891</b>
Planning and development			72,822	–	617	617	6,068	(5,452)	-90%	72,822
Road transport			13,070	–	296	296	1,089	(793)	-73%	13,070
<b>Trading services</b>		<b>–</b>	<b>22,357</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,863</b>	<b>(1,863)</b>	<b>-100%</b>	<b>22,357</b>
Energy sources			21,657	–	–	–	1,805	(1,805)	-100%	21,657
Waste management			700	–	–	–	58	(58)	-100%	700
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>–</b>	<b>117,727</b>	<b>–</b>	<b>913</b>	<b>913</b>	<b>9,811</b>	<b>(8,897)</b>	<b>-91%</b>	<b>117,727</b>
<b>Funded by:</b>										
National Government			86,399	–	296	296	7,200	(6,904)	-96%	86,399
<b>Transfers recognised - capital</b>		<b>–</b>	<b>86,399</b>	<b>–</b>	<b>296</b>	<b>296</b>	<b>7,200</b>	<b>(6,904)</b>	<b>-96%</b>	<b>86,399</b>
<b>Internally generated funds</b>			<b>31,328</b>	<b>–</b>	<b>617</b>	<b>617</b>	<b>2,611</b>	<b>(1,994)</b>	<b>-76%</b>	<b>31,328</b>
<b>Total Capital Funding</b>		<b>–</b>	<b>117,727</b>	<b>–</b>	<b>913</b>	<b>913</b>	<b>9,811</b>	<b>(8,897)</b>	<b>-91%</b>	<b>117,727</b>

The above table indicate that the municipality spent R913 thousand from its capital budget for the period ended 31 July 2021 which is very discouraging considering that we have two major projects that have been allocated the bigger slice of the municipality's available resources that have not performed desirably during the past year.

## **10. Supply chain management**

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

### **a. Acquisition management**

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

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

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

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

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

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

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

- After each live Facebook briefing a register is generated of all those who interacted with the presentation as instructed and posted on the municipal website so that all interested parties know who is considered to have fully complied

- Once the tender closing time passes, a register indicating the name of the company, tender amount, email address, date and time is prepared and posted on the municipal website for all bidders to know if their tenders will be considered
- All tenders are evaluated in electronic versions
- The recommended bidders are then requested to make a submission of the hard copies of their submission (originals)
- Only the hard copy of the winning bidder is then filed which also addresses issues with filing space and safety of the documents.

**c. Procurement requests below R2000.00**

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

Order Date	Creditor Name	Value	Specifications	Function Name	SegmentDESC
2021/07/19	Nstitute For Local Government	1 000,00	Payment For Membership Fees For Mr Z.Zukulu	Core Function:Finance	Membership Fees 1005260170
2021/07/22	South African Qualifications A	1 620,00	Request For Verification Of Qualification For Town Planner And Manager A&S	Core Function:Human Resources	Personnel Recruitment cost 1010
		<b>2 620,00</b>			

#### d. Procurement requests above R2, 000.00 but below R30, 000.00

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

No.	Creditor Name	Date	Amount	Specification	Function
2021/07/27	Group Two Media Company	2 040,00	Advertisement Of The Invitation Of Prospective Providers For Data-Bas	Core Function:Finance	Advertising fees SCM 1005260540
2021/07/08	Group Two Media Company	2 400,00	Request To Advertise Installation Of High Mast Lights Project	Core Function:Project Management Unit	Advertising fees PMU 5505260540
2021/07/22	Your Media Today Communicatio	2 880,00	Request For An Advertisement Of Ward 04 Community Hall ;Ward 20 Commun And Ward 01 Ecdc.	Core Function:Project Management Unit	Advertising MM
2021/07/22	Your Media Today Communicatio	2 880,00	Advert For Socio- Economic Infrastructure Assessment Study	Core Function:Municipal Manager Town Se	Advertising fees PMU 5505260540
2021/07/22	Your Media Today Communicatio	2 880,00	Request For Re-Advertisement Of Disaster Social Relief Material For Di Management	Non-Core Function:Population Development	Advertising fees community services 2505260540
2021/07/07	Your Media Today Communicatio	3 600,00	Advertising For Sdbip 2021/2022	Core Function:Municipal Manager Town Se	Advertising fees PMU 5505260540
2021/07/26	Group Two Media Company	4 320,00	Request To Advertise For Hiring Of Construction Plant And Trucks Request To Advertise For Procument Of Streetlight Fittings; Cables And	Core Function:Project Management Unit	Advertising fees PMU 5505260540
2021/07/23	Sinozinto Multipurpose Primary	4 960,00	Request 3x 2;5 Kg White Sugar	Core Function:Mayor And Council	Public participation Groceries
2021/07/22	Izwi Le Afrika Newspaper	5 200,00	Request For Re-Advert For Car Wash For 36 Months	Core Function: Administrative and Corpora	Advertising fees Human resources 1010260540
2021/07/07	Pondo News	5 520,00	Advertising For Electrification Of Xholobeni Village Ward 25	Core Function: Project Management Unit	Advertising fees PMU 5505260540
2021/07/08	Iso News (Pty) Ltd	13 860,00	Request To Advertise The Following Posts: Electritian (Task Grade 10); Co-Ordinator (Task Grade 12); Htc Counsellors X 4; Plant Operators X 2 Grade 10)	Core Function: Human Resources	Advertising fees Human resources 1010260540

No.	Creditor Name	Date	Amount	Specification	Function
2021/07 /23	Driving License Card Account	22 910,00	Payment For Driving Licence Card Account For The Month Of July 2021	Non-Core Function: Road and Traffic Regul	Stationery vehicle testing and licencing
		<b>73 450,00</b>			



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

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

No.	Creditor Name	Date	Amount	Specification	Function
2021/07/29	Ncaiana Trading And Projects	58 100,00	Payment for Black Safety Shoes	Non-Core Function: Population Development	Protective Clothing Free Basic Services
2021/07/22	Phapha Zindela Holding	145 500,00	Payment for Branded Pens	Core Function: Mayor And Council	Promotional Items HivAids 505260440
2021/07/22	Black Capital Solutions	149 600,00	Logo Designs and Development (Supply To Client On Usb)	Core Function: Supply Chain Management	SCM Accrual Withdrawal
		<b>353 200,00</b>			

## 11. Status of Tenders

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

### a) Mini Tender progress for July 2021

NO	SUCCESSFUL TENDERER	AMOUNT	PAYMENTS	BALANCE	TENDER NO	DESCRIPTION	DATE AWARDED	END USER DEPARTMENT
						<b>Jul-21</b>		
1	SWORD GROUP	79 620,00	-	79 620,00	WMM LM 09/04/21 S&D DL TCS	Nelson Mandela 67 minutes(fencing material and food vouchers)	30/07/2021	Municipal Managers office
<b>Total</b>		<b>79 620,00</b>	-	79 620,00				

**b) Tenders awarded during the month of July 2021**

Competitive Bidding

No awards were made during the month of July 2021.

**c) Status of current tenders**

Name of the Project Bid Number								Chairperson	Closing Date	Appointment Date	Validity	Validity Period	Status
Minor Maintenance of Recreational Facilities (1GB)	MBIZ LM 16/09/20/01 MRF	Ms. N. Xoko	Monday, 26 July 2021	Thursday, 11 March 2021	90	Sunday, 24 October 2021	To be Evaluated						
Reviewal of Climate Change Strategy	MM LM 11/02/21/01 CCS	Ms. N. Xoko	Friday, 02 July 2021	Thursday, 12 August 2021	90	Thursday, 30 September 2021	To be Evaluated						
Disaster Management Strategy Plan	MM LM 29/09/20 DRMP	Ms. N. Xoko	Friday, 02 July 2021	Thursday, 12 August 2022	90	Thursday, 30 September 2021	To be Evaluated						
Procurement of Streetlights	WMM LM 21/07/21/02 PSL	Mr. V. Nontanda	Friday, 13 August 2021	Thursday, 12 August 2023	90	Thursday, 11 November 2021	To be Evaluated						
Procurement of High Mast Lights	WMM 07/07/21/01 HML	Mr. V. Nontanda	Sunday, 29 August 2021	Thursday, 12 August 2024	90	Saturday, 27 November 2021	To be Evaluated						
Electrification of Xholobeni Village	WMM LM 00057 E MV	Mr. L. Gwala	Tuesday, 10 August 2021	Thursday, 12 August 2025	90	Monday, 08 November 2021	To be Evaluated						
Panel of Consultants (Planning)	WMM OO3 DP	Mr. V. Nontanda	Monday, 02 August 2021	Thursday, 12 August 2026	90	Sunday, 31 October 2021	To be Evaluated						
Procurement of Office Furniture	WMM LM 05/05/21/01 OFF	Ms. N. Rabie	Thursday, 03 June 2021	Thursday, 15 July 2021	90	Wednesday, 01 September 2021	To be Evaluated						
Socio Economic Infrastrcture Assement Study	WMM LM 004/ S-EIAS	NA	Friday, 13 August 2021	N/A		Friday, 13 August 2021	To be Appointed						
Ward 4 Community Hall	WMM LM 00060 WO4 CH	NA	Monday, 16 August 2021	N/A	90	Sunday, 14 November 2021	To be Evaluated						
Ward 20 Community Hall	WMM LM 0061 W20 CH	NA	Tuesday, 17 August 2021	N/A	90	Monday, 15 November 2021	To be Evaluated						
Ward 1 ECDC	WMM LM 0062 W01 ECDC	NA	Wednesday, 18 August 2021	N/A	90	Tuesday, 16 November 2021	To be Evaluated						
Maintanance of Ward 13	WMM LM	NA	Thursday, 02	N/A	90	Wednesday, 01	On Advert						

Name of the Project Bid Number		Chairperson	Closing Date	Appointment Date	Validity	Validity Period	Status
Community Hall	10/08/21/01 MWWCH13		September 2021			December 2021	
Social Relief Material for 3 years	WMM LM 0064 SRM	NA	Monday, 23 August 2021	N/A	90	Sunday, 21 November 2021	On Advert
Provision of Car Wash Services	WMM 0089 PCWWS	NA	Tuesday, 24 August 2021	N/A	90	Monday, 22 November 2021	On Advert
Replacement of Ring Main Unit	WMM LM 10/08/21/02 RRMU	NA	Thursday, 02 September 2021	N/A	90	Wednesday, 01 December 2021	On Advert

**d) Deviations**

No deviations were approved during the month.

## 12. Database rotation

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

No.	Creditor Name	Date	Amount	Specification	Function	Award Per Ward
2021/07/27	Group Two Media Company	2 040,00	Advertisement Of The Invitation Of Prospective Providers For Data-Bas	Core Function:Finance	Advertising fees SCM 1005260540	Kokstad
2021/07/08	Group Two Media Company	2 400,00	Request To Advertise Installation Of High Mast Lights Project	Core Function:Project Management Unit	Advertising fees PMU 5505260540	Kokstad
2021/07/22	Your Media Today Communicatio	2 880,00	Request For An Advertisement Of Ward 04 Community Hall ;Ward 20 Commun And Ward 01 Ecdc.	Core Function:Project Management Unit	Advertising MM	Kokstad
2021/07/22	Your Media Today Communicatio	2 880,00	Advert For Socio- Economic Infrastructure Assessment Study	Core Function:Municipal Manager Town Se	Advertising fees PMU 5505260540	Kokstad
2021/07/22	Your Media Today Communicatio	2 880,00	Request For Re-Advertisement Of Disaster Social Relief Material For Di Management	Non-Core Function:Population Development	Advertising fees community services 2505260540	Kokstad
2021/07/07	Your Media Today Communicatio	3 600,00	Advertising For Sdbip 2021/2022	Core Function:Municipal Manager Town Se	Advertising fees PMU 5505260540	Kokstad
2021/07/26	Group Two Media Company	4 320,00	Request To Advertise For Hiring Of Construction Plant And Trucks Request To Advertise For Procument Of Streetlight Fittings; Cables And	Core Function:Project Management Unit	Advertising fees PMU 5505260540	Kokstad
2021/07/23	Sinozinto Multipurpose Primary	4 960,00	Request 3x 2;5 Kg White Sugar	Core Function:Mayor And Council	Public participation Groceries	Ward 27
2021/07/22	Izwi Le Afrika Newspaper	5 200,00	Request For Re-Advert For Car Wash For 36 Months	Core Function:Administrative And Corpora	Advertising fees Human resources 1010260540	Kokstad
2021/07/07	Pondo News	5 520,00	Advertising For Electrification Of Xholobeni Village Ward 25	Core Function:Project Management Unit	Advertising fees PMU 5505260540	Ward 9
2021/07/08	Iso News (Pty) Ltd	13 860,00	Request To Advertise The Following Posts: Electritian (Task Grade 10); Co-Ordinator (Task Grade 12); Htc Counsellors X 4; Plant Operators X 2 Grade 10)	Core Function:Human Resources	Advertising fees Human resources 1010260540	Kokstad
2021/07/23	Driving License Card Account	22 910,00	Payment For Driving Licence Card Account For The Month Of July 2021	Non-Core Function:Road And Traffic Regul	Stationery vehicle testing and licencing	Bisho
		<b>73 450,00</b>				

## **PART 2 – SUPPORTING DOCUMENTATION**

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

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

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

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 may not be generating normal revenues from some services. The most affected areas are as follows:

##### **i. Refuse removal**

Due to the number of businesses currently being closed, it means the municipality is not providing any service to those as they do not generate any refuse. This required the municipality to exempt those from paying during the period of the lockdown. The impact of this continues to be felt by the municipality as it was a decline in the revenue that will never be recovered.

## ii. Electricity distribution

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

## iii. Licences and permits

The municipality as indicated earlier in the report runs a driver's license testing center which unfortunately did not operate during the lockdown and the limitations in numbers and movement will continue to affect revenue generation capacity for the duration of the lockdown. This means loss of income to the municipality.

## 2. Year-end Processes

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

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

### a. Stock Count

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

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

- Finance
- Refuse removal
- Cultural Village
- Electricity

### b. Verification and Assessment of assets

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



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

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

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

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

The municipality's infrastructure register review is currently being finalised with the expected date being the 26<sup>th</sup> August 2021. The review is scheduled to be concluded by 31 July 2020 but due to some delays in the provision of certain information on completed projects this does not look likely. An effort will be put into ensuring that the process does not affect the final deadline to ensure readiness for the audit process to start in time.

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

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

- Accruals where invoices for work done in the prior year were not submitted during that year
- Revenue billed while it should not have been billed due to lack of information
- VAT receivable on periods where the municipality will not be allowed to go back and claim

## **3. 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 August 2021.

## 4. Debtors' analysis

### Summary of all Debtors

EC443 Winnie Madikizela Mandela - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description	NT Code	Budget Year 2021/22												Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days				
R thousands															
Debtors Age Analysis By Income Source															
Trade and Other Receivables from Exchange Transactions - Water	1200	–								–	–				
Trade and Other Receivables from Exchange Transactions - Electricity	1300	2,486	1,459	1,365	1,306	1,248	10,702			18,566	13,256				
Receivables from Non-exchange Transactions - Property Rates	1400	15,281	567	563	560	361	29,391			46,722	30,312				
Receivables from Exchange Transactions - Waste Water Management	1500	–	–	–	–	–	–			–	–				
Receivables from Exchange Transactions - Waste Management	1600	384	323	330	288	262	7,775			9,361	8,325				
Receivables from Exchange Transactions - Property Rental Debtors	1700	305	19	19	19	19	523			904	561				
Interest on Arrear Debtor Accounts	1810	167	160	165	157	371	13,527			14,548	14,055				
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–			–	–				
Other	1900	384	(84)	184	170	172	2,942			3,767	3,283				
Total By Income Source	2000	19,007	2,443	2,626	2,499	2,433	64,860	–	–	93,867	69,792	–	–		
2020/21 - totals only															
Debtors Age Analysis By Customer Group															
Organs of State	2200	15,468	588	750	671	687	30,108			48,274	31,467				
Commercial	2300	3,217	1,635	1,602	1,603	1,560	22,046			31,663	25,209				
Households	2400	321	220	273	225	185	12,706			13,931	13,117				
Other	2500	–	(0)	(0)	(1)	(0)	0			(1)	(1)				
Total By Customer Group	2600	19,007	2,443	2,626	2,499	2,433	64,860	–	–	93,867	69,792	–	–		

The table above shows municipal debtors for the month of July 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.

## 5. Creditors' analysis

EC443 Winnie Madikizela Mandela - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

Description R thousands	NT Code	Budget Year 2021/22									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100									-	
Bulk Water	0200									-	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700	463								463	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	463	-	-	-	-	-	-	-	463	-

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

## 6. Investment portfolio analysis

EC443 Winnie Madikizela Mandela - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M01 July

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	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	-	8	(349)	9,758	9,417
FNB CALL DEPOSIT ACCOUNT(62459758078)		Not fixed	Call Deposit	No	Variable	0.00075343	0	N/A	not fixed	1		(755)	10,000	9,246
FNB CALL DEPOSIT ACCOUNT(62028477992)		Not fixed	Call Deposit	No	Variable	0.002275639	0	N/A	not fixed	248,346	542	(15,742)	-	233,146
FNB CALL DEPOSIT ACCOUNT(62816769220)		Not fixed	Call Deposit	No	Variable	0.002020109	0	N/A	not fixed	394	1	-	-	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(62896110170)		Not fixed	Call Deposit	No	Variable	0	0	N/A	not fixed	4,276	9	-	-	4,285
FNB CALL DEPOSIT ACCOUNT(62852108531)		Not fixed	Call Deposit	No	Variable	0.00205481	0	N/A	not fixed	67	0	-	-	68
Municipality sub-total										253,086		(16,847)	19,758	256,558
Entities														-
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									253,086		(16,847)	19,758	256,558

The table above shows the municipality's investments performance. The table shows that the municipality's cash and cash equivalents increased during the month by over R2.9 million which lead to an increase in its investments for the month of July 2021. It should however be noted that this only reflects the difference between what was received and what was spent.

## 7. Allocation and grant receipts and expenditure

### a) Transfers & Grants Receipts

EC443 Winnie Madikizela Mandela - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		–	323,643	–	130,675	130,675	26,970	103,705	384.5%	323,643
Local Government Equitable Share			289,620	–	120,675	120,675	24,135	96,540	400.0%	289,620
Finance Management			2,000	–	–	–	167	(167)	-100.0%	2,000
EPWP Incentive			3,570	–	–	–	298	(298)	-100.0%	3,570
Integrated National Electrification Programme			28,453	–	10,000	10,000	2,371	7,629	321.7%	28,453
	3				0			–		
Other transfers and grants [insert description]								–		
<b>Provincial Government:</b>		–	500	–	–	–	42	(42)	-100.0%	500
Sport and Recreation			500				42	(42)	-100.0%	500
Other transfers and grants [insert description]	4							–		
<b>District Municipality:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>Other grant providers:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>Total Operating Transfers and Grants</b>	5	–	324,143	–	130,675	130,675	27,012	103,663	383.8%	324,143
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		–	70,843	–	9,758	9,758	5,904	5,506	93.3%	70,843
Municipal Infrastructure Grant (MIG)			51,023		9,758	9,758	4,252	5,506	129.5%	51,023
Neighbourhood Development Partnership			19,820				1,652			19,820
Other capital transfers [insert description]							–	–		–
<b>Provincial Government:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>District Municipality:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>Other grant providers:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>Total Capital Transfers and Grants</b>	5	–	70,843	–	9,758	9,758	5,904	5,506	93.3%	70,843
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	–	394,986	–	140,433	140,433	32,915	109,169	331.7%	394,986

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

b) Transfers & Grants Expenditure

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

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		–	323,643	–	8,851	8,851	26,970	(18,119)	-67.2%	323,643
Local Government Equitable Share			289,620	–	8,073	8,073	24,135	(16,062)	-66.6%	289,620
Finance Management			2,000	–	23	23	167	(144)	-86.1%	2,000
EPWP Incentive			3,570	–	–	–	298	(298)	-100.0%	3,570
Integrated National Electrification Programme			28,453		755	755	2,371	(1,616)	-68.1%	28,453
							–			
Other transfers and grants [insert description]							–			
Provincial Government:		–	500	–	–	–	42	(42)	-100.0%	500
Sport and Recreation			500	–	–	–	42	(42)	-100.0%	500
							–			
							–			
Other transfers and grants [insert description]							–			
District Municipality:		–	–	–	–	–	–	–		–
								–		
[insert description]								–		
Other grant providers:		–	–	–	–	–	–	–		–
								–		
[insert description]								–		
Total operating expenditure of Transfers and Grants:		–	324,143	–	8,851	8,851	27,012	(18,161)	-67.2%	324,143
Capital expenditure of Transfers and Grants										
National Government:		–	70,843	–	698	698	5,904	(5,205)	-88.2%	70,843
Municipal Infrastructure Grant (MIG)			51,023	–	698	698	4,252	(3,553)	-83.6%	51,023
Neighbourhood Development Partnership			19,820	–	–	–	1,652	(1,652)	-100.0%	19,820
								–		
								–		
Other capital transfers [insert description]								–		
Provincial Government:		–	–	–	–	–	–	–		–
								–		
								–		
District Municipality:		–	–	–	–	–	–	–		–
								–		
								–		
Other grant providers:		–	–	–	–	–	–	–		–
								–		
Total capital expenditure of Transfers and Grants		–	70,843	–	698	698	5,904	(5,205)	-88.2%	70,843
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		–	394,986	–	9,550	9,550	32,915	(23,366)	-71.0%	394,986

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

c) Expenditure on approved rollovers

EC443 Winnie Madikizela Mandela - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M01

Description	Ref	Budget Year 2021/22				
		Approved Rollover 2020/21	Monthly actual	YearTD actual	YTD variance	YTD variance %
<b>R thousands</b>						
<b>EXPENDITURE</b>						
<b><u>Operating expenditure of Approved Roll-overs</u></b>						
<b>National Government:</b>		-	-	-	-	
Local Government Equitable Share					-	
Finance Management					-	
EPWP Incentive					-	
Integrated National Electrification Programme					-	
Other transfers and grants [insert description]					-	
<b>Provincial Government:</b>		-	-	-	-	
Sport and Recreation					-	
Other transfers and grants [insert description]					-	
<b>District Municipality:</b>		-	-	-	-	
[insert description]					-	
<b>Other grant providers:</b>		-	-	-	-	
[insert description]					-	
<b>Total operating expenditure of Approved Roll-overs</b>		-	-	-	-	
<b><u>Capital expenditure of Approved Roll-overs</u></b>						
<b>National Government:</b>		-	-	-	-	
Municipal Infrastructure Grant (MIG)					-	
Other capital transfers [insert description]					-	
<b>Provincial Government:</b>		-	-	-	-	
<b>District Municipality:</b>		-	-	-	-	
<b>Other grant providers:</b>		-	-	-	-	
<b>Total capital expenditure of Approved Roll-overs</b>		-	-	-	-	
<b>TOTAL EXPENDITURE OF APPROVED ROLL-OVERS</b>		-	-	-	-	

The table above shows spending progress on the approved rollovers for the year being implemented. The municipality has no rollover application that has been approved as application processes are still in taking place.

## 8. Cash flow Statement

EC443 Winnie Madikizela Mandela - Table C7 Monthly Budget Statement - Cash Flow - M01 July

Description	Ref	2020/21	Budget Year 2021/22								
		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			56,951	–	945	945	4,746	(3,801)	-80%	56,951	
Serv ice charges			29,346	–	2,004	2,004	2,446	(442)	-18%	29,346	
Other revenue			8,896	–	158	158	741	(583)	-79%	8,896	
Transfers and Subsidies - Operational			295,690	–	120,675	120,675	24,641	96,034	390%	295,690	
Transfers and Subsidies - Capital			99,296	–	20,513	20,513	8,275	12,239	148%	99,296	
Interest			10,047	–	596	596	837	(241)	-29%	10,047	
Dividends								–			
Payments											
Suppliers and employees			(370,638)	–	(20,692)	(20,692)	(30,887)	(10,194)	33%	(370,638)	
Finance charges			(50)	–	–	–	(4)	(4)	100%	(50)	
Transfers and Grants								–			
NET CASH FROM/(USED) OPERATING ACTIVITIES			–	129,537	–	124,199	124,199	10,795	(113,404)	-1051%	129,537
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE								–			
Decrease (increase) in non-current receivables								–			
Decrease (increase) in non-current investments								–			
Payments											
Capital assets			(119,176)	–	(1,127)	(1,127)	(29,794)	(28,667)	96%	(119,176)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			–	(119,176)	–	(1,127)	(1,127)	(29,794)	(28,667)	96%	(119,176)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans								–			
Borrowing long term/refinancing								–			
Increase (decrease) in consumer deposits								–		(503)	
Payments											
Repay ment of borrowing								–			
NET CASH FROM/(USED) FINANCING ACTIVITIES			–	–	–	–	–	–		(503)	
NET INCREASE/ (DECREASE) IN CASH HELD			–	10,361	–	123,072	123,072	(18,999)		9,858	
Cash/cash equivalents at beginning:			181,236			258,160	181,236			258,160	
Cash/cash equivalents at month/year end:			–	191,598	–	381,231	162,237			268,018	

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



## 9. Statement of Financial Position

EC443 Winnie Madikizela Mandela - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash			12,892	–	106	12,892
Call investment deposits			178,706	–	381,125	178,706
Consumer debtors			46,512	–	70,852	46,512
Other debtors			37,398	–	51,909	37,398
Current portion of long-term receivables			–	–	–	–
Inventory			1,524	–	2,041	1,524
<b>Total current assets</b>		–	<b>277,032</b>	–	<b>506,034</b>	<b>277,032</b>
<b>Non current assets</b>						
Long-term receivables						
Investments						
Investment property			32,436	–	32,436	32,436
Investments in Associate			–	–	–	–
Property, plant and equipment			755,509	–	690,657	755,509
Biological						
Intangible			73	–	166	73
Other non-current assets			1,341	–	1,231	1,341
<b>Total non current assets</b>		–	<b>789,359</b>	–	<b>724,490</b>	<b>789,359</b>
<b>TOTAL ASSETS</b>		–	<b>1,066,391</b>	–	<b>1,230,524</b>	<b>1,066,391</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft						
Borrowing						
Consumer deposits			503	–	455	503
Trade and other payables			28,928	–	68,337	28,928
Provisions			19,953	–	17,147	19,953
<b>Total current liabilities</b>		–	<b>49,384</b>	–	<b>85,939</b>	<b>49,384</b>
<b>Non current liabilities</b>						
Borrowing						
Provisions			5,495	–	–	5,495
<b>Total non current liabilities</b>		–	<b>5,495</b>	–	–	<b>5,495</b>
<b>TOTAL LIABILITIES</b>		–	<b>54,879</b>	–	<b>85,939</b>	<b>54,879</b>
<b>NET ASSETS</b>	2	–	<b>1,011,512</b>	–	<b>1,144,585</b>	<b>1,011,512</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)			1,011,512	–	1,144,585	1,011,512
Reserves						
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	–	<b>1,011,512</b>	–	<b>1,144,585</b>	<b>1,011,512</b>

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

## 10. Municipal Manager's quality certification

### Quality Certificate

I, Luvuyo MHLAKA, the municipal manager of Winnie Madikizela-Mandela Local Municipality, hereby certify that –

☒ The monthly budget statement

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

Print name: Luvuyo MHLAKA

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

Signature: 

Date: 12/08/2021