

**BUDGET AND TREASURY (S52d) REPORT FOR THE 1<sup>st</sup> QUARTER ENDED 30 SEPTEMBER 2022**



**Prepared by:**

**Position:**

**Reviewed by:**

**Position:                   Municipal Manager**

**Recommended by:   Cllr Apleni**

**Position:                   Portfolio Head: Budget & Treasury Office**

**Approved by:           Hon Cllr S. Janda**

**Position:                   Executive Mayor**

## 1.1 BACKGROUND, FACTS AND PROPOSALS

### 1.1.1 Treasury Reports

#### 1. Successes

- Final IDP and Budget for 2022/23 was adopted on the 31 May 2022 by Council and is currently being implemented.
- The municipality has successfully submitted financial information to Provincial and National Treasury on a monthly basis in the prescribed format for the quarter under review as illustrated in the below tables.
- The municipality prepared Annually Financial Statements for 2021/2022 in-house and its supporting schedules which were then submitted to Auditor General – South Africa for auditing, Provincial and National Treasury on the 31<sup>st</sup> August 2022.
- Office of the AGSA has commenced with auditing.
- The municipality has received all the anticipated transfers for the 1<sup>st</sup> quarter in terms of the DORA allocation for 2022/2023 FY. Further to that an grant has been received to respond to Disaster (MDRG).
- The municipality received an Unqualified audit opinion from the Auditor-General of South Africa in the year 2020/2021

The followings reports were submitted to Treasury:

- Section 71 Report for the months (July, August and September 2022)
  - Monthly Budget Statement Summary
  - Financial Performance (functional classification)
  - Financial Performance (revenue and expenditure)
- mSCOA data strings

## EXPENDITURE REPORT

### Analysis of Spending Patterns

The expenditure per department excludes non-cash items (Depreciation & Provision for Bad Debts) is attached as an Annexure to this report and it outlines all expenditure for performance indicators as reflected in the approved SDBIP linked to municipal objectives as reflected in the IDP.

#### 1.2.1 PERSONNEL EXPENDITURE (S66)

In terms of Section 66 of the MFMA, The accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely—

- (a) Salaries and wages;
- (b) Contributions for pensions and medical aid;
- (c) Travel, motor car, accommodation, subsistence and other allowances;
- (d) Housing benefits and allowances;
- (e) Overtime payments;
- (f) Loans and advances; and
- (g) Any other type of benefit or allowance related to staff.

The following table depicts the actual expenditure for the period ended 30 September 2022

SECTION 66 REPORT FOR 2022-23				EARNINGS												
Months	Salaries	Unpaid Leave	Standby Allowance	Allowance (Ward Comm)	Bonus	Once-Off	Long Service Award	Subsistence Local	Reimbursive KM Exempt	Sitting Allowance Ward Comm	Overtime	Acting Allowance	Leave Pay	Performance Bonus		
Jul-22	7,831,210.89	-	24,436.18	5,678.13	307,000.00	505,617.82	-	-	10,842.00	103,306.09	146,500.00	-	4,819.34	127,179.32	-	
Aug-22	7,852,233.05		2,880.52	29,229.25	316,000.00	385,704.11	150,000.00	-	3,386.90	109,710.42	-	202,237.12	10,111.10	71,963.93	-	
Sep-22	7,929,464.61	-	9,699.41	24,355.78	317,000.00	187,015.87	-	46,143.75	7,051.00	111,620.97	150,000.00	190,714.97	10,111.10	70,032.48	-	
Oct-22																
Nov-22																
Dec-22																
Jan-23																
Feb-23																
Mar-23																
Apr-23																
May-23																
Jun-23																
Totals	23,612,908.55	-	31,255.07	59,263.16	940,000.00	1,078,337.80	150,000.00	46,143.75	21,279.90	324,637.48	296,500.00	392,952.09	25,041.54	269,175.73	-	
Months	Backpay	Shift Allowance	Travel Allowance	Residential Allowance	Housing Subsidy	Sitting Allowance	EPWP Salary	Medical Aid Refund	Housing Allowance	Cellphone Allowance	TOTALS					
Jul-22	193,773.07	37,782.34	362,799.20	231,483.90	2,023.54	1,719.74	612,650.00	4,197.00	38,045.28	11,100.00	10,513,291.48					
Aug-22	1,003,187.15	34,956.94	373,819.37	230,576.12	2,023.54	3,439.48	511,135.00	-	39,186.64	11,100.00	9,133,456.40					
Sep-22	38,949.00	9,611.49	379,665.27	231,483.90	2,023.54	8,598.70	537,192.00	-	39,186.64	11,100.00	9,033,811.12					
Oct-22																
Nov-22																
Dec-22																
Jan-23																
Feb-23																
Mar-23																
Apr-23																
May-23																
Jun-23																
Totals	1,235,909.22	82,350.77	1,116,283.84	693,543.92	6,070.62	13,757.92	1,660,977.00	4,197.00	116,418.56	33,300.00	28,680,559.00					

SECTION 66 REPORT FOR 2022-23				
Months	Jul-22	Aug-22	Sep-22	Total
Total Earnings	10,513,291.48	11,342,880.64	10,291,621.66	32,147,793.78
Total Deductions	- 2,808,723.33	- 3,223,652.19	- 2,867,132.03	- 8,899,507.55
Net Salaries	7,704,568.15	8,119,228.45	7,424,489.63	23,248,286.23
Total Company Contributions	1,687,807.63	1,678,597.73	1,693,073.59	5,059,478.95
Total Cost to Company	12,201,099.11	13,021,478.37	11,984,695.25	37,207,272.73

***Budget vs Actual for the year under review:***

Budget	R 152 741 965
Actual Remuneration for the period under review	R 37 207 273
<b>Percentage spent to date</b>	<b>24.4 %</b>

***Budget vs Actual performance from 01 July 2022 to 30 September 2022***

QUARTERLY BUDGET	ACTUAL EXPENDITURE	% SPENT
R 38 185 491	R 37 207 273	97%

The above tables depict that the municipality is on the right track as the spending to date is within its projected budget for the quarter as well as for the year.

**EC121 Mbashe - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September**

Summary of Employee and Councillor remuneration	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
<b>R thousands</b>		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		10,986	23,315	23,315	1,703	1,703	5,829	(4,126)	-71%	23,315
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		316	3,038	3,038	11	11	759	(748)	-99%	3,038
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1,893	-	-	8	8	-	8	#DIV/0!	-
<b>Sub Total - Councillors</b>		<b>13,195</b>	<b>26,353</b>	<b>26,353</b>	<b>1,722</b>	<b>1,722</b>	<b>6,588</b>	<b>(4,866)</b>	<b>-74%</b>	<b>26,353</b>
<b>% increase</b>	4		<b>99.7%</b>	<b>99.7%</b>						<b>99.7%</b>
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		7,324	5,796	5,796	537	537	1,449	(912)	-63%	5,796
Pension and UIF Contributions		15	2,179	2,179	9	128	545	(417)	-77%	2,179
Medical Aid Contributions		-	1,336	1,336	-	45	334	(289)	-86%	1,336
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		1,256	1,326	1,326	-	191	332	(141)	-43%	1,326
Motor Vehicle Allowance		2,395	2,354	2,354	205	241	588	(348)	-59%	2,354
Cellphone Allowance		-	566	566	-	-	142	(142)	-100%	566
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		9	4	4	1	1	1	0	1%	4
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>10,999</b>	<b>13,561</b>	<b>13,561</b>	<b>752</b>	<b>1,143</b>	<b>3,390</b>	<b>(2,247)</b>	<b>-66%</b>	<b>13,561</b>
<b>% increase</b>	4		<b>23.3%</b>	<b>23.3%</b>						<b>23.3%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		82,606	74,686	74,686	3	5,532	18,672	(13,140)	-70%	74,686
Pension and UIF Contributions		11,839	10,878	10,878	27	892	2,719	(1,827)	-67%	10,878
Medical Aid Contributions		6,622	14,669	14,669	-	537	3,667	(3,130)	-85%	14,669
Overtime		1,356	752	752	-	-	188	(188)	-100%	752
Performance Bonus		5,344	4,968	4,968	-	359	1,242	(883)	-71%	4,968
Motor Vehicle Allowance		1,397	333	333	-	-	83	(83)	-100%	333
Cellphone Allowance		4,299	971	971	444	1,336	243	1,093	450%	971
Housing Allowances		2,873	3,263	3,263	-	234	816	(582)	-71%	3,263
Other benefits and allowances		3,003	1,688	1,688	-	8	422	(414)	-98%	1,688
Payments in lieu of leave		422	-	-	-	127	-	127	#DIV/0!	-
Long service awards		436	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>120,198</b>	<b>112,208</b>	<b>112,208</b>	<b>474</b>	<b>9,025</b>	<b>28,052</b>	<b>(19,027)</b>	<b>-68%</b>	<b>112,208</b>
<b>% increase</b>	4		<b>-6.6%</b>	<b>-6.6%</b>						<b>-6.6%</b>
<b>Total Parent Municipality</b>		<b>144,392</b>	<b>152,122</b>	<b>152,122</b>	<b>2,948</b>	<b>11,891</b>	<b>38,031</b>	<b>(26,140)</b>	<b>-69%</b>	<b>152,122</b>

## 1.2.2 EXPENDITURE PER DEPARTMENT

<b>30 SEPTEMBER 2022</b>						
<b>PROJECT NAME</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>COMMITMENTS</b>	<b>TOTAL EXPENDITURE</b>	<b>BALANCE</b>	<b>% SPENT</b>
BUDGET & TREASURY OFFICE	31,698,596.00	6,251,325.91	943,993.35	7,195,319.26	24,503,276.74	23%
OPERATIONS	27,073,250.00	1,404,692.35	1,945,514.95	3,350,207.30	23,723,042.70	12%
CORPORATE SERVICES	21,424,000.00	4,383,591.16	1,245,669.59	5,629,260.75	15,794,739.25	26%
COMMUNITY SERVICES	14,971,557.00	1,600,153.91	1,377,583.27	2,977,737.18	11,993,819.82	20%
DEVELOPMENTAL PLANNING	21,685,000.00	1,875,326.38	7,504,912.55	9,380,238.93	12,304,761.07	43%
INFRASTRUCTURE	120,464,525.00	15,876,357.54	3,153,147.52	19,029,505.06	101,435,019.94	16%
	<b>237,316,928.00</b>	<b>31,391,447.25</b>	<b>16,170,821.23</b>	<b>47,562,268.48</b>	<b>189,754,659.52</b>	<b>20%</b>

- ❖ At the end of 1st quarter, the municipality had spent 20% of its approved operational and capital budget. Four departments spent below 25% and two are above 25% as at 30 September 2022 (end of 1<sup>th</sup> Quarter) BTO has allocated budget for Non-cash items which have no movements yet.
- ❖ The municipality is currently implementing cash flow management practices, and this has assisted in terms of managing and monitoring expenditure patterns. Cost containment measures policy was tabled to Council for approval and circular 83 .

The tables below provide a breakdown of expenditure per department and per project, this allows departments to closely monitor their projects and budget performance in line with the approved SDBIP.

### 1.2.2.1 BUDGET & TREASURY OFFICE

<b>30 SEPTEMBER 2022</b>						
<b>PROJECT NAME</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>COMMITMENT</b>	<b>TOTAL EXPENDITURE</b>	<b>BALANCE</b>	<b>% SPENT</b>
AFS Preparation	1,700,000.00	337,869.22	12,620.00	350,489.22	1,349,510.78	21%
Annual Regularity Audit	4,500,000.00	872,960.94	-	872,960.94	3,627,039.06	19%
Debt Collection	890,000.00	-	52,724.27	52,724.27	837,275.73	6%
Expenditure and payroll management	1,520,000.00	85,253.68	7,644.00	92,897.68	1,427,102.32	6%
Financial Management Grant	1,720,000.00	113,171.89	149,385.77	262,557.66	1,457,442.34	15%
Full Implementation of SCM system	450,000.00	122,959.89	89,824.82	212,784.71	237,215.29	47%
GRAP Compliant Asset Register	3,060,000.00	521,464.52	1,385.39	522,849.91	2,537,150.09	17%
mSCOA Implementation	2,403,596.00	922,001.80	193,383.57	1,115,385.37	1,288,210.63	46%
Fleet Management	14,620,000.00	3,016,749.36	437,025.53	3,453,774.89	11,166,225.11	24%
General Valuation Roll	835,000.00	258,894.61	-	258,894.61	576,105.39	31%
	<b>31,698,596.00</b>	<b>6,251,325.91</b>	<b>943,993.35</b>	<b>7,195,319.26</b>	<b>24,503,276.74</b>	<b>23%</b>

Overall percentage spending as at 30 September 2022 for BTO is 23%, implementation on some of the projects have not yet started

### 1.2.2.2 OPERATIONS

30 SEPTEMBER 2022						
PROJECT NAME	BUDGET	ACTUAL	COMMITMENT	TOTAL EXPENDITURE	BALANCE	% SPENT
Annual report development	195,000.00	5,833.49	4,774.65	10,608.14	184,391.86	5%
Branding of the Municipality	400,000.00	-	122,049.13	122,049.13	277,950.87	31%
Co- ordination of Audit and Risk Committee meetings	360,000.00	88,478.05	-	88,478.05	271,521.95	25%
Customer care update	970,000.00	-	1,533.83	1,533.83	968,466.17	0%
Development of Newsletters	400,000.00	-	216,878.34	216,878.34	183,121.66	54%
Engagement meetings	415,000.00	9,986.69	38,860.55	48,847.24	366,152.76	12%
Fraud Awareness	350,000.00	67,438.87	17,391.30	84,830.17	265,169.83	24%
IDP Development	1,035,000.00	32,865.37	84,146.38	117,011.75	917,988.25	11%
IGR meetings	25,000.00	-	6,900.00	6,900.00	18,100.00	28%
Implementation of Communication Strategy and media Plan	1,445,000.00	49,593.44	97,132.99	146,726.43	1,298,273.57	10%
Implementation of IDP, SDBIP and Budget integration	910,000.00	52,711.65	6,428.70	59,140.35	850,859.65	6%
Internal Audits and ad-hoc assignments	1,300,000.00	176,449.04	18,069.45	194,518.49	1,105,481.51	15%
Legal cases	4,140,000.00	331,369.33	1,013,321.05	1,344,690.38	2,795,309.62	32%
Mayoral Incidental Expenses	-	-	18,859.84	18,859.84	-	#DIV/0!
MPAC	545,000.00	164,048.55	27,230.00	191,278.55	353,721.45	35%
Policy Review	1,065,000.00	37,801.39	-	37,801.39	1,027,198.61	4%
Presidential Hotline	-	2,574.00	-	2,574.00	-	#DIV/0!
Programmes as per HIV/Aids, STI & TB Strategy Implementation Plan	95,000.00	-	-	-	95,000.00	0%
Programmes for Designated groups as per SPU Strategy	2,230,000.00	240,655.88	217,412.20	458,068.08	1,771,931.92	21%
PUBLIC PARTICIPATION PROGRAMS/MEETINGS	1,920,000.00	63,274.85	13,269.91	76,544.76	1,843,455.24	4%
Risk Management	70,000.00	3,400.00	11,500.00	14,900.00	55,100.00	21%
SALGA	1,948,250.00	78,211.75	27,776.63	105,988.38	1,842,261.62	5%
Ward Committee Administration	6,855,000.00	-	-	-	6,855,000.00	0%
Whippery Programme	70,000.00	-	-	-	70,000.00	0%
Women caucus	330,000.00	-	1,980.00	1,980.00	328,020.00	1%
	27,073,250.00	1,404,692.35	1,945,514.95	3,350,207.30	23,723,042.70	12%

Operations department managed to spend 12% percent of its allocated budget as at the reporting date



### 1.2.2.3 CORPORATE SERVICES

30 SEPTEMBER 2022						
PROJECT NAME	BUDGET	ACTUAL	COMMITMENT	TOTAL EXPENDITURE	BALANCE	% SPENT
Bereavement support	100,000.00	9,000.00	-	9,000.00	91,000.00	9%
Cleaning of offices	400,000.00	107,073.45	97,544.32	204,617.77	195,382.23	51%
Compliance with Legislation	1,280,000.00	1,280,000.00	-	1,280,000.00	-	100%
Computers	500,000.00	-	94,742.17	94,742.17	405,257.83	19%
Convening of oversight structures meetings	795,000.00	58,880.00	53,501.55	112,381.55	682,618.45	14%
Council Chamber Recording System	750,000.00	-	-	-	750,000.00	0%
Disaster Recovery site establishment	2,500,000.00	-	-	-	2,500,000.00	0%
Employee wellness programs	1,200,000.00	54,080.00	115,445.04	169,525.04	1,030,474.96	14%
ICT Governance	300,000.00	8,009.80	29,537.39	37,547.19	262,452.81	13%
ICT License Renewal	1,900,000.00	36,571.74	66,176.04	102,747.78	1,797,252.22	5%
IT Master Plan-IT Strategic Plan	72,000.00	-	22,294.91	22,294.91	49,705.09	31%
MTI_2.2 Recruitment & Selection	1,325,000.00	69,126.81	166,578.08	235,704.89	1,089,295.11	18%
Municipal Clocking System	450,000.00	236,623.82	-	236,623.82	213,376.18	53%
Network Infrastructure on Municipal offices	-	1,239,940.91	-	1,239,940.91	-	#DIV/0!
Occupational Health & Safety	205,000.00	13,059.62	-	13,059.62	191,940.38	6%
PERFORMANCE MANAGEMENT	120,000.00	63,711.97	-	63,711.97	56,288.03	53%
Personal Protective Equipment	150,000.00	-	-	-	150,000.00	0%
Printers	2,000,000.00	418,142.69	-	418,142.69	1,581,857.31	21%
Registry Management	832,000.00	-	30,701.84	30,701.84	801,298.16	4%
Study Assistance	1,550,000.00	264,891.30	24,950.00	289,841.30	1,260,158.70	19%
Training and Development for Councillors	900,000.00	29,817.57	330,169.32	359,986.89	540,013.11	40%
Training and Development for Employees	945,000.00	356,109.64	214,028.93	570,138.57	374,861.43	60%
VPN (Virtual Private Network), WiFi (Wireless Fidelity) and V	2,500,000.00	138,551.84	-	138,551.84	2,361,448.16	6%
Ward Committee Training	500,000.00	-	-	-	500,000.00	0%
Website management	150,000.00	-	-	-	150,000.00	0%
	<b>21,424,000.00</b>	<b>4,383,591.16</b>	<b>1,245,669.59</b>	<b>5,629,260.75</b>	<b>15,794,739.25</b>	<b>26%</b>

This department has managed to reach 26% spending as at the end of the 1<sup>st</sup> quarter.

## 1.2.2.4 PLANNING & DEVELOPMENT

30 SEPTEMBER 2022						
PROJECT NAME	BUDGET	ACTUAL	COMMITMENTS	TOTAL EXPENDITURE	BALANCE	% SPENT
Agricultural Information Days	180,000.00	46,300.00	20,191.30	66,491.30	113,508.70	37%
Air Conditioners	450,000.00	-	-	-	450,000.00	0%
CONVEYANCING	350,000.00	-	-	-	350,000.00	0%
CO-OPERATIVES DEVELOPMENT	1,000,000.00	-	619,900.57	619,900.57	380,099.43	62%
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	2,173,900.00	326,100.00	87%
Customer Care building	50,000.00	-	42,860.80	42,860.80	7,139.20	86%
Drawing plans for all municipal buildings	150,000.00	-	-	-	150,000.00	0%
Dutywa main Building	300,000.00	13,000.00	276,500.00	289,500.00	10,500.00	97%
Dutywa Town Hall Offices	400,000.00	810.90	14,936.35	15,747.25	384,252.75	4%
Dutywa TRC Offices	100,000.00	17,216.00	14,618.65	31,834.65	68,165.35	32%
Enterprise (SMME) Development Support	160,000.00	13,850.00	3,450.00	17,300.00	142,700.00	11%
Executive House	100,000.00	-	-	-	100,000.00	0%
External Events	775,000.00	232,086.73	14,959.71	247,046.44	527,953.56	32%
Gatyana Municipal Offices	250,000.00	-	248,346.98	248,346.98	1,653.02	99%
Generator (New and Maintenance)	500,000.00	-	647,534.31	647,534.31	-	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	429,049.90	170,950.10	72%
Housing Sector Plans	400,000.00	-	130,149.57	130,149.57	269,850.43	33%
Informal Trader Support	140,000.00	-	-	-	140,000.00	0%
Internal Events(Tourism)	1,000,000.00	94,446.81	73,775.00	168,221.81	831,778.19	92%
INVESTMENT BROCHURE	250,000.00	-	-	-	250,000.00	0%
Land Audit	560,000.00	8,594.39	434,375.00	442,969.39	117,030.61	79%
Land Use Scheme	500,000.00	-	-	-	500,000.00	0%
Life Rescue Services	650,000.00	4,025.00	341,001.43	345,026.43	304,973.57	53%
Live Stock Improvement	1,010,000.00	202,917.32	-	202,917.32	807,082.68	20%
Maintenance of the lift	150,000.00	-	70,804.12	70,804.12	79,195.88	47%

SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

Marine Economic Initiative support	150,000.00	-	-	-	150,000.00	0%
Marine Talapia Incubator Project	150,000.00	-	-	-	150,000.00	0%
Mazizi maqhekeza resource centre	-	68,388.30	-	68,388.30	-	#DIV/0!
Municipal Staff Accommodation	300,000.00	-	-	-	300,000.00	0%
Provision of electricity	1,175,000.00	436,845.07	456,998.67	893,843.74	281,156.26	76%
Provision of Office Furniture	110,000.00	-	8,880.00	8,880.00	101,120.00	8%
Public Ablution maintenance	500,000.00	-	196,416.00	196,416.00	303,584.00	39%
Reviewal of Strategies & Plans	650,000.00	4,139.52	-	4,139.52	645,860.48	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	-	38,660.44	38,660.44	161,339.56	39%
Spluma Implementation	100,000.00	-	17,851.60	17,851.60	82,148.40	18%
Supporting of Tour Guides	115,000.00	-	-	-	115,000.00	0%
Surveying	1,000,000.00	232,475.00	3,261.00	235,736.00	764,264.00	24%
TESKO BUILDING	50,000.00	36,525.14	-	36,525.14	13,474.86	73%
Township Establishment (Layout Plans)	405,000.00	4,233.60	182,600.00	186,833.60	218,166.40	46%
Upgrading of informal settlements	600,000.00	18,900.00	251,928.00	270,828.00	329,172.00	45%
Water consumption	1,500,000.00	230,000.00	395,681.15	625,681.15	874,318.85	42%
Wool Processing Plant	450,000.00	-	-	-	450,000.00	0%
Workshop Office	50,000.00	47,397.60	180,815.00	228,212.60	-	456%
Xhora Municipal Offices	200,000.00	151,100.00	161,793.96	312,893.96	-	156%
	<b>21,685,000.00</b>	<b>1,875,326.38</b>	<b>7,504,912.55</b>	<b>9,380,238.93</b>	<b>12,304,761.07</b>	<b>43%</b>

The overall expenditure for this department as at the end of the 1<sup>st</sup> quarter is 43% which is quite commendable.

### 1.2.2.5 COMMUNITY SERVICES

30 SEPTEMBER 2022						
PROJECT NAME	BUDGET	ACTUAL	COMMITMENT	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	-	49,650.42	49,650.42	100,349.58	33%
Blue Flag Beach Awareness and Water Testing	230,000.00	32,711.37	8,080.20	40,791.57	189,208.43	146%
Environmental awareness and Signage	20,000.00	-	13,070.00	13,070.00	6,930.00	65%
Environmental Forums	50,000.00	22,615.52	3,825.00	26,440.52	23,559.48	53%
EPWP	900,000.00	83,433.79	97,679.49	181,113.28	718,886.72	20%
Free Basic Services	3,130,000.00	135,185.26	56,029.46	191,214.72	2,938,785.28	6%
Land Rehabilitation	150,000.00	71,275.22	45,217.40	116,492.62	33,507.38	78%
Law Enforcement/ Traffic support	900,000.00	149,247.40	49,056.55	198,303.95	701,696.05	22%
LIBRARY COSTS	500,000.00	80,803.60	10,820.00	91,623.60	408,376.40	18%
Renewable Energy Initiatives	50,000.00	-	-	-	50,000.00	0%
Security Services	5,021,557.00	933,381.75	267,060.08	1,200,441.83	3,821,115.17	24%
Tree Planting	290,000.00	-	-	-	290,000.00	0%
Sand Mining	300,000.00	-	-	-	300,000.00	0%
Waste Management Services	2,980,000.00	91,500.00	652,656.67	744,156.67	2,235,843.33	25%
	14,971,557.00	1,600,153.91	1,377,583.27	2,977,737.18	11,993,819.82	20%

Overall percentage spending for Community Services as at 30 September 2022 is at 20%.

### 1.2.2.6 INFRASTRUCTURE SERVICES

30 SEPTEMBER 2022						
PROJECT NAME	BUDGET	ACTUAL	COMMITMENTS	TOTAL EXPENDITURE	BALANCE	% SPENT
Cizama to Singeni access road	8,275,907.00	721,007.83	-	721,007.83	7,554,899.17	9%
Construction Municipal Offices	4,000,000.00	-	-	-	4,000,000.00	0%
Construction of Dutywa sports facility	9,665,153.00	-	-	-	9,665,153.00	0%
Construction of Gatyana sport facility	5,246,175.00	-	-	-	5,246,175.00	0%
Construction of Public Ablution Facility	600,000.00	-	-	-	600,000.00	0%
Construction of Xhorha sportfields	7,511,386.00	5,939,375.99	-	5,939,375.99	1,572,010.01	79%
DUTYWA TAXI AND BUS RANK	500,000.00	-	-	-	500,000.00	0%
ELECTRIFICATION	1,500,000.00	-	4,913.04	4,913.04	1,495,086.96	0%
Energy Efficiency Program	4,500,000.00	-	4,913.04	4,913.04	4,495,086.96	0%
Gravel Road maintainance	14,213,121.00	2,785,775.36	1,513,204.08	4,298,979.44	9,914,141.56	30%
INFR_GEM COMMUNITY HALL	200,000.00	-	-	-	200,000.00	0%
INFR_NTLONYANE BRIDGE	400,000.00	-	-	-	400,000.00	0%
INR_WILLOWVALE TAXI RANK	500,000.00	-	-	-	500,000.00	0%
Installation of High masts	300,000.00	-	260,866.95	260,866.95	39,133.05	87%
Machani to Taleni access road	6,099,770.00	904,692.40	-	904,692.40	5,195,077.60	15%
MAINTANANCE OF SOLLAR PANELS	300,000.00	442,291.48	259,504.35	701,795.83	401,795.83	234%
maintanance of street lights	1,500,000.00	618,190.53	614,605.00	1,232,795.53	267,204.47	82%
MATHUNZINI TO NQILENI ACCESS ROAD	350,000.00	-	-	-	350,000.00	0%
Mtonga to Mantlaneni Access Road	4,634,240.00	320,965.08	-	320,965.08	4,313,274.92	7%
N2 to Nimrod access road	8,595,927.00	623,362.26	-	623,362.26	7,972,564.74	7%
NKOLWENI ACCESS ROAD	350,000.00	-	-	-	350,000.00	0%
NTSINGIZI TO MANTUSINI ACCESS ROAD	350,000.00	-	-	-	350,000.00	0%
OTP_MSIKITHI A/R	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	-	-	-	10,000,000.00	0%
Paving of sidewalks	3,000,000.00	440,140.80	110,788.10	550,928.90	2,449,071.10	18%
Phelandaba to Macirheni access road	3,121,538.00	808,535.12	-	808,535.12	2,313,002.88	26%
PMU	516,302.00	89,332.81	14,871.19	104,204.00	412,098.00	20%
Riverview to Langeni Access road	8,885,006.00	818,911.32	-	818,911.32	8,066,094.68	9%
Sikhobeni to Chaba access road	350,000.00	-	-	-	350,000.00	0%
Surface of Roads Maintenance	2,000,000.00	-	-	-	2,000,000.00	0%
Upgrading of stormwater	500,000.00	333,385.00	240,206.56	573,591.56	73,591.56	115%
Upgrading of street lights	2,500,000.00	342,965.96	129,275.21	472,241.17	2,027,758.83	19%
	<b>120,464,525.00</b>	<b>15,876,357.54</b>	<b>3,153,147.52</b>	<b>19,029,505.06</b>	<b>101,435,019.94</b>	<b>16%</b>

SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

Overall departmental expenditure is at 16%, as at the end of the 1<sup>st</sup> quarter.

### **1.3.1 BUDGET IMPLEMENTATION (REVENUE)**

#### **CONSOLIDATED OWN REVENUE PERFORMANCE 30 SEPTEMBER 2022**

**EC121 Mbashe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September**

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	653	13,875	1,875	12,000	640%	7,500
Service charges - electricity revenue		-	-	-	-	-	-	-		-
Service charges - water revenue		-	-	-	-	-	-	-		-
Service charges - sanitation revenue		-	-	-	-	-	-	-		-
Service charges - refuse revenue		2,638	500	500	362	1,098	125	973	778%	500
Rental of facilities and equipment		2,001	1,850	1,850	196	566	463	103	22%	1,850
Interest earned - external investments		11,615	5,000	5,000	14	1,159	1,250	(91)	-7%	5,000
Interest earned - outstanding debtors		3,937	-	-	-	268	-	268	#DIV/0!	-
Dividends received		-	-	-	-	-	-	-		-
Fines, penalties and forfeits		635	650	650	197	334	163	172	106%	650
Licences and permits		411	200	200	123	250	50	200	401%	200
Agency services		2,555	400	400	993	1,889	100	1,789	1789%	400
Transfers and subsidies		281,001	308,564	322,979	96	93,429	80,745	12,684	16%	308,564
Other revenue		2,136	16,050	16,050	2,089	4,303	4,013	290	7%	16,050
Gains		-	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		323,171	340,714	355,129	4,723	117,171	88,782	28,389	32%	340,714

SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

**OWN REVENUE PERFORMANCE PER DEPARTMENT AS AT 30 SEPTEMBER 2022**

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SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022



MBHASHE LOCAL MUNICIPALITY - OWN REVENUE REPORT AS AT 30 SEPTEMBER 2022								
OWN REVENUE SOURCES	DEPARTMENT	BUDGET	Jul-21	Aug-21	Sep-21	YEAR TO DATE	BALANCE	%
POS-BUILDING PLANS	DEVELOPMENT PLANNING	250,000.00	18,200.00	8,568.00	157.20	26,925.20	223,074.80	11%
POS-BILLBOARD RENTAL	DEVELOPMENT PLANNING	150,000.00	4,835.06	2,581.48	8,914.92	16,331.46	133,668.54	11%
POS-HALL HIRE	COMMUNITY SERVICES	200,000.00	6,719.31	8,981.00	13,295.00	28,995.31	171,004.69	14%
POS-LEARNER AND DRIV	COMMUNITY SERVICES	200,000.00	33,226.00	94,019.00	79,929.00	207,174.00	(7,174.00)	104%
REGISTERING AUTHORITY	COMMUNITY SERVICES	400,000.00	114,976.09	199,705.48	208,263.48	522,945.05	(122,945.05)	131%
POS-POUND FEES	COMMUNITY SERVICES	150,000.00	890.00	10,338.40	12,562.40	23,790.80	126,209.20	16%
POS-PUBLIC TOILETS	COMMUNITY SERVICES	200,000.00	27,101.00	24,168.40	27,370.03	78,639.43	121,360.57	39%
POS-RENTAL OF COMMON	DEVELOPMENT PLANNING	1,500,000.00	170,678.75	175,697.00	172,557.34	518,933.09	981,066.91	35%
POS-SALE OF LAND	DEVELOPMENT PLANNING	200,000.00	-	-	1,500.00	1,500.00	198,500.00	1%
POS-TENDER DOCUMNTS	BUDGET & TREASURY OFFICE	400,000.00	43,012.16	9,366.70	8,081.20	60,460.06	339,539.94	15%
POS-TRAFFIC FINES	COMMUNITY SERVICES	500,000.00	42,400.00	76,650.00	183,481.78	302,531.78	197,468.22	61%
VAT RECOVERY	BUDGET & TREASURY OFFICE	15,000,000.00	-	2,074,485.61	1,996,371.49	4,070,857.10	10,929,142.90	27%
LGSETA	CORPORATE SERVICES	210,000.00				-	210,000.00	0%
INTEREST ON INVESTMENTS	BUDGET & TREASURY OFFICE	5,000,000.00	1,863,087.40	1,423,815.78	2,981,872.43	6,268,775.61	(1,268,775.61)	125%
<b>NON-BILLABLE REVENUE</b>		<b>24,360,000.00</b>	<b>2,325,125.77</b>	<b>4,108,376.85</b>	<b>5,694,199.07</b>	<b>12,127,858.89</b>	<b>12,232,141.11</b>	<b>50%</b>
Staff Rental	DEVELOPMENT PLANNING					-	-	
<b>GRANTS</b>								
EQUITABLE SHARE		294,923,000.00	115,020,000.00			115,020,000.00	179,903,000.00	
FMG		1,720,000.00	-	1,720,000.00		1,720,000.00	-	
MIG		65,035,100.00	23,134,000.00			23,134,000.00	41,901,100.00	
EPWP		3,498,000.00	-	875,000.00		875,000.00	2,623,000.00	
INEP		-	-			-	-	
OTP		20,000,000.00	790,539.44			790,539.44	19,209,460.56	
TETA		-	-			-	-	
Energy efficiency & Demand-side Management Grant		4,500,000.00	-	1,500,000.00				
DISASTER RESPONSE GRANT				14,415,000.00				
<b>Grants Total</b>		<b>385,176,100.00</b>	<b>138,944,539.44</b>	<b>18,510,000.00</b>	<b>-</b>	<b>157,454,539.44</b>	<b>243,636,560.56</b>	
PROPERTY RATES	BUDGET & TREASURY OFFICE	7,500,000.00	221,736.32	355,818.44	344,700.15	922,254.91	6,577,745.09	12%
REFUSE REMOVAL	COMMUNITY SERVICES	500,000.00	1,479.32	2,055.02	-	3,534.34	496,465.66	1%
<b>BILLABLE REVENUE</b>		<b>8,000,000.00</b>	<b>223,215.64</b>	<b>357,873.46</b>	<b>344,700.15</b>	<b>925,789.25</b>	<b>7,074,210.75</b>	<b>12%</b>
<b>GRAND TOTAL</b>		<b>32,360,000.00</b>	<b>280,437,420.29</b>	<b>41,486,250.31</b>	<b>6,038,899.22</b>	<b>13,053,648.14</b>	<b>19,306,351.86</b>	<b>40%</b>

## Narrative summary

### Budget & Treasury

MBHASHE LOCAL MUNICIPALITY - OWN REVENUE REPORT AS AT 30 SEPTEMBER 2022					
OWN REVENUE SOURCES	DEPARTMENT	BUDGET	YEAR TO DATE	BALANCE	%
POS-TENDER DOCUMNTS	BUDGET & TREASURY OFFICE	400,000.00	60,460.06	339,539.94	15%
VAT RECOVERY	BUDGET & TREASURY OFFICE	15,000,000.00	4,070,857.10	10,929,142.90	27%
INTEREST ON INVESTMENTS	BUDGET & TREASURY OFFICE	5,000,000.00	6,268,775.61	(1,268,775.61)	125%
PROPERTY RATES	BUDGET & TREASURY OFFICE	7,500,000.00	922,254.91	6,577,745.09	12%
		27,900,000.00	11,322,347.68	16,577,652.32	41%

- Billed property rates as at the end of the 1<sup>st</sup> quarter amounts to R13 million, collection amounts to R922 254, property rate revenue collection is only sitting at 12% when measured against the annual budget. A debt collector has been appointed to assist the municipality and it started with the work during December 2021.
- There has been a great response from SARS in terms of paying VAT refunds.
- Interest from investment is also performing well sitting at 125% when measured against annual projected amount.

## Community Services

MBHASHE LOCAL MUNICIPALITY - OWN REVENUE REPORT AS AT 30 SEPTEMBER 2022					
OWN REVENUE SOURCES	DEPARTMENT	BUDGET	YEAR TO DATE	BALANCE	%
POS-HALL HIRE	COMMUNITY SERVICES	200,000.00	28,995.31	171,004.69	14%
POS-LEARNER AND DRIV	COMMUNITY SERVICES	200,000.00	207,174.00	(7,174.00)	104%
REGISTERING AUTHORITY	COMMUNITY SERVICES	400,000.00	522,945.05	(122,945.05)	131%
POS-POUND FEES	COMMUNITY SERVICES	150,000.00	23,790.80	126,209.20	16%
POS-PUBLIC TOILETS	COMMUNITY SERVICES	200,000.00	78,639.43	121,360.57	39%
POS-TRAFFIC FINES	COMMUNITY SERVICES	500,000.00	302,531.78	197,468.22	61%
REFUSE REMOVAL	COMMUNITY SERVICES	500,000.00	3,534.34	496,465.66	1%
		<b>2,150,000.00</b>	<b>1,167,610.71</b>	<b>982,389.29</b>	<b>54%</b>

- ❖ There has been exceptional performance from Registering Authority collecting 131% as at 1<sup>st</sup> quarter when measured against budget, however a certain portion (81%) of the funds collected are paid over to the Department of Transport on a monthly basis as the municipality is a collecting agent. Plans are in place to extend the service to Elliotdale unit.
- ❖ Traffic fines also did quite well in terms collections during the 1<sup>st</sup> quarter by collecting 61% of the annual target. Refuse removal is sitting at 1%, Hall hire is sitting at 14% making it the least performing revenue stream.

## Developmental Planning

MBHASHE LOCAL MUNICIPALITY - OWN REVENUE REPORT AS AT 30 SEPTEMBER 2022					
OWN REVENUE SOURCES	DEPARTMENT	BUDGET	YEAR TO DATE	BALANCE	%
POS-BUILDING PLANS	DEVELOPMENT PLANNING	250,000.00	26,925.20	223,074.80	11%
POS-BILLBOARD RENTAL	DEVELOPMENT PLANNING	150,000.00	16,331.46	133,668.54	11%
POS-RENTAL OF COMMON	DEVELOPMENT PLANNING	1,500,000.00	518,933.09	981,066.91	35%
POS-SALE OF LAND	DEVELOPMENT PLANNING	200,000.00	1,500.00	198,500.00	1%
Staff Rental	DEVELOPMENT PLANNING	-	-	-	
		<b>2,100,000.00</b>	<b>563,689.75</b>	<b>1,536,310.25</b>	<b>27%</b>

The overall collection rate for the department is 27%. Areas that need to be improved is the revenue from Sale of Land. Amounts received for rental of municipal properties should be 100% traced back to valid lease agreements. It is worth noting that rental of commonage is doing well as it is sitting at 35% as at the end of 1<sup>st</sup> quarter. The department also needs to manage leases better and that can result to increase in this revenue stream.

### **1.3.2 GRANTS & SUBSIDIES**

**EC121 Mbashe - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 September**

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
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		15,017	-	27,556	-	18,510	6,889	375	5.4%	-
Energy Efficiency and Demand Management	-	-	-	4,500	-	1,500	1,125	375	33.3%	-
EPWP Incentive	-	9,777	-	3,498	-	875	875	-	-	-
Finance Management	-	5,240	-	1,720	-	1,720	430	-	-	-
Municipal Drought Relief	-	-	-	14,415	-	14,415	3,604	-	-	-
Municipal Infrastructure Grant	-	-	-	3,423	-	-	856	-	-	-
	3							-	-	
Other transfers and grants [insert description]								-	-	
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
								-	-	
	-							-	-	
	-							-	-	
	-							-	-	
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]								-	-	
								-	-	
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]								-	-	
	-							-	-	
	-							-	-	
	-							-	-	
<b>Total Operating Transfers and Grants</b>	5	15,017	-	27,556	-	18,510	6,889	375	5.4%	-
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		207,428	-	65,035	-	23,134	16,259	-	-	-
	-							-	-	
Municipal Infrastructure Grant (MIG)	-	176,909	-	65,035	-	23,134	16,259	-	-	-
Integrated National Electrification Programme Grant	-	30,519	-	-	-	-	-	-	-	-
	-							-	-	
	-							-	-	
	-							-	-	
Other capital transfers [insert description]								-	-	
<b>Provincial Government:</b>		5	-	20,000	-	-	5,000	(5,000)	-100.0%	-
[insert description]								-	-	
	-	5	-	-	-	-	-	-	-	-
Eastern Cape_Capacity Building and Other_Capacity Building and Other	-	-	-	20,000	-	-	5,000	-	-	-
Eastern Cape_Infrastructure_Infrastructure_RECEIPTS	-	-	-	-	-	-	-	-	-	-
								-	-	
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]								-	-	
								-	-	
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]								-	-	
								-	-	
<b>Total Capital Transfers and Grants</b>	5	207,433	-	85,035	-	23,134	21,259	(5,000)	-23.5%	-
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	222,450	-	112,591	-	41,644	28,148	(4,625)	-16.4%	-

All grants and subsidies tranches scheduled to be received for the year were received accordingly.

## 1. Unconditional Grants & Subsidies

- The first tranche of Equitable Share has been received and there is no correspondence received. Implementation of cash flow management is done based on the projected revenue to be received as grants form a significant portion of the municipal revenue.

## 2. Conditional Grants & Subsidies

GRANT DETAILS	PERIOD	ANNUAL BUDGET	CASH FLOW PROJECTIONS	PROJEC TED %	ACTUAL SPENT	% SPENT based on Projected	% SPENT based on Annual Budget
MIG	July 2022 – Sept 2022	R68 458 000.00	R17 114 500.00	25%	13 011 325.69	76%	19%
ENERGY	July 2022 – Sept 2022	R4 500 000.00	R1 125 000.00	25%	-	0%	0%
DISASTER	July 2022 – Sept 2022	R14 415 000.00	R3 603 750.00	25%	-	0%	0%
EPWP	July 2022 – Sept 2022	R3 498 000.00	R874 500.00	25%	1 598 702.04	183%	46%
OTP	July 2022 – Sept 2022	R20 000 000.00	R5 000 000.00	25%	790 539.44	16%	4%
FMG	July 2022 – Sept 2022	R1 720 000.00	R430 000.00	25%	255 147.63	59%	15%
<b>GRAND TOTAL</b>		<b>R112 591 000.00</b>	<b>R28 147 750.00</b>		<b>15 655 714.80</b>	<b>56%</b>	<b>14%</b>

### 2.1 MIG Grant

- The MIG expenditure as at 30 September 2022 is sitting at 19% of the total allocation totaling to R68 458 000 for the year. The first tranche amounting to R23 134 000 has been received and out of that R13m has been spent and that translates to 56% as the end of first quarter. There is a high risk of with holding in line with DoRa requirements consequently rollover if the situation persist. Management is working around the clock to try and commit 100% of the current years allocation but time is moving very fast.

### 2.2 Energy Efficiency

- The municipality is a beneficiary of the above mentioned grant its primary condition is to reduce the load on the electricity grid through implementation of energy efficiency strategies such retrofits in streetlights, buildings etc. As at end of first quarter the expenditure was at 0%

### **2.3 INEP Grant**

- The municipality has not received any allocation for INEP Grant. The process to appoint consultants is under way to assist the municipality in generating reports for previous years allocation.

### **2.4 EPWP Grant**

- EPWP grant is used to fund the expanded public works programs, and this is a National Department of Public Works initiative to help deal with high unemployment rate.
- The municipality received the first tranche of R 874 500 as at the end of the 1<sup>st</sup> quarter off which total allocation is R3 498 000. Expenditure on is R1 598 702 as at 30 September 2022 which equates to 46% of the total budget and 182% of the transferred amount.

### **2.5 FMG Grant**

- FMG is the grant to support BTO Interns funded by National Treasury and to do capacity building of the Budget and Treasury Office officials. A gazetted amount of R1 720 000 has been received to date and 15% has been spent as at end of 1<sup>st</sup> Quarter.
- The municipality has consistently fully spent this conditional grant event in the current financial year this will be achieved.



## 2.6 OTP (STR) Grant

There is huge risk of not completing current years allocation as one of the projects planned is facing challenges and other two have delayed to late EIA approval.

## 2.7 Libraries

- The allocation for the current year has not been received yet, however a business plan as part of the compliance process was submitted. The section will be assisted to try and avert the risk of rollover in the current financial year.d

## DEBTORS MANAGEMENT

EC121 Mbhashe - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September													
Description	NT Code	Budget Year 2022/23									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	655	581	12,204	4,675	404	393	2,521	21,820	43,253	29,813	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	418	399	398	586	299	297	2,042	4,252	8,692	7,476	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	267	265	264	327	1,946	9,108	12,078	11,811	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1)	(0)	-	-	-	-	-	(68)	(69)	(68)	-	-
Total By Income Source	2000	1,072	989	12,869	5,526	967	1,017	6,409	35,112	63,953	49,031	-	-
2021/22 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	385	378	6,749	3,291	304	361	2,223	6,131	19,823	12,311	-	-
Commercial	2300	322	246	441	883	239	229	1,410	9,076	12,846	11,837	-	-
Households	2400	353	343	553	1,251	403	408	2,647	15,970	21,929	20,679	-	-
Other	2500	12	13	5,125	102	20	19	128	3,935	9,354	4,204	-	-
Total By Customer Group	2600	1,072	980	12,869	5,526	967	1,017	6,409	35,112	63,953	49,031	-	-

The balance of outstanding debtors as at 30 September 2022 is R49 031m and a substantial portion of this debt relates to residential, government and businesses. Government departments are engaged through a session organized by provincial treasury. This has yielded positive results as departments pay their debt. The municipality also started billing schools and clinics in the current financial. Historical debt is taking longer to collect and the municipality has appointed a debt collector to assist in the implementation of debt collection and credit control policy, however movement has been slow. Another challenge it's the deceased estates that are not properly

managed and or registered so that relevant information can be updated. Plans are underway to encourage customers to pay through implementation of the recently approved Incentive scheme. Another challenge is the lack of dedicated office to deal with arrangements when made and follow ups. In the revised organogram proposal will be submitted for an establishment of a debt collection office.

#### 4.1 BANK ACCOUNTS

The bank balances as at 30 September 2022 amounted to: **R 347 772 687**

MBHASHE MUNICIPALITY INVESTMENTS AS AT 30 September 2022												
Bank	Account Type	Acc name	Status	Acc number	2022/07/01	Interest Q1	Total	Deposits Q 1	Total	Withdrawals Q 1	Total	Closing Balance as at 30/09/2022
1 FNB	7 Day Interest Plus	Mbhashe Municipality	Active	74321424942	40,289,328.48	924,139.69	924,139.69	40,000,000.00	40,000,000.00	(15,000,000.00)	(15,000,000.00)	66,213,468.17
2 FNB	Call Account	EPWP Call Account	Active	62562355373	109,124.50	1,046.88	1,046.88	-	-	-	-	110,171.38
3 FNB	Call Account	FMG Call Account	Active	62562352410	8,594.74	46.53	46.53	-	-	-	-	8,641.27
4 FNB	Call Account	Depreciation Account	Active	74813155287	21,382,644.90	302,026.11	302,026.11	-	-	-	-	21,684,671.01
5 ABSA	Call Account	Mbhashe Fixed Deposit Account	Active	2080521361	-	1,253,643.83	1,253,643.83	40,000,000.00	40,000,000.00	-	-	41,253,643.83
6 Standard	Call Account		Active			998,136.99		60,000,000.00	60,000,000.00			60,000,000.00
7 Nedbank	Call Account	Fixed Deposit	Active	169370/000001		2,400,041.10	2,400,041.10	150,000,000.00	150,000,000.00		-	152,400,041.10
					<b>61,789,692.62</b>	<b>5,879,081.13</b>	<b>5,879,081.13</b>	<b>290,000,000.00</b>	<b>290,000,000.00</b>	<b>(15,000,000.00)</b>	<b>(15,000,000.00)</b>	<b>341,670,636.76</b>

Total investments at the end of 1<sup>st</sup> quarter amounts to **R341 670 637**. The balance of the main account as at 30 September 2022 is **R 6 102 050**, total cash and cash equivalents totaling to **R 347 772 687** that is a very good liquidity position which must be maintained as there is a need to invest in more working capital to sustain the municipality in the near future. Interest earned from investments will be directed to a project.

## 5.1 OUTSTANDING CREDITORS & COMMITMENTS

### CREDITORS AGE ANALYSIS AS AT 30JUNE 2022

Accounts payable Age Analysis Mbhashe Local Municipality								
Exclude Zero Balances								30-Sep-22
Accounts Payable Age Analysis								Page 1 of 1
Supplier	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
LITH005 (LITHABA-BASADI INVESTMENTS)		0.04		-0.04		10,387.64	-10,388.06	-0.42
MAAA0838766 (ZAMATITA PROJECTS)							223,436.75	223,436.75
	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
Totals:		0.04		-0.04		10,387.64	213,048.69	223,436.33
% of Balance:	0.00	0.00	0.00	0.00	0.00	4.65	95.35	

The municipality ensured that all the invoices that were submitted for payment during the 1<sup>st</sup> quarter were paid on time.

### **MFMA- SCM REGULATION REPORTING OF MBHASHE LOCAL MUNICIPALITY FOR THE 2022/23 FINANCIAL YEAR**

### **QUARTELY REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR THE QUARTER ENDING ON 30 SEPTEMBER 2022**

#### **PURPOSE**

To report on the implementation of the Supply Chain Management Policy as required by the Municipal Supply Chain Regulations for the quarter ending 30 September 2022 of the 2022/23 financial year.

#### **RECOMMENDATION**

That the report on the implementation of the Supply Chain Management Policy as required by the Municipal Supply Chain Regulations for the quarter ending 30 September 2022 of the 2022/23 financial year, be noted by the council.

## **REPORT**

The Local Government: Municipal Finance Management Act, No 56 of 2003, (the 'MFMA') requires the municipality to have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

On the 30th May 2005 the Municipal Supply Chain Management Regulations were issued. As a Medium Capacity Municipality, Mbhashe Local Municipality had to comply with the provisions of the Regulations.

The Municipal Supply Chain Management Regulations published under General Notice 868 in Government Gazette 27636 of 30 May 2005, inter alia, contains the following reporting requirements:

**6. Oversight role of council of municipality or board of directors of municipal entity**

- (1) The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.
- (2) For the purposes of such oversight the accounting officer must:
  - (a)(i) in the case of a municipality, within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipality entity under its sole or shared control, to the council of the municipality;
  - (ii) in the case of a municipal entity; within 20 days of the end of each financial year, submit a report on the implementation of the municipal entity's supply chain management policy to the board of directors, who must then submit the report to the accounting officer of the parent municipality for submission to the council in terms of subparagraph (i); and

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SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

- (iii) whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council of the municipality or in the case of a municipal entity, to the board of directors, who must then submit the report to the accounting officer of the parent municipality for submission to the council.
- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality or the board of directors of the municipal entity, as the case may be.
- (4) The reports of a municipality must be made public in accordance with section 21A of the Municipal Systems Act. The reports of a municipal entity must be made public in a similar way.

#### **1. IMPLEMENTATION OF THE SCM POLICY**

Mbhashe LM's SCM Policy was adopted by the council on the 29 May 2022 for the implementation with effect from the 1<sup>st</sup> July 2020.

#### **2. THE BID COMMITTEE SYSTEM**

The following committees have been established

- 2.1. The Bid Specification Committee
- 2.2. The Bid Evaluation Committee
- 2.3. The Bid Adjudication Committee

The bid committee system for competitive bids has been actively applied within the municipality over the past financial year. Members of the committees are required to declare any possible conflict of interests at the meetings and recuse themselves in the event of a possible conflict.

- (a) The Bid specification committee complies the specification of goods and services for the procurement of goods and services by the municipality. The committee is

appointed by the Accounting officer and must compose of one or more officials of the Municipality, preferable Supply Chain Management Practitioner and the Project Manager responsible for the function involved.

The Accounting officer appointed the following members of the BSC for the 2022/23 financial year.

NAME OF MEMBERS	DEPARTMENT	MEMBERSHIP ROLE	CONTACT NO
1. Mr.S. Gobingca	Corporate Services	Chairperson	082 564 9340
2. Mr M. Sibaca	Planning & Development	Member	083 689 0667
3. Ms. T.Mafanya	Operations	Member	072 606 9031
4. Mr. C.L Makonza	Infrastructure Services	Member	082 564 8939
5. Ms S. Mboxo	Community services	Member	083 689 7134
6. Ms. N. Sichwe	BTO ( SCM)	Member	076 976 9501

**(b) The bid evaluation Committee**

The bid evaluation committee is appointed by the Accounting officer and must as far as possible be composed of:

- Officials from departments requesting the goods or services and
- At least one supply chain practitioner of the municipality

The Accounting officer appointed the following members of the BEC for 2022/23 financial year.

NAME OF MEMBERS	DEPARTMENT	MEMBERSHIP ROLE	CONTACT NO
1. Mr.S. Baliso	Corporate Service	Chairperson	082 564 8516
2. Mr S. Cobokana	Planning & Development	Member	082 510 4982
3. Mr. S. Mashologu	Corporate Services	Member	064 756 0614
4. Mr. T. Masangwana	Infrastructure Services	Member	082 564 9340
5. Ms . L. J. Bongo	Community services	Member	082 564 9374

6. Ms A. Mbebe	BTO ( SCM)	Member	072 399 8951
7. Ms G. Sityata	Operations	Member	0636897418

(c.) **The bid Adjudication committee**

The bid adjudication committee must be composed of at least four senior managers of the municipality which must also include:

- The Chief Financial Officer or if the Chief Financial Officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officers and designated by the chief financial officer.
- At least one senior supply chain management practitioner who is an official of the municipality and
- A technical expert in the relevant field who is an official of the municipality, if the municipality has such an expert.

The Accounting officer appointed the following members of the BAC for the 2022/23 financial year.

NAME OF MEMBERS	DEPARTMENT	MEMBERSHIP ROLE	CONTACT NO
1. Mr. N. Nokwe	BTO	Chairperson	064 768 9635
2. Mr A. Mashaba	Planning & Development	Member	066 287 7410
3. Ms N. Nkuhlu	Corporate Services	Member	078 340 2793
4. Mr Z. Msipha	Infrastructure Services	Member	060 937 3605
5. Ms N. Mlungu	Community services	Member	073 079 1122
6. Mrs N. Mbedla	BTO ( SCM)	Member	072 129 9615
7. Ms T. Bacela	Operations	Member	060 961 4040

**3. MUNICIPAL SUPPLY CHAIN MANAGEMENT UNIT ORGANISATIONAL STRUCTURE & PERSONNEL**

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SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

In terms of Paragraph 7 of the Municipal Supply Chain Management Regulations, the municipality must establish a Supply Chain Management Unit (SCMU) to implement supply chain management policy. The Unit must operate under the direct supervision of the Chief Financial officer or may be delegated to an official in terms of section 82 of the MFMA

The Municipality's Supply Chain Management unit has 3 officials who perform various duties and functions in terms of the SCM policy which are as follows:

<p>SCM Manager Mrs N. Mbedla</p>	<ul style="list-style-type: none"> <li>• Oversee the overall implementation of SCM policy within the Supply Chain Management Unit</li> <li>• Co-ordinates and controls the implementation of SCM Policy</li> <li>• Advises the Chief Financial Officer on Supply Chain Management process and procedures</li> <li>• Responsible for the bid processes including the review of adverts, development of tender documents, bid closing Evaluation and adjudication of Purchases between R30 000 and above.</li> <li>• Co-ordinate the sitting of Bid Committees</li> <li>• Responsible for the monitoring of Supplier database, Contract management, Asset Management and Fleet management.</li> <li>• Approves Purchase orders for all transactions.</li> <li>• Monitors the reporting within the SCM unit on a weekly, Monthly and quarterly bases.</li> </ul>
<p>Acting SCM Officer: Ms. A.Mbebe</p>	<p>is responsible for the following Duties:</p> <ul style="list-style-type: none"> <li>• Co-ordinate the sitting of Bid Specification Committee</li> </ul>



	<ul style="list-style-type: none"> <li>• Assist and co-ordinate the implementation of the SCM policy for the purchases between R30 000 and up to R200 000.</li> <li>• Review the implementation of SCM policy for the purchases between R2 000 to R 30 000.</li> <li>• Monitors and review the capturing Suppliers on a Municipal Database.</li> <li>• Responsible for the bid processes including the placing of adverts, development of RFQ's/ Tender documents, bid closing and evaluation of Purchases between R30 000 to R200 000.</li> <li>• Responsible for reviewing of weekly, monthly and quarterly reports.</li> <li>• Supervising the SCM Clerk and SCM buyer on a day to day activities.</li> <li>• Responsible for updating of contract register for RFQ's</li> <li>• Responsible for monitoring the progress on the implementation of procurement plans</li> <li>• Approves requisitions from end user departments.</li> </ul> <p>Is responsible for the following Duties:</p> <ul style="list-style-type: none"> <li>• Assist and co-ordinate the implementation of the SCM policy for the purchases between R200 000 and above.</li> <li>• Review the implementation of SCM policy for the purchases between R2 000 to R 30 000.</li> <li>• Monitors and review the capturing Suppliers on a Municipal Database.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Responsible for the bid processes including the placing of adverts, development of tender documents, bid closing and adjudication of Purchases between R200 000 and above.</li> <li>• Responsible for reviewing of weekly, monthly and quarterly reports.</li> <li>• Supervising the SCM Clerk and SCM buyer on a day to day activities.</li> <li>• Responsible for updating of contract register for tenders.</li> <li>• Responsible for monitoring the progress on the implementation of procurement plans.</li> <li>• Approves requisitions from end user departments</li> </ul>
SCM Clerk Ms. N. Sichwe	<ul style="list-style-type: none"> <li>• Assist and co-ordinate the implementation of the SCM policy for the purchases between R2 000 and R30 000.</li> <li>• Generate orders for transactions within the SCM Unit</li> <li>• Assist as a secretariat on Bid Evaluation Committee</li> <li>• Capturing of Suppliers in the Municipal Database</li> <li>• Responsible for the bid processes including bid closing and development of adverts.</li> <li>• Responsible for requesting quotation for purchases between R2 000 up to R 30 000.</li> <li>• Responsible for the reporting on a weekly, Monthly and quarterly bases.</li> </ul>

	<ul style="list-style-type: none"> <li>• Assist and co-ordinate the implementation of the SCM policy for the purchases between R30 000 and R200 000.</li> <li>• Generate orders for transactions within the SCM Unit</li> <li>• Assist as a secretariat on Bid Specification Committee</li> <li>• Capturing of Suppliers in the Municipal Database</li> <li>• Responsible for the bid processes including bid closing and development of adverts.</li> <li>• Responsible for requesting quotation for purchases between R2 000 up to R 30 000.</li> <li>• Responsible for the reporting on a weekly, Monthly and quarterly bases.</li> </ul>
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#### **4. COMPETENCY LEVELS OF OFFICIALS IN THE SUPPLY CHAIN MANAGEMENT UNIT**

All officials within the SCM unit have achieved the minimum competency level as required by Circular 60 of the MFMA.

#### **5. DEMAND MANAGEMENT**

Suppliers are continuously encouraged to register on the Municipal database as well as on Central Supplier Database as required by regulation 14 of the MFMA and Circular 81 of the MFMA respectively and service providers can register on the database and update their details at any time.

#### **6. IMPLEMENTATION OF THE NEW PREFERENTIAL PROCUREMENT REGULATIONS OF 2017**

The new PPPFA regulations became effective on the 01<sup>st</sup> April 2017. These regulations are implemented on a continuous basis by awarding the bids to the highest scoring bidder.

## **7. IMPLEMENTATION OF THE STANDARD FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT (SIPDM)**

In terms of the SIPDM there are seven actions required to be complied with which are as follows.

Action 1: Establish a suitable SCM Policy for Infrastructure Procurement and Delivery Management;

Action 2: Establish agency agreements between organs of state if projects are implemented on behalf of another organ of state;

Action 3: Apply the prescribed control frameworks and record approval/acceptance at the relevant gates;

Action 4: Establish implementation plans

Action 5: Develop procurement documents in accordance with the provisions of the SIPDM;

Action 6: Ensure that built environment professionals perform designated functions as provided for in the SIPDM and

Action 7: Prepare an annual performance report and issue to relevant treasury within two months after year end.

## **8. IMPLEMENTATION OF THE PROCUREMENT PLAN**

The municipality has a procurement plan in place, this procurement was adopted together with the annual budget and details all procurement to be done during the 2022/23 financial year. There are some challenges faced in the implementation of this plan and amongst other it's the issue of specifications not always submitted timeously thus delaying the procurement process.

## **9. SUPPLY CHAIN MANAGEMENT ACQUISITION PROCESSES**

The following thresholds are currently being implemented in order to support the strategic and operational commitments of the municipality.

Petty Cash purchases

Good are purchased by way of petty cash up to a transaction value of R2 000.00 Written Quotation

(a) Written Quotations

Goods and services are procured by way of written quotations for a transaction value of R2 000.00 up to R30 000 inclusive of vat, quotations are sourced from suppliers registered on CSD and the Municipal Supplier database.

**(b) Formal written Quotation ( 7 day bidding) process**

Goods and services must be procured by way of 7 day bidding process for procurements of a transaction value of over R30 000.00 up to R200 000 inclusive of vat. These adverts are place on the notice boards in all three units and the website.

**THE FOLLOWING ARE THE BIDS AWARDED BY WAY OF FORMAL WRITTEN PRICE QUOTATION FOR THE QUARTER ENDING ON THE 30 SEPTEMBER 2022**

RFQ'S AWARDED(30 000.00-R200 000.00)										
FOR THE QUARTER ENDED 30 SEPTEMBER 2022										
NO	AWARD DATE	ORDER NO	PROJECT NAME	BID NUMBER	BIDDER'S NAME	CONTRACT AMOUNT	BIDDER'S LOCATION	ADVERT DATE	CLOSING DATE	B-BBEE LEVEL
1	03 August 2022	PO08234	REPAIR CONFIGURE AND INSTALLATION OF CCTV CAMERA	0037/COM/2021-22	TWAZ GROUP(PTY)LTD	R129,398.00	NON-MBHASHE LOCAL MUNICIPALITY	31/05/22	07/06/22	1
2	03 August 2022	PO08233	PROVISION FOR LANDFILL SITE REHABILITATION(GRAP 19)	0001/BTO/2022-23	ENZOKUHLE ENTERPRISE (PTY) LTD	R 89,000.00	NON-MBHASHE LOCAL MUNICIPALITY	19/07/22	26/07/22	1
3	15 August 2022	PO08528	CAR WASH SERVICES FOR MBHASHE LOCAL MUNICIPALITY FOR A PERIOD OF 12 MONTHS	0003/BTO/2022-23	ZOLANI TOURS	R 200,000.00	NON-MBHASHE LOCAL MUNICIPALITY	19/07/22	26/07/22	1
4	14 September 2022	PO08498	RESTRUCTURING, DESIGN, CONSOLIDATION AND PRINTING OF 2022-27 IDP DOCUMENT	0007/OP/2022-23	COPY WORLD	R 55,499.00	NON-MBHASHE LOCAL MUNICIPALITY	02/08/22	10/08/22	2
TOTAL						R 473,897.00				

**(c) Competitive bidding process**

Goods and Service must be procured by way of a competitive bidding process for

- Procurement above a transaction value of R200 000 inclusive of vat.
- The procurement of long term contracts

- The adverts in respect of competitive bids are placed on e-tender, website, notice boards in all three units, local newspaper and CIDB where applicable.

**THE FOLLOWING ARE THE BIDS AWARDED BY WAY OF COMPETITIVE BIDDING PROCES FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

There were no bids awarded for this quarter.

REGISTER OF BIDS AWARDED (+200 000) FOR THE QUARTER ENDED 30 SEPTEMBER 2022								
NO	ADVERT DATE	PROJECT NAME	BID NUMBER	NAME OF BIDDER	CONTRACT AMOUNT	BBBEE LEVEL	LOCALITY	AWARD DATE
THERE WERE NO BIDS AWARDED FOR THE QUARTER ENDED 30 SEPTEMBER 2022								

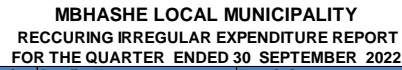
**10. SUPPLY CHAIN MANAGEMENT DEVIATIONS FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

There were no deviation for this quarter

MBHASHE LOCAL MUNICIPALITY SCM DEVIATIONS REGISTER FOR THE QUARTER ENDED 30 SEPTEMBER 2022												
DESCRIPTION	NAME OF SERVICE PROVIDER	AMOUNT	PERCENTAGE	DEV. NO.	ORDER NO.	NAME OF DEPARTMENT	RESPONSIBLE OFFICER	URGENCY / EMERGENCY	EXCEPTIONAL CASES (IMPRACTICAL/IMPOSSIBLE)	SOLE PROVIDER / SUPPLIER	RECOMMENDED / NOT RECOMMENDED (BY CFO)	APPROVED / NOT APPROVED (BY MM)
TOTAL		R0.00	0.00%									
THERE WERE NO DEVIATIONS FOR THE QUARTER ENDED 30 SEPTEMBER 2022												
Prepared by	Sichwe N.											

**11. IRREGULAR EXPENDITURE FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

The SCM unit strives to comply with all applicable regulations thus reducing irregular expenditure. During the quarter there were no new irregular expenditure was incurred. There were no recurring irregular expenditure.



## **12. SUMMARY REPORT ON ORDERS ISSUED FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

A total amount of **R40,661,852.60** orders were issued during the quarter for both capital and operational projects. The majority of orders (71.56%) were executed and paid by the end of the quarter only an amount of **R 11 550 187.21** remained outstanding.

ANALYSIS OF THE ORDER ISSUED	AMOUNTS	PERCENTAGE
TOTAL ORDERS ISSUED	R40,661,852.60	100.00%
OUTSTANDING ORDERS	11,550,187.21	28.41%
PAID ORDERS	29,097,442.64	71.56%
CANCELLED ORDERS	14,222.75	0.03%

### **13. DATABASE OF RESTRICTED SUPPLIERS AND AWARDS TO PERSONS IN THE SERVICE OF THE STATE**

Accounting officers are required, prior to the award of any contract, to verify whether the recommended bidder or any of its directors are prohibited from doing business with the public sector by forwarding an email for such verification to [restrictions@treasury.gov.za](mailto:restrictions@treasury.gov.za).

Through the introduction of the Central Supplier Database the information forms part of the CSD report which is printed prior to each award. The central supplier database is able to verify such companies and directors.

This also applies to the directors of companies who are in the service of the state. CSD flags company directors who are in the service of the state and report accordingly.

The Central Supplier Database maintains a database of organizations, institutions and individuals who can provide goods and services to government. Prospective suppliers interested in pursuing opportunities within the South African government they self-register on the Central Supplier Database portal ([www.csd.gov.za](http://www.csd.gov.za)) which was introduced by National treasury on 01 April 2016.

### **14. SCM INFORMATION ON WEBSITE**

The following reports are placed on the Mbhashe Local Municipality's website

- Adverts for competitive bidding
- Request for formal written price quotation (7 day bidding process)
- Bid closing registers
- Awards made by the Municipality for the quarter
- Other SCM documents

### **15. Training**

No SCM training was conducted ..

### **16. Conclusion**

Supply Chain Management Unit is continuously improving its procedures in order to ensure that council receive value for money in terms of demand and acquisition management.



Goods and Services are procured through the implementation of procurement plan however more work should be done in order to improve strategic sourcing to enhance value that the municipality can derive in improved sourcing and supplier development. This can be achieved through collaboration with project managers and Local Economic development unit by having continuous supplier development programmes in order to empower and capacitate particularly the local suppliers.

## **17. Annexures**

- RFQ's awarded for the quarter ending 30 September 2022
- Tenders awarded register for the quarter 30 September 2022
- Deviations report for the quarter ending 30 September 2022
- Contracts register for the quarter ending 30 September 2021
- Report on orders for the quarter ending 30 September 2022
- Report on irregular Expenditure for the quarter ending 30 September 2022
- Progress report on implementation of Procurement Plan for the quarter ending 30 September 2022

## **ASSET ADDITIONS REPORT FOR THE QUARTER ENDING 30 JUNE 2022**

### **PURPOSE**

To keep record of Assets both tangible and intangible (movable and immovable) which are acquired

### **LEGAL/STATUTORY REQUIREMENT**

Municipal Finance Management Act.

Asset Management Policy

### **BACKGROUND**

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SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

The Municipal Finance Management Act No.56 of 2003 Chapter 63 (2) (a) states that the accounting officer must ensure that the municipality has and maintains a management, accounting and information system that accounts for assets and liabilities of the municipality. (b) That the municipality's assets and liabilities are valued in accordance with Generally Recognized Accounting Practice and (c) that the municipality has and maintains a system of internal control of assets and liabilities register, as may be prescribed.

**ASSETS AND CAPITAL WORK IN PROGRESS FOR THE QUARTER ENDING 30 JUNE 2022**

<b>MIG</b>				
<b>SUPPLIER</b>	<b>PROJECT</b>	<b>AMOUNT (VAT EXCL)</b>	<b>VAT</b>	<b>AMOUNT (VAT INCL)</b>
MVI CONSTRUCTION AND MAINTENANCE	Construction of wad 13 Sportfield	R 1,221,820.34	R 183,273.06	R 1,405,093.40
IQHAYIYA DESIGN WORKSHOP	Construction of wad 13 Sportfield	R 237,471.03	R 35,620.65	R 273,091.68
BM INFRASTRUCTURE DEVELOPMENT	Consultation of Cizama- Singeni A/R	R 721,007.83	R 108,151.18	R 829,159.01
MVI CONSTRUCTION AND MAINTENANCE	Construction of ward 13 Sportfield	R 2,014,593.77	R 302,189.06	R 2,316,782.83
KOPANONG INVESTMENTS PROJECTS	Construction of Phelandaba Access Road	R 808,535.12	R 121,280.27	R 929,815.39
HUMBLE AFRICANS CONSULTING ENGINEERS	Consultation of Mtonga to Mantlaneni A/R	R 312,547.32	R 46,882.10	R 359,429.42
HONEY SILK TRADING AND INVESTMENT 1021	Consultation of Machani-Taleni A/R	R 904,692.40	R 135,703.86	R 1,040,396.26
IMBAWULA CIVIL PROJECTS	Consultation of N2 Nimrod A/R	R 623,362.26	R 93,504.34	R 716,866.60
KOPANONG INVESTMENTS PROJECTS	Construction of Lower Falakahla A/R	R 574,955.90	R 86,243.38	R 661,199.28
MVI CONSTRUCTION AND MAINTENANCE	Construction of ward 13 Sportfield	R 1,338,341.33	R 200,751.20	R 1,539,092.53
BEKA SCHREDER	Construction of ward 13 Sportfield	R 1,127,149.52	R 169,072.43	R 1,296,221.95
BLAZINGO'S TRADING	Construction of Lower Falakahla A/R	R 173,955.42	R 26,093.31	R 200,048.73
SAU CONTRACTORS	Construction of Lower Falakahla A/R	R 70,000.00		R 70,000.00
		<b>R 10,128,432.24</b>	<b>R 1,508,764.84</b>	<b>R 11,637,197.08</b>
<b>INEP</b>				
<b>SUPPLIER</b>	<b>PROJECT</b>	<b>AMOUNT (VAT EXCL)</b>	<b>VAT</b>	<b>AMOUNT (VAT INCL)</b>
				-
				-
		-	-	-
<b>OTP(PREMIER GRANT)</b>				
<b>SUPPLIER</b>	<b>PROJECT</b>	<b>AMOUNT (VAT EXCL)</b>	<b>VAT</b>	<b>AMOUNT (VAT INCL)</b>
		R -	R -	R -
<b>IN-HOUSE (CAPITAL ASSETS)</b>				
<b>SUPPLIER</b>	<b>PROJECT</b>	<b>AMOUNT (VAT EXCL)</b>	<b>VAT</b>	<b>AMOUNT (VAT INCL)</b>
MBETE GLOBAL INVESTMENTS	Upgrade of Fuel Depo - Elliotdale	R 885,000.00	R 132,750.00	R 1,017,750.00
MARX CONCRETE PIPES	Supply & Deliver of portal and rectangular culverts	440,140.80	66,021.12	R 506,161.92
		<b>R 1,325,140.80</b>	<b>R 198,771.12</b>	<b>R 1,523,911.92</b>
<b>OTHER ASSETS (MOVABLES)</b>				
<b>SUPPLIER</b>	<b>PROJECT</b>	<b>AMOUNT (VAT EXCL)</b>	<b>VAT</b>	<b>AMOUNT (VAT INCL)</b>
SHEER VERSATILITY GROUP	Supply & Deliver of Air Conditioner	R 119,999.94	R -	R 119,999.94
BUNONO AND SOBZ TRADING AND PROJECTS	Supply & deliver of Tar Cutter and walk behind roller	R 362,416.67	R -	R 362,416.67
		<b>R 482,416.61</b>	<b>R -</b>	<b>R 482,416.61</b>
<b>TOTAL OBLIGATION</b>		<b>R 11,935,989.65</b>	<b>R 1,707,535.96</b>	<b>R 13,643,525.61</b>

## **REPORT ON FLEET MANAGEMENT FOR THE 1<sup>st</sup> QUARTER OF THE 2022/23 FINANCIAL YEAR**

### **PURPOSE OR OBJECTIVE OF THE REPORT**

The report aims to update the Council on the Fleet that was undertaken in the 1<sup>st</sup> quarter of the 2022/23 financial year.

### **AUTHORITY/MANDATE OR LEGISLATIVE REQUIREMENT**

SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

Section 63 of the Municipal Finance Management Act, (Act 56 of 2003)

### **BACKGROUND / REASONING**

In terms of the Municipal Finance Management Act, the Accounting Officer is responsible for the management of the assets of the municipality, including the safeguarding and maintenance of those assets.

Furthermore the Accounting Officer must take all reasonable steps to ensure

- That the municipality has and maintains a management accounting and information system that accounts for assets and liabilities of the municipality.
- That the municipality's assets and liabilities are valued in accordance with the standards of general recognized accounting practices and
- That the municipality has and maintains a system of internal control of assets and liabilities including an asset and liabilities register as may be prescribed.

The report therefore updates council on the implementation of the steps as per above.

### **RECOMMENDATION**

It is recommended that the report on Fleet Management for the quarter ending 30 September 2022 be noted as shown below

## REPAIRS AND MAINTENANCE REPORT ON MUNICIPAL FLEET FOR THE QUARTER ENDED 30 SEPTEMBER 2022

REPAIRS AND MAINTENANCE REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2022												
September												
Client Code	Client Name	Cost Code	Cost Nam	Reg Num	Auth Date	Auth Num	Invoice Quote Num	Merchant Name	Odo Read	Total Quo	Total Accept Amount	Status Description
79974	MBHASHE LOCAL MUNICIPALITY	COS0009	MBHASHE	HDX828EC	2022/09/08	0	20720	DZ -A&J TYRE CENT BUTTERWORTH	365170	5067.7	R 3,653.89	AWAITING CLEARANCE
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW883EC	2022/09/08	9580268	502967ASK	BUFFALO TOYOTA MTHATHA	150652	3244.38	R 3,130.38	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW884EC	2022/09/14	9588483	20750	DZ -A&J TYRE CENT BUTTERWORTH	168206	4836	R 4,456.00	OPEN
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW886EC	2022/09/02	9572773	20701FITMENT	DZ -A&J TYRE CENT BUTTERWORTH	202859	4767.7	R 3,353.89	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW894EC	2022/09/01	9570838	49704	BUFFALO TOYOTA MTHATHA	160384	6695.92	R 6,695.90	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW917EC	2022/08/30	9567817	20486	DZ -A&J TYRE CENT BUTTERWORTH	200696	4343.56	R 3,353.89	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW917EC	2022/09/02	9573228	20703TASK	DZ -A&J TYRE CENT BUTTERWORTH	201270	1630	R 1,630.00	EXCEPTION
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	JBR622EC	2022/09/22	0	20761	DZ -A&J TYRE CENT BUTTERWORTH	537034	3400	R 3,400.00	AWAITING CLEARANCE
											R 29,673.95	
August												
Client Code	Client Name	Cost Code	Cost Nam	Reg Num	Auth Date	Auth Num	Invoice Quote Num	Merchant Name	Odo Read	Total Quo	Total Accept Amount	Status Description
79974	MBHASHE LOCAL MUNICIPALITY	COS0009	MBHASHE	HDX828EC	2022/07/27	9525285	20286	DZ -A&J TYRE CENT BUTTERWORTH	354222	9075	R 9,075.00	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0009	MBHASHE	HDX828EC	2022/08/18	9553391	19755	DZ -A&J TYRE CENT BUTTERWORTH	362993	8189.89	R 8,189.89	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXX088EC	2022/07/27	9524968	20298	DZ -A&J TYRE CENT BUTTERWORTH	116415	4380	R 4,380.00	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW878EC	2022/08/25	0	20941TASK	DZ -A&J TYRE CENT BUTTERWORTH	182734	4575	R 4,575.00	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW886EC	2022/08/10	9540055	46880	BUFFALO TOYOTA MTHATHA	201709	11837.34	R 11,492.67	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW890EC	2022/08/03	9533046	45253	BUFFALO TOYOTA MTHATHA	181710	10859.55	R 10,160.03	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW910EC	2022/08/13	0	10349	DZ -A&J TYRE CENT BUTTERWORTH	212313	1975.35	R 1,690.00	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW920EC	2022/08/24	0	20465FITMENT	DZ -A&J TYRE CENT BUTTERWORTH	210467	7007.78	R 7,007.78	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXY388EC	2022/08/04	9536094	45575	BUFFALO TOYOTA MTHATHA	269102	15858.49	R 15,858.49	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXY388EC	2022/08/11	9543119	19738	DZ -A&J TYRE CENT BUTTERWORTH	269696	1870	R 1,870.00	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	JBR622EC	2022/07/26	9521771	11053	DZ -A&J TYRE CENT BUTTERWORTH	537034	24529	R 24,529.00	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	JBR625EC	2022/08/22	9557513	20810FIT	DZ -A&J TYRE CENT BUTTERWORTH	73065	27916.86	R 27,916.86	CLOSED
											R 126,744.72	
July												
Client Code	Client Name	Cost Code	Cost Nam	Reg Num	Auth Date	Auth Num	Invoice Quote Num	Merchant Name	Odo Read	Total Quo	Total Accept Amount	Status Description
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW873EC	2022/07/08	9499792	42940	BUFFALO TOYOTA MTHATHA	138720	3753.4	R 3,609.45	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW873EC	2022/07/13	9506384	43641	BUFFALO TOYOTA MTHATHA	139043	12584.39	R 11,756.39	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW873EC	2022/07/13	9506590	W118	JCR AUTOCARE UMTATA	139043	3060	R 3,060.00	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW878EC	2022/07/20	9515856	20660	DZ -A&J TYRE CENT BUTTERWORTH	182734	1580	R 1,580.00	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW878EC	2022/06/30	9489158	41063	BUFFALO TOYOTA MTHATHA	182734	13868.7	R 13,868.70	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW902EC	2022/06/30	9489200	41585	BUFFALO TOYOTA MTHATHA	110246	16353.81	R 16,353.81	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW910EC	2022/07/07	9499023	42825	BUFFALO TOYOTA MTHATHA	208525	10387.04	R 10,387.04	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW910EC	2022/07/08	9499600	21291	DZ -A&J TYRE CENT BUTTERWORTH	209525	8925.9	R 6,281.12	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW914EC	2022/07/21	9517106	44674	BUFFALO TOYOTA MTHATHA	180722	6462.39	R 6,462.39	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW917EC	2022/07/13	9506345	43604	BUFFALO TOYOTA MTHATHA	196748	9227.49	R 9,227.49	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXW919EC	2022/06/30	9489345	41934TASK	BUFFALO TOYOTA MTHATHA	153378	17168.76	R 12,259.15	CLOSED
79974	MBHASHE LOCAL MUNICIPALITY	COS0001	MBHASHE	HXY388EC	2022/07/20	9515444	19721	DZ -A&J TYRE CENT BUTTERWORTH	267884	9288	R 9,288.00	CLOSED
											R 104,133.54	
Total Repair and Maintenance 1st Quarter											R 260,552.21	

SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

## VEHICLE INCIDENT / ACCIDENT REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

LOCATION	VEHICLE MAKE	VEHICLE REGISTRATION	INCIDENT DATE	DRIVER NAME	DEPARTMENT	INCIDENT	STATUS
Dutywa	Toyota Hilux	FZZ 969 EC	11/05/2022	Mr S.Molosi	Community Services	Computer box damaged	Computer box will arrive on the 2 August 2023,
Dutywa	MAN Refuse Truck	HFT 339 EC	25 / 03 / 2021	Z Siwephu	Community Services	Vehicle damaged the engine while it was coming from E.L. for service and repairs.	Truck sent to MAN dealer in East London Bidvest assessed on 13 October 2022.
Dutywa	Toyota Hilux	HXW 876 EC	15 / 12 / 2020	Mr.Mazaleni	Community Services	Vehicle has a damaged engine	A revised quotation was sent on the 13 October ,Authorisation to be done on the 13 October 2022 , Awaiting funds allocation from Wesbank- We proposed a meeting with the dealer for clarities on the quotation.
Dutywa	Toyota Hilux	HXY 388 EC	15/09/2022	Mr.Gwele	Community Services	Had an accident in N2	Towed for repairs onn the 14 October
Dutywa	Toyota Fortuner	HVT 361 EC	28 / 03 / 2022	P Hillie	Operations	Vehicle damaged engine while attending ward committee	A revised quotation was sent on the 13 October ,Authorisation to be done on the 13 October 2022 , Awaiting funds allocation from Wesbank- We proposed a meeting with the dealer for clarities on the quotation.
Dutywa	Isuzu KB	HGS 656 EC	15 / 04 / 2022	T Ndarana	Infrastructure	Engine fitted to completed on the 21 October 2022,	
Elliotdale	Toyota Hilux	HXW 890	30/08/2022	Ms.Rhangayi	Community Services	Towed to Mthatha Panel City for repairs 20 September	
Dutywa	Toyota Fortuner	HDX 828 EC	07/ 09/ 2022	P Hillie	Operations	Bearing knock in the engine	

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SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

## **DIESEL DISPENSED REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

WESBANK FUEL CONSUMPTION	R	142,406.74
FUEL CONSUMPTION ELLOITDALE	R	116,174.45
FUEL CONSUMPTION DUTYWA	R	151,810.40
<b>Total Consumption</b>	<b>R</b>	<b>410,391.60</b>
WESBANK FUEL CONSUMPTION	R	142,406.74
FUEL CONSUMPTION ELLOITDALE		R120,087.77
FUEL CONSUMPTION DUTYWA	R	208,335.24
<b>TOTAL CONSUMPTION</b>	<b>R</b>	<b>470,829.75</b>
WESBANK FUEL CONSUMPTION	R	215,211.73
FUEL CONSUMPTION ELLOITDALE	R	29,173.57
FUEL CONSUMPTION DUTYWA	R	78,269.90
<b>TOTAL CONSUMPTION</b>	<b>R</b>	<b>322,655.19</b>
<b>Total Consumption for the 1st Quarter</b>	<b>R</b>	<b>1,203,876.53</b>

## **CHIEF FINANCIAL OFFICER (CFO) OVERALL OVERVIEW ON FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 30 JUNE 2022**

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SEC 52D REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

The purpose of this analysis is to analyze the uniform financial ratios and norms using the guideline as set in the MFMA Circular 71. This will also enable the municipality to assess its financial health and performance for the period under consideration.

## **FINANCIAL POSITION**

### **A. ASSET MANAGEMENT**

- ❖ The Capital expenditure to total expenditure for the quarter was at 20%, which is within the norm of 10% - 20%. This means that the municipality is investing and spending a significant amount towards its capital requirements. A percentage less than 10% signifies inadequate capital investment and it is a recipe for disaster. The municipality is on the right track in terms of its spending priorities.
- ❖ The municipality has a ratio of 8% on repairs & maintenance expenditure over total operational budget. But if one would compare this to overall total assets (i.e PPE) the municipality has not spent enough on repairs, but on the other side one can link this to the fact that repairs on infrastructure assets such as roads are done using our own plants, i.e the yellow fleet, therefore this in turn saves money and does not actually translate to the amount reported under repairs and maintenance. This component reported 100% spending in the past financial year.

### **B. DEBTORS MANAGEMENT**

- ❖ Collection rate - The norm is 95% and it seeks to reduce the debtors balance. The municipal performance is at 79% when compared to annual budget for billable revenue, when compared to total outstanding debtors, the collection rate is only 16%, this collection rate is significantly lower than the norm and this could be attributable to non-payment by the ratepayers for various reasons. The municipality's debt is increasing instead of decreasing and more strides are being taken in terms of implementing the Credit Control and Debt Collection policy.
- ❖ Net debtor's day – The norm is 30 days. This reflects the collection period. This refers to the average number of days required for the municipality to receive payment from its billed customers/consumers for rates and services. The current performance is sitting at an average of 441 days, this clearly shows that the municipality need to strengthen its credit control procedures.



- ❖ The table below shows status of the effect on revenue collection which is as a result of work conducted by the debt collector:

DEBT COLLECTOR'S REPORT AS AT 31 MARCH 2022					
PERIOD	CATEGORY	AMOUNT HANDLED OVER	AMOUNT PAID	COMMISSION PAID	COLLECTION
JAN-22 TO MAR-22	RESIDENTIAL	11,680,097.00	126,446.03	10,178.90	1%
JAN-22 TO MAR-22	BUSINESS	5,713,980.40	425,153.25	34,224.84	7%
		<b>17,394,077.40</b>	<b>551,599.28</b>	<b>44,403.74</b>	<b>3%</b>

The above table shows an amount that has been handed over which is as follows R11.7 million for Residential accounts that were above 180 days, the other category that was handed over are business accounts that were over 180 days which amount to the value of R5.7 million. Total amount collected based on the handed over amount is R551 599.28 over the 3<sup>rd</sup> quarter.

## LIQUIDITY MANAGEMENT

- ❖ The municipal cash/cost coverage is more than 3 months, which is above the norm of 1 to 3 months. The current municipal liquidity position has been consistently improving the receipt of the allocated of grants has been realized whilst the procurement of goods and services is at it initial stages. This has contributed to the positive cash balance and also the fact that the municipality has huge reserves that are cash backed sitting in short to medium term deposits as well as fixed term (6 months) which is generating unprecedented interest returns. The cash flow management practices within the municipality is starting to yield positive results, even though more still needs to be done.
- ❖ The municipality's current ratio was way more than 2:1 as at end of the 1 st quarter and this shows a healthy financial status for the municipality. This ratio is calculated using current assets and current liabilities.

## C. SUSTAINABILITY

- ❖ The municipality is sustainable, there are no other factors that we have evidenced which points to existence of a risk that its occurrence would bring the negatively

affect the municipality's going concern. On a monthly basis we do prepare realistic cash based Cash flow focus/projections which help us monitor cash flows and control expenditure.