

MANDENI MUNICIPALITY (KZN 291)



MID- YEAR BUDGET AND PERFORMANCE ASSESSMENT (mSCOA) 2022/23 FINANCIAL YEAR

JULY– DECEMBER 2022

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1.1 MAYORS' FOREWORD

Attached

1.2 COUNCIL RESOLUTION

Resolution No: C

Refer to the recommendations contained in this report.

1.3 EXECUTIVE SUMMARY**LEGAL REQUIREMENTS**

In terms of Section 72 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as the MFMA), 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.

Thereafter, the mayor must, in terms of Section 54. (1)

- (a) Consider the report;
- (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following

- the approval of an adjustments budget;
- (d) Issue any appropriate instructions to the accounting officer to ensure-
 - (i) That the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - (ii) That spending of funds and revenue collection proceed in accordance with the budget;
 - (e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
 - (f) Submit the report to the council by 25 January of each year.

The application of sound financial management principles for the compilation of Mandeni Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The municipality has adhered to the cost containment regulations and Circular 97, a critical review was also undertaken of expenditures on noncore and „nice to have“ items.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

1.3.1 DISCUSSION

After the accounting officer has assessed the performance of the first half of the financial year it became apparent that the budget and performance is adjusted accordingly.

The discussion includes the 2022/23 Mid-Year Performance Report, it is imperatives to focus on mid-year performance reports simply because it will show the performance of the municipality in the first six months of the financial year, in terms of the delivery of services to communities, institutional governance. This report is also crucial for compliance legislation and for political oversight through the Office of the Political Head (Mayor) and other Government Sector Departments such as National and Provincial Treasuries, Provincial and National COGTA.

This report will further assist the Municipality to provide intervention strategies where challenges were encountered through the implementation of IDP and Budget for 2022/23 first half of Financial Year and it shall be further used for accountability to the communities of Mandeni in terms of progress on implementation of IDP.

1.3.2 FINANCIAL PERFORMANCE

BUDGET SUMMARY

The following table represents an executive summary for the 1st half of the financial year ended 31st December 2022:

KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment									
Description	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									
Total Revenue (excluding capital transfers and	341,567	328,592	-	83,033	244,626	164,296	80,330	49%	328,592
Total Expenditure	306,106	361,725	-	56,442	178,479	180,883	(2,403)	-1%	361,725
Surplus/(Deficit)	35,461	(33,133)	-	26,591	66,147	(16,586)	82,734	-499%	(33,133)
Transfers and subsidies - capital (monetary allocations) (National /	45,099	38,462	-	6,920	21,912	19,231	2,681	14%	38,462
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	80,560	5,329	-	33,510	88,059	2,644	85,415	3230%	5,329
Share of surplus/ (deficit) of	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	80,560	5,329	-	33,510	88,059	2,644	85,415	3230%	5,329
Capital expenditure & funds sources									
Capital expenditure	30,411	78,311	-	11,351	32,413	39,085	(6,672)	-17%	78,311

As can be seen from the table above, Actual surplus for the month ended 31st December 2022 is significantly more than the Budgeted Surplus. Monthly budget statement summary (Table C1), for the 1st half of the year, July- December 2022 (year to date actual), shows a surplus of R88.1 million against YTD budget of R2.6 million which reflects performance of more than 100%.

Currently there are no financial problems and major risks facing the municipality. However, we would like to highlight the following which needed to be managed very closely:

- During the verification of the 2022/23 Approved Budget mSCOA data string to the Council Approved Budget (A Schedule), it was found that our municipality did not perfectly align the mSCOA data string to the Council Approved Budget. Hence we were to understand the errors in the mSCOA data string and to correct them as necessary, in the 2022/23 Adjustment Budget.
- The adjustment budget process must therefore be used to correct these errors and ensure that the adjustment budget presented to Council does not contain any errors, by further ensuring that B Schedule and the Adjustment Budget mSCOA data string are both produced from the financial system to eliminate any possibility of differences and misalignment.

1.4 IN- YEAR BUDGET STATEMENT TABLES

Table 1

Table C1 below provides a summary of the overall performance of the Municipality

KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment									
Description	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									
Financial Performance									
Property rates	43,600	48,880	-	2,702	37,263	24,440	12,823	52%	48,880
Service charges	56,776	44,328	-	4,892	32,841	22,164	10,678	48%	44,328
Investment revenue	10,694	5,700	-	2,926	10,781	2,850	7,931	278%	5,700
Transfers and subsidies	220,162	224,045	-	71,737	159,164	112,023	47,142	42%	224,045
Other own revenue	10,334	5,639	-	776	4,576	2,819	1,757	62%	5,639
Total Revenue (excluding capital transfers and	341,567	328,592	-	83,033	244,626	164,296	80,330	49%	328,592
Employee costs	107,713	124,828	-	9,367	57,857	62,414	(4,557)	-7%	124,828
Remuneration of Councillors	13,798	14,682	-	1,167	6,841	7,341	(500)	-7%	14,682
Depreciation & asset impairment	35,256	33,747	-	5,486	16,372	16,873	(501)	-3%	33,747
Finance charges	58	410	-	-	260	205	55	27%	410
Inventory consumed and bulk purch	37,998	37,937	-	6,715	25,588	18,973	6,615	35%	37,937
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	111,283	150,121	-	33,707	71,561	75,076	(3,515)	-5%	150,121
Total Expenditure	306,106	361,725	-	56,442	178,479	180,883	(2,403)	-1%	361,725
Surplus/(Deficit)	35,461	(33,133)	-	26,591	66,147	(16,586)	82,734	-499%	(33,133)
Transfers and subsidies - capital (monetary allocations) (National /	45,099	38,462	-	6,920	21,912	19,231	2,681	14%	38,462
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Companies	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	80,560	5,329	-	33,510	88,059	2,644	85,415	3230%	5,329
Share of surplus/ (deficit) of	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	80,560	5,329	-	33,510	88,059	2,644	85,415	3230%	5,329
Capital expenditure & funds sources									
Capital expenditure	30,411	78,311	-	11,351	32,413	39,085	(6,672)	-17%	78,311
Capital transfers recognised	5,762	33,968	-	5,631	19,841	16,913	2,928	17%	33,968
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	24,649	44,344	-	5,720	12,572	22,172	(9,600)	-43%	44,344
Total sources of capital funds	30,411	78,311	-	11,351	32,413	39,085	(6,672)	-17%	78,311
Financial position									
Total current assets	246,082	102,933	-	-	322,754	-	-	-	102,933
Total non current assets	573,428	625,190	-	-	589,408	-	-	-	625,190
Total current liabilities	49,357	37,001	-	-	53,948	-	-	-	37,001
Total non current liabilities	18,003	27,394	-	-	18,003	-	-	-	27,394
Community wealth/Equity	432,845	663,728	-	-	432,845	-	-	-	658,399
Cash flows									
Net cash from (used) operating	(182,965)	76,547	-	46,993	169,257	38,273	(130,983)	-342%	76,547
Net cash from (used) investing	-	72,359	-	-	-	-	-	-	72,359
Net cash from (used) financing	-	(400)	-	-	-	(200)	(200)	100%	(400)
Cash/cash equivalents at the mo	(182,965)	148,506	-	-	169,257	38,073	(131,183)	-345%	148,506
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	7,414	3,682	3,154	2,690	21,883	2,352	16,347	150,971	208,492
Creditors Age Analysis									
Total Creditors	244	-	25	137	65	-	-	2	473

Table 2

Table C2 provides the statement of financial performance by standard classification

KZN291 Mandeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment										
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										
Governance and administration		273,272	272,442	-	76,857	205,240	136,221	69,019	51%	272,442
Executive and council		-	7,806	-	-	-	3,903	(3,903)	-100%	7,806
Finance and administration		273,272	264,636	-	76,857	205,240	132,318	72,922	55%	264,636
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		6,070	4,643	-	258	1,675	2,322	(647)	-28%	4,643
Community and social services		4,421	4,643	-	258	1,675	2,322	(647)	-28%	4,643
Sport and recreation		1,649	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		48,723	44,548	-	7,768	25,782	22,274	3,508	16%	44,548
Planning and development		46,731	43,589	-	7,727	25,446	21,794	3,652	17%	43,589
Road transport		1,992	959	-	41	336	479	(144)	-30%	959
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		58,601	45,420	-	5,069	33,842	22,710	11,131	49%	45,420
Energy sources		46,103	36,068	-	3,939	27,170	18,034	9,137	51%	36,068
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		12,498	9,353	-	1,130	6,671	4,676	1,995	43%	9,353
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	386,666	367,054	-	89,952	266,539	183,527	83,012	45%	367,054
Expenditure - Functional										
Governance and administration		150,187	187,729	-	37,250	96,849	93,865	2,985	3%	187,729
Executive and council		43,112	52,611	-	6,462	30,498	26,380	4,118	16%	52,611
Finance and administration		107,076	135,119	-	30,788	66,352	67,484	(1,133)	-2%	135,119
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		34,617	36,843	-	3,166	16,120	18,422	(2,302)	-12%	36,843
Community and social services		22,685	25,878	-	2,320	11,832	12,939	(1,107)	-9%	25,878
Sport and recreation		11,517	9,873	-	846	4,278	4,936	(658)	-13%	9,873
Public safety		399	1,073	-	-	-	536	(536)	-100%	1,073
Housing		16	20	-	-	10	10	0	1%	20
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		65,500	79,416	-	7,663	32,064	39,728	(7,665)	-19%	79,416
Planning and development		15,904	23,148	-	1,379	8,220	11,582	(3,362)	-29%	23,148
Road transport		46,432	52,589	-	6,027	22,361	26,307	(3,945)	-15%	52,589
Environmental protection		3,164	3,680	-	257	1,482	1,840	(358)	-19%	3,680
Trading services		55,802	57,736	-	8,363	33,446	28,868	4,579	16%	57,736
Energy sources		45,697	45,688	-	7,595	28,487	22,844	5,643	25%	45,688
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	2,800	-	445	1,341	1,400	(59)	-4%	2,800
Waste management		10,105	9,248	-	323	3,618	4,624	(1,006)	-22%	9,248
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	306,106	361,725	-	56,442	178,479	180,883	(2,403)	-1%	361,725
Surplus/ (Deficit) for the year		80,560	5,329	-	33,510	88,059	2,644	85,415	3230%	5,329

Table 3 Monthly Budget Statement – Financial Performance and expenditure by municipal vote

KZN291 Mandeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) -										
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 and council		–	7,806	–	–	–	3,903	(3,903)	-100.0%	7,806
Vote 2 - Finance and administration		273,272	264,636	–	76,857	205,240	132,318	72,922	55.1%	264,636
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		4,421	4,643	–	258	1,675	2,322	(647)	-27.9%	4,643
Vote 5 - Sport and Recreation		1,649	–	–	–	–	–	–	–	–
Vote 6 - Public safety		–	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		46,731	43,589	–	7,727	25,446	21,794	3,652	16.8%	43,589
Vote 9 - Road transport		1,992	959	–	41	336	479	(144)	-29.9%	959
Vote 10 - Energy sources		46,103	36,068	–	3,939	27,170	18,034	9,137	50.7%	36,068
Vote 11 - Waste Management		12,498	9,353	–	1,130	6,671	4,676	1,995	42.7%	9,353
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	386,666	367,054	–	89,952	266,539	183,527	83,012	45.2%	367,054
Expenditure by Vote	1									
Vote 1 - Executive and council		43,112	52,611	–	6,462	30,498	26,380	4,118	15.6%	52,611
Vote 2 - Finance and administration		107,076	135,119	–	30,788	66,352	67,484	(1,133)	-1.7%	135,119
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		22,685	25,878	–	2,320	11,832	12,939	(1,107)	-8.6%	25,878
Vote 5 - Sport and Recreation		11,517	9,873	–	846	4,278	4,936	(658)	-13.3%	9,873
Vote 6 - Public safety		399	1,073	–	–	–	536	(536)	-100.0%	1,073
Vote 7 - Housing		16	20	–	–	10	10	0	0.6%	20
Vote 8 - Planning and Development		15,904	23,148	–	1,379	8,220	11,582	(3,362)	-29.0%	23,148
Vote 9 - Road transport		46,432	55,389	–	6,471	23,703	27,707	(4,004)	-14.5%	55,389
Vote 10 - Energy sources		45,697	45,688	–	7,595	28,487	22,844	5,643	24.7%	45,688
Vote 11 - Waste Management		10,105	9,248	–	323	3,618	4,624	(1,006)	-21.7%	9,248
Vote 12 - Environmental Protection		3,164	3,680	–	257	1,482	1,840	(358)	-19.4%	3,680
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	306,106	361,725	–	56,442	178,479	180,883	(2,403)	-1.3%	361,725
Surplus/ (Deficit) for the year	2	80,560	5,329	–	33,510	88,059	2,644	85,415	3230.0%	5,329

Table 4 provides information on the planned revenue and operational expenditures against the actual results for the period ending 31st December 2022.

This report analyses each major component under following headings;

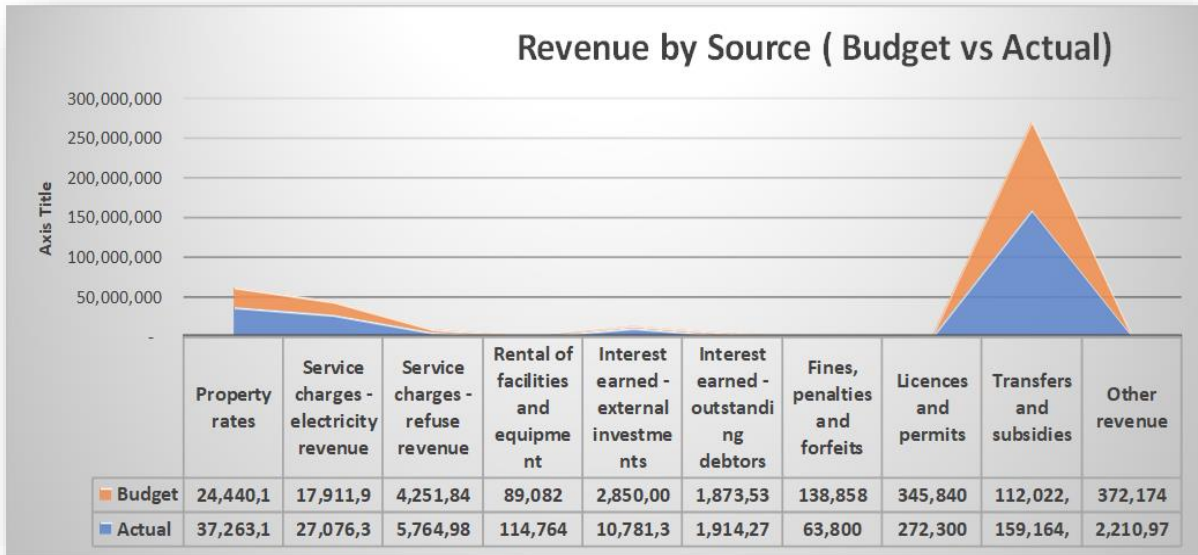
- Revenue by Source
- Operational Expenditure by Type, and

KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment										
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		43,600	48,880	-	2,702	37,263	24,440	12,823	52%	48,880
Service charges - electricity revenue		45,958	35,824	-	3,925	27,076	17,912	9,164	51%	35,824
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		10,818	8,504	-	967	5,765	4,252	1,513	36%	8,504
Rental of facilities and equipment		150	178	-	16	115	89	26	29%	178
Interest earned - external investments		10,694	5,700	-	2,926	10,781	2,850	7,931	278%	5,700
Interest earned - outstanding debtors		3,387	3,747	-	351	1,914	1,874	41	2%	3,747
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,202	278	-	18	64	139	(75)	-54%	278
Licences and permits		791	692	-	23	272	346	(74)	-21%	692
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		220,162	224,045	-	71,737	159,164	112,023	47,142	42%	224,045
Other revenue		1,228	744	-	367	2,211	372	1,839	494%	744
Gains		3,577	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		341,567	328,592	-	83,033	244,626	164,296	80,330	49%	328,592
Expenditure By Type										
Employee related costs		107,713	124,828	-	9,367	57,857	62,414	(4,557)	-7%	124,828
Remuneration of councillors		13,798	14,682	-	1,167	6,841	7,341	(500)	-7%	14,682
Debt impairment		20,430	42,548	-	21,000	20,999	21,274	(275)	-1%	42,548
Depreciation & asset impairment		35,256	33,747	-	5,486	16,372	16,873	(501)	-3%	33,747
Finance charges		58	410	-	-	260	205	55	27%	410
Bulk purchases - electricity		36,575	33,950	-	6,584	24,642	16,975	7,667	45%	33,950
Inventory consumed		1,424	3,987	-	131	946	1,998	(1,052)	-53%	3,987
Contracted services		50,051	63,868	-	7,180	27,718	31,934	(4,216)	-13%	63,868
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		39,894	43,705	-	5,527	22,834	21,868	966	4%	43,705
Losses		908	-	-	-	10	-	10	#DIV/0!	-
Total Expenditure		306,106	361,725	-	56,442	178,479	180,883	(2,403)	-1%	361,725
Surplus/(Deficit)		35,461	(33,133)	-	26,591	66,147	(16,586)	82,734	(0)	(33,133)
Transfers and subsidies - capital (monetary allocations) (National /		45,099	38,462	-	6,920	21,912	19,231	2,681	0	38,462
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions,		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - a		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		80,560	5,329	-	33,510	88,059	2,644			5,329
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		80,560	5,329	-	33,510	88,059	2,644			5,329
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to		80,560	5,329	-	33,510	88,059	2,644			5,329
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		80,560	5,329	-	33,510	88,059	2,644			5,329

Table 4.1

▪ **Total Operating Revenue from (July-December 2022)**

The table below reflects trend of the revenue for the 1st half of the year;



Revenue:

- The Year to Date (YTD) total revenue earned is R 241.8 million for the period ending 31st December 2022 excluding capital conditional grant income. The YTD Budget is R 164,3 million; therefore, this reflects an over performance against the revenue projected by 47%, this is a reflection that the municipality has achieved its revenue performance budget.
- As can be seen from the table above that transfers recognized-operational are high is due to the 1st and 2nd trench of equitable share of R151.0 million has been received by the municipality which has set off an INEP rollover application of R2.9 million which was not approved by National Treasury. However, transfer from INEP call account has been processed so as to ensure that equitable share receipts totals to R153.9 million as per gazette, therefore the municipality is left with the last transfer of R58.9 million as publicized on DORA. Also increase is due to operational grants which conditions have been met as they have been realized as revenue for FMG, EPWP and INEP.

Property Rates

- The actual revenue from property rates as @ 31st December 2022 is R37.3 million or 52 percent more than the budgeted income of R24.4 million. The variance of 52% emanates from the fact that there are properties that were billed annually as per agreement with relevant departments. Following the agreement, we had with the Department of Public Works, Annual Billings were done in the Month of August and this has resulted to the significant increase of the year to date actual. Property rates budget will remain the same as we anticipate that projected budget will be met at year end.

Service Charges: Electricity

- The actual revenue from Service Charges Electricity as @ 31st December 2022 is R27.1 million or 51 percent more than the budgeted income of R17.9 million, variance of 51% is due to seasonal fluctuations that electricity consumption increases in winter months as compared to summer months. Budget will remain the same due to the fact that during winter season the municipality will be able to achieve target.

Service Charges: Refuse

- The actual revenue from Service Charges Refuse as @ 31st December 2022 is R5.8 million or 36 percent more than the budgeted income of R4.3 million. The variance is acceptable, the business refuse always increases during the more economic active months. As part of Revenue Enhancement Strategy, the Municipality provides an incentive for consumers who wish to settle their annual refuse collection debt within the 1st two months of the Financial year. As result we receive a lot of requests for annual refuse billings in this regard. As the months progresses the revenue billed will subsequently match the budgeted figures.

Rental of facilities & Equipment

- Revenue from rental of facilities recognised amounts to R115 thousand in comparison with the year to date budget amount of R89 thousand thus indicating an over performance of R26 thousand or 29 percent. Variance is due to demand in municipal facilities due to loosened COVID regulations that were implemented which are now allowing gathering of people and events (Municipal sports fields, municipal halls) when comparing to the projections. Based on mid-year performance this item appears that budget is understated and will be adjusted during an adjustment budget.

Interest earned _external investments

- Interest earned on external investments amounts to R10.8 million in comparison with the year to date budget of R2.9 million, thus indicating an under performance by R7.9 million or 278 percent, variance is based interest rate on the cash available from previous year cash backed reserves and additional grants received. The municipality adjust budget for this item so as to set realistic estimates as there are additional funds that have been re invested to increase revenue sources of the municipality.

Interest earned outstanding debtors

- Interest earned on outstanding debtors amounts to R1.9 million in comparison with the year to date budget of R1.9 million, thus indicating an over performance by R41 thousand or 52 percent, variance is based on the outstanding debtors for that period. Interest rate on outstanding debtors is 2% per annum. Based on performance for mid-year Interest on outstanding debtors appears to be realistic and it will remain the same during an adjustment budget.

Fines, Penalties and forfeits

- Fines underperformed by 54 percent or R75 thousand, with an actual amount of R64 thousand variance against year to date budget projections of R139 thousand. This is mainly due to the culture of non-payment and adverse economic conditions. Revenue reported to date is on cash basis, as the municipality accounts for fines in terms of iGRAP 1 during year end. Furthermore, to that based on the pre-audited AFS the budget allocated appears to be understated and it will be adjusted during an adjustment budge so as to ensure realistic budget estimates.

Licences and permits

- Licences and permits have underperformed by 21 percent or R74 thousand with an actual amount of R272 thousand as compared to budget of R346 thousand, variance is due to exemption of charging licences for market stalls that was granted by EDTEA due to impact of COVID regulation that affected them. Expenditure reported for licences and permits is based on the performance of the traffic department through issuing and renewal of licences. Budget allocated will remain the same as we anticipate that performance by traffic department in relation to issuing of licenses will be met at year end.

Transfers & subsidies

- Transfers and subsidies recognised operational amounts to R156.3 million in comparison with the year to date budget of R112.0 million, thus indicating an over performance by R44.3 million or 40 percent, variance is mainly attributable to the municipality receiving the 2nd trench of the Equitable Share and realisation of operational grants spent as conditions have been met for EPWP, FMG and Library Grant.
- Transfers and subsidies capital amounts to R21.9 million in comparison with the year to date budget of R19.2 million, thus indicating an over performance by R2.7 million variance is mainly attributable by expenditure in MIG. *(Detailed report on MIG expenditure has been provided below)*
- Further to that the municipality has not received Library Grant of R4.4 million as it was gazetted to be transferred by the Department of Arts & Culture as per MOU. However, an expenditure of R1.6 million has been incurred towards library operations. Follow up with transferring department are being made so as to ensure that the municipality receives this allocation.

- Massification Grant of R5 million has been received from COGTA, however this grant will be considered during an adjustment budget.

Other Revenue

- The majority of the Council own funded sources are budgeted under this category. The year to date performance in Other Revenue amounts to R2.2 million more than anticipated YTD budget of R372 thousand, thus indicating an over performance of R1.8 million or 494 percent, variance is mainly due to seasonal fluctuations and level of demand for these items e.g, tender fees, connection and disconnection fees. Further to that there has been additional revenue received from LG SETA Grant of R676 thousand and Insurance Refunds of R811 thousand which were not previously budgeted for, these funds will be considered during an adjustment budget. Based on mid-year performance the municipality will have to adjust accordingly so as to ensure realistic estimates.

Table 4.3

- **Total Operating Expenditure from (July- December 2022)**

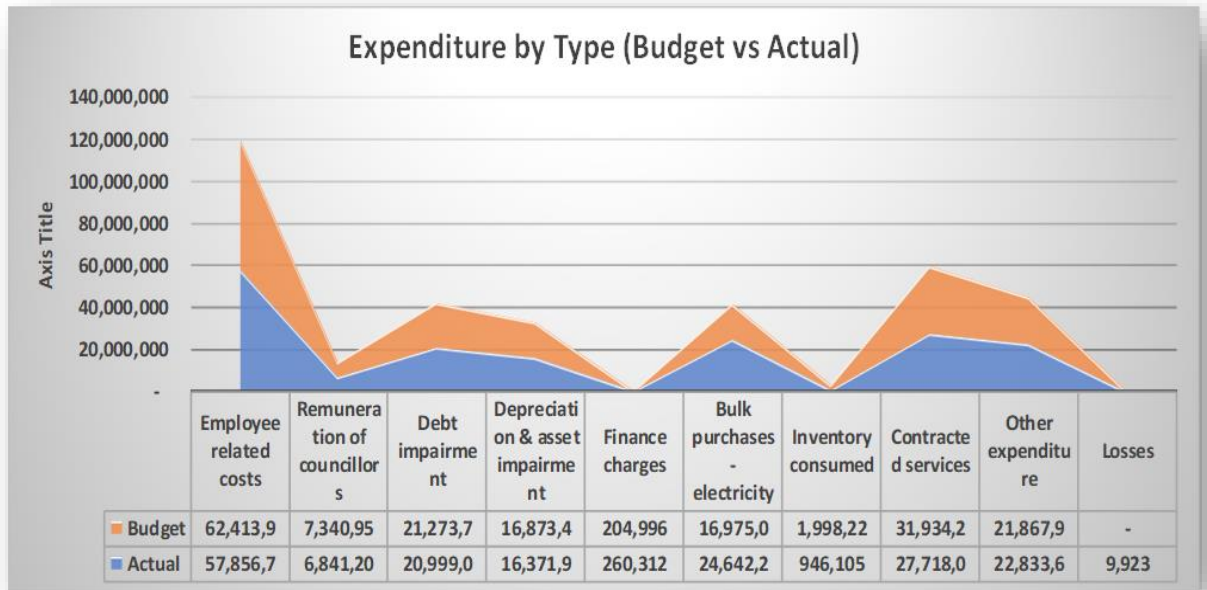
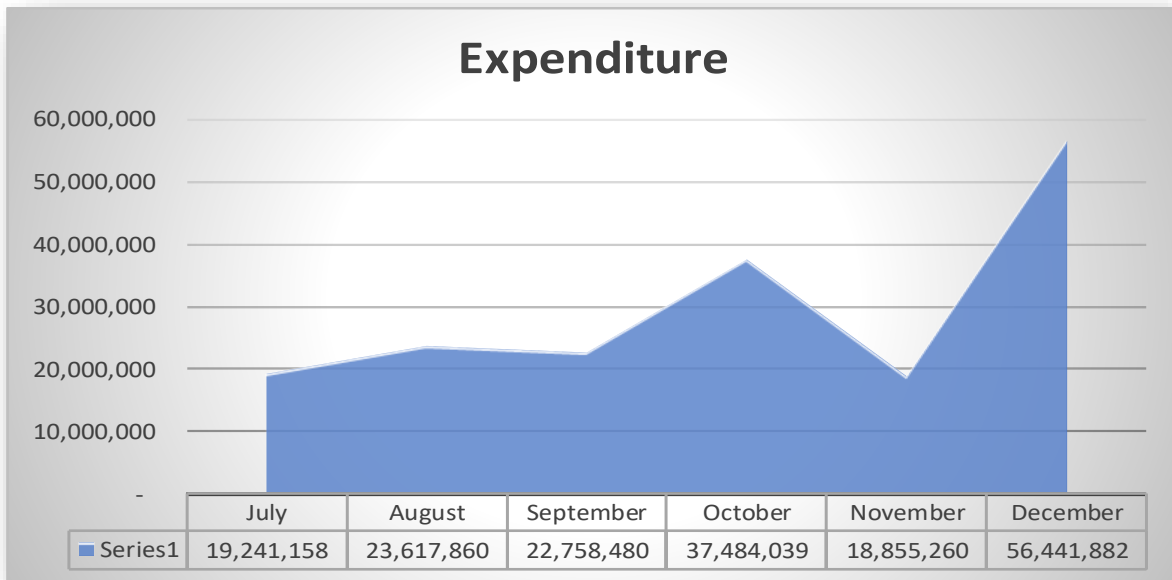


Table 4.4

- **Operating Expenditure from July-December 2022**

The table below reflects trend of expenditure for the 1st half of the financial year;



Operating Expenditure:

- The total operational expenditure YTD Actual for the period ending 31st December 2022 amounted to R 178.5 million against the planned target of YTD budget is R 180.9 million. As at the end of December the operational expenditure budget has under spent by 1% or R2.4 million. Variance is significantly low and detailed expenditure analysis is below:

Employee Related Costs

- Employee related costs YTD expenditure for the period ending 31st December 2022 amounted to R57.9 million while the YTD budget was R62.4 million, which has resulted in a slightly under spent by 7%. Variance is due to positions that were prioritised in the budget which have not been filled. However, recruitment processes have been started and almost close to being finalised for filling of these position.
- Furthermore, to that it should be noted that employee bonuses are now being paid on their birth month not in November as it was previously done in the prior years.

Remuneration of Councilors

- The expenditure on councilor allowances as at 31st December 2022 was under spent by R 500 thousand. The YTD Remuneration of Councilor's budget was R7.3 million whilst the actual expenditure incurred results in under-expenditure of 7% YTD expenditure performance. Variance is due to Cllrs upper limits which have not been effected as the municipality has not received approval from COGTA, variance will be considered during back pay of Cllrs in January. However, there are still engagements with the department in relation to the Public Office bearer's salary increase.

Debt Impairment

- The provision for bad debt is reflecting a slightly under performance by 1 percent or R275 thousand from YTD budget of R21.3 million against the YTD actual of R20.9 million. Debt impairment calculation has assumed the method below.
- The assumption is that you exclude all debtors with credit balances when calculating the provision. Provision for Bad debt is therefore calculated using the collection rate of 65% for debt within 90 days and 20% for any debt older than 90 days for all categories except Electricity. With Electricity the assumption is that 90% of the debt older than 90 days is still collectable. This line item will remain the same during an adjustment budget.

Depreciation and Asset Impairment

- Depreciation and asset impairment are reflecting an under performance by 3 percent or R501 thousand against YTD actual of R16.4 million against the YTD budget of R16.9 million, variance is low but it is due to delays in acquiring capital assets that were planned to be procured and completion of projects that are still under work in progress as assets are depreciated when completed. However, budget will remain the same as the municipality anticipates to meet the projected budget.

Finance Charges

- Finance charges are reflecting an over performance by 27 percent or R55 thousand against YTD actual of R260 variance is due to interest paid towards Wesbank for Finance Lease. Further to that it should be noted that the Instatement contract agreement for 1 Toyota Avanza has come to an end in the month of September 2022.
- Another contributing factor to finance charges is the reclassification of retirement benefit obligation interest costs in accordance with GRAP 25, this calculation will be done during year end after assessment by Actuarial Report has been completed for the year. Based on performance for 2021/22 for finance charges of R2.6 million this item appears to be under stated and it will be adjusted during an adjustment budget so as to avoid Unauthorized Expenditure.

Bulk Purchases

- The bulk purchases for Umngeni Water Board and Eskom Purchases reflects an overspending of 45 percent or R7.7 million from the year to date budget projections amounting to R24.6 million, variance is due to electricity bulk consumption by umngeni water and increased rate that was approved by NERSA. Based on performance reported during mid-year it appears that budget allocated is understated to ensure that the municipality does not incur an unauthorized expenditure this item will have to be increased during an adjustment budget.

Inventory Consumed

- Inventory Consumed are reflecting an underperformance by 53 percent or R1.1 million from YTD budget of R1.9 million against the YTD Actual of R946 thousand, variance is due to the implementation of procurement plan, however it was noted that most of the projects will be implemented during the 3rd quarter of this financial year. The municipality has reviewed its repairs and maintenance plan so as to ensure that the infrastructure of the municipality is regularly monitored for its aging. Further to that due to underperformance reported for mid-year the municipality will have to revise budget during an adjustment budget.

Contracted Services

- Contracted services expenditure is reflecting an under expenditure by 13 percent or R4.2 million from YTD budget of R31.9 million against the YTD actual of R27.7 million, variance is due to the implementation of procurement plan, however it was noted that most of the projects will be implemented during the 3rd quarter of this financial year.
- This line item will be adjusted during an adjustment based on projects that have been prioritized under contracted services.

Transfers & Subsidies

- Transfers & Subsidies there is not expenditure reported under this line item.

Other expenditure

- Other expenditure has over spent by 4 percent or R966 thousand from YTD budget of R21.9 million against the YTD actual of R22.8 million, variance is due to activities that that took place in the 1st half of the financial year and the decision the municipality took on implementation of cost cutting measures so as to improve the municipal cash flows. Most of other expenditure items will take place during the second half of the year.

Other expenditure - The majority of items are not a straight-line expenditure some are paid where it is needed e.g. printing and stationery, mayoral projects, external services etc. Certain expenditure items are based on a seasonal commitment.

Further to that this line item will be adjusted during an adjustment budget in accordance to projects prioritized under this line item also to avoid unauthorized expenditure.

- **Losses**

Losses of R10 thousand reported as at mid-year is due to write off of Inventory items. This item was not budgeted for initially this will then be adjusted during an adjustment budget and consider actual reported in prior year audited AFS 2021/22.

Table 5
Table C5 Monthly Budget Statement – Capital Expenditure

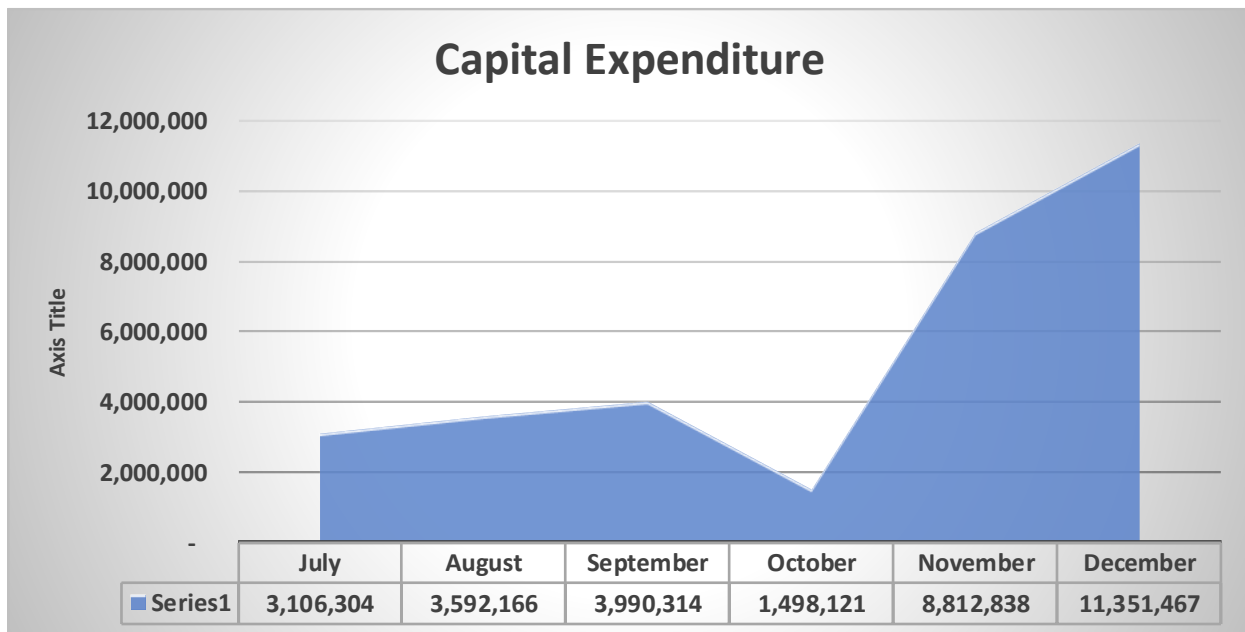
KZN291 Mandeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Single Year expenditure appropriation	2									
Vote 1 - Executive and council		(826)	527	–	418	418	264	155	59%	527
Vote 2 - Finance and administration		13,868	7,395	–	1,601	4,982	3,698	1,285	35%	7,395
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		9,674	6,779	–	–	2,090	2,789	(699)	-25%	6,779
Vote 5 - Sport and Recreation		4,074	13,509	–	307	3,768	6,754	(2,986)	-44%	13,509
Vote 6 - Public safety		–	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		(533)	18,479	–	1,006	2,300	9,239	(6,940)	-75%	18,479
Vote 9 - Road transport		(1,174)	20,326	–	4,949	12,234	10,632	1,601	15%	20,326
Vote 10 - Energy sources		5,328	6,095	–	39	563	3,047	(2,485)	-82%	6,095
Vote 11 - Waste Management		–	5,202	–	3,030	6,059	2,661	3,398	128%	5,202
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Capital single-year expenditure	4	30,411	78,311	–	11,351	32,413	39,085	(6,672)	-17%	78,311
Total Capital Expenditure		30,411	78,311	–	11,351	32,413	39,085	(6,672)	-17%	78,311
Capital Expenditure - Functional Classification										
Governance and administration		13,041	7,922	–	2,020	5,400	3,961	1,439	36%	7,922
Executive and council		(826)	527	–	418	418	264	155	59%	527
Finance and administration		13,868	7,395	–	1,601	4,982	3,698	1,285	35%	7,395
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		13,748	20,288	–	307	5,858	9,544	(3,686)	-39%	20,288
Community and social services		9,674	6,779	–	–	2,090	2,789	(699)	-25%	6,779
Sport and recreation		4,074	13,509	–	307	3,768	6,754	(2,986)	-44%	13,509
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		(1,706)	38,805	–	5,956	14,533	19,872	(5,339)	-27%	38,805
Planning and development		(533)	18,479	–	1,006	2,300	9,239	(6,940)	-75%	18,479
Road transport		(1,174)	20,326	–	4,949	12,234	10,632	1,601	15%	20,326
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		5,328	11,297	–	3,069	6,621	5,708	913	16%	11,297
Energy sources		5,328	6,095	–	39	563	3,047	(2,485)	-82%	6,095
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	5,202	–	3,030	6,059	2,661	3,398	128%	5,202
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	30,411	78,311	–	11,351	32,413	39,085	(6,672)	-17%	78,311
Funded by:										
National Government		5,762	33,645	–	5,631	19,827	16,752	3,075	18%	33,645
Provincial Government		0	323	–	–	14	162	(147)	-91%	323
District Municipality		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies,		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		5,762	33,968	–	5,631	19,841	16,913	2,928	17%	33,968
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		24,649	44,344	–	5,720	12,572	22,172	(9,600)	-43%	44,344
Total Capital Funding		30,411	78,311	–	11,351	32,413	39,085	(6,672)	-17%	78,311

Capital Expenditure from July – December 2022:

The YTD capital expenditure budget is R39.1 million against YTD actual Capital expenditure amounted to R 32.4 million resulting in an under performance of (17%) on capital expenditure. Variance in capital expenditure were due to different reason (detail report on the progress on all capital projects has been provided below).

The table below reflects trend of expenditure for the period ended 31 December of the financial year

Table 7



- Capital grants funded by National Government actual is R19.8 million versus YTD Budget of R16.8 million as at December 2022, expenditure reported is above mid-year projections by 18%. Variance is due to bulk of machinery and equipment that were procured under MIG funding which were delivered before December. However, the municipality will ensure that grant is fully spent by year end.
- Capital grants funded by Provincial Government actual is R14 thousand versus YT Budget of R162 thousand as at December 2022 variance of 91% reflects and under expenditure on this grant. However, it should be noted that there is a Library Project on ground which will ensure that budget is fully spent at year end.
- Capital grants funded Internally actual is R12.6 million versus YTD Budget of R22.2 million as at December 2022 variance of 43% reflects and under expenditure on this item. However, it should be noted that there are ongoing projects which are in progress in relation to this funding such as DLTC Establishment and Upgrading of municipal offices roofing which will ensure that capital budget is fully spent at year end.

PROJECTS STATUS QUO / PROGRESS REPORT AS AT 31 DECEMBER 2022 – MIG FUNDED PROJECTS

2019/2020 FINANCIAL YEAR ROLL OVER CAPITAL PROJECTS

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
01	Upgrade and Improvement of Enembe Road	7, 13, 14, 15	Upgrade and improvement of approximately 2.5km of Enembe Road in Sundumbili, install streetlights, ancillary road works, reconstruct sidewalks, bus bays and associated drainage	Consultant: MNA Contractor: Jamjo Civils	R 18 824 267.43	Project Complete	December 2020	Defect liability period has lapsed, the Client with the Consultant and contractor had been to site to discuss defects. The Contractor was advised to fix visible defects, up to date they have not finished those items.
03	Upgrade of Link Road between Amajuba Road (Ward 15) and Road 116 (Ward 14)	15, 14, 5, 7	This project entails the construction of a new access link road between Amajuba and Road 116. The scope of works includes 0.35 km of upgrading existing gravel road to a cape seal surfaced road, 1.0 wide surfaced sidewalks, associated Stormwater drainage system as well as street furniture such as road signs and line painting.	Consultant Lelethu Engineers Contractor Zithunzuzo Trading CC	3,440,757.69	Project Complete	January 2021	Defect liability period has lapsed, the Client with the Consultant and contractor had been to site to discuss defects. The Contractor was advised to fix visible defects, up to date they have not finished those items.

<u>2020/2021 FINANCIAL YEAR ROLL OVER CAPITAL PROJECTS</u>								
05	Upgrade of Link Road between Masomonce Bus Route (Ward 10) and Enembe/Isith ebe Link Road (Ward 12)	10/12	This project entails the construction of a new access link road between Masomonce Bus Route and Ward 12. The scope of works includes the following activities: 0.8km of upgrading existing gravel road to a cape seal surfaced road, 1.0 wide surfaced sidewalks and associated Stormwater drainage system as well as street furniture such as road signs and line painting.	<p>Consultant Iqhina Consulting Engineers</p> <p>Contractor</p>	R6 762 817.44	Consultant has done all the surveys and will be submitting the Draft Tender Document to BSC for review	09 August 2021	The new Consultant Iqhina consulting Engineers has been appointed to deal with the finishing of the project since the previous Consultant Leletu Consulting Engineers pulled out of the project.
07	Construction of a Sports field in Enembe, Ward 5	5	Project Scope: The scope of works is as follows: Construction of a soccer field, Installation of clear view Fencing, Construction of Change rooms and ablution facility as well as the septic tank and Construction of grand stands	<p>Consultant Sivest Consulting Engineers</p> <p>Contractor Sholo Trading</p>	R7 962 614.60	Project Complete	December 2022	Project is at Defect Liability Period ending 14 December 2023.

2021/2022 FINANCIAL YEAR CAPITAL PROJECTS

01	Swimming Pool Area Additions in Ward 15	15	<p>The project scope entails the following activities:</p> <ul style="list-style-type: none"> - Construction of a 76m2 change room, with 4 female and 2 male toilets and 2 urinals (male) - Construction of extra 33m2 ablutions block for usage during peak seasons with 6 toilets - Construction of a 20m2 guard house with cashier space - Construction of life guard house and provision of life guard stand - Construction of external works - Construction of block paved parking area (25 bays) - Construction of approximately 1500m2 block paved walkways and waiting area - Children play area with specialized equipment - Beach volley ball sand area 400m2 - Landscaping (trees, outdoors seating, etc.) - Provision of gates 	<p>Consultant: Hi Tech Consulting</p> <p>Contractor: Umhlathuze Builders Emporium</p>	R3,685,154.52	Project complete. Defect Liability Period ends 03 November 2023.	July 2022	The project reached Completion stage in November 2022 and is currently under the defect liability period.
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			<ul style="list-style-type: none"> - Construction power electrification wiring and piping - Provision of outside lighting - Construction of a 50mm HDPE pipeline water supply, and - Construction of sewer pipeline, 110mm uPVC approximately 150m long 					
02	Rural Roads Phase 4(a) - Upgrade of Gravel Roads in Ward 11	11	The scope of works includes the following activities: mass earthworks, construction of pavement layers (G4 material compacted to 97% of MDD, G7 material compacted to 93 & of MDD, 160mm unreinforced 35MPA concrete), construction of stormwater drainage and installation of road signs	<p>Consultant: BVI Consulting</p> <p>Contractor: Onombuthu (PTY) LTD</p>	R 4,867,775.44	Project complete. Defect Liability Period ends 20 October 2023.	October 2022	The project reached Completion stage in October 2022 and is currently under the defect liability period.
03	Rural Roads Phase 4(b) - Upgrade of a Gravel Road in Ward 6	6	The scope of works includes the following activities: mass earthworks, construction of pavement layers (G4 material compacted to 97% of MDD, G7 material compacted to 93 & of MDD, 160mm unreinforced 35MPA concrete), construction of	<p>Consultant: BVI Consulting</p> <p>Contractor: Zisayini Trading Enterprise</p>	R3,517,436.07	Project complete. Defect Liability Period ends 08 September 2023.	September 2022	The project reached Completion stage in September 2022 and is currently under the defect liability period.

			stormwater drainage and installation of road signs					
04	Khenana and Hlomendlini High Mast Lights	4, 10	7 x new high mast lighting including the following: - 40A single phase supply kiosk per mast. - Electrical cable reticulation including all trenches, sleeves, joints, and terminations as detailed in the electrical bill of quantities. - 25m high-mast pole including concrete base as detailed in the electrical bill of quantities. - 8 x 400w LED luminaires per mast using an 8-way spigot.	Consultant: BVI Consulting Contractor: Yakhalungisa Engineering Services	R5,924,861.03	The project is practical Complete.	December 2022	The applications for energising the high mast lights were sent to Eskom. Eskom has been paid and will install point of supply to be able to get high mast lights energised.
05	Construction of a Community Hall in Ward 13	13	The scope of works includes the following activities: mass earthworks, platforms, reinforced foundations, brick work superstructure, plumbing, roof construction and covering, plaster and painting, electrical wiring, fencing and parking area.	Consultant: SMA Consulting Contractor: Sanoqwabe Consultants	R10,417,173.70	Project Complete.	November 2022	
06	Ward 3 Access Roads Rehabilitation	3	The scope of works will entail the following: - Rehabilitation of 2.867 kms of road (Plover Road, Inyala Road,	Consultant: Morula Consulting Contractor:	R13,057,500.00	Project Complete.	December 2022	The project reached Completion stage in November 2022 and is

			Impunzi Road, Impala Road, Trogon Road and Sandpiper Road) <ul style="list-style-type: none"> - Construction of curbs - Surfacing using 30mm asphalt - Construction of storm water drainage - Road marking - Installation of road signs 	Bheka Phezulu Investments				currently under the defect liability period.
07	Rehabilitation of Internal Roads and Stormwater Drainage in Ward 3	3	The scope of works entails the following activities: <ul style="list-style-type: none"> - Site Establishment - Setting out of works - Rehabilitation of 1.430 km Access Roads (Stratton Circle, Richard Circle and Whimbrel and Mathews Road) - Storm water management. - Sealing using 30mm Asphalt. - Construction of kerbs. - Road marking. - To install the road signs. - To finish the road after completion of the works. 	Consultant: Morula Consulting Contractor: MVI-SSSS Trading	R7,996,258.68	Project Complete. Defect Liability Period ends 29 June 2023.	May 2022	Project is currently under the defect liability period.
08	Upgrade of Manono	15	The scope of works is as follows:	Consultant: SKYV	R 6,804,889.83	85% Complete	January 2023	The Contractor is behind the programme due to fixing and reinstating

	Road in Ward 15	<ul style="list-style-type: none"> - Box Cut 900m Long x 480mm Depth x 5m wide (to upgrade this road to a 2 Lane) - 900m x 150mm G7 (Sub Grade) - 900m x 150mm C4 (G5 Cement Stabilized Sub Base) - 900m x 150mm G2 (Base) - 900m x 5m Prime - 900m x 5m Tack and 30mm Asphalt - 900m Concrete V Drains on one side (Left or Right Pending Crossfall) - 900m Kerbing on one side (Left or Right Pending Crossfall) - Stormwater Pipe Concrete 100m x 600mm Diameter with Manholes and Outlets - Road Marking & Signs 	<p>Contractor: The Curve Behind Trading 219 Cc</p>				<p>the existing services that they came across and there has been additional scope of works.</p>
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2020/2021 FINANCIAL YEAR CAPITAL ROLL OVER PROJECTS

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
01	Completion of Okhovothe Electrification Project	12	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 105 households' connections	Consultant: BVI Engineers Contractor:	R1 680 000.00	Project is currently advertised out on Tender with closing noted to be on Monday, 23rd January 2023.	TBA	Contractor appointed May 2021. The project stopped at 65% complete then the Contractor was terminated for deserting the work. The project has since been re-tendered
02	Hlanzeni Electrification Project	7	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 105 households' connections	Consultant: BVI Engineers Contractor: Shanti's Electrical	R1 640 000.00	The contractor has completed 98% of the construction. Eskom's outages were successfully completed. Contractor is finalising the IC's to be submitted to the consultant by 28 October 2022.	January 2023	There were delays due to theft.
2021/2022 FINANCIAL YEAR CAPITAL PROJECTS								
01	Dendethu / Wetane Electrification Project	5	Supply, delivery, installation and commissioning of a new MV and LV	Consultant: Veritas Engineers	R3 072 000.00	Contractor has commenced with the work.	January 2023	The project experienced delays due procurement of materials.

			infrastructure to electricity to 170 households' connections	Contractor: Afrilectrical Consulting Engineers				
02	Khenana Electrification Phase 5	10	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 100 households' connections	Consultant: Veritas Engineers Contractor:	R1 800 000.00	On hold	TBA	Budget issues due to rollover not being approved.

2022/2023 FINANCIAL YEAR CAPITAL PROJECTS

01	Emhlangeni Electrification	5	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 100 households' connections	Consultant: PSMT Consulting Engineers Contractor:		Project is currently advertised out on Tender with closing noted to be on Monday, 23rd January 2023.	TBA	
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2021/2022 FINANCIAL YEAR INTERNALLY FUNDED CAPITAL PROJECTS								
No.	Project Name	Ward	Brief Description	Consultant & Consultant	Approved Internal Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
01	Construction of DLTC and DMC Administration Offices - Phase 1	3	Construction of a Drivers Licence Testing centre administration offices and Testing Ground	Consultant: Nzamakhuze Holdings Contractor:	R15,840,693.71	Letter of Appointment was issued to the successful Bidder on Tuesday, 13th December 2022 with construction works anticipated to commence in February 2023.	July 2023	The project did not finish due to Contractor neglecting the work which ended up being terminated. Final termination letter instructing the Contractor to vacate the site within 24 hours was issued on the 22 nd of March 2022. Project has since then been out on re-tender.
02	High View Park Stormwater Modification	3	Construction of Stormwater embankments and Protection of road pavement layers	Consultant: SKYV Consulting Contractor: Njomisa Boerdery	R800 000.00	Project Complete	September 2021	Defect liability period has lapsed as of 14 October 2022. The last site visit will be done between Client, Consultant and Contractor before the release of last 5% retention.

04	Construction of Civic Centre Retaining wall	3	Construction of retaining wall	<p>Consultant: Internal</p> <p>Contractor: Luzomelamandla Trading</p>	R400 000.00	Project Complete	September 2021	The project reached Completion in February 2022 and is currently under the defect liability period.
06	Construction of security house and access control at the main civic centre	3	The project entails the construction of guard house with ablutions and access control systems	<p>Consultant: Nzamakhuze Trading</p> <p>Contractor: Mlombomvu Projects</p>	R1 800 000.00	Project Complete	November 2021	The project reached Completion in December 2021 and is currently under the defect liability period.
07	Rehabilitation of Msomuhle Road	15	250m Road Rehabilitation Length Box Cut to 480mm. Dump Rock infilling at soft spots. Rip and compact Roadbed Construct 150mm Gravel Subgrade: G7 with material from commercial sources. Construct 150mm Subbase: C4 with	<p>Consultant: SKYV Consulting</p> <p>Contractor: BigO Trading 298</p>	R 3 222 236.46	Site Establishment 100%, Setting out 100%, Clearing and grubbing%, Earthworks 100% and dump rock filling 100%. Layer-works: G7 100%, C4 100% and G2 90%. Asphalt 40% (remedial works required). Road markings 0% and Road signs %. Concrete drains 90%. kerbing replacement 30%.	January 2023	The project experienced slow progress due to poor planning that has contributed to substandard quality of works.

			<p>material from commercial sources.</p> <p>Construct 150mm Base G2 with material from commercial sources.</p> <p>Construct 30mm Asphalt G2 with material from commercial sources.</p> <p>Construction of Concrete V-Drains & Kerbing</p> <p>Construction of Stormwater pipelines utilising 600mm Pipes.</p>					
08	Construction of Mechanical Workshop	3	<p>Demolition of existing pavement and structures, earthworks, construction of a Mechanical workshop, construction of a new office block, paving front of the workshop,</p>	<p>Consultant: Ukwakha Consulting Engineers</p> <p>Contractor:</p>	R1 850 000.00	The consultant submitted the draft tender document to BSC and we await final presentation date to BSC for approval.	TBA	There has been changes to the design which therefore resulted on the resubmission of draft tender document to BSC getting delayed.

			<p>construction of a drainage channel, installation of water and sewer, installation of electrical, mechanical and associated works.</p> <p>The site comprises an abundant building that will be demolished and an area to be used for the construction of the new office block.</p>					
08	Construction of CBD Informal trader stalls	7	<p>The project entails:</p> <p>Clearing.</p> <p>Earthworks.</p> <p>Construction of parking area using segmented block pavers.</p> <p>Provision of the internal water supply network.</p> <p>Provision of internal wastewater network.</p> <p>Provision of electricity supply and lighting.</p> <p>Fencing.</p>	<p>Consultant: Buchule Engineers (Pty) Ltd</p> <p>Contractor:</p>	R1 850 000.00	On hold	TBA	The project has an issue of land dispute, IDP is dealing with the issue.

			Construction of buildings that include a guardhouse, administration block, traders' stalls and ablution blocks Landscaping and provision of sitting benches and bins.					
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Table 6
FINANCIAL POSITION

Table C6 displays the financial position of the municipality as at 31st December 2022

KZN291 Mandeni - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		33,247	9,236	–	75,444	9,236
Call investment deposits		174,920	65,000	–	197,907	65,000
Consumer debtors		57,455	28,024	–	65,953	28,024
Other debtors		(20,347)	–	–	7,460	–
Current portion of long-term receivables		–	–	–	–	–
Inventory		807	673	–	965	673
Total current assets		246,082	102,933	–	347,729	102,933
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		88,164	84,587	–	88,164	84,587
Investments in Associate		–	–	–	–	–
Property, plant and equipment		484,788	540,035	–	500,810	540,035
Biological		–	–	–	–	–
Intangible		477	568	–	434	568
Other non-current assets		–	–	–	–	–
Total non current assets		573,428	625,190	–	589,408	625,190
TOTAL ASSETS		819,511	728,123	–	937,137	728,123
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		5,760	326	–	4,925	326
Consumer deposits		277	199	–	236	199
Trade and other payables		41,039	36,476	–	69,843	36,476
Provisions		2,280	–	–	2,280	–
Total current liabilities		49,357	37,001	–	77,283	37,001
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		18,003	27,394	–	18,003	27,394
Total non current liabilities		18,003	27,394	–	18,003	27,394
TOTAL LIABILITIES		67,359	64,395	–	95,286	64,395
NET ASSETS	2	752,151	663,728	–	841,851	663,728
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		549,479	661,592	–	639,179	661,592
Reserves		202,672	2,136	–	202,672	2,136
TOTAL COMMUNITY WEALTH/EQUIT	2	752,151	663,728	–	841,851	663,728

FINANCIAL RATIOS AND NORMS

Current ratio: The municipality's current assets are 4 (four) times that of current liabilities. **4:50**

The ratio measures the short-term liquidity, that is, the extent to which the current liabilities can be paid from current assets. The higher the ratio, the healthier is the situation. The ratio of 3:71 is favorable as it is above the norm of 1:1 normally set for municipalities. This indicates that there is sufficient cash to meet creditor obligations.

Liquidity ratio: The cash and cash equivalents are three times of the current liabilities.

Creditors' system efficiency: 95 percent of the creditors outstanding are less than 30 days.

Creditor's payment: it takes the municipality 2 days to pay its creditors

Outstanding debtors: billing far exceeds the collection on outstanding debt at the rate of 61 percent.

Collection days: 1 517 days it takes the municipality to collect outstanding debt.

Cost coverage: on average the municipality has sustained its existence for the period of 8 months without any grant funding.

Debtors collection rate: as at mid-year is **61%**

1.4.4 PERFORMANCE INDICATOR

Table 7

Table C7 below display the Cash Flow Statement for the month ending 31st December 2022

KZN291 Mandeni - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment										
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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		(40,689)	24,440	-	1,226	52,861	12,220	40,641	333%	24,440
Service charges		(42,290)	44,540	-	4,330	40,006	22,270	17,736	80%	44,540
Other revenue		3,195	34,355	-	411	2,635	17,177	(14,542)	-85%	34,355
Transfers and Subsidies - Operational		6,456	246,207	-	74,133	157,132	123,104	34,028	28%	246,207
Transfers and Subsidies - Capital		(118,865)	38,462	-	5,500	31,500	19,231	12,269	64%	38,462
Interest		14,081	5,775	-	3,277	12,696	2,887	9,808	340%	5,775
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(639)	(316,822)	-	(29,956)	(141,108)	(142,735)	(1,627)	1%	(316,822)
Finance charges		-	(410)	-	-	-	(205)	(205)	100%	(410)
Transfers and Grants		(4,214)	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(182,965)	76,547	-	58,921	155,722	53,949	(101,773)	-189%	76,547
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	7,210	-	7,210	#DIV/0!	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		-	(72,359)	-	(11,351)	(32,413)	(39,085)	(6,672)	17%	72,359
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(72,359)	-	(11,351)	(25,203)	(39,085)	(13,882)	36%	72,359
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	8	111	-	111	#DIV/0!	-
Payments										
Repayment of borrowing		-	(400)	-	-	(260)	(200)	60	-30%	(400)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(400)	-	8	(149)	(200)	(51)	25%	(400)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(182,965)	3,787	-	47,578	130,370	14,664			148,506
Cash/cash equivalents at beginning:		-	-	-	-	142,982	-	-		142,982
Cash/cash equivalents at month/year end:		(182,965)	3,787	-	-	273,351	14,664	-		291,488

Cash and cash equivalent at the beginning of 2021/22 financial year was R142.9 million as per audited AFS and cash and cash equivalent at the end of 31st December 2022 is R273.4 million. Table C7 shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

REVENUE

- Property rates collection rate to date is 31% or R17.6 million of the billed revenue as at December 2022. The collection rate is below the budgeted rate of 57% the municipality will adjust this rate during an adjustment budget.
Further to that the municipality is implementing strategies as per credit control and debt collection policy which has ensured that there is improved collection.
- Service Charges: electricity is 95% or R16.6 million of billed revenue as at December 2022 collection rate is within the limits of budgeted collection rate.
- Service Charges: refuse is 29% or R1.6 million of billed revenue as at December 2022, collection rate is below the budgeted collection rate of 50%, municipality will have to adjust this item.
- Other Revenue collected to date is R2.6million, which is due to collection of rentals of properties, licenses and permits and other sources of revenue. Further to that Other Revenue has also included VAT refunds received for the current financial year an amount of R7.2 million. This VAT Refunds will be considered during an adjustment budget.
- Government Operating received to date as at December 2022 is R173.7 million which has been split between grants received as publicized in DORA of R172.5 million and Department of Human Settlement USDG funding as the municipality serves as an agent in relation to this project of R19.0 million, Title Deed Expenditure of R195 thousand and INEP Grant of R2.9 million. Accounting treatment of Department of Human settlement Grants and INEP is in accordance with GRAP 109.
- Government Capital: received to date is R27.8 million from MIG of R26.6 million and Library Grant (capex) R1.2 million, this is in accordance with the approved business plan.
- Interest on investment has collected to date 41% or R2.0 million which is due to cash backed reserves of previous years and grants received. Budget for interest will remain the same since there is a re- investment of R65 million.

PAYMENTS

- Suppliers and employees for cash outflows of R141.91million does not corresponds with table A4 as it has also considered payments for prior year creditors of R7.3 million as per the 2021/22 audited AFS which were paid in this current financial year. Further to that suppliers and employees cash flow have included INEP payments of R2.0 million as we adhere to GRAP 109 as the municipality serves as an agent.
- Finance charges are reflecting an over performed by 27 percent or R55 thousand against YTD actual of R260 thousand variance is due to interest paid towards Wesbank for Finance Lease of 1 Toyota Avanza which ended in September 2022. Interest charges decreases as the lease term comes to an end.
- Capital Assets of R32.4 million corresponds with table A5.

- Increase (decrease) in consumer debtors has paid R111 thousand through repayment of deposits of customers for rental of properties.
- Repayment of borrowing to date is R260 thousand which is due to finance lease from wesbank and lease of printers.

PART 2 – SUPPORTING DOCUMENTATION

2.1 DEBTOR’S ANALYSIS

Table 8

KZN291 Mandeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment												
Description	NT Code	Budget Year 2022/23									Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr			
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transac	1200	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transac	1300	3,441	389	434	278	103	746	2,924	2,401	10,715	6,452	
Receivables from Non-exchange Transactions - Prop	1400	2,515	1,984	1,534	1,238	20,502	512	6,544	68,834	103,663	97,631	
Receivables from Exchange Transactions - Waste Wa	1500	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Ma	1600	1,012	929	854	845	992	808	5,183	45,888	56,512	53,717	
Receivables from Exchange Transactions - Property F	1700	13	13	13	9	8	8	53	218	335	295	
Interest on Arrear Debtor Accounts	1810	350	346	324	320	278	278	1,642	26,496	30,034	29,014	
Recoverable unauthorised, irregular, fruitless and wast	1820	-	-	-	-	-	-	-	-	-	-	
Other	1900	83	23	-	-	-	-	-	7,134	7,240	7,134	
Total By Income Source	2000	7,414	3,683	3,158	2,691	21,883	2,352	16,347	150,971	208,498	194,243	
2021/22 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	328	324	325	318	8,750	864	1,438	17,487	29,834	28,856	
Commercial	2300	4,323	1,125	737	448	10,639	255	3,687	16,704	37,917	31,732	
Households	2400	2,517	2,050	1,934	1,764	2,326	1,125	10,103	116,401	138,220	131,719	
Other	2500	245	184	162	161	168	107	1,120	380	2,526	1,936	
Total By Customer Group	2600	7,414	3,683	3,158	2,691	21,883	2,352	16,347	150,971	208,498	194,243	

The total Consumer debtors outstanding as 31st December 2022 is **R 208 497 556.00**

- Debt book indicates 13% increase from to 30 June 2022 to 31 December 2022, the debt book is very high.
- Debtors collection rate at December 2022 is 61%
- We are however maintaining and ensuring the collection of the current debt but our biggest challenge is the historic debt. We have since appointed three Debt Collectors to follow up on outstanding debtors, Debt collectors are operating Debt pack while telephoning Debtors, printing section 29 and Final demands, we will soon be moving to legal in order to further our collection measured on consumers that are resistant to pay nor respond to our Debt collectors.
- Our Debt collectors have embarked on an exercise where different households are being visited in order to assess the state affordability of each household, this exercise is aimed at assisting the Municipality to classify its debt book in terms of collectability or non-collectability of the debt, the program is ongoing.
- There is a challenge of high level of debt that calls for reassessments of the debtors, impairments.
- It is quite a challenge to collect satisfactory revenue from Sundumbili since we do not have any leverage to restrict in order to encourage regular payments from consumers thereon. I.e. Eskom is licensed to supply electricity.
- The high debt is mainly due to non-payment by Household in Sundumbili.
- Interventions have been made which are expected that they will change the current status, as the municipality is placing every effort in ensuring that we collect and recover the outstanding debt.

- We are currently undergoing the process of categorizing our book per various customers so that we know which ones to chase once our debt management system is up and running.
- We have also initiated a meter audit exercise, through Conlog, in order to ensure that we receive all the funds due for electricity supplied without any household tampering with our meter and steal electricity, the program is currently o
- Debt collection measures have been improved after the policy review by issuing summons with the intention to attach movable property. This initiative is however a slow process because of sheriff's involvement. They cannot cope with the number of summons to be served, upon attachment of movable properties for sale in execution, the sheriff returns with "nulla bona" which defeats the entire process. Property owners are not regular domiciles of properties indebted to council and have since left with no possible trace, legal proceedings cannot be extended further since courts are reluctant in granting intended judgement (section 66 declaring properties especially executable) as the said properties are primary residents to the latte's relatives or dependents.

Auditor General's matter of emphasis

- It should be noted that the issue of Material impairments to debtors is one of the factors that affected our audit opinion
- It was also noted that we are having a challenge in identifying and eliminating indigent cheaters
- The audit Further identified the billing discrepancies relating to interest charged for outstanding debt and property rates
- It should be noted if things were to carry on this way this institution is going to lose its credibility and this will subsequently affect its going concern and we will soon be regarded as a grant dependent Municipality
- We should also put an emphasis that this issue is not entirely dependent on the Revenue team but requires a collective effort of each and every member of the Mandeni family to play a meaningful role so as to ensure that we redeem ourselves from these challenges.
- We have formulated a plan of collection going forward and our plan has been highlighted in the AG's management letter
- The plan provided is more operational but we have highlighted that strategic interventions need to be put in place so as to uplift the standard of living of our communities, attract and retain investment.
- Open opportunities for more job creation so as to ensure that we are serving the community that can afford to pay for our services.
- We need to ensure that we deal with the low hanging fruits in as far as basic service delivery is concerned. Fix potholes, streetlights, maintain roads clean our town and collect our waste on time.
- It is the above few things that encourage our people to come forward and assist their Municipality when they can see that their Municipality is working for them.

2022/23 Debt Collection

- For this financial year, despite the challenges we anticipate to reach our target and collect nothing less than **R40 ml**
- We are determined and resolute that such shall happen judging from the recent collection trends and our projections
-

Planned Interventions to Increase Collections (Property rates and Service Charges)

- On a weekly basis, a list of top 20 debtors (businesses, government and domestic) is extracted from the debtors list.
- Debtors selected are encouraged to come and make arrangements for payment;
- In the event that they still default on payments, these debtors are written final demand letters and if no positive response is received, a process of effecting service disconnections ensues in line with our credit control policy.

Table 8.1

ACCOUNTS WITH LETTERS OF FINAL DEMAND FOR PAYMENT SENT OUT					
ACC. NO.	TOWN	ERF NO.	DEBTORS NAME	DEBT TYPE	AMOUNT R
001001792	SUNDUMBILI A	179	MR MNGOMEZULU	REFUSE	41,816.38
001001862	SUNDUMBILI A	186	MR DLAMINI	REFUSE	43,465.02
001002100	SUNDUMBILI A	21	MS ZULU	REFUSE/RATES	89,672.76
001002242	SUNDUMBILI A	224	MR XULU	REFUSE	41,678.07
001002400	SUNDUMBILI A	24	MR ZULU	RATES/REFUSE	55,287.64
001001742	SUNDUMBILI A	174	MR MTHETHWA	REFUSE	39,447.12
001019000	SUNDUMBILI A	190	MS MKHWANAZI	RATES/REFUSE	41,406.40
001001400	SUNDUMBILI A	14	MR MASONDO	RATES/REFUSE	14,658.44
001001372	SUNDUMBILI A	137	MR NGEMA	REFUSE	32,516.21
001063100	SUNDUMBILI A	631	MR MADELA	RATES/REFUSE	71,304.27
001064500	SUNDUMBILI A	645	MS ZUNGU	RATES/REFUSE	9,354.39
001065000	SUNDUMBILI A	650	MS NTSHANGASE	RATES/REFUSE	56,787.72
0010656	SUNDUMBILI A	656	MR MANQELE	RATES/REFUSE	32,464.53
001069300	SUNDUMBILI A	693	MR WILLIAMSON	RATES/REFUSE	16,514.60
001069900	SUNDUMBILI A	699	MS NGOBESE	RATES/REFUSE	6,858.72
001071300	SUNDUMBILI A	713	MR SANGWENI	RATES/REFUSE	11,452.63
001070800	SUNDUMBILI A	708	MR BELE	RATES/REFUSE	23,205.55
001071200	SUNDUMBILI A	712	KCLK PROPERTY IN	RATES/REFUSE	47,342.25
001073500	SUNDUMBILI A	735	MS MBINGLA	RATES/REFUSE	7,944.33
001073600	SUNDUMBILI A	736	MR SIBIYA	RATES/REFUSE	16,282.66
TOTAL					699,459.69

Table 8.2

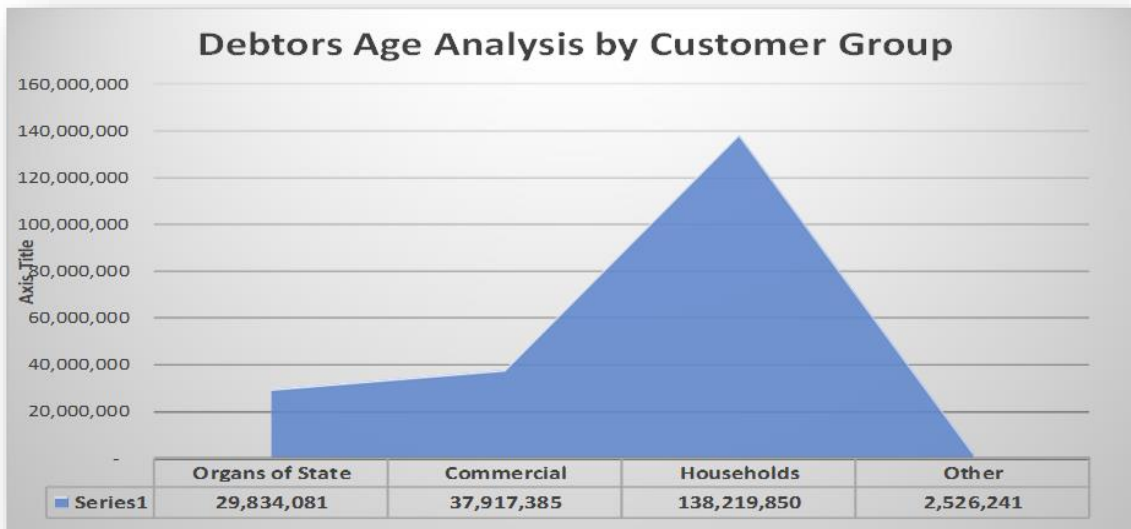
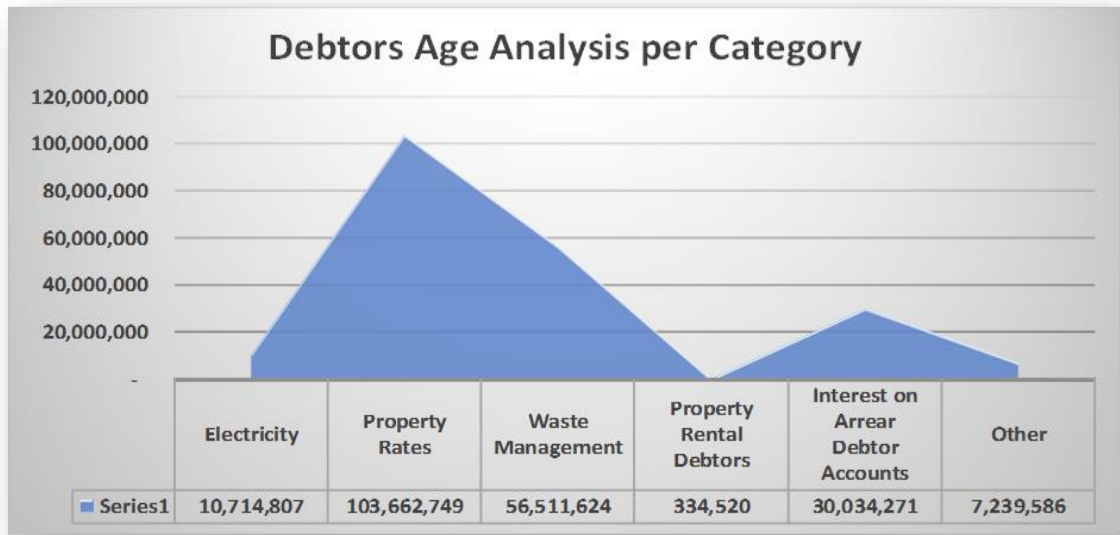
ARRANGEMENTS					
ACC. NO.	TOWN	ERF. NO	DEBTORS NAM	DEBT TYPE	AMOUNT R
001070700	SUNDUMBILI A	707	MRS GCALEKA	RATES/REFUSE	7,717.62
009801201	MANDINI EXT. 001	278	MR NGCOBO	RATES/REFUSE	25,732.84
004001932	MANDINI EXT. 006	916	MR KANNI	ELEC/REFUSE	20,271.80
001095000	SUNDUMBILI A	950	MR MASONDO	RATES	5,077.41
002700821	MANDINI EXT. 007	994	MR SIBIYA S S	ELECTRICITY	
009500781	MANDINI EXT. 007	994	MR SIBIYA S S	RATES/ELEC	136,320.83
009701331	MANDII EXT. 005	776	MR THABETHE	RATES/REFUSE	15.10
002145600	SUDUMBILI B	1456	MR MTHEMBU	RATES/REFUSE	12,418.17
009900602	MANDINI EXT.090	60	MS BAKER	RATES/REFUSE	938.95
002136900	SUNDUMBILI B	1369	MR VILAKAZI	RATES/REFUSE	51,741.89
001022500	SUNDUMBILI A	225	MR MBATHA	RATES/REFUSE	10,661.22
001072500	SUNDUMBILI A	725	MR SHANGE	RATES/REFUSE	24,083.41
002242500	SUNDUMBILI B	2425	MR MDLULI	RATES	54,381.63
001077100	SUNDUMBILI A	771	MR MTHEMBU	RATES/REFUSE	1,294.08
001107800	SUNDUMBILI A	1078	MR SKOSANA	RATES/REFUSE	13,884.71
002160000	SUNDUMBILI B	1600	MR SHANGE	RATES/ REFUSE	21,315.83
002067800	SUNDUMBILI B	678	MS MPUNGOSE	RATES/REFUSE	29,788.66
001073600	SUNDUMBILI A	736	MR SIBIYA	RATES/REFUSE	16,282.66
009903601	MANDINI EXT. 002	360	MR MWANDLA	RATES/REFUSE	19,645.52
TOTAL					451,572.33

Table 8.3

DISCONNECTIONS					
ACCOUNT	TOWN	ERF NO.	DEBTORS NAM	DEBT TYPE	AMOUNT R
002600432	MANDINI	1426 EXT.	ASSOCIATED SPIN	RATES/ELEC	-
004001952	MANDINI	744 EXT. 0	BASIC BEST PROP	ELECTRICITY	18,914.68
008400851	MANDINI	835	ELASTICO	RATES/ELEC	8,958.94
009600501	MANDINI	699	MR EUSHEN	RATES/ELEC	78,276.66
008800681	MANDINI	98	MR GETKATE	RATES/ELEC	3,700.53
002400241	MANDINI	444 EXT. 0	M3 HOLDINGS	RATES/ELEC	132,845.00
003000102	MANDINI	307	MR MBUYISA	RATES/ELEC	57,300.57
002800131	MANDINI	448 EXT. 0	MR MVULA	RATES/ELEC	2,578.05
002300031	MANDINI	746 EXT. 0	MR MCHUNU X S	ELECTRICITY	1,182.63
009907461	MANDINI	746 EXT. 0	MR MCHUNU X S	RATES/ELEC	2,623.33
002601032	MANDINI	805 EXT. 0	MR BUTHELEZI	ELECT.	
8000421	MANDINI	805 EXT. 0	MR BUTHELEZI	RATES/ELEC	11,730.67
008801301	MANDINI	77	MR PIETERS	RATES/ELEC	6,521.10
002701212	MANDINI	28	MS NTULI	RATES/ELEC	29,094.83
008903411	MANDINI	469 EXT. 0	MR RADEBE L P	RATES/ELEC	68,057.80
002900232	MANDINI	911 EXT. 0	MR RADEBE	RATES/ELEC	69,249.71
002700941	MANDINI	46 EXT. 09	MR KUBHEKA	RATES/ELEC	333.48
004001932	MANDINI	916 EXT. 0	MR KANNI	RATES/ELEC	20,271.80
002701091	MANDINI	405 EXT. 0	MS HORSLEY-DAL	RATES/ELEC	20,040.92
009300771	MANDINI	786/02 FLA	MR FOURIE	RATES/ELEC	5,946.74
002800902	MANDENI	786/10 FLA	MR GOPAL	RATES/ELEC	5,772.55
TOTAL					543,399.99

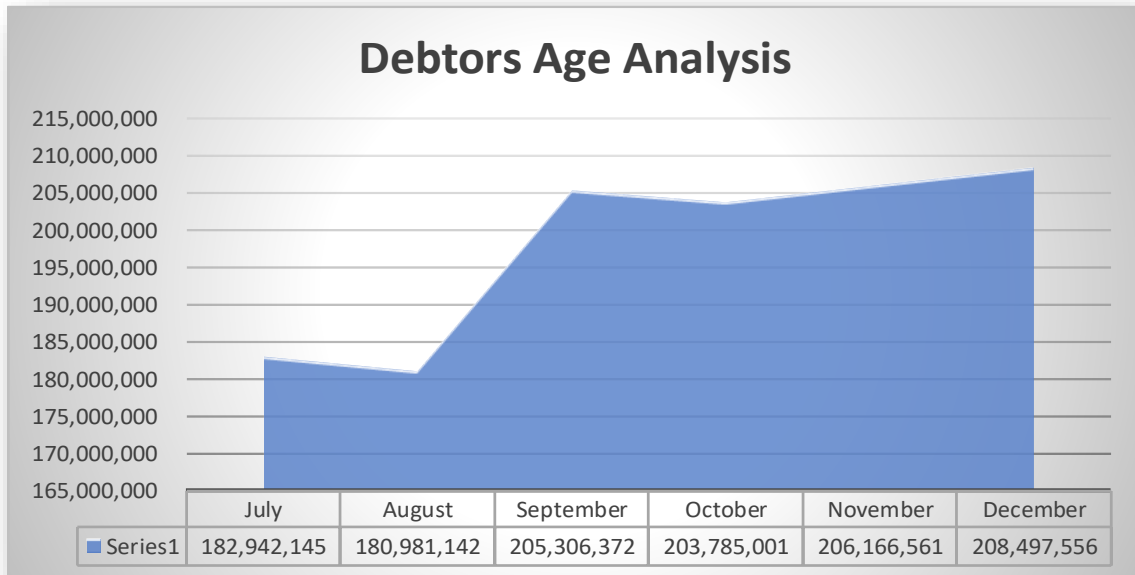
Table 8.4

▪ Debtors outstanding per Service



The municipal debtors have increased from R205.7 million to R 208.5 million that is from July until 31 December 2022. This increase is dominated by Household debtors of 66% and it is followed by business of 19% and Organ of state is 14% compared to another debtors' type.

▪ **Total Outstanding Debtors from July –December**



The information presented in the chart above show an increase in the outstanding debtor’s balances from 1st July 2022 of R 205.7 million when compared to the current period as at 31st December 2022, bringing the total outstanding debtors balance to R 208.5 million.

Councilors and Employees in Arrear

- Debt outstanding on Councilors as at December 2022 is R193,952.62
- Staff Accounts in arrears as at 31st December 2022 is R 47, 168.95
- However, it should be noted that both Councilors and Staff have made arrangement with the municipality to settle this outstanding debt.

2.2 CREDITORS ANALYSIS

Table 9

KZN291 Mandeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment												
Description	NT Cod e	Budget Year 2022/23									Prior year totals for	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120	121 - 150	151 - 180	181 Days -	Over 1 Year	Total		
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement dedu	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	65	-	-	-	65	65	65
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	244	-	25	137	-	-	-	2	408	408	408
Total By Customer Type	1000	244	-	25	137	65	-	-	2	473	473	473

- Creditors as at 31st December 2022 amounts to **R473 thousand**
- 95% of the creditors are on current as per our age analysis, we ensure that creditors are paid within 30 days as stipulated by the MFMA.

2.3 INVESTMENT PORTFOLIO ANALYSIS _ DECEMBER 2022

Table 10

The following information presents the short-term investments balances broken down per investment type as at 31st December 2022

KZN291 Mandeni - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid												
Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Mon	Type of Investment	Capital Guarantee (Yes/	Variable or Fixed interest rate	Interest Rate ³	Expiry date of investment	Opening balance	Interest to be realised	Partial/ Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands												
Municipality												
Call 1-Internal Grant		12m	Call Account		Fixed	0.0245		7,884	225	(39,725)	68,065	36,449
Call account 2 -HOUSING		12m	Call Account		Fixed	0.0245		1,914	9	-	-	1,923
Call account 3-MIG		12m	Call Account		Fixed	0.0245		8,362	36	(7,132)	5,725	6,990
Call account 5-TMT		12m	Call Account		Fixed	0.0245		308	1	(7)	25	327
Call account 6-INEP		12m	Call Account		Fixed	0.0245		6,457	29	-	5,000	11,487
Call account 7-AR		12m	Call Account		Fixed	0.0245		2,565	12	(357)	-	2,220
Call account 8- Title Deed		12m	Call Account		Fixed	0.0245		6,306	31	(195)	-	6,142
NEDBANK		12m	investment		Fixed	0.0705	04 March 2023	50,000	-	(50,000)	-	-
NEDBANK		12m	investment		Fixed	0.05975	21/12/2022	30,000	-	-	-	30,000
NEDBANK		12m	investment		Fixed	0.088	28/12/2023	65,000	-	-	-	65,000
NEDBANK		12m	investment		Fixed	0.0855	27/07/2023	50,000	-	-	-	50,000
NEDBANK											52,988	52,988
												-
Municipality sub-total								228,795	344	(97,416)	131,802	263,525
Entities												
												-
												-
												-
												-
												-
												-
Entities sub-total								-	-	-	-	-
TOTAL INVESTMENTS AND	2							228,795	-	(97,416)	131,802	263,525

The cash flow situation is still a critical aspect for the Municipality and is being constantly monitored. However, the liquidity ratios have almost reached the acceptable standard norms but still need to be monitored on a continuous basis.

Closing balance for call investment deposits as at 31st December 2022 is R263.5 million with an interest generated during the 1st half of the year of R10.7 million.

The municipality has opened an external money market investment accounts with Nedbank and invested an amount of R197.9 million from its cash backed reserves of previous years. The municipality took a decision to increase its revenue source by re-investing its cash back reserves from institutions which offered better interest rates. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality’s revenue base.

2.4 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE
Table 13

KZN291 Mandeni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment										
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										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		201,955	226,242	-	72,007	164,292	113,101	475	0.4%	226,242
EPWP Incentive	-	2,435	2,372	-	1,068	1,661	1,186	475	40.1%	2,372
Finance Management	-	1,850	1,850	-	-	1,850	925			1,850
Integrated National Electrification Program	-	4,872	7,200	-	-	4,880	3,600			7,200
Local Government Equitable Share	-	191,149	212,818	-	70,939	153,938	106,409			212,818
Municipal Infrastructure Grant	-	1,649	2,002	-	-	1,962	981			2,002
	3									
Other transfers and grants [insert description]										
Provincial Government:		4,214	5,043	-	5,000	6,000	2,522	4,762	188.8%	5,043
KwaZulu-Natal_Capacity Building and Other	-	4,214	1,477	-	-	-	739	(739)	-100.0%	1,477
KwaZulu-Natal_Capacity Building and Other Specify (Prov	-		2,566				1,283			2,566
KwaZulu-Natal_Massification Grant (Add gr	-				5,000	5,000		5,000	#DIV/0!	
Municipal Employment Initiative (EDTEA)	-		1,000			1,000	500	500	100.0%	1,000
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	206,169	231,285	-	77,007	170,292	115,623	5,236	4.5%	231,285
Capital Transfers and Grants										
National Government:		42,300	38,082	-	5,500	29,538	19,041	-	-	38,082
Municipal Infrastructure Grant (MIG)	-	42,300	38,082	-	5,500	29,538	19,041			38,082
	-									
	-									
Other capital transfers [insert description]	-									
Provincial Government:		50,633	15,342	-	-	-	7,671	(7,671)	-100.0%	15,342
KwaZulu-Natal_Capacity Building and Other	-		380				190			380
Human Settlement	-	50,633	14,962				7,481			14,962
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	92,934	53,424	-	5,500	29,538	26,712	(7,671)	-28.7%	53,424
TOTAL RECEIPTS OF TRANSFERS & GRA	5	299,103	284,709	-	82,507	199,829	142,335	(2,435)	-1.7%	284,709

Grant Receipts Analysis:

The total operational YTD grant receipts as at 31st December 2022 is R 159.2 million, which has been allocated as follows:

- Equitable Share received to date is R153.9 million, with a remaining last trench of R58.8 million which will be received in the 3rd quarter as per DORA schedule. An amount of R2.9 million that was not fully spent in the 2021/22 financial year of which a rollover was submitted to National Treasury has been not been approved and funds have been deducted from second trench of equitable share.
- FMG of R1.9 million has been fully received as publicized on DORA.
- EPWP received to date is R1.8 million with the remaining last trench of R524 thousand will be received in the 3rd quarter.
- Library Grant of R4.2 million has not been received from Department as publicized on DORA and it has been split between operating of R4.0 million and capital of R380 thousand as per the approved support plan.
- INEP received to date is R4.9 million with a remaining last trench of R2.3 million which will be received in the 3rd quarter. An amount of R2.9 million that was not fully spent in the 2021/22 financial year of which a rollover was submitted to National Treasury has been not been approved and funds have been deducted from second trench of equitable share.

The total capital YTD grant receipts as at 31st December 2022 is R 29.5 million which has been allocated as follows:

- MIG receipt of R 29.5 million has been received during the 1st half of the financial year, with a remaining balance of R8.5 million as publicized in DORA.
- Library receipts the municipality has not received any funds from Department of Arts & Culture as gazette. However, follow ups have been made with the department in relation to transfer.

Table 12: Transfers and Grant Expenditure

KZN291 Mandeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment										
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									%	
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		217,098	219,002	-	45,032	133,705	109,501	24,204	22.1%	219,002
Expanded Public Works Programme Integra	-	2,435	2,372	-	321	1,849	1,186	663	55.9%	2,372
Local Government Financial Management C	-	1,850	1,850	-	75	901	925	(24)	-2.6%	1,850
Municipal Infrastructure Grant	-	1,649	1,962	-	402	2,476	981	1,495	152.4%	1,962
Local Government Equitable Share	-	211,164	212,818		43,442	128,479	106,409	22,070	20.7%	212,818
0										
Other transfers and grants [insert description]										
Provincial Government:		4,214	4,423	-	237	1,580	2,711	(1,131)	-41.7%	5,423
KwaZulu-Natal	-	4,214	4,423	-	237	1,580	2,711	(1,131)	-41.7%	5,423
KwaZulu-Natal_Capacity Building and Other_Specify (Community Library Service Grant)_Receipts										
KwaZulu-Natal_Massification Grant (Add grant description)_Receipts										
Municipal Employment Initiative (EDTEA)										
District Municipality:		-	-	-	-	-	-	-		-
District Municipality:										
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]										
Total operating expenditure of Transfers and Grants		221,312	223,425	-	45,269	135,285	112,213	23,073	20.6%	224,425
Capital expenditure of Transfers and Grants										
National Government:		42,300	38,082	-	6,920	21,896	19,041	2,855	15.0%	38,082
Municipal Infrastructure Grant	-	42,300	38,082	-	6,920	21,896	19,041	2,855	15.0%	38,082
0										
Other capital transfers [insert description]										
Provincial Government:		-	380	-	-	16	565	(549)	-97.1%	1,130
KwaZulu-Natal	-	-	380	-	-	16	565	(549)	-97.1%	1,130
0										
District Municipality:		-	-	-	-	-	-	-		-
0										
Other grant providers:		-	-	-	-	-	-	-		-
National Departmental Agencies-Immigrant	-									
0										
Total capital expenditure of Transfers and Grants		42,300	38,462	-	6,920	21,912	19,606	2,306	11.8%	39,212
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		263,612	261,887	-	52,189	157,198	131,819	25,379	19.3%	263,637

Grant Expenditure Analysis:

The total operational YTD grant expenditure as at 31st December 2022 is R 159.2 million which has been split between conditional and unconditional grants. Conditional Grants YTD expenditure as 31st December is R7.8 million (47%) with a remaining unspent of R8.4 million which we anticipate it will be fully spent by year end.

- FMG expenditure year to date is R1.2 million at (63%) with the remaining unspent balance of R689 thousand. FMG expenditure for mid-year is on track as we are implementing projects approved as per FMG support plan, grant will be fully spent by year end.
- EPWP expenditure year to date is R1.8 million at (78%) with the remaining unspent balance of R523 thousand. Expenditure towards this grant is has exceed limit as per mid-year performance, this is due to payments paid towards epwp beneficiaries and the increase that was approved by Public Works. With performance reported it is evident that the municipality will have to co-fund this project as there won't be enough funds towards year end this item will be considered during adjustment budget.
- Library expenditure to date is R1.6 million at (39%) with the remaining unspent balance of R2.5 million. Library Expenditure is reflecting an underspending as at midyear, however there are commitments that have been made on this grant which will ensure that grant is fully spent by year end.
- INEP expenditure to date is R2.0 million with a remaining balance of R680 thousand. *Detailed explanation of the grants has been provided below under service delivery performance and progress on spending of grants.*
- MIG operational expenditure (PMU) to date is R973 thousand (50%) with a remaining balance of R989 thousand. Expenditure to date is within the budgeted projection and this grant will be fully spent by year end.

The total capital YTD grant expenditure as at 31st December 2022 is R 21.9 million which has been split as follows:

- MIG capital expenditure to date is R21.4 million (57%) with the remaining unspent balance of R16.2 million. Expenditure towards this grant is above the set limit of 50% as at mid-year of spending as per the approved project plan; we anticipate that by year end grant will be fully spent.
- Library capital Expenditure to date is R16.3 million (4.3%) with the remaining unspent balance of R371 thousand. Variance is below the norm however, there are projects that are ongoing in relation to library grant.

Detailed explanation of the grants has been provided below under service delivery performance and progress on spending of grants.

3.COUNCILORS AND BOARD MEMBER ALLOWNCES AND EMPLOYEE BENEFITS

Table 14

KZN291 Mandeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment										
Primary 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
R thousands									%	
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		11,306	11,854	–	986	5,771	5,927	(156)	-3%	11,854
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		719	876	–	46	266	438	(173)	-39%	876
Cellphone Allowance		1,432	1,512	–	119	714	756	(42)	-6%	1,512
Housing Allowances		340	439	–	15	91	220	(129)	-59%	439
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		13,798	14,682	–	1,167	6,841	7,341	(500)	-7%	14,682
% increase	4		6.4%							6.4%
Senior Managers of the Municipality										
Basic Salaries and Wages		5,197	5,513	–	367	1,957	2,756	(799)	-29%	5,513
Pension and UIF Contributions		0	11	–	0	1	5	(5)	-90%	11
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		1,048	476	–	–	–	238	(238)	-100%	476
Motor Vehicle Allowance		737	737	–	60	288	368	(81)	-22%	737
Cellphone Allowance		186	186	–	16	80	93	(13)	-14%	186
Housing Allowances		264	269	–	22	123	135	(11)	-8%	269
Other benefits and allowances		1	1	–	0	0	1	(0)	-37%	1
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	2	345	30	–	–	–	15	(15)	-100%	30
Sub Total - Senior Managers of Municipality		7,778	7,223	–	465	2,449	3,612	(1,163)	-32%	7,223
% increase	4		-7.1%							-7.1%
Other Municipal Staff										
Basic Salaries and Wages		71,436	79,546	–	6,197	37,968	39,773	(1,805)	-5%	79,546
Pension and UIF Contributions		11,179	12,197	–	958	6,373	6,099	274	4%	12,197
Medical Aid Contributions		5,273	5,500	–	426	2,586	2,750	(164)	-6%	5,500
Overtime		1,826	1,140	–	173	1,180	570	610	107%	1,140
Performance Bonus		4,104	5,556	–	461	2,668	2,778	(110)	-4%	5,556
Motor Vehicle Allowance		4,063	4,746	–	353	2,122	2,373	(251)	-11%	4,746
Cellphone Allowance		452	531	–	40	238	266	(27)	-10%	531
Housing Allowances		289	299	–	25	153	150	4	2%	299
Other benefits and allowances		1,041	1,089	–	43	370	545	(174)	-32%	1,089
Payments in lieu of leave		585	1,719	–	174	1,425	860	565	66%	1,719
Long service awards		832	1,246	–	53	325	623	(298)	-48%	1,246
Post-retirement benefit obligations	2	(1,143)	4,035	–	–	–	2,018	(2,018)	-100%	4,035
Sub Total - Other Municipal Staff		99,934	117,605	–	8,902	55,408	58,802	(3,394)	-6%	117,605
% increase	4		17.7%							17.7%
Total Parent Municipality		121,510	139,510	–	10,534	64,698	69,755	(5,057)	-7%	139,510
			14.8%							14.8%
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES &		121,510	139,510	–	10,534	64,698	69,755	(5,057)	-7%	139,510
% increase	4		14.8%							14.8%
TOTAL MANAGERS AND STAFF		107,713	124,828	–	9,367	57,857	62,414	(4,557)	-7%	124,828

4. REVENUE MANAGEMENT

For the municipality to ensure sustainably service delivery and infrastructure development, it needs a healthy cash-flow. The collection of the consumer charges is therefore vital important in determining the going concern status of the municipality. Debt collectors are currently working on all work flows within the collection process cycles, this include but not limited to constant telephoning overdue debtors, sending out letters of demand, attending to walking customers for arrangement agreements.

The following table is an illustration of a Mid-year receipt summary

SOURCE	July	August	September	October	November	December	Total
Refuse	372,199.00	454,276.00	296,127.04	385,150.00	224,248.62	306,668.40	2,038,669.06
Rates	4,227,559.48	9,536,458.00	3,784,726.61	1,679,466.32	4,649,598.65	4,122,606.72	28,000,415.78
Other /interest	1,107.21	158.31	3,609.14	26,511.15	852.67		32,238.48
Electricity	646,457.85	831,039.00	4,649,629.57	5,353,784.68	525,886.33	1,067,150.62	13,073,948.05
SUBTOTAL FOR SERVICES	5,247,323.54	10,821,931.31	8,734,092.36	7,444,912.15	5,400,586.27	5,496,425.74	43,145,271.37

Based on the above a total of R43,1ML has already been collected from our consumers, this demonstrates a correct path towards the realization of our annual target which is R80 ML. The debt collection strategies in place give us comfort that indeed we will be able to reach this target.

4.2 GOVERNMENT DEBT – HIGHLIGHTS, CHALLENGES AND POSSIBLE SOLUTIONS

The following table reflects the summary of Government Debt

Description	Balance
Provincial Public Works	8,963,190.50
National Public Works	1,673,487.07
Rural Development Ingonyama Trust	1,406,688.31 -
Ilembe District Ithala Properties	36,060.24 7,893,287.10
Umgweni Water	3,245,261.00
Total Government Debts	23,217,974

The Provincial Public works has made an undertaking that the amount of R8,9 ML will be settled in full in the 3rd quarter

National Public Works still have disputes in as far as the ownership is concerned, they are however currently paying for services. The Provincial Cogta is in the process of sorting this issue, we are hoping that it will be resolved before the end of this Financial year.

Rural Development, invoices have been sent and the payment is expected in the 3rd quarter. Ithala Industrial Estate is a regular payer, the current outstanding debt will be paid in 3 equal instalments as per the quarterly payment agreement

Umngeni water and Ilembe District Municipality, these are our regular payers and the outstanding debt is current

4.3 RAND FOR RAND CAMPAIGN

The Rand for Rand – Ishumi eShumini Payment Incentive Scheme is a council program Proposed by Council in its Strategic Planning Session which forms part of the broader Revenue Enhancement Strategy of Council with an objective of ensuring monies owed to Council are collected, in the same time our customers are relieved from the municipal debts.

The Rand for Rand (Ishumi eshumini) payment incentive scheme is implemented with an objective of affording our communities who are our customers an opportunity to pay up their arrear municipal accounts and also to allow those customers who cannot afford to pay due to socio-economic circumstances an opportunity to apply for indigent relief measures so that they able to access the free basic services.

Throughout the first half of the year the Municipality has embarked on many mobilisation programs with an aim of promoting this incentive scheme, the following is the list of consumers who are currently benefiting from this initiative:

	APPLICATION DATE	ACCOUNT HOLDER	ERF NUMBER	REFERENCE NUMBER	TOTAL DEBT AS JUNE 2022	RAND FOR RAND SETTEMENT	50% POSSIBLE WRITE OFF
1	22/12/02	MBONAMBI	1037	002103700	14,502.08	7,252.08	7,252.08
2	22/12/28	KUBHEKA	46	009701301	39,229.70	19,614.85	19,614.85
3	22/12/12	MZIMELA	429	009700491	19,950.36	9,975.18	9,975.18
4	22/12/20	BUKHOSINI	393	002039300	17,134.24	8,567.12	8,567.12
5	22/12/19	MPONTSHANE	873	009908731	9,262.14	4,631.07	4,631.07
6	22/11/22	MHLONGO	486	009702171	8,281.54	4,140.77	4,140.77
7	22/11/28	MBATHA	1200	001120000	7,756.82	3,878.41	3,878.41
8	23/01/09	MATHONSI	352	009903521	15,228.46	7,614.23	7,614.23
9	23/01/10	SHABALALA	544	001054400	61,752.28	30,876.14	30,876.14
10	22/12/28	BODENSTEIN	698.00	009801812	8,889.98	4,444.99	4,444.99
11	22/12/05	MDLALOSE	159.00	009301371	7,820.69	3,910.35	3,910.35
12	22/11/24	SHANGE	B 1600	002160000	19,094.64	9,547.32	9,547.32
13	22/12/20	MHLONGO	B 730	002073000	6,745.63	3,372.82	3,372.82
14	22/12/22	ZIKALALA	B 1181	002118100	5,284.91	2,642.46	2,642.46
15	22/11/22	BUTHELEZI	A 857	001085700	8,698.68	4,349.34	4,349.34
16	22/12/05	NGOVU NOBUHLE	93	009900931	7,703.36	3,851.68	3,851.68
17	22/12/05	KHUMALO	B 936	002093600	7,921.73	3,960.87	3,960.87
18	22/12/29	MPUNGOSE	A 10	001001000	33,232.07	16,616.04	16,616.04
19	23/01/03	DUBE	983	009909831	3,598.64	1,799.34	1,799.34
20	23/01/04	ZULU	B 934	002093400	56,476.52	28,238.26	28,238.26
21	23/01/06	BUTHELEZI	805	008000421	10,844.55	5,422.28	5,422.28
22	23/01/09	MAKHOPA	B 2357	002235700	2,347.26	1,173.63	1,173.63
23	23/01/06	CELE	967	009909671	6,978.79	3,489.40	3,489.40
24	23/01/09	ZUNGU	B 1637	002163700	33,811.47	16,905.74	16,905.74
25	23/01/06	ZULU	B 2356	002235600	34,274.54	17,137.27	17,137.27
26	23/01/11	NAIDOO	109	003960971	2,207.42	1,103.71	1,103.71
27	00/01/00	MTHEMBU	B 1661	002166100	71,153.22	35,576.61	35,576.61
28	22/12/29	NGCOBO	986	009909861	26,411.58	13,205.79	13,205.79
29	15/12/2022	MZIMELA B N	273	009902731	10,958.87	R14,919.00	5,479.44
30	19/12/2022	NOMSOBO	B 2004	002200400	8,164.00	4,960.04	4,960.04
31	16/12/2022	MHLONGO M B	B 307	002030700	26,809.51	13,404.76	13,404.76
32	17/11/2022	NTOMBELA	1004	009910041	8,410.60	4,205.03	3,008.14
33	22/11/2022	BUTHELEZI	A 1056	001105600	12,526.81	6,263.41	5,926.48
34	17/11/2022	MNGADI P H /A N	853	009600321	3,909.57	1,954.57	1,954.57
35	01/12/2022	MABASO	929	008400731	9,830.29	4,915.93	4,915.15

4.4 COMPILATION AND ROLL OUT OF VALUATION ROLL

The objective of this report is to update the Executive Committee on the progress of the GV2023 implementation. Highlight the project deliverables, data collection and valuation status and any concerns and resolutions relating to the General Valuation project.

1. PROJECT DELIVERABLES

Project management	Completion Month	Status
Contract negotiations and SLA		In progress
Develop project plan	September 2022	Completed
Project office establishment	September 2022	Completed
Develop and Submit Data Collection and QA Plan	September 2022	Completed
Submit Training Manuals and Data Collection Forms	September 2022	Completed
Property register	September 2022	Completed
Identify, acquire, clean and re are data sets	September 2022	Completed
Acquire Deeds data	September 2022	Completed
Compile land audit	n/a	Not required
Mismatch resolution	October 2022	Completed
Finalize register	October 2022	Completed
Maintenance of register	October 2022	Completed
Aerial Photograph	September 2022	Completed
Acquire imagery	October 2022	Completed
Data collection	November 2022	Completed
Collect/ verify and Capture Data	December 2022	Completed
Quality Assurance Data Review	December 2022	In progress
Project review, Market and Methodology reports	December 2022	Completed
Research sales invent	December 2022	Completed
Develop Homogenous areas	December 2022	Completed
Research rental ranges/market variables	December 2022	Completed
Communication/public participation	September 2022	Completed
Develop a communication framework	September 2022	Completed

Due to the delays in the process of appointing a Municipal Valuer we have since made a request for Section 80 condonation on non-compliance with the time periods in terms of Section 34 (d) of the Local Government Municipal Property Rates Act, 2004 (Act 6 of 2004) approval of the MEC KZN.

If approved our Municipal Valuer will deliver the Draft Valuation Roll on 31 January 2023 and the Certified Valuation Roll on 28 February 2023.

5. EXPENDITURE MANAGEMENT

5.1 LEGAL FRAMEWORK

As part of the mid- year performance report the analysis of expenditure pattern and the cash flow is highlighted.

The reflection is critical on issues that impact on unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure. Circular 97 give guidance and caution to practices that might lead to these expenditure categories.

As we give details to these categories it is important to briefly give proper meaning of the terms to avoid misinterpretation. And in order to provide appropriate corrective measures.

6. COST CONTAINMENT MEASURES

In terms of Cost Containment Regulation and Circular 97 on Cost containment measured must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on various focus areas including events, advertising and sponsorship.

We have identified quite a number of areas that require urgent attention if we are to remain financially stable;

- S & T and Accommodation
- Catering services
- Study programmes
- Excessive staff and Interns
- SALGA Games
- Excessive use of consultants
- Unbudgeted requests from community & government agencies
- Unfunded mandates

7. ASSET MANAGEMENT MID-YEAR REPORT

7.1 OVERVIEW SUMMARY

As at 31 December 2022 the total value of all assets as per the Fixed Asset Register is sitting at **R 849 775 373.61** and the nett book value is sitting at **R 587 942 213.80**

7.2 NEW ACQUISITIONS

The following assets per asset type were purchased from 1st of July 2022 up to 31 December 2022;

ASSET TYPE	DEPARTMENT	ASSET COST
COMPUTER EQUIPMENT	CORPORATE	178 000.00
FURNITURE AND OFFICE EQUIPMENT	CORPORATE	41 900.00
LAND	EDPHS	379 320.00
MACHINERY AND EQUIPMENT	TECHNICAL	123 458.26
TRANSPORT ASSET	VARIOUS	12 094 115.50
GRAND TOTAL		12 816 793.76

- **Construction Work-in-Progress**

During the period up to 31 December 2022, the following progress payments were made. The total payments per project for the six months period ending 31 December 2022 are as follows;

PROJECT NAME	CONTRACTOR/CONSULTANT	AMOUNT
INYONI ROADS PHASE 4	BVI CONSULTING ENGINEERS KWAZULU-NATAL	825 000.00
WARD 13 COMMUNITY HALL	SANOQWABE CONSULTANTS	2 514 136.66
ENEMBE WARD 5 SPORTSFIELD	SHOLO TRADING ENTERPRISE	198 060.00
HLOMENDLINI SPORTSFIELD	SRK CONSULTING (SOUTH AFRICA) (PTY) LTD	179 763.33
CONSTRUCTION OF MECHANICAL WORKSHOP	UKWAKHA CONSULTING ENGINEERS	521 570.34
WARD 11 GRAVEL ROADS UPGRADE	ONOMBUTHU	849 865.52
WARD 6 GRAVEL ROADS UPGRADE	ZISAYINI TRADING ENTERPRISE	591 777.71
REHABILITATION OF UMSOMUHLE ROAD	BIG O TRADING 298	1 639 587.54
REHABILITATION OF MANONO ROAD	THE CURVE BEHIND TRADING 219	2 553 994.13
WARD 3 COMBI COURTS	LAMAZWIDE PROJECTS	925 178.39
SWIMMING POOL AREA ADDITIONS	UMHLATHUZE BUILDERS EMPORUIM (PTY) LTD	1 561 254.94
ROOFING OF MAIN OFFICES	UHLANGA TRADING ENTERPRISE	1 786 061.93
REHABILITATION OF AMAJUBA ROAD IN WARD 15	LIBEKO (PTY) LTD	621 142.91
INSTALLATION OF HIGHMAST - PHASE 2	DLV Projects (PTY) LTD	462 370.43
UPGRADE MACHIBINI & ISITHEBE LINK ROAD	SINGH, GOVENDER AND ASSOC	964 483.85
FENCING OF KWACHILI & ISITHEBE SPORTSFIELD	MDLANGENI TRADING	679 867.35
REHABILITATION OF PHUMULA, INDUMISO & MALANDELA R	URBANRU (PTY) LTD	703 415.99
REHABILITATION OF MTHOMBOTHI, MBABALA, UMGAKLA &	AFRICOAST JBFE PROJECT MANAGERS	636 370.85
CONSTRUCTION OF MINI FACTORIES	FDKL ENGINEERING CONSULTANTS (PTY) LTD	134 203.62
WARD 10 SPORTSFIELD	UKWAKHA CONSULTING ENGINEERS	680 900.88
GRAND TOTAL		19 029 006.37

The total additions of all assets for the 6 months period ending 31 December 2022 amounted to **R 31 845 800.13**.

7.3 DEPRECIATION

Cumulative depreciation as at 31 December 2022 per the system generated report amounts to **R 16 371 920.40**

7.4 INSURANCE CLAIMS REPORT

REPORTED CLAIMS

The following seven (7) claims were reported during the six months ending in December 2022;

CLAIM DESCRIPTION	VEHICLE REG./ REF	MAKE OR MODEL	DRIVER OR RESPONSIBLE OFFICIAL	INCIDENT DATE
NZ20004 COLLIDED WITH A TRUCK	NZ20004	FORD RANGER	D NAIDU	01/07/2022
LAPTOP STOLEN DURING VEHICLE THEFT		LENOVO	NN MNGOMEZULU	23/07/2022
COMPUTERS STOLEN AT SUNDUMBILI LIBRARY			LM DHLODLO	28/08/2022
NZ20885 HIT THE PEDESTRIAN	NZ20885	TOYOTA PRADO	LP GUMA	01/09/2022
LAPTOP STOLEN FROM THE VEHICLE		LAPTOP ASUS	NN MNGOMEZULU	09/11/2022
TIPPER TRUCK DAMAGED BY STONE	NZ22085	NISSAN UD QUESTER	MC ZONDI	03/12/2022
NZ16856 COLLIDED WITH 3RD PARTY	NZ16856	ISUZU 250 HO D/CAB	CG NTOMBELA	10/12/2022

FINALIZED CLAIMS

The following claims five (5) were concluded and finalised during the six months period ending 31 December 2022;

CLAIM DESCRIPTION	REGISTRATION/ MODEL	INCIDENT DATE	DATE SETTLED	STATUS
NZ20004 COLLIDED WITH A TRUCK	NZ20004	01/07/2022	08/11/2022	SETTLED
NZ20885 HIT THE PEDESTRIAN	NZ20885	01/09/2022	09/11/2022	SETTLED
WINDSCREEN DAMAGED BY 3RD PARTY	NZ12402	13/05/2022	03/06/2022	SETTLED
TIPPER TRUCK OVERTURNED	NZ22058	07/06/2022	23/09/2022	SETTLED
LAPTOP STOLEN DURING VEHICLE THEFT	LENOVO	23/07/2022	23/08/2022	SETTLED

OUTSTANDING CLAIMS

The following claims remain outstanding as at 31 December 2022;

CLAIM DESCRIPTION	INCIDENT DATE	STATUS	REMARKS
COMPUTERS STOLEN AT SUNDUMBILI LIBRARY	28/08/2022	CLAIM STILL OUTSTANDING DUE TO DELAY IN GETTING QUOTATIONS	FILE OPEN
LAPTOP STOLEN FROM THE VEHICLE	09/11/2022	AGREEMENT OF LOSS RECEIVED, AWAITING SETTLEMENT	FILE OPEN
TIPPER TRUCK DAMAGED BY STONE	03/12/2022	CLAIM APPROVED, REPAIRER APPOINTED	FILE OPEN
NZ16856 COLLIDED WITH 3RD PARTY	10/12/2022	VEHICLE TO BE TOWED TO STANGER WINCLO	FILE OPEN

7.6 PHYSICAL ASSET VERIFICATIONS

ACTIVITIES

During the first and the second quarter of the financial year ending 30 June 2023 the following sites were visited;

- Main Offices; Technical Services; Public Safety offices; Beaches; Community Halls and Love Life Centre Offices
- Indicating the condition of each asset
- 1.Very good, 2. Good. 3. Fair, 4 Poor, 5. Very Poor
- Printing of inventory sheets per location, conducting quality assurance of information from each inventory list and obtaining a sign-off from the occupant or appointed responsible person for controlling the asset.
- Obtaining a Site or Departmental sign-off Certificate per site from the Asset Controllers on completion of the verification process.
- Uploading of scanning results onto the AMS360 system and approving the project.
- Ensuring that the verification system (AMS360) integrates.
- Obtaining a Site or Departmental sign-off Certificate per site from the Asset Controllers on completion of the verification process.
- Uploading of scanning results onto the AMS360 system and approving the project.
- Ensuring that the verification system (AMS360) integrates.

7.7 ASSET DISPOSALS

- The municipality through its supply chain management appointed Five Star Trading Enterprise T/A Auction 24 to conduct auction on its behalf, the main trigger for the auction was the Council Resolution C13 and C26 of 31 August 2022;
- The auction was held on the 14th of December 2022 at Main Offices and Technical Offices where in the main the Toyota Fortuner was auctioned. the total sales that were realized from the auction was R 337,000.00 less any commission, marketing, administrative cost and any other cost of conducting the auction.

8. REPORTING (ANNUAL FINANCIAL STATEMENTS)

The municipality has planned to start preparing its Annual Financial Statements internally, by issuing interim AFS as at 31st December 2022 which will be issued in January 2023. This will further ensure that annual financial statement is reviewed and reconciled to their line items so as to ensure completeness and accuracy. This will further assist in reducing material misstatements at year end, as errors will be identified earlier and corrected.

Furthermore, to that the municipality has adhered to MFMA and mSCOA regulation by ensuring that Section 71 reports and mSCOA data stings are submitted and tabled to Council and relevant treasuries within the legislated framework (monthly & quarterly) during the 1st half of the financial year.

9. Municipal Manager's Quality Certificate

I **S.G KHUZWAYO**, municipal manager of Mandeni Municipality, hereby certify that the:

▪ **Section 72 Mid -Year Budget and performance Assessment**

has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act,

Print Name **Mr S.G. Khuzwayo**

Municipal manager of Mandeni Municipality (KZN 291)

Signature: _____

Date: **25 January 2022**