

MBHASHE LOCAL MUNICIPALITY



MID-YEAR BUDGET & PERFORMANCE REPORT

20 JANUARY 2023

1. TABLE OF CONTENTS

| No | Description | Page |
|-------|--|------|
| | | |
| 1. | Executive summary | 3 |
| 1.2 | Section 72 Mid-year Budget and Performance Assessment Report | 3 |
| 1.3 | Preparation of the Mid-year Budget and Performance Assessment Report | 3 |
| (i) | Monthly budget statements for the first half of the financial year | 4 |
| 1 | Analysis of Operating revenue | 4 |
| 2 | Analysis of Expenditure per department | 8 |
| 3 | Discussion on Expenditure | 9 |
| 4 | Grant Expenditure | 14 |
| 1.2.6 | Capital expenditure | 15 |
| 1.2.7 | Bank and Investment accounts | 16 |
| 1.2.8 | C Schedule tables for Month 06 (31 December 2022) | 16 |
| 1.2.9 | Conclusion on the Mid-year Performance Assessment | 21 |
| 1.2.9 | Quality certificate | 22 |
| | | |

1. EXECUTIVE SUMMARY

This section contains an assessment of mid-year budget performance. This is guided by the MFMA as depicted in the below section. The aim is to assess revenue and expenditure performance of the municipality in line with the SDBIP as an implementation monitoring tool for IDP objectives funded to be implemented in the year under review.

Mbhashe Local Municipality is reporting for the institutional performance relating to 2022/2023 financial year, as required by the Municipal Systems Act No 32 of 2000 and Municipal Finance Management Act No 56 of 2003. In terms of section 51(1) of the MFMA, the mayor must report to the council by the 31st of January of the financial year.

Also Section 39 of the Municipal Systems Act 32 of 2000 requires municipalities to manage the development of the municipality's Performance Management System (PMS); assign responsibilities in this regard to the Municipal Manager and submit the proposed system to the Municipal Council for adoption. This has been achieved with adoption of the 2022/23 Organisational Performance Management System and the score card for monitoring and review of performance.

In accordance with Section 26(d)(e) of the Municipal Performance Regulations For Municipal Managers and Managers Directly Accountable To Municipal Managers, 2006 and Section 77(d) of the Municipal Systems Act No. 32 of, 2000, we hereby submit institutional performance information report.

1.2 Section 72 Mid-year Budget and Performance Assessment Report

Legislative Background

Section 72 of the Municipal Finance Management Act 2003 (Act No. 56 of 2003) stipulates as follows: -

Mid-year budget and performance assessment

72. (1) The accounting officer of a municipality must by 25 January of each year—
- (a) assess the performance of the municipality during the first half of the financial year, taking into account
 - (i) the monthly statements referred to in section 71 for the first half of the financial year,
 - (ii) the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan,
 - (iii) the past year's annual report and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality taking into account reports in terms of section 88 from any such entities; and
 - (b) submit a report on such assessment to:
 - (i) the mayor of the municipality,
 - (ii) the National Treasury, and
 - (iii) the relevant provincial treasury.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.
- (3) The accounting officer must as part of the review—

- (a) make recommendations as to whether an adjustments budget is necessary; and
- (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

1.3 Preparation of the Mid-year Budget and Performance Assessment Report

A mid-year budget and performance assessment was carried out and a report submitted to the Honorable Executive Mayor and Council during January 2023. Set out below is a summary of the report and findings submitted by the Municipal Manager.

(i) MONTHLY BUDGET STATEMENTS FOR THE FIRST HALF OF THE FINANCIAL YEAR

1. Analysis of operating revenue

OWN REVENUE (BILLABLE)

| REVENUE SOURCE | APPROVED BUDGET (A) | ACTUAL BILLED (B) | VARIANCE (C) = (A)-(B) | SIX MONTH ACTUAL COLLECTIONS (D) | VARIANCE (B) – (D) |
|----------------|---------------------|-----------------------|------------------------|----------------------------------|-----------------------|
| Rates & taxes | R7 500 000 | R15 770 808.89 | (R8 270 808.89) | R5 016 905.54 | R10 753 903.35 |
| Refuse removal | R 500 000 | R 1 944 722.04 | (R1 444 722.04) | R 41 753.84 | R 1 902 968.20 |
| TOTAL | R8 000 000 | R17 715 530.93 | (R9 715 530.93) | R5 058 659.38 | R12 656 871.55 |

Billable Revenue

The original Gross budgeted amount (including revenue foregone) was R 8 00 000. The actual Gross billing was R17 715 530.93. The difference in billing is due to the fact that budget is based on collection assumptions not billing while actual for the 6 months period reflects billed amount.

The actual collections R5 016 905.54 which is 63% of the annual budget. This performance indicates decline when compared to 79% of 2021/2022 Mid-year performance. This decline can be linked to the decline in the economy and loss of income by many families, which one can still link to the effect of Covid 19, and increase in food prices which is a globally issue. The collection rate is sitting at 29% of the total billed amount, this also shows a decline to the rate of 2021/2022 which was 46%. When compared to the total billable revenue debt, collection rate is poor or low, currently sitting at around 9% of the total of receivables amounting to R58 511 340.90 as at 31 December 2022.

The following are factors that have contributed to the low collection rate:

- The inability of the municipality to engage its debtors such as businesses and individual residential customers.
- The challenges in implementing resolutions taken in the meetings which were held between the municipality and the rate payers association. The dissatisfaction of rate payers on the service delivery priorities demonstrated by the municipality is another contributing factor on the low collection rate.

Other Revenue

| MBHASHE LOCAL MUNICIPALITY - OWN REVENUE REPORT AS AT 31 December 2022 | | | | | |
|--|--------------------------|----------------------|-----------------------------|---------------------------|-------------|
| OWN REVENUE SOURCES | DEPARTMENT | APPROVED BUDGET(A) | YEAR TO DATE COLLECTION (B) | MID YEAR VARIANCE (A - B) | PERFORMANCE |
| POS-BUILDING PLANS | DEVELOPMENT PLANNING | 250 000.00 | 97 839.40 | 152 160.60 | 39% |
| POS-BILLBOARD RENTAL | DEVELOPMENT PLANNING | 150 000.00 | 32 595.36 | 117 404.64 | 22% |
| POS-HALL HIRE | COMMUNITY SERVICES | 200 000.00 | 50 640.27 | 149 359.73 | 25% |
| POS-LEARNER AND DRIV | COMMUNITY SERVICES | 200 000.00 | 405 927.00 | - 205 927.00 | 203% |
| REGISTERING AUTHORITY | COMMUNITY SERVICES | 400 000.00 | 2 323 965.55 | - 1 923 965.55 | 581% |
| POS-POUND FEES | COMMUNITY SERVICES | 150 000.00 | 57 458.30 | 92 541.70 | 38% |
| POS-PUBLIC TOILETS | COMMUNITY SERVICES | 200 000.00 | 165 188.71 | 34 811.29 | 83% |
| POS-RENTAL OF COMMON | DEVELOPMENT PLANNING | 1 500 000.00 | 2 391 255.03 | - 891 255.03 | 159% |
| POS-SALE OF LAND | DEVELOPMENT PLANNING | 200 000.00 | 1 500.00 | 198 500.00 | 1% |
| POS-TENDER DOCUMNTS | BUDGET & TREASURY OFFICE | 400 000.00 | 233 035.73 | 166 964.27 | 58% |
| POS-TRAFFIC FINES | COMMUNITY SERVICES | 500 000.00 | 895 906.78 | - 395 906.78 | 179% |
| VAT RECOVERY | BUDGET & TREASURY OFFICE | 15 000 000.00 | 8 145 826.82 | 6 854 173.18 | 54% |
| LGSETA | CORPORATE SERVICES | 210 000.00 | 33 228.72 | 176 771.28 | 16% |
| INTEREST ON INVESTMENTS | BUDGET & TREASURY OFFICE | 5 000 000.00 | 11 465 263.20 | - 6 465 263.20 | 229% |
| TOTAL NON BILLABLE REVENUE | | 24 360 000.00 | 26 299 630.87 | - 1 939 630.87 | 108% |

This comprises of building plans, pound fees, public toilets, sale of land, tender fees, VAT refunds and interest on investments.

The approved annual budget amount was R24 360 000. The actual collection as compared to the approved annual budget at the six months period reflects that the municipality has collected R26 299 630.87 which translate to 108% compared to first 6 month of the financial year. This collection is above the projected six months collection by R1 939 631. The collection rate is at 108% of the first six months' projection. The major contributor being Registering Authority and Interest on investments.

COMPARISON OF 2021/22 & 2020/21 REVENUE COLLECTION AT MID-YEAR

| | 2022/23 | 2021/22 | COMMENT |
|--------------------|-------------|-------------|---|
| OWN REVENUE | 108% | 141% | <i>The budget for own revenue (excluding billable revenue) 2022/23 is R24m, whereas in the 2021/22 it was R20m. Therefore the</i> |

| | | | |
|--|--|--|---|
| | | | <i>municipality is being more realistic in its projections. What has contributed to the decrease in the percentage of collection is the impact of decline in the economy and general rise of inflation, impact of Covid 19 job losses is also still being felt.</i> |
|--|--|--|---|

Traffic Fines, Licensing and Registering Authority

Traffic Fines

The original annual budget for traffic fine is R500 000 and the actual collections amounts to R895 906.78 which is 179% of the annual budget. This indicates that the municipal traffic section is doing a good job, they are collecting beyond what management could estimate at the time of budgeting, also it points to the fact that fines are to a large extent paid. The Mid-Term budget is R 250 000 and the actual collection for the 6 months translates to 358% as compared to the approved budget at the six months period reflecting that the municipality has over-collected by R645 906.78 against the budgeted projections. Large portion of this revenue was collected during the 1st Quarter, most of the fines were collected during the month of September 2022, October 2022, November 2022 and December 2022. An upward adjustment will be considered for this item.

Learners License & Drivers License

The approved annual budget is R200 000 for learners & driver's license. The actual collection is R405 927 which is 203% of the annual budget. The mid-year budget is R100 000 and the actual collection is 406% showing an over-collection of R305 927 to the projected approved budget of six months. This performance means that during adjustment budget we have to increase the budget for this item.

Registering Authority

The approved annual budget is R400 000 for registering authority. The actual collections amount to R2 323 965.55 which is 581% of the annual budgeted amount, however 81% (R1 882 412.09) of this revenue was paid over to the Department of Transport as part of agency fees. The amounts paid over to DoT are not included as part of operational

expenditure. Therefore, the actual collection is R441 553.46 which is 110% of the annual budget. This collection exceeded the mid-year collection budget of R 200 000 by R241 553.46 which is 121%.

Rental of Facilities

This comprises of Billboard Rentals, Hall Hire & Rental of Commonage.

The approved annual budget of rental of billboards amount is R150 000 and the actual collection is at R32 595.36 this translates to 22% of the annual budget, this reflects an improved performance compared to the first 6 months of 2021/2022 which was only 3%. The approved annual budget for Hall Hire is R200 000, collection is R50 640.27, this translates to 25% of the annual budget, this shows improvement when compared to the six months performance of 2021/2022 which was 10%. The biggest contributor to revenue of rental of facilities is rental of commonage, the annual budget for this item is R1 500 000, its collection is R2 391 255.03, this translates to 159% of annual budget. This shows greater improvement when compared to the 61% of the first six months of 2021/2022.

Steps taken to address shortfall on operating revenue

- The municipality is charging interest on all long outstanding debts, and we contracted services of the debt collector.
- The Registering Authority function is closely monitored and controls around this function have been strengthened in order to ensure smooth functioning and improved customer service.
- Valuation roll is being updated timeously in order to ensure that correct customers are being billed at right values and revenue collection is enhanced.
- We are constantly engaging with rate payers urging them to pay their accounts on time and also to find out what are the issues that lead to non-payment of municipal bills so that these can be prioritized by the relevant service delivery departments of the municipality.
- Customer related issues communicated through our customer care unit by the customers are quickly addressed.
- We have introduced some incentive schemes that encourages customers to come forward and negotiate affordable payment terms.

Grants

| GRANTS | | | | | |
|----------------------------------|-----------------------|----------------------|----------------------|----------------------|------------|
| OPERATIONAL GRANTS AND SUBSIDIES | APPROVED BUDGET | QUARTER 1 | QUARTER 2 | TOTAL RECEIVED | % RECEIVED |
| Equitable Share | R 294 923 000.00 | R 115 020 000.00 | R 97 325 000.00 | R 212 345 000.00 | 72% |
| CONDITIONAL GRANTS AND SUBSIDIES | APPROVED BUDGET | QUARTER 1 | QUARTER 2 | TOTAL RECEIVED | % RECEIVED |
| FMG | R 1 720 000.00 | R 1 720 000.00 | R - | R 1 720 000.00 | 100% |
| MIG | R 68 458 000.00 | R 23 134 000.00 | R 32 971 000.00 | R 56 105 000.00 | 82% |
| EPWP | R 3 498 000.00 | R 875 000.00 | R 1 575 000.00 | R 2 450 000.00 | 70% |
| OTP | R 20 000 000.00 | R 790 539.44 | R 5 011 518.99 | R 5 802 058.43 | 29% |
| ENERGY EFFICIENCY GRANT | R 4 500 000.00 | R 1 500 000.00 | R 1 500 000.00 | R 3 000 000.00 | 67% |
| DISASTER RESPONSE GRANT | R 14 415 000.00 | R 14 415 000.00 | R - | R 14 415 000.00 | 100% |
| LIBRARY GRANT | R 500 000.00 | R - | R 500 000.00 | R 500 000.00 | 100% |
| | 113 091 000.00 | 42 434 539.44 | 41 557 518.99 | 83 992 058.43 | 74% |

The municipality has received all its transfers as per the DORA payment schedule for the first 6 months of the 2022/2023 financial year. OTP Grant is from the Office of the Premier, it's intended for refurbishing and urbanizing small towns, included in that is the improvement of internal roads. Receipt of OTP monies depends on municipal spending, we submit invoices first then receive monies for the submitted invoices, the lesser we progress on the ground, the more high risk of not receiving the entire R20 million of the allocation. The municipality received two new grants, which are Energy efficient grant and Disaster relief grant.

3. Analysis of Expenditure per department

| DEPARTMENT | BUDGET | ACTUAL | COMMITMENTS | TOTAL EXPENDITURE | BALANCE | % SPENT |
|----------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|------------|
| BUDGET AND TREASURY OFFICE | 31 678 596.00 | 16 700 197.49 | 1 014 822.37 | 17 715 019.86 | 13 963 576.14 | 56% |
| OPERATIONS | 27 073 250.00 | 6 727 082.29 | 1 691 572.30 | 8 418 654.59 | 18 654 595.41 | 31% |
| CORPORATE SERVICES | 21 247 000.00 | 8 867 272.87 | 965 728.46 | 9 833 001.33 | 11 413 998.67 | 46% |
| COMMUNITY SERVICES | 14 681 557.00 | 3 958 307.75 | 1 570 807.81 | 5 529 115.56 | 9 152 441.44 | 38% |
| DEVELOPMENTAL PLANNING | 21 685 000.00 | 7 457 748.71 | 5 987 471.62 | 13 445 220.33 | 8 239 779.67 | 62% |
| INFRASTRUCTURE | 157 812 383.00 | 54 745 618.78 | 4 928 909.61 | 59 674 528.39 | 98 137 854.61 | 38% |
| PERSONNEL COSTS | 152 741 965.00 | 73 331 698.17 | - | 73 331 698.17 | 79 410 266.83 | 48% |
| | 426 919 751.00 | 171 787 926.06 | 16 159 312.17 | 187 947 238.23 | 238 972 512.77 | 44% |

Spending Patterns

The above expenditure per department excludes the non-cash items (Depreciation & Provision for Bad Debts).

4. DISCUSSION ON EXPENDITURE

SALARIES AND WAGES

The total personnel budget amounts to R152 741 965. This budget included new posts which were added during the organogram review, management has worked very hard during planning phase in order to reduce the personnel budget so that the municipality remains within the statutory norms and thresholds. As at end of 2nd quarter spending amounted R73 331 698.17, which amounted to 48% of total budget. Included in the actual expenditure is EPWP which is funded separately by the conditional grant from Public Works, DEDEAT and rural waste project. The available budget at end of 2nd quarter, amounted to R79 410 266.83 of the original budget, which makes 51.99%, this translates to some savings(1.99%) on personnel costs.

PROJECT EXPENSES

The annual budget per project as per mSCOA requirements is R426 919 751. The actual expenditure incurred as at 31 December 2021 is R187 947 238.23 which is 44% of the total budget. This includes personnel expenditure. The available budget is R238 972 512.77 which will cover the last six months that will end at 30 June 2023.

Below is the detailed project expenditure per department:

4.1 Budget and Treasury Office

| PROJECT NAME | BUDGET | ACTUAL | COMMITMENTS | TOTAL EXPENDITURE | BALANCE | % SPENT |
|------------------------------------|----------------------|----------------------|---------------------|----------------------|----------------------|------------|
| AFS Preparation | 1 700 000.00 | 603 168.15 | 12 620.00 | 615 788.15 | 1 084 211.85 | 36% |
| Annual Regularity Audit | 4 500 000.00 | 4 299 630.38 | - | 4 299 630.38 | 200 369.62 | 96% |
| Debt Collection | 890 000.00 | 70 297.53 | 35 283.31 | 105 580.84 | 784 419.16 | 12% |
| Expenditure and payroll management | 1 520 000.00 | 269 132.54 | 88 726.40 | 357 858.94 | 1 162 141.06 | 24% |
| Financial Management Grant | 1 720 000.00 | 524 438.28 | 97 275.78 | 621 714.06 | 1 098 285.94 | 36% |
| Fleet Management | 14 600 000.00 | 5 895 895.86 | 605 305.96 | 6 501 201.82 | 8 098 798.18 | 45% |
| Full Implementation of SCM system | 450 000.00 | 212 784.71 | - | 212 784.71 | 237 215.29 | 47% |
| General Valuation Roll | 835 000.00 | 258 894.61 | - | 258 894.61 | 576 105.39 | 31% |
| GRAP Compliant Asset Register | 3 060 000.00 | 2 705 174.26 | 1 385.39 | 2 706 559.65 | 353 440.35 | 88% |
| mSCOA Implementation | 2 403 596.00 | 1 860 781.17 | 174 225.53 | 2 035 006.70 | 368 589.30 | 85% |
| | 31 678 596.00 | 16 700 197.49 | 1 014 822.37 | 17 715 019.86 | 13 963 576.14 | 56% |

Budget and treasury performance for the six months ended 31 December 2022 is above the 50% target mark, three projects are close to the 100% mark of the annual budget, Annual Regulatory Audit is around 96% while Auditor General has not yet submitted all the invoices, this means that budget for this project have to be adjusted upwards in order to cover the remaining invoices and costs planning. There are two projects that are close to 100% of annual budget, spending on Grap Compliance Asset Register is 88%,

spending on mSCOA-Implementation project is 85%, more budget will have to be added on this project in order to cover the remaining six months.

4.2 Corporate services

| PROJECT NAME | BUDGET | ACTUAL | COMMITMENTS | TOTAL EXPENDITURE | BALANCE | % SPENT |
|---|----------------------|---------------------|-------------------|---------------------|----------------------|------------|
| Bereavement support | 100 000.00 | 10 500.00 | - | 10 500.00 | 89 500.00 | 11% |
| Cleaning of offices | 400 000.00 | 107 073.45 | 107 774.32 | 214 847.77 | 185 152.23 | 54% |
| Compliance with Legislation | 1 280 000.00 | 1 280 000.00 | - | 1 280 000.00 | - | 100% |
| Computers | 500 000.00 | 369 574.80 | 94 742.17 | 464 316.97 | 35 683.03 | 93% |
| Convening of oversight structures meetings | 750 000.00 | 172 198.59 | 52 173.39 | 224 371.98 | 525 628.02 | 30% |
| Council Chamber Recording System | 750 000.00 | 652 173.91 | - | 652 173.91 | 97 826.09 | 87% |
| Disaster Recovery site establishment | 2 500 000.00 | - | 210 622.26 | 210 622.26 | 2 289 377.74 | 8% |
| Employee wellness programs | 1 200 000.00 | 165 159.77 | 4 521.74 | 169 681.51 | 1 030 318.49 | 14% |
| ICT License Renewal | 1 900 000.00 | 1 842 368.19 | 61 263.00 | 1 903 631.19 | - | 100% |
| IT Master Plan-IT Strategic Plan | 70 000.00 | 17 975.34 | - | 17 975.34 | 52 024.66 | 26% |
| Maintenance of ICT Equipment | 300 000.00 | 32 329.80 | 7 197.39 | 39 527.19 | 260 472.81 | 13% |
| Municipal Clocking System | 450 000.00 | 236 623.82 | - | 236 623.82 | 213 376.18 | 53% |
| Network Infrastructure on Municipal offices | - | 267 862.66 | - | 267 862.66 | - | 267 862.66 |
| Occupational Health & Safety | 205 000.00 | 64 024.59 | - | 64 024.59 | 140 975.41 | 31% |
| Personal Protective Equipment | 150 000.00 | - | 63 701.78 | 63 701.78 | 86 298.22 | 42% |
| Performance Management | 120 000.00 | 63 711.97 | - | 63 711.97 | 56 288.03 | 53% |
| Printers | 2 000 000.00 | 948 451.18 | - | 948 451.18 | 1 051 548.82 | 47% |
| Recruitment & Selection | 1 225 000.00 | 345 299.87 | 156 591.87 | 501 891.74 | 723 108.26 | 41% |
| Registry Management | 802 000.00 | 478 495.67 | 8 880.09 | 487 375.76 | 314 624.24 | 61% |
| Study Assistance | 1 550 000.00 | 264 891.30 | 75 384.78 | 340 276.08 | 1 209 723.92 | 22% |
| Training and Development for Councillors | 900 000.00 | 357 117.57 | 21 274.94 | 378 392.51 | 521 607.49 | 42% |
| Training and Development for Employees | 945 000.00 | 603 741.45 | 101 600.73 | 705 342.18 | 239 657.82 | 75% |
| VPN , WiFi and VoIP | 2 500 000.00 | 584 928.16 | - | 584 928.16 | 1 915 071.84 | 23% |
| Ward Committee Training | 500 000.00 | 2 770.78 | - | 2 770.78 | 497 229.22 | 1% |
| Website management | 150 000.00 | - | - | - | 150 000.00 | 0% |
| | 21 247 000.00 | 8 867 272.87 | 965 728.46 | 9 833 001.33 | 11 413 998.67 | 46% |

Corporate services performance for the past six months ended 31 December 2022 is 46%, this is below planned target of 50%. The major contributors to the slow spending of this department are the ICT related projects which are taking forever to be awarded and were allocated significant amounts as they are multi-year projects. The municipality management is engaging on methods that can be applied in trying to resolve the matter so that atleast before year end these projects are executed and budget is committed and some expenditure is incurred. Projects that will not be possible to implement in the remaining months of this financial year will be adjusted to zero during adjustment budget and budget will be allocated to projects that already have 100% spending as at 31 December 2022. In overall this department has performed better than mid – term of 2021/2022 which was sitting at 29%. Ward Committee trainings are also not moving.

4.3 Operations Department

| PROJECT NAME | BUDGET | ACTUAL | COMMITMENTS | TOTAL EXPENDITURE | BALANCE | % SPENT |
|---|----------------------|---------------------|---------------------|---------------------|----------------------|------------|
| Annual report development | 195 000.00 | 10 608.14 | - | 10 608.14 | 184 391.86 | 5% |
| Branding of the Municipality | 400 000.00 | 29 782.61 | 233 139.19 | 262 921.80 | 137 078.20 | 66% |
| Co-ordination of Audit and Risk Committee | 360 000.00 | 172 423.12 | - | 172 423.12 | 187 576.88 | 48% |
| Customer care update | 970 000.00 | 7 075.40 | - | 7 075.40 | 962 924.60 | 1% |
| Development of Newsletters | 400 000.00 | 25 300.00 | 291 273.99 | 316 573.99 | 83 426.01 | 79% |
| Engagement meetings | 415 000.00 | 113 105.36 | 16 027.46 | 129 132.82 | 285 867.18 | 31% |
| Fraud Awareness | 350 000.00 | 87 695.27 | 17 391.30 | 105 086.57 | 244 913.43 | 30% |
| IDP Development | 1 035 000.00 | 134 932.90 | 22 077.00 | 157 009.90 | 877 990.10 | 15% |
| IGR meetings | 25 000.00 | 13 800.00 | - | 13 800.00 | 11 200.00 | 55% |
| implementation of Communication Strategy | 1 445 000.00 | 343 715.45 | 220 295.16 | 564 010.61 | 880 989.39 | 39% |
| Implementation of IDP, SDBIP and Budget in | 910 000.00 | 71 608.12 | - | 71 608.12 | 838 391.88 | 8% |
| Internal Audits and ad-hoc assignments | 1 300 000.00 | 196 341.54 | 8 708.17 | 205 049.71 | 1 094 950.29 | 16% |
| Legal cases | 4 140 000.00 | 1 138 367.61 | 597 017.53 | 1 735 385.14 | 2 404 614.86 | 42% |
| MPAC | 545 000.00 | 208 308.55 | 34 079.78 | 242 388.33 | 302 611.67 | 44% |
| Policy Review | 1 065 000.00 | 37 801.39 | - | 37 801.39 | 1 027 198.61 | 4% |
| Programmes as per HIV/Aids, STI & TB Strate | 95 000.00 | 11 500.00 | 11 500.00 | 23 000.00 | 72 000.00 | 24% |
| Programmes for Designated groups as per S | 2 230 000.00 | 837 460.23 | 117 008.00 | 954 468.23 | 1 275 531.77 | 43% |
| Public Participation Programmes/Meetings | 1 920 000.00 | 439 637.22 | 46 494.91 | 486 132.13 | 1 433 867.87 | 25% |
| Risk Management | 70 000.00 | 3 400.00 | 11 500.00 | 14 900.00 | 55 100.00 | 21% |
| SALGA | 1 948 250.00 | 111 988.38 | - | 111 988.38 | 1 836 261.62 | 6% |
| Ward Committee Administration | 6 855 000.00 | 2 647 000.00 | - | 2 647 000.00 | 4 208 000.00 | 39% |
| Whippery Programme | 70 000.00 | 24 700.00 | 30 349.97 | 55 049.97 | 14 950.03 | 79% |
| Women caucus | 330 000.00 | 60 331.00 | 15 850.00 | 76 381.00 | 253 619.00 | 23% |
| | 27 073 250.00 | 6 727 082.29 | 1 672 712.46 | 8 399 794.75 | 18 673 455.25 | 31% |

Operations department performance on spending the allocated budget is 31% as at the end of the previous six months, this is below the six months target which is 50%. Projects such as Policy review will move mostly in quarter three and four. There was a delay in the appointment of ward committees, SALGA fees are not yet due, Internal Audit unit will incur most of its budget between quarter three and four. Delays on completion of external audit by Auditor General affected internal projects of Internal Auditors.

4.4 Community Services

| PROJECT NAME | BUDGET | ACTUAL | COMMITMENTS | TOTAL EXPENDITURE | BALANCE | % SPENT |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|------------|
| Alien Vegetation Control | 300 000.00 | - | 124 438.00 | 124 438.00 | 175 562.00 | 41% |
| Animal Pound Management | 150 000.00 | 21 814.00 | 77 612.21 | 99 426.21 | 50 573.79 | 66% |
| Blue Flag Beach Awareness and Water Testing | 230 000.00 | 35 586.37 | 10 905.20 | 46 491.57 | 183 508.43 | 20% |
| Environmental awareness and Signage | 20 000.00 | - | 13 070.00 | 13 070.00 | 6 930.00 | 65% |
| Environmental Forums | 50 000.00 | 25 854.55 | 11 555.61 | 37 410.16 | 12 589.84 | 75% |
| EPWP | 900 000.00 | 171 725.65 | 92 320.04 | 264 045.69 | 635 954.31 | 29% |
| Free Basic Services | 3 130 000.00 | 239 248.21 | 48 850.00 | 288 098.21 | 2 841 901.79 | 9% |
| Land Rehabilitation | 150 000.00 | 145 629.08 | - | 145 629.08 | 4 370.92 | 97% |
| Law Enforcement/ Traffic support | 900 000.00 | 671 316.10 | 277 024.68 | 948 340.78 | - 48 340.78 | 105% |
| Library Costs | 500 000.00 | 165 506.60 | 41 310.00 | 206 816.60 | 293 183.40 | 41% |
| Renewable Energy Initiatives | 50 000.00 | - | - | - | 50 000.00 | 0% |
| Sand Mining | 300 000.00 | - | 284 692.00 | 284 692.00 | 15 308.00 | 95% |
| Security Services | 5 021 557.00 | 1 505 855.89 | 306 128.14 | 1 811 984.03 | 3 209 572.97 | 36% |
| Waste Management Services | 2 980 000.00 | 975 771.30 | 282 901.93 | 1 258 673.23 | 1 721 326.77 | 42% |
| | 14 681 557.00 | 3 958 307.75 | 1 570 807.81 | 5 529 115.56 | 9 152 441.44 | 38% |

Community services performance on spending allocated budget is 38%, which is below 50% target mark. Since this is a service delivery department this performance is not acceptable/favorable to the communities that we serve. Waste management is sitting at 42%, Free basic services is sitting at 9%. Although security services is sitting at 36%, it is good savings as municipality has implemented costs saving strategies which in addition have created work opportunities while saving a lot of monies. Budget has to be increased for law enforcement. Library has a rolled over amount which needs to be added into 2022/2023 budget and get spent.

4.5 Planning and Development

| PROJECT NAME | BUDGET | ACTUAL | COMMITMENTS | OTAL EXPENDITUR | BALANCE | % SPENT |
|---|----------------------|---------------------|---------------------|----------------------|---------------------|------------|
| Agricultural Information Days | 180 000.00 | 55 960.00 | 20 191.30 | 76 151.30 | 103 848.70 | 42% |
| Air Conditioners | 450 000.00 | - | - | - | 450 000.00 | 0% |
| Conveyancing | 350 000.00 | 199 800.00 | - | 199 800.00 | 150 200.00 | 57% |
| Co-Operatives Development | 1 000 000.00 | 564 049.68 | 1 160 451.41 | 1 724 501.09 | 724 501.09 | 172% |
| Craft development | 240 000.00 | 12 075.00 | 48 460.00 | 60 535.00 | 179 465.00 | 25% |
| Crop Production | 2 500 000.00 | 2 173 900.00 | 160 750.00 | 2 334 650.00 | 165 350.00 | 93% |
| Customer Care building | 50 000.00 | - | 64 894.30 | 64 894.30 | 14 894.30 | 130% |
| Drawing plans for all municipal buildings | 150 000.00 | - | - | - | 150 000.00 | 0% |
| Dutywa main Building | 300 000.00 | 289 500.00 | - | 289 500.00 | 10 500.00 | 97% |
| Dutywa Town Hall Offices | 400 000.00 | 15 747.25 | - | 15 747.25 | 384 252.75 | 4% |
| Dutywa TRC Offices | 100 000.00 | 23 516.00 | 14 618.65 | 38 134.65 | 61 865.35 | 38% |
| Enterprise (SMME) Development Support | 160 000.00 | 32 583.92 | 14 319.56 | 46 903.48 | 113 096.52 | 29% |
| Executive House | 100 000.00 | 50 917.60 | 11 198.50 | 62 116.10 | 37 883.90 | 62% |
| External Events | 775 000.00 | 342 998.63 | - | 342 998.63 | 432 001.37 | 44% |
| Gatyana Municipal Offices | 250 000.00 | 224 448.86 | 11 280.00 | 235 728.86 | 14 271.14 | 94% |
| Generator (New and Maintenance) | 500 000.00 | - | 647 534.31 | 647 534.31 | 147 534.31 | 130% |
| Heritage Development Strategy | 555 000.00 | 5 213.04 | - | 5 213.04 | 549 786.96 | 1% |
| High Value Crop (HVC) Sorghum Production | 600 000.00 | 429 049.90 | 148 652.17 | 577 702.07 | 22 297.93 | 96% |
| Housing Sector Plans | 400 000.00 | - | 320 199.57 | 320 199.57 | 79 800.43 | 80% |
| Informal Trader Support | 140 000.00 | - | - | - | 140 000.00 | 0% |
| Internal Events(Tourism) | 1 000 000.00 | 255 949.33 | 36 329.57 | 292 278.90 | 707 721.10 | 29% |
| Investment Brochure | 250 000.00 | - | - | - | 250 000.00 | 0% |
| Land Audit | 560 000.00 | 269 219.39 | - | 269 219.39 | 290 780.61 | 48% |
| Land Use Scheme | 500 000.00 | - | 15 545.28 | 15 545.28 | 484 454.72 | 3% |
| Life Rescue Services | 650 000.00 | 8 050.00 | 569 036.02 | 577 086.02 | 72 913.98 | 89% |
| Live Stock Improvement | 1 010 000.00 | 387 321.12 | 463 129.68 | 850 450.80 | 159 549.20 | 84% |
| Maintenance of the lift | 150 000.00 | 88 608.64 | 70 804.12 | 159 412.76 | 9 412.76 | 106% |
| Marine Economic Initiative support (Mncwasa Fishery , Mpame& Tenza) | 150 000.00 | - | - | - | 150 000.00 | 0% |
| Marine Talapia Incubator Project | 150 000.00 | - | - | - | 150 000.00 | 0% |
| Municipal Staff Accommodation | 300 000.00 | 55 818.00 | - | 55 818.00 | 244 182.00 | 19% |
| Provision of electricity | 1 175 000.00 | 682 504.16 | 559 145.92 | 1 241 650.08 | 66 650.08 | 106% |
| Provision of Office Furniture | 110 000.00 | - | - | - | 110 000.00 | 0% |
| Public Ablution maintenance | 500 000.00 | - | 430 294.00 | 430 294.00 | 69 706.00 | 86% |
| Reviewal of Strategies & Plans | 650 000.00 | 4 139.52 | 4 435.20 | 8 574.72 | 641 425.28 | 1% |
| SDF | 510 000.00 | - | - | - | 510 000.00 | 0% |
| SMME Capacity Building Programmes | 150 000.00 | - | - | - | 150 000.00 | 0% |
| SMMEs Roadshows | 200 000.00 | 6 900.00 | 38 660.44 | 45 560.44 | 154 439.56 | 23% |
| Spluma Implementation | 100 000.00 | 19 797.33 | 3 548.16 | 23 345.49 | 76 654.51 | 23% |
| Supporting of Tour Guides | 115 000.00 | - | - | - | 115 000.00 | 0% |
| Surveying | 1 000 000.00 | 232 475.00 | 386 721.00 | 619 196.00 | 380 804.00 | 62% |
| Tesko Building | 50 000.00 | 36 525.14 | - | 36 525.14 | 13 474.86 | 73% |
| Township Establishment (Layout Plans) | 405 000.00 | 181 833.60 | 5 000.00 | 186 833.60 | 218 166.40 | 46% |
| Upgrading of informal settlements | 600 000.00 | 198 350.00 | 75 928.00 | 274 278.00 | 325 722.00 | 46% |
| Water consumption | 1 500 000.00 | 412 000.00 | 363 735.50 | 775 735.50 | 724 264.50 | 52% |
| Wool Processing Plant | 450 000.00 | - | - | - | 450 000.00 | 0% |
| Workshop Office | 50 000.00 | 47 397.60 | 180 815.00 | 228 212.60 | 178 212.60 | 456% |
| Xhora Municipal Offices | 200 000.00 | 151 100.00 | 161 793.96 | 312 893.96 | 112 893.96 | 156% |
| | 21 685 000.00 | 7 457 748.71 | 5 987 471.62 | 13 445 220.33 | 8 239 779.67 | 62% |

Planning and development department performance on spending allocated budget is 62%, they have managed to spend beyond the 50% of six months target. During adjustment budget management will prioritize closing the gaps of negative variance as can be seen in the above table, monies will be re-allocated from other user departments that have slow spending. These negatives were caused by processing of orders that were committed at the end of 2021/2022 financial year; monies need to be moved from projects that will no longer be implemented to close these gaps.

4.6 Infrastructure Department

| PROJECT NAME | BUDGET | ACTUAL | COMMITMENTS | TOTAL EXPENDITURE | BALANCE | % SPENT |
|--|-----------------------|----------------------|---------------------|----------------------|----------------------|------------|
| Cizama to Singeni access road | 8 275 907.00 | 2 621 962.05 | - | 2 621 962.05 | 5 653 944.95 | 32% |
| Construction Municipal Offices | 4 000 000.00 | 534 658.10 | - | 534 658.10 | 3 465 341.90 | 13% |
| Construction of Dutywa sports facility | 9 665 151.00 | 97 918.00 | - | 97 918.00 | 9 567 233.00 | 1% |
| Construction of Gatyana sport facility | 8 198 444.00 | 2 117 070.00 | - | 2 117 070.00 | 6 081 374.00 | 26% |
| Construction of Public Ablution Facility | 600 000.00 | 167 712.00 | - | 167 712.00 | 432 288.00 | 28% |
| Construction of Xhorha sportfields | 19 625 422.00 | 8 133 449.29 | - | 8 133 449.29 | 11 491 972.71 | 41% |
| Dutywa Taxi and Bus Rank | 500 000.00 | - | - | - | 500 000.00 | 0% |
| Electrification | 1 500 000.00 | 935 833.32 | - | 935 833.32 | 564 166.68 | 62% |
| Energy Efficiency Program | 4 500 000.00 | 212 478.26 | - | 212 478.26 | 4 287 521.74 | 5% |
| Gem Community Hall | 200 000.00 | - | - | - | 200 000.00 | 0% |
| Gem to Lunweleni Access Road | 2 025 000.00 | 619 117.31 | 295 652.17 | 914 769.48 | 1 110 230.52 | 45% |
| Gravel Road maintenance | 14 213 121.00 | 8 212 595.80 | 2 416 918.55 | 10 629 514.35 | 3 583 606.65 | 75% |
| Hobeni School to Bhula Access Road | 900 000.00 | 806 539.25 | - | 806 539.25 | 93 460.75 | 90% |
| Installation of High masts | 300 000.00 | 233 603.99 | - | 233 603.99 | 66 396.01 | 78% |
| Kwayimane Access Road | 1 900 000.00 | 185 642.89 | - | 185 642.89 | 1 714 357.11 | 10% |
| Lower Falakahla to Singeni | 2 119 585.00 | 817 435.29 | - | 817 435.29 | 1 302 149.71 | 39% |
| Machani to Taleni access road | 6 099 770.00 | 3 139 778.67 | - | 3 139 778.67 | 2 959 991.33 | 51% |
| maintenance of street lights | 1 500 000.00 | 618 190.53 | 1 286 759.00 | 1 904 949.53 | 404 949.53 | 127% |
| Maintenance of Sollar Panels | 300 000.00 | 442 291.48 | 259 504.35 | 701 795.83 | 401 795.83 | 234% |
| Mathunzini to Nqileni Access Road | 350 000.00 | 286 403.83 | - | 286 403.83 | 63 596.17 | 82% |
| Mbozi Access Road | 1 550 000.00 | 1 005 903.25 | - | 1 005 903.25 | 544 096.75 | 65% |
| Mhlahlane to Macibini access | 656 665.00 | - | - | - | 656 665.00 | 0% |
| Mkhathazo to Madwaleni Access Road | 2 250 000.00 | 1 025 915.69 | 274 905.93 | 1 300 821.62 | 949 178.38 | 58% |
| Mtonga to Mantlaneni Access Road | 4 634 240.00 | 2 512 102.17 | - | 2 512 102.17 | 2 122 137.83 | 54% |
| N2 to Nimrod access road | 8 595 927.00 | 2 783 250.35 | - | 2 783 250.35 | 5 812 676.65 | 32% |
| Nkolweni Access Road | 350 000.00 | - | - | - | 350 000.00 | 0% |
| Ntlonyane Bridge | 400 000.00 | 347 266.44 | - | 347 266.44 | 52 733.56 | 87% |
| Ntsingizi to Mantusini Access Road | 350 000.00 | 137 370.14 | - | 137 370.14 | 212 629.86 | 39% |
| OTP_Msikithi Access Road | 5 000 000.00 | 423 671.45 | - | 423 671.45 | 4 576 328.55 | 8% |
| OTP_Siyibane Access Road | 5 000 000.00 | 263 754.15 | - | 263 754.15 | 4 736 245.85 | 5% |
| OTP_Upgrading of small towns | 10 000 000.00 | 2 171 963.79 | - | 2 171 963.79 | 7 828 036.21 | 22% |
| Paving of sidewalks | 3 000 000.00 | 2 739 559.13 | 114 958.10 | 2 854 517.23 | 145 482.77 | 95% |
| Phelandaba to Macirheni access road | 8 211 843.00 | 2 691 687.73 | - | 2 691 687.73 | 5 520 155.27 | 33% |
| PMU | 516 302.00 | 214 215.25 | 150 936.30 | 365 151.55 | 151 150.45 | 71% |
| Qhakazana Access Road | 2 050 000.00 | 1 317 384.24 | - | 1 317 384.24 | 732 615.76 | 64% |
| Quku to Mpume Access Road | 1 900 000.00 | 744 717.34 | - | 744 717.34 | 1 155 282.66 | 39% |
| Riverview to Langeni Access road | 8 885 006.00 | 1 416 923.51 | - | 1 416 923.51 | 7 468 082.49 | 16% |
| Sikhobeni to Chaba access road | 350 000.00 | 274 815.85 | - | 274 815.85 | 75 184.15 | 79% |
| Surface of Roads Maintenance | 2 000 000.00 | 1 165 225.92 | - | 1 165 225.92 | 834 774.08 | 58% |
| Tayi to Qwili / Phungula Bridge | 1 840 000.00 | 544 767.58 | - | 544 767.58 | 1 295 232.42 | 30% |
| Upgrading of stormwater | 500 000.00 | 573 591.56 | - | 573 591.56 | 73 591.56 | 115% |
| Upgrading of street lights | 2 500 000.00 | 2 208 853.18 | 129 275.21 | 2 338 128.39 | 161 871.61 | 94% |
| Willowvale Taxi Rank | 500 000.00 | - | - | - | 500 000.00 | 0% |
| | 157 812 383.00 | 54 745 618.78 | 4 928 909.61 | 59 674 528.39 | 98 137 854.61 | 38% |

Infrastructure department has managed to reach 38% spending as at the end of the previous six months which ended on the 31 December 2022, this is below the 50% mid – term target. MIG spending was below the 50% mark, it was even below the 40% usually targeted mid - term mark. Management is working on ways of improving the spending of this grant in order to minimize risk of not finishing the grant allocated at the end of the financial year and also risk of losing future allocations. Spending of 2022/2023 MIG allocation is sitting at 37%, while spending on the rolled over MIG is sitting at 38%. Some projects on the above table have exceeded 100% of the allocated budget, municipality need to adjust budget upwards for these projects.

4.7 GRANT EXPENDITURE

| GRANT DETAILS | PERIOD | ANNUAL BUDGET | CASH FLOW PROJECTIONS | PROJECTED % | ACTUAL SPENT | % SPENT based on Projected | % SPENT based on Annual Budget |
|--------------------|----------------------|------------------------|-----------------------|-------------|----------------------|----------------------------|--------------------------------|
| MIG | July 2022 – Dec 2022 | R68 458 000.00 | R34 229 000.00 | 50% | 25 242 302.99 | 74% | 37% |
| MIG - Rollover | July 2022 – Dec 2022 | R22 932 860.00 | R11 466 430.00 | 50% | 8 762 560.32 | 76% | 38% |
| ENERGY | July 2022 – Dec 2022 | R4 500 000.00 | R2 250 000.00 | 50% | 244 350.00 | 11% | 5% |
| DISASTER | July 2022 – Dec 2022 | R14 415 000.00 | R7 207 500.00 | 50% | 7 889 877.08 | 109% | 55% |
| EPWP | July 2022 – Dec 2022 | R3 498 000.00 | R1 749 000.00 | 50% | 3 424 607.68 | 196% | 98% |
| OTP | July 2022 – Dec 2022 | R20 000 000.00 | R10 000 000.00 | 50% | 1 829 371.87 | 18% | 9% |
| FMG | July 2022 – Dec 2022 | R1 720 000.00 | R860 000.00 | 50% | 934 887.08 | 109% | 54% |
| GRAND TOTAL | | R135 523 860.00 | R67 761 930.00 | | 48 327 957.02 | 71% | 36% |

The overall expenditure for conditional grants was sitting at 36% as at end of mid-year, this shows a decline when compared to the 2021/2022 mid-year spending which was 45.72%. This expenditure rate is low considering that we are at mid-year already and close attention must be paid to the MIG grant, spending on FMG Grant has improved compared to previous years. The municipality does not have INEP allocation for the 2022/2023 financial year, projects which were funded through INEP are now continued on a stand still. Management is busy finding ways to complete these projects and close them out in the books of the municipality then hand everything back to Eskom and Energy. Spending on OTP allocation is very poor, Management is busy engaging on techniques that would help to eliminate current experienced challenges that hinder progress on the OTP projects. There was a delay on the appointment/procurement of the suitable service providers for the implementation of the Energy Efficiency Grant projects.

4.8 CAPITAL SPENDING

| PROJECT NAME | BUDGET | ACTUAL | COMMITMENTS | TOTAL EXPENDITURE | BALANCE | % SPENT |
|--|-----------------------|----------------------|-------------------|----------------------|----------------------|------------|
| Cizama to Singeni access road | 8 275 907.00 | 2 621 962.05 | - | 2 621 962.05 | 5 653 944.95 | 32% |
| Construction Municipal Offices | 4 000 000.00 | 534 658.10 | - | 534 658.10 | 3 465 341.90 | 13% |
| Construction of Dutywa sports facility | 9 665 151.00 | 97 918.00 | - | 97 918.00 | 9 567 233.00 | 1% |
| Construction of Gatyana sport facility | 8 198 444.00 | 2 117 070.00 | - | 2 117 070.00 | 6 081 374.00 | 26% |
| Construction of Public Ablution Facility | 600 000.00 | 167 712.00 | - | 167 712.00 | 432 288.00 | 28% |
| Construction of Xhorha sportfields | 19 625 422.00 | 8 133 449.29 | - | 8 133 449.29 | 11 491 972.71 | 41% |
| Dutywa Taxi and Bus Rank | 500 000.00 | - | - | - | 500 000.00 | 0% |
| Electrification | 1 500 000.00 | 935 833.32 | - | 935 833.32 | 564 166.68 | 62% |
| Energy Efficiency Program | 4 500 000.00 | 212 478.26 | - | 212 478.26 | 4 287 521.74 | 5% |
| Gem Community Hall | 200 000.00 | - | - | - | 200 000.00 | 0% |
| Gem to Lunweleni Access Road | 2 025 000.00 | 619 117.31 | 295 652.17 | 914 769.48 | 1 110 230.52 | 45% |
| Hobeni School to Bhula Access Road | 900 000.00 | 806 539.25 | - | 806 539.25 | 93 460.75 | 90% |
| Installation of High masts | 300 000.00 | 233 603.99 | - | 233 603.99 | 66 396.01 | 78% |
| Kwayimane Access Road | 1 900 000.00 | 185 642.89 | - | 185 642.89 | 1 714 357.11 | 10% |
| Lower Falakahla to Singeni | 2 119 585.00 | 817 435.29 | - | 817 435.29 | 1 302 149.71 | 39% |
| Machani to Taleni access road | 6 099 770.00 | 3 139 778.67 | - | 3 139 778.67 | 2 959 991.33 | 51% |
| Mathunzini to Ngileni Access Road | 350 000.00 | 286 403.83 | - | 286 403.83 | 63 596.17 | 82% |
| Mbozi Access Road | 1 550 000.00 | 1 005 903.25 | - | 1 005 903.25 | 544 096.75 | 65% |
| Mhlahlane to Macibini access | 656 665.00 | - | - | - | 656 665.00 | 0% |
| Mkhathazo to Madwaleni Access Road | 2 250 000.00 | 1 025 915.69 | 274 905.93 | 1 300 821.62 | 949 178.38 | 58% |
| Mtonga to Mantlaneni Access Road | 4 634 240.00 | 2 512 102.17 | - | 2 512 102.17 | 2 122 137.83 | 54% |
| N2 to Nimrod access road | 8 595 927.00 | 2 783 250.35 | - | 2 783 250.35 | 5 812 676.65 | 32% |
| Nkolweni Access Road | 350 000.00 | - | - | - | 350 000.00 | 0% |
| Ntlonyane Bridge | 400 000.00 | 347 266.44 | - | 347 266.44 | 52 733.56 | 87% |
| Ntsingizi to Mantusini Access Road | 350 000.00 | 137 370.14 | - | 137 370.14 | 212 629.86 | 39% |
| OTP_Msikithi Access Road | 5 000 000.00 | 423 671.45 | - | 423 671.45 | 4 576 328.55 | 8% |
| OTP_Siyibane Access Road | 5 000 000.00 | 263 754.15 | - | 263 754.15 | 4 736 245.85 | 5% |
| OTP_Upgrading of small towns | 10 000 000.00 | 2 171 963.79 | - | 2 171 963.79 | 7 828 036.21 | 22% |
| Paving of sidewalks | 3 000 000.00 | 2 739 559.13 | 114 958.10 | 2 854 517.23 | 145 482.77 | 95% |
| Phelandaba to Macirheni access road | 8 211 843.00 | 2 691 687.73 | - | 2 691 687.73 | 5 520 155.27 | 33% |
| Qhakazana Access Road | 2 050 000.00 | 1 317 384.24 | - | 1 317 384.24 | 732 615.76 | 64% |
| Quku to Mpume Access Road | 1 900 000.00 | 744 717.34 | - | 744 717.34 | 1 155 282.66 | 39% |
| Riverview to Langeni Access road | 8 885 006.00 | 1 416 923.51 | - | 1 416 923.51 | 7 468 082.49 | 16% |
| Sikhobeni to Chaba access road | 350 000.00 | 274 815.85 | - | 274 815.85 | 75 184.15 | 79% |
| Tayi to Qwili / Phungula Bridge | 1 840 000.00 | 544 767.58 | - | 544 767.58 | 1 295 232.42 | 30% |
| Upgrading of stormwater | 500 000.00 | 573 591.56 | - | 573 591.56 | - 73 591.56 | 115% |
| Upgrading of street lights | 2 500 000.00 | 2 208 853.18 | 129 275.21 | 2 338 128.39 | 161 871.61 | 94% |
| Willowvale Taxi Rank | 500 000.00 | - | - | - | 500 000.00 | 0% |
| | 139 282 960.00 | 44 093 099.80 | 814 791.41 | 44 907 891.21 | 94 375 068.79 | 32% |

The municipality has different sources to fund its capital budget of R139 282 960. Municipal Infrastructure Grant (MIG), Office of the Premier (OTP) Subsidy, Municipal Disaster Relief Grant, Energy Efficiency Grant as well as Capex funded from reserves. This is to augment the grant funding to ensure a sustained capital investment outlay within the municipality. As at 31 December 2022 the municipality was sitting at 32% of the total allocated funding. MIG managed to spend 37.5% which is a cause for concern especially considering that this is a conditional grant. A revised PIP have to be submitted to CoGTA in an effort to fast track spending.

STEPS TO BE TAKEN IN ADDRESSING THE ISSUE OF UNDER-SPENDING

- Develop procedures of ensuring that invoices are submitted on time to the expenditure section.
- Enforce spending of maximum monthly cash flow expenditure targets.
- Improve on contract management – project management of consultants.
- Reduce over reliance on consultants

- Pre-planning processes to be done in the preceding year and once budget is tabled before council processes to source service providers be commenced

4.9. Bank and Investment Accounts

The balances as at 31 December 2022 amounted to:

| MBHASHE MUNICIPALITY INVESTMENTS AS AT 31 December 2022 | | | | | | |
|--|----------|---------------------|-------------------------------|--------|---------------|-------------------------------------|
| | Bank | Account Type | Acc name | Status | Acc number | Closing Balance as at 31/12/2022 |
| 1 | FNB | 7 Day Interest Plus | Mbhashe Municipality | Active | 74321424942 | 110 074 160.47 |
| 2 | FNB | Call Account | EPWP Call Account | Active | 62562355373 | 111 552.13 |
| 3 | FNB | Call Account | FMG Call Account | Active | 62562352410 | 8 713.38 |
| 4 | FNB | Call Account | Depreciation Account | Active | 74813155287 | 22 027 504.13 |
| 5 | ABSA | Call Account | Mbhashe Fixed Deposit Account | Active | 2080521361 | 44 504 109.57 |
| 6 | Standard | Call Account | Mbhashe Fixed Deposit Account | Active | 88629511 | 61 270 356.16 |
| 7 | Nedbank | Call Account | Mbhashe Fixed Deposit Account | Active | 169370/000003 | 155 126 013.71 |
| | | | | | | 393 122 409.55 |

4.10 C-Schedule tables for Month 06 (31 December 2022)

Below are the tables extracted from Schedule C for the month as stipulated in the act and above.

EC121 Mbashe - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

| Description | Ref | 2021/22 | | Budget Year 2022/23 | | | | | | |
|---|----------|-----------------|-----------------|---------------------|----------------|----------------|----------------|-----------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | 1 | | | | | | | | | |
| Revenue - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | 305 581 | 324 543 | 324 543 | 98 748 | 218 567 | 162 272 | 56 296 | 35% | 324 543 |
| Executive and council | | — | — | — | — | — | — | — | — | — |
| Finance and administration | | 305 581 | 324 543 | 324 543 | 98 748 | 218 567 | 162 272 | 56 296 | 35% | 324 543 |
| Internal audit | | — | — | — | — | — | — | — | — | — |
| <i>Community and public safety</i> | | 6 746 | 5 048 | 5 048 | 1 345 | 4 138 | 2 524 | 1 614 | 64% | 5 048 |
| Community and social services | | 5 559 | 4 398 | 4 398 | 1 070 | 3 183 | 2 199 | 984 | 45% | 4 398 |
| Sport and recreation | | — | — | — | — | — | — | — | — | — |
| Public safety | | 1 187 | 650 | 650 | 275 | 955 | 325 | 630 | 194% | 650 |
| Housing | | — | — | — | — | — | — | — | — | — |
| Health | | — | — | — | — | — | — | — | — | — |
| <i>Economic and environmental services</i> | | 55 519 | 91 158 | 128 506 | 17 964 | 80 823 | 64 253 | 16 571 | 26% | 128 506 |
| Planning and development | | 2 081 | 2 100 | 2 100 | 176 | 2 555 | 1 050 | 1 505 | 143% | 2 100 |
| Road transport | | 53 438 | 89 058 | 126 406 | 17 787 | 78 268 | 63 203 | 15 066 | 24% | 126 406 |
| Environmental protection | | — | — | — | — | — | — | — | — | — |
| <i>Trading services</i> | | 3 476 | 5 000 | 5 000 | 494 | 2 206 | 2 500 | (294) | -12% | 5 000 |
| Energy sources | | 838 | 4 500 | 4 500 | 239 | 244 | 2 250 | (2 006) | -89% | 4 500 |
| Water management | | — | — | — | — | — | — | — | — | — |
| Waste water management | | — | — | — | — | — | — | — | — | — |
| Waste management | | 2 638 | 500 | 500 | 255 | 1 962 | 250 | 1 712 | 685% | 500 |
| <i>Other</i> | 4 | — | — | — | — | — | — | — | — | — |
| Total Revenue - Functional | 2 | 371 322 | 425 749 | 463 097 | 118 551 | 305 734 | 231 548 | 74 186 | 32% | 463 097 |
| Expenditure - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | 188 370 | 203 024 | 203 024 | 22 316 | 69 510 | 101 529 | (32 019) | -32% | 203 024 |
| Executive and council | | 41 326 | 63 345 | 63 345 | 9 337 | 25 128 | 31 672 | (6 544) | -21% | 63 345 |
| Finance and administration | | 146 102 | 132 472 | 132 472 | 12 481 | 42 599 | 66 253 | (23 654) | -36% | 132 472 |
| Internal audit | | 941 | 7 208 | 7 208 | 498 | 1 783 | 3 604 | (1 821) | -51% | 7 208 |
| <i>Community and public safety</i> | | 36 675 | 51 555 | 51 555 | 7 051 | 19 977 | 25 788 | (5 810) | -23% | 51 555 |
| Community and social services | | 33 453 | 48 107 | 48 107 | 6 523 | 18 401 | 24 053 | (5 652) | -23% | 48 107 |
| Sport and recreation | | — | — | — | — | — | — | — | — | — |
| Public safety | | 1 695 | 1 550 | 1 550 | 280 | 671 | 785 | (114) | -14% | 1 550 |
| Housing | | 1 246 | 1 383 | 1 383 | 230 | 697 | 692 | 5 | 1% | 1 383 |
| Health | | 281 | 515 | 515 | 18 | 208 | 258 | (49) | -19% | 515 |
| <i>Economic and environmental services</i> | | 54 478 | 64 917 | 79 332 | 12 157 | 34 156 | 39 656 | (5 500) | -14% | 79 332 |
| Planning and development | | 20 456 | 22 989 | 22 989 | 2 055 | 9 485 | 11 484 | (2 000) | -17% | 22 989 |
| Road transport | | 33 902 | 41 228 | 55 643 | 10 102 | 24 582 | 27 822 | (3 240) | -12% | 55 643 |
| Environmental protection | | 119 | 700 | 700 | — | 90 | 350 | (260) | -74% | 700 |
| <i>Trading services</i> | | 33 827 | 22 470 | 22 470 | 5 656 | 14 408 | 11 235 | 3 173 | 28% | 22 470 |
| Energy sources | | 8 137 | 7 224 | 7 224 | 3 030 | 4 857 | 3 612 | 1 245 | 34% | 7 224 |
| Water management | | — | — | — | — | — | — | — | — | — |
| Waste water management | | — | — | — | — | — | — | — | — | — |
| Waste management | | 25 690 | 15 247 | 15 247 | 2 626 | 9 551 | 7 623 | 1 928 | 25% | 15 247 |
| <i>Other</i> | | — | — | — | — | — | — | — | — | — |
| Total Expenditure - Functional | 3 | 313 350 | 341 967 | 356 382 | 47 181 | 138 051 | 178 208 | (40 156) | -23% | 356 382 |
| Surplus/ (Deficit) for the year | | 57 972 | 83 782 | 106 715 | 71 370 | 167 683 | 53 341 | 114 342 | 214% | 106 715 |

EC121 Mbashe - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

| Vote Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| | | 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 & Council | | — | — | — | — | — | — | — | — | — |
| Vote 2 - Finance and Admin | | 305 581 | 324 543 | 324 543 | 98 748 | 218 567 | 162 272 | 56 296 | 34.7% | 324 543 |
| Vote 3 - Internal Audit | | — | — | — | — | — | — | — | — | — |
| Vote 4 - Community and Social Services | | 5 559 | 4 398 | 4 398 | 1 070 | 3 183 | 2 199 | 984 | 44.7% | 4 398 |
| Vote 5 - Sport & Recreation | | — | — | — | — | — | — | — | — | — |
| Vote 6 - Public Safety | | 1 187 | 650 | 650 | 275 | 955 | 325 | 630 | 193.8% | 650 |
| Vote 7 - Housing | | — | — | — | — | — | — | — | — | — |
| Vote 8 - Health | | — | — | — | — | — | — | — | — | — |
| Vote 9 - Planning & Development | | 2 081 | 2 100 | 2 100 | 176 | 2 555 | 1 050 | 1 505 | 143.3% | 2 100 |
| Vote 10 - Road Transport | | 53 438 | 89 058 | 126 406 | 17 787 | 78 268 | 63 203 | 15 066 | 23.8% | 126 406 |
| Vote 11 - Environmental Protection | | — | — | — | — | — | — | — | — | — |
| Vote 12 - Energy Sources | | 838 | 4 500 | 4 500 | 239 | 244 | 2 250 | (2 006) | -89.1% | 4 500 |
| Vote 13 - Water Management | | 2 638 | 500 | 500 | 255 | 1 962 | 250 | 1 712 | 684.6% | 500 |
| Vote 14 - Waste Management | | — | — | — | — | — | — | — | — | — |
| Vote 15 - 0 | | — | — | — | — | — | — | — | — | — |
| Total Revenue by Vote | 2 | 371 322 | 425 749 | 463 097 | 118 551 | 305 734 | 231 548 | 74 186 | 32.0% | 463 097 |
| Expenditure by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive & Council | | 41 326 | 63 345 | 63 345 | 9 337 | 25 128 | 31 672 | (6 544) | -20.7% | 63 345 |
| Vote 2 - Finance and Admin | | 146 102 | 132 472 | 132 472 | 12 481 | 42 599 | 66 253 | (23 654) | -35.7% | 132 472 |
| Vote 3 - Internal Audit | | 941 | 7 208 | 7 208 | 498 | 1 783 | 3 604 | (1 821) | -50.5% | 7 208 |
| Vote 4 - Community and Social Services | | 33 453 | 48 107 | 48 107 | 6 523 | 18 401 | 24 053 | (5 652) | -23.5% | 48 107 |
| Vote 5 - Sport & Recreation | | — | — | — | — | — | — | — | — | — |
| Vote 6 - Public Safety | | 1 695 | 1 550 | 1 550 | 280 | 671 | 785 | (114) | -14.5% | 1 550 |
| Vote 7 - Housing | | 1 246 | 1 383 | 1 383 | 230 | 697 | 692 | 5 | 0.7% | 1 383 |
| Vote 8 - Health | | 281 | 515 | 515 | 18 | 208 | 258 | (49) | -19.1% | 515 |
| Vote 9 - Planning & Development | | 20 456 | 22 989 | 22 989 | 2 055 | 9 485 | 11 484 | (2 000) | -17.4% | 22 989 |
| Vote 10 - Road Transport | | 33 902 | 41 228 | 55 643 | 10 102 | 24 582 | 27 822 | (3 240) | -11.6% | 55 643 |
| Vote 11 - Environmental Protection | | 119 | 700 | 700 | — | 90 | 350 | (260) | -74.4% | 700 |
| Vote 12 - Energy Sources | | 8 137 | 7 224 | 7 224 | 3 030 | 4 857 | 3 612 | 1 245 | 34.5% | 7 224 |
| Vote 13 - Water Management | | 25 690 | 15 247 | 15 247 | 2 626 | 9 551 | 7 623 | 1 928 | 25.3% | 15 247 |
| Vote 14 - Waste Management | | — | — | — | — | — | — | — | — | — |
| Vote 15 - 0 | | — | — | — | — | — | — | — | — | — |
| Total Expenditure by Vote | 2 | 313 350 | 341 967 | 356 382 | 47 181 | 138 051 | 178 208 | (40 156) | -22.5% | 356 382 |
| Surplus/ (Deficit) for the year | 2 | 57 972 | 83 782 | 106 715 | 71 370 | 167 683 | 53 341 | 114 342 | 214.4% | 106 715 |

EC121 Mbashe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| | | 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 | | 16 242 | 7 500 | 7 500 | 629 | 15 811 | 3 750 | 12 061 | 322% | 7 500 |
| Service charges - electricity revenue | | – | – | – | – | – | – | – | – | – |
| Service charges - water revenue | | – | – | – | – | – | – | – | – | – |
| Service charges - sanitation revenue | | – | – | – | – | – | – | – | – | – |
| Service charges - refuse revenue | | 2 638 | 500 | 500 | 255 | 1 962 | 250 | 1 712 | 685% | 500 |
| Rental of facilities and equipment | | 2 001 | 1 850 | 1 850 | 171 | 2 475 | 925 | 1 550 | 168% | 1 850 |
| Interest earned - external investments | | 11 615 | 5 000 | 5 000 | 450 | 2 751 | 2 500 | 251 | 10% | 5 000 |
| Interest earned - outstanding debtors | | 3 937 | – | – | 84 | 1 417 | – | 1 417 | #DIV/0! | – |
| Dividends received | | – | – | – | – | – | – | – | – | – |
| Fines, penalties and forfeits | | 1 416 | 650 | 650 | 275 | 1 017 | 325 | 692 | 213% | 650 |
| Licences and permits | | (371) | 200 | 200 | 43 | 493 | 100 | 393 | 393% | 200 |
| Agency services | | 2 555 | 400 | 400 | 847 | 5 118 | 200 | 4 918 | 2459% | 400 |
| Transfers and subsidies | | 281 001 | 308 564 | 322 979 | 100 318 | 202 673 | 161 489 | 41 184 | 26% | 322 979 |
| Other revenue | | 2 136 | 16 050 | 16 050 | 115 | 8 678 | 8 025 | 653 | 8% | 16 050 |
| Gains | | – | – | – | – | – | – | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | | 323 171 | 340 714 | 355 129 | 103 188 | 242 394 | 177 564 | 64 829 | 37% | 355 129 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | | 131 226 | 125 769 | 125 769 | 20 454 | 61 630 | 62 885 | (1 254) | -2% | 125 769 |
| Remuneration of councillors | | 13 195 | 26 353 | 26 353 | 5 204 | 12 840 | 13 177 | (336) | -3% | 26 353 |
| Debt impairment | | 8 209 | 2 000 | 2 000 | – | – | 1 000 | (1 000) | -100% | 2 000 |
| Depreciation & asset impairment | | 64 937 | 55 000 | 55 000 | – | 520 | 27 500 | (26 980) | -98% | 55 000 |
| Finance charges | | 2 055 | – | – | – | – | – | – | – | – |
| Bulk purchases - electricity | | (162) | – | – | – | – | – | – | – | – |
| Inventory consumed | | – | – | – | – | – | – | – | – | – |
| Contracted services | | 55 122 | 75 124 | 89 539 | 13 471 | 36 315 | 44 786 | (8 472) | -19% | 89 539 |
| Transfers and subsidies | | 5 | – | – | – | – | – | – | – | – |
| Other expenditure | | 38 763 | 57 720 | 57 720 | 8 051 | 26 746 | 28 860 | (2 114) | -7% | 57 720 |
| Losses | | – | – | – | – | – | – | – | – | – |
| Total Expenditure | | 313 350 | 341 967 | 356 382 | 47 181 | 138 051 | 178 208 | (40 156) | -23% | 356 382 |
| Surplus/(Deficit) | | 9 821 | (1 253) | (1 253) | 56 007 | 104 342 | (643) | 104 985 | (0) | (1 253) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 48 151 | 85 035 | 107 968 | 15 362 | 63 341 | 53 984 | 9 357 | 0 | 107 968 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | – | – | – | – | – | – | – | – | – |
| Transfers and subsidies - capital (in-kind - all) | | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | | 57 972 | 83 782 | 106 715 | 71 370 | 167 683 | 53 341 | | | 106 715 |
| Taxation | | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after taxation | | 57 972 | 83 782 | 106 715 | 71 370 | 167 683 | 53 341 | | | 106 715 |
| Attributable to minorities | | – | – | – | – | – | – | | | – |
| Surplus/(Deficit) attributable to municipality | | 57 972 | 83 782 | 106 715 | 71 370 | 167 683 | 53 341 | | | 106 715 |
| Share of surplus/ (deficit) of associate | | – | – | – | – | – | – | | | – |
| Surplus/(Deficit) for the year | | 57 972 | 83 782 | 106 715 | 71 370 | 167 683 | 53 341 | | | 106 715 |

| EC121 Mbashe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December | | | | | | | | | | |
|---|------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|-----------------|----------------|--------------------|
| Vote Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | 1 | | | | | | | | | |
| Multi-Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 1 - Executive & Council | | - | - | - | - | - | - | - | | - |
| Vote 2 - Finance and Admin | | - | - | - | - | - | - | - | | - |
| Vote 3 - Internal Audit | | - | - | - | - | - | - | - | | - |
| Vote 4 - Community and Social Services | | - | - | - | - | - | - | - | | - |
| Vote 5 - Sport & Recreation | | - | - | - | - | - | - | - | | - |
| Vote 6 - Public Safety | | - | - | - | - | - | - | - | | - |
| Vote 7 - Housing | | - | - | - | - | - | - | - | | - |
| Vote 8 - Health | | - | - | - | - | - | - | - | | - |
| Vote 9 - Planning & Development | | - | - | - | - | - | - | - | | - |
| Vote 10 - Road Transport | | - | - | - | - | - | - | - | | - |
| Vote 11 - Environmental Protection | | - | - | - | - | - | - | - | | - |
| Vote 12 - Energy Sources | | - | - | - | - | - | - | - | | - |
| Vote 13 - Water Management | | - | - | - | - | - | - | - | | - |
| Vote 14 - Waste Management | | - | - | - | - | - | - | - | | - |
| Vote 15 - 0 | | - | - | - | - | - | - | - | | - |
| Total Capital Multi-year expenditure | 4,7 | - | - | - | - | - | - | - | | - |
| Single Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 1 - Executive & Council | | - | 15 | 15 | - | - | 8 | (8) | -100% | 15 |
| Vote 2 - Finance and Admin | | 13 570 | 15 000 | 15 000 | 1 993 | 2 230 | 7 500 | (5 270) | -70% | 15 000 |
| Vote 3 - Internal Audit | | - | - | - | - | - | - | - | | - |
| Vote 4 - Community and Social Services | | 4 465 | 800 | 800 | 168 | 2 579 | 400 | 2 179 | 545% | 800 |
| Vote 5 - Sport & Recreation | | 16 641 | 22 423 | 37 489 | 1 230 | 8 324 | 18 745 | (10 421) | -56% | 37 489 |
| Vote 6 - Public Safety | | - | - | - | - | - | - | - | | - |
| Vote 7 - Housing | | - | - | - | - | - | - | - | | - |
| Vote 8 - Health | | - | - | - | - | - | - | - | | - |
| Vote 9 - Planning & Development | | 350 | 480 | 480 | - | - | 240 | (240) | -100% | 480 |
| Vote 10 - Road Transport | | 7 994 | 65 874 | 73 741 | 11 880 | (348) | 36 870 | (37 218) | -101% | 73 741 |
| Vote 11 - Environmental Protection | | - | - | - | - | - | - | - | | - |
| Vote 12 - Energy Sources | | 319 | - | - | - | 319 | - | 319 | #DIV/0! | - |
| Vote 13 - Water Management | | 181 | 500 | 500 | 303 | 303 | 250 | 53 | 21% | 500 |
| Vote 14 - Waste Management | | - | - | - | - | - | - | - | | - |
| Vote 15 - 0 | | - | - | - | - | - | - | - | | - |
| Total Capital single-year expenditure | 4 | 43 519 | 105 092 | 128 025 | 15 575 | 13 408 | 64 012 | (50 605) | -79% | 128 025 |
| Total Capital Expenditure | | 43 519 | 105 092 | 128 025 | 15 575 | 13 408 | 64 012 | (50 605) | -79% | 128 025 |
| Capital Expenditure - Functional Classification | | | | | | | | | | |
| Governance and administration | | 13 570 | 15 015 | 15 015 | 1 993 | 2 230 | 7 508 | (5 277) | -70% | 15 015 |
| Executive and council | | - | 15 | 15 | - | - | 8 | (8) | -100% | 15 |
| Finance and administration | | 13 570 | 15 000 | 15 000 | 1 993 | 2 230 | 7 500 | (5 270) | -70% | 15 000 |
| Internal audit | | - | - | - | - | - | - | - | | - |
| Community and public safety | | 21 106 | 23 223 | 38 289 | 1 398 | 10 903 | 19 145 | (8 242) | -43% | 38 289 |
| Community and social services | | 4 465 | 800 | 800 | 168 | 2 579 | 400 | 2 179 | 545% | 800 |
| Sport and recreation | | 16 641 | 22 423 | 37 489 | 1 230 | 8 324 | 18 745 | (10 421) | -56% | 37 489 |
| Public safety | | - | - | - | - | - | - | - | | - |
| Housing | | - | - | - | - | - | - | - | | - |
| Health | | - | - | - | - | - | - | - | | - |
| Economic and environmental services | | 8 344 | 66 354 | 74 221 | 11 880 | (348) | 37 110 | (37 458) | -101% | 74 221 |
| Planning and development | | 350 | 480 | 480 | - | - | 240 | (240) | -100% | 480 |
| Road transport | | 7 994 | 65 874 | 73 741 | 11 880 | (348) | 36 870 | (37 218) | -101% | 73 741 |
| Environmental protection | | - | - | - | - | - | - | - | | - |
| Trading services | | 500 | 500 | 500 | 303 | 622 | 250 | 372 | 149% | 500 |
| Energy sources | | 319 | - | - | - | 319 | - | 319 | #DIV/0! | - |
| Water management | | - | - | - | - | - | - | - | | - |
| Waste water management | | - | - | - | - | - | - | - | | - |
| Waste management | | 181 | 500 | 500 | 303 | 303 | 250 | 53 | 21% | 500 |
| Other | | - | - | - | - | - | - | - | | - |
| Total Capital Expenditure - Functional Classification | 3 | 43 519 | 105 092 | 128 025 | 15 575 | 13 408 | 64 012 | (50 605) | -79% | 128 025 |
| Funded by: | | | | | | | | | | |
| National Government | | 5 189 | 65 035 | 87 968 | 9 779 | (3 368) | 43 984 | (47 352) | -108% | 87 968 |
| Provincial Government | | 5 930 | 20 000 | 20 000 | 1 752 | 2 859 | 10 000 | (7 141) | -71% | 20 000 |
| District Municipality | | - | - | - | - | - | - | - | | - |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | - | - | - | - | - | - | - | | - |
| Transfers recognised - capital | | 11 119 | 85 035 | 107 968 | 11 531 | (509) | 53 984 | (54 493) | -101% | 107 968 |
| Borrowing | 6 | - | - | - | - | - | - | - | | - |
| Internally generated funds | | 32 262 | 20 057 | 20 057 | 4 044 | 13 916 | 10 028 | 3 888 | 39% | 20 057 |
| Total Capital Funding | | 43 381 | 105 092 | 128 025 | 15 575 | 13 408 | 64 012 | (50 605) | -79% | 128 025 |

(ii) SERVICE DELIVERY PERFORMANCE ASSESSMENT

The report is based on the analyzed and evaluated information through a process whereby information of the key performance area, objectives, key performance indicators, programmes /projects reflect the Integrated Development Plan objectives of the Municipality for 2022/23 financial year. Institutional and departmental performance of Mbhashe Local Municipality is based on the Service Delivery Budget Implementation Plan (SDBIP) scorecard. The SDBIP of the municipality comprises of five Key Performance Areas which are derived from Local Government's Strategic Agenda and are aligned to our IDP cluster approach. These are:

- Basic Service Delivery and Infrastructure Development;
- Local Economic Development;
- Financial Viability and Management;
- Institutional Transformation and Organizational Development; and
- Good Governance and Public Participation

A Service Delivery Budget Implementation Plan (SDBIP), and Departmental Service Delivery and Budget Implementation Plans for each of the departments of the municipality, in line with appropriate guidelines and legislation, must be developed annually. Section 56 Employees are required to sign a Performance Agreement, as prescribed in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to the Municipal Manager, in line with published regulations and/or amendments.

Quarter 1 assessments were conducted during October 2022 and Quarter 2 assessments are being performed during this month of January 2022 through the Office of the Municipal Manager. The Mid-year assessment is therefore based on the Service Delivery Budget Implementation Plans for the period 01 July 2022 to 31 December 2022.

The Mbhashe Local Municipality is in the process of conducting its strategic planning which will culminate in a review of its Organizational structure and business processes as part of addressing all the challenges relating to under-performance in certain areas of service delivery.

INSTITUTIONAL SDBIP PERFORMANCE OVERALL SUCCESS RATE

Mbhashe overall performance at mid-year as it stands is at **86%** reflecting a decrease when compared to 2021/22 mid-year performance where it was at **88%**. Also Q2 (83%) results are just below Q1 (88%), this shows a decrease in performance over quarters however the Municipality is structured appropriately to achieve the targets as laid out in the IDP and SDBIP during the second half of the 2022/23 financial year.

The table below depicts the organizational performance for the first six months of 2022/23 Financial period. A more detailed look into each department is outlined in the next pages.

| MID TERM PERFORMANCE | Q1 | Q2 | Mid-Year 2022/23 | Mid-Year 2021/22 |
|-----------------------------------|-----|-----|---------------------|---------------------|
| Institutional Overall Performance | 88% | 83% | 86% | 88% |

SUMMARY OF PERFORMANCE PER KPA

| KEY PERFORMANCE AREA | TOTAL NO OF KPA'S | RATING 1 | RATING 2 | RATING 3 | RATING 4 | RATING 5 | Not Applicable | Q2 2022/23 % | Q1 2022/23 | Mid-year % |
|----------------------|-------------------|----------|----------|----------|----------|----------|----------------|--------------|------------|------------|
| MTI | 24 | 6 | 2 | 12 | 0 | 0 | 4 | 70% | 90% | (20) |
| SDI | 36 | 10 | 4 | 21 | 0 | 0 | 1 | 71% | 73% | (2) |
| LED | 12 | 3 | 0 | 8 | 0 | 1 | 0 | 75% | 92% | (17) |
| MFV | 15 | 0 | 0 | 10 | 0 | 5 | 0 | 100% | 93% | 7 |
| GGP | 46 | 1 | 1 | 35 | 0 | 2 | 7 | 97% | 95% | 2 |
| TOTAL NO OF KPA'S | 133 | 20 | 7 | 86 | 0 | 8 | 12 | 83% | 88% | (5) |

SUMMARY OF PERFORMANCE PER KPI'S

| DEPARTMENTS | TOTAL NO OF KPI | RATING 1 | RATING 2 | RATING 3 | RATING 4 | RATING 5 | Not Applicable | % Q2 2022/23 | % Q1 2022/23 | Mid-year % |
|------------------------|-----------------|----------|----------|----------|----------|----------|----------------|--------------|--------------|------------|
| Corporate Services | 24 | 3 | 1 | 13 | 0 | 0 | 7 | 82% | 91% | 87% |
| Infrastructure | 33 | 12 | 3 | 14 | 1 | 0 | 3 | 60% | 72% | 66% |
| Community Services | 26 | 1 | 1 | 19 | 0 | 0 | 5 | 95% | 85% | 90% |
| Developmental Planning | 34 | 4 | 1 | 22 | 0 | 2 | 5 | 86% | 89% | 88% |
| BTO | 18 | 0 | 0 | 10 | 0 | 5 | 3 | 100% | 80% | 90% |
| Operations | 34 | 2 | 1 | 23 | 0 | 2 | 6 | 93% | 96% | 95% |
| Total No of KPI's | 169 | 22 | 7 | 101 | 1 | 9 | 29 | 84% | 86% | 85% |

(iii) PROGRESS ON RESOLVING CHALLENGES IDENTIFIED IN THE 2021/22 ANNUAL REPORT

As it is required by legislation the municipality prepared 2021/22 Annual Report and submitted it in the council meeting that was held in August 2022. The council adopted the draft Annual Report and it was then submitted to the office of the Auditor General on the 31 August 2022 and to the MPAC Committee so that they can do an oversight on what is entailed in the annual report.

MPAC started with the Annual Report Roadshows to all the communities of Mbhashe which also entailed site visits on projects that were implemented to verify existence and quality of workmanship versus amount spent (Value for money).

Furthermore the Annual Report together with Oversight Report were advertised and submitted to relevant stakeholders such as communities, Provincial and National Treasury, Provincial and National CoGTA, Department of Legislature after it was adopted as a final report and Office of the AG's endorsement that in all respect reflect all the information audited during the regularity audit.

The municipality has developed its Audit Action Plan based on the findings that were raised by AG in issues relating to AOPO, Annual Financial statements (financial and non-financial information). Action to address those findings are currently being implemented some were resolved during the audit but actions have been developed to improve the control environment.

CONCLUSION ON THE MID-YEAR ASSESSMENT REPORT

- Based on the analysis above an Adjustments budget is necessary to effect the changes in the estimates and bring in line the expenditure budget to the revenue that can be collected. This will ensure that the municipality implements its budget fully.
- An adjustment budget will also cater for the approved rollovers for conditional grants.
- Due to the low expenditure patterns, an adjustment budget will be necessary to reprioritize funds to other demanding service delivery projects or programs as well as to avoid unauthorized expenditure.
- Adjustment budget will also assist the library section to be able to spend and realized its unspent grant that has been accumulating from the previous years. This will also serve as a measure of ensuring that prospective future rollovers of the Library grant will be approved without any doubt.

Quality Certificate

Municipal Manager's Quality Certification

I _____ Municipal Manager of the Mbhashe Local Municipality hereby certify that the budget adjustment and mid-year budget performance assessment report and supporting documentation have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act.

Signature

Mr M. Nako
Municipal Manager
Mbhashe Local Municipality

Date
