

MANDENI MUNICIPALITY (KZN 291)



MID- YEAR BUDGET AND PERFORMANCE ASSESSMENT (mSCOA) 2021/22 FINANCIAL YEAR

JULY– DECEMBER 2021

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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 2021/22 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 2021/22 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 2021:

KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment									
Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Total Revenue (excluding capital transfers and	333 931	309 163	-	69 504	208 008	192 182	15 826	8%	309 163
Total Expenditure	301 885	323 462	-	42 419	155 330	161 731	(6 401)	-4%	323 462
Surplus/(Deficit)	32 046	(14 299)	-	27 085	52 678	30 450	22 228	73%	(14 299)
Transfers and subsidies - capital (monetary allocations) (National Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations	41 465	35 370	-	2 513	19 571	17 685	1 886	11%	35 370
	-	1 170	-	-	-	-	-	-	1 170
Surplus/(Deficit) after capital transfers & contributions	73 511	22 241	-	29 597	72 249	48 136	24 113	50%	22 241
Share of surplus/ (deficit) of	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	73 511	22 241	-	29 597	72 249	48 136	24 113	50%	22 241
Capital expenditure & funds sources									
Capital expenditure	51 275	73 920	-	4 141	30 070	36 960	(6 890)	-19%	73 920
Capital transfers recognised	43 899	36 540	-	2 425	18 003	18 270	(267)	-1%	36 540
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	7 376	37 380	-	1 717	12 067	18 690	(6 623)	-35%	37 380
Total sources of capital funds	51 275	73 920	-	4 141	30 070	36 960	(6 890)	-19%	73 920

As can be seen from the table above, Actual surplus for the month ended 31st December 2021 is significantly more than the Budgeted Surplus. Monthly budget statement summary (Table C1), for the 1st half of the year, July- December 2021 (year to date actual), shows a surplus of R72.2 million against YTD budget of R48.1 million which reflects 50%.

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 2021/22 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 2021/22 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	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	50 870	46 642	–	2 355	33 855	23 321	10 534	45%	46 642
Service charges	43 822	48 762	–	3 602	22 834	24 381	(1 547)	-6%	48 762
Investment revenue	6 454	4 950	–	223	2 011	2 475	(464)	-19%	4 950
Transfers and subsidies	210 180	200 340	–	62 437	145 673	137 770	7 903	6%	200 340
Other own revenue	22 605	8 470	–	887	3 636	4 235	(599)	-14%	8 470
Total Revenue (excluding capital transfers and	333 931	309 163	–	69 504	208 008	192 182	15 826	8%	309 163
Employee costs	109 315	107 819	–	9 546	54 944	53 910	1 034	2%	107 819
Remuneration of Councillors	13 528	14 643	–	1 076	6 654	7 322	(667)	-9%	14 643
Depreciation & asset impairment	31 848	32 726	–	2 605	15 409	16 363	(955)	-6%	32 726
Finance charges	332	400	–	56	57	200	(143)	-72%	400
Inventory consumed and bulk purchase	30 955	37 432	–	2 981	18 764	18 716	48	0%	37 432
Transfers and subsidies	1 557	–	–	–	–	–	–	–	–
Other expenditure	114 350	130 442	–	26 156	59 503	65 221	(5 718)	-9%	130 442
Total Expenditure	301 885	323 462	–	42 419	155 330	161 731	(6 401)	-4%	323 462
Surplus/(Deficit)	32 046	(14 299)	–	27 085	52 678	30 450	22 228	73%	(14 299)
Transfers and subsidies - capital (monetary allocations) (National	41 465	35 370	–	2 513	19 571	17 685	1 886	11%	35 370
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations	–	1 170	–	–	–	–	–	–	1 170
Surplus/(Deficit) after capital transfers & contributions	73 511	22 241	–	29 597	72 249	48 136	24 113	50%	22 241
Share of surplus/ (deficit) of	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	73 511	22 241	–	29 597	72 249	48 136	24 113	50%	22 241
Capital expenditure & funds sources									
Capital expenditure	51 275	73 920	–	4 141	30 070	36 960	(6 890)	-19%	73 920
Capital transfers recognised	43 899	36 540	–	2 425	18 003	18 270	(267)	-1%	36 540
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	7 376	37 380	–	1 717	12 067	18 690	(6 623)	-35%	37 380
Total sources of capital funds	51 275	73 920	–	4 141	30 070	36 960	(6 890)	-19%	73 920
Financial position									
Total current assets	213 113	118 289	–	–	279 474	–	–	–	118 289
Total non current assets	540 732	620 443	–	–	555 393	–	–	–	620 443
Total current liabilities	62 837	16 838	–	–	74 821	–	–	–	16 838
Total non current liabilities	23 608	20 924	–	–	23 594	–	–	–	20 924
Community wealth/Equity	667 400	700 971	–	–	736 452	–	–	–	700 971
Cash flows									
Net cash from (used) operating	122 769	20 076	–	65 549	101 293	10 038	(91 255)	-909%	20 076
Net cash from (used) investing	(51 127)	(73 920)	–	(4 141)	(30 070)	(36 960)	(6 890)	19%	(73 920)
Net cash from (used) financing	(809)	–	–	(95)	(564)	–	564	#DIV/0!	–
Cash/cash equivalents at the mo	181 980	(46 174)	–	–	252 639	(19 252)	(271 891)	1412%	128 136
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	7 852	3 379	2 960	18 623	2 201	1 572	13 984	137 651	188 222
Creditors Age Analysis									
Total Creditors	248	–	–	–	–	–	–	2	251

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	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		303 200	247 561	-	67 815	196 838	161 380	35 458	22%	247 561
Executive and council		45 336	7 806	-	-	-	3 903	(3 903)	-100%	7 806
Finance and administration		257 864	239 755	-	67 815	196 838	157 477	39 361	25%	239 755
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		6 741	4 364	-	241	1 669	2 182	(513)	-23%	4 364
Community and social services		6 740	4 364	-	241	1 669	2 182	(513)	-23%	4 364
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental service		45 983	40 782	-	2 881	21 690	20 391	1 299	6%	40 782
Planning and development		44 903	39 832	-	2 516	20 708	19 916	792	4%	39 832
Road transport		1 080	950	-	365	983	475	508	107%	950
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		19 471	52 997	-	1 079	7 381	26 499	(19 118)	-72%	52 997
Energy sources		7 995	39 454	-	10	1 224	19 727	(18 503)	-94%	39 454
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		11 476	13 543	-	1 069	6 157	6 772	(615)	-9%	13 543
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	375 395	345 704	-	72 017	227 579	210 452	17 127	8%	345 704
Expenditure - Functional										
Governance and administration		152 138	151 860	-	28 715	74 949	75 930	(981)	-1%	151 860
Executive and council		42 947	47 939	-	4 023	22 166	23 970	(1 803)	-8%	47 939
Finance and administration		108 634	102 382	-	24 448	51 945	51 191	754	1%	102 382
Internal audit		557	1 539	-	243	837	770	67	9%	1 539
Community and public safety		37 739	44 710	-	4 139	19 107	22 355	(3 249)	-15%	44 710
Community and social services		27 105	31 218	-	3 108	14 500	15 609	(1 109)	-7%	31 218
Sport and recreation		10 596	12 592	-	1 031	4 429	6 296	(1 867)	-30%	12 592
Public safety		38	880	-	-	173	440	(267)	-61%	880
Housing		-	20	-	-	5	10	(5)	-50%	20
Health		-	-	-	-	-	-	-	-	-
Economic and environmental service		64 018	68 538	-	5 171	34 176	34 269	(93)	0%	68 538
Planning and development		16 252	21 226	-	1 326	7 654	10 613	(2 959)	-28%	21 226
Road transport		44 542	44 643	-	3 540	24 868	22 321	2 546	11%	44 643
Environmental protection		3 225	2 669	-	304	1 655	1 334	320	24%	2 669
Trading services		47 989	58 354	-	4 395	27 099	29 177	(2 078)	-7%	58 354
Energy sources		37 351	47 420	-	3 589	22 178	23 710	(1 532)	-6%	47 420
Water management		-	-	-	-	-	-	-	-	-
Waste water management		853	2 809	-	-	-	1 404	(1 404)	-100%	2 809
Waste management		9 785	8 125	-	806	4 921	4 063	858	21%	8 125
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	301 885	323 462	-	42 419	155 330	161 731	(6 401)	-4%	323 462
Surplus/ (Deficit) for the year		73 511	22 241	-	29 597	72 249	48 721	23 528	48%	22 241

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	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - Executive and council	1	45 336	7 806	–	–	–	3 903	(3 903)	-100.0%	7 806
Vote 2 - Finance and administration		257 864	239 755	–	67 815	196 838	157 477	39 361	25.0%	239 755
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		6 740	4 364	–	241	1 669	2 182	(513)	-23.5%	4 364
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–
Vote 6 - Public safety		1	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		44 903	39 832	–	2 516	20 708	19 916	792	4.0%	39 832
Vote 9 - Road transport		1 080	950	–	365	983	475	508	106.9%	950
Vote 10 - Energy sources		7 995	39 454	–	10	1 224	19 727	(18 503)	-93.8%	39 454
Vote 11 - Waste Management		11 476	13 543	–	1 069	6 157	6 772	(615)	-9.1%	13 543
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	375 395	345 704	–	72 017	227 579	210 452	17 127	8.1%	345 704
Expenditure by Vote										
Vote 1 - Executive and council	1	42 947	47 939	–	4 023	22 166	23 970	(1 803)	-7.5%	47 939
Vote 2 - Finance and administration		108 634	102 382	–	24 448	51 945	51 191	754	1.5%	102 382
Vote 3 - Internal audit		557	1 539	–	243	837	770	67	8.8%	1 539
Vote 4 - Community and social services		27 105	31 218	–	3 108	14 500	15 609	(1 109)	-7.1%	31 218
Vote 5 - Sport and Recreation		10 596	12 592	–	1 031	4 429	6 296	(1 867)	-29.6%	12 592
Vote 6 - Public safety		38	880	–	–	173	440	(267)	-60.8%	880
Vote 7 - Housing		–	20	–	–	5	10	(5)	-50.0%	20
Vote 8 - Planning and Development		16 252	21 226	–	1 326	7 654	10 613	(2 959)	-27.9%	21 226
Vote 9 - Road transport		45 395	47 451	–	3 540	24 868	23 726	1 142	4.8%	47 451
Vote 10 - Energy sources		37 351	47 420	–	3 589	22 178	23 710	(1 532)	-6.5%	47 420
Vote 11 - Waste Management		9 785	8 125	–	806	4 921	4 063	858	21.1%	8 125
Vote 12 - Environmental Protection		3 225	2 669	–	304	1 655	1 334	320	24.0%	2 669
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	301 885	323 462	–	42 419	155 330	161 731	(6 401)	-4.0%	323 462
Surplus/ (Deficit) for the year	2	73 511	22 241	–	29 597	72 249	48 721	23 528	48.3%	22 241

Table 4 provides information on the planned revenue and operational expenditures against the actual results for the period ending 31st December 2021.

This report analyses each major component under following headings;

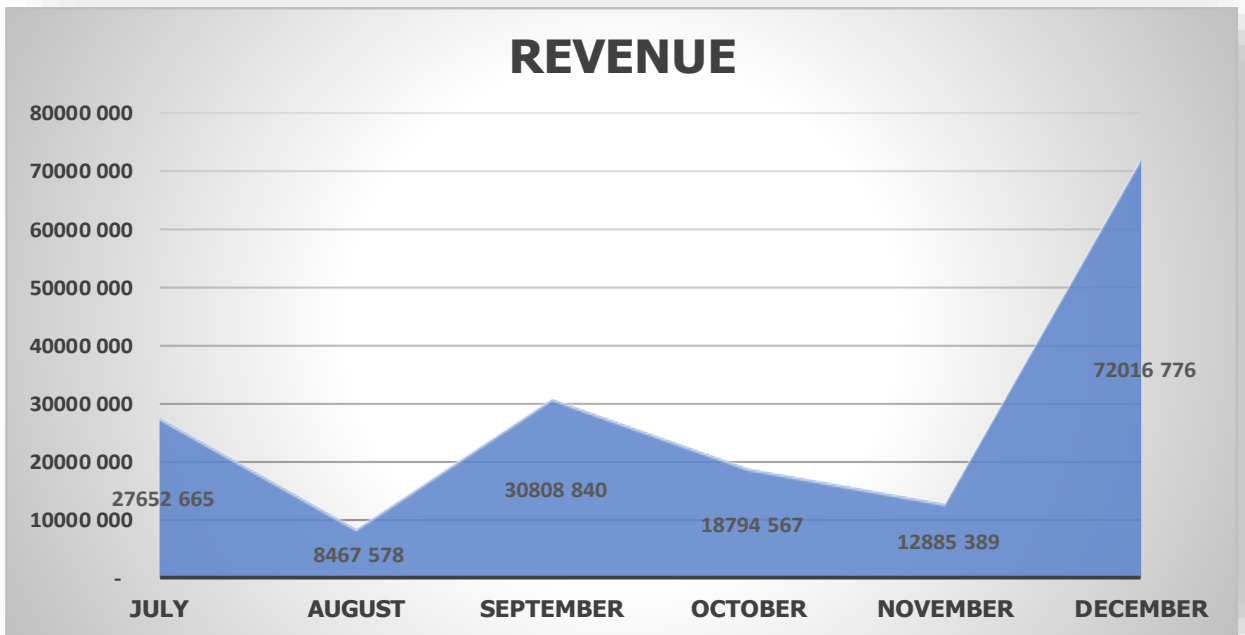
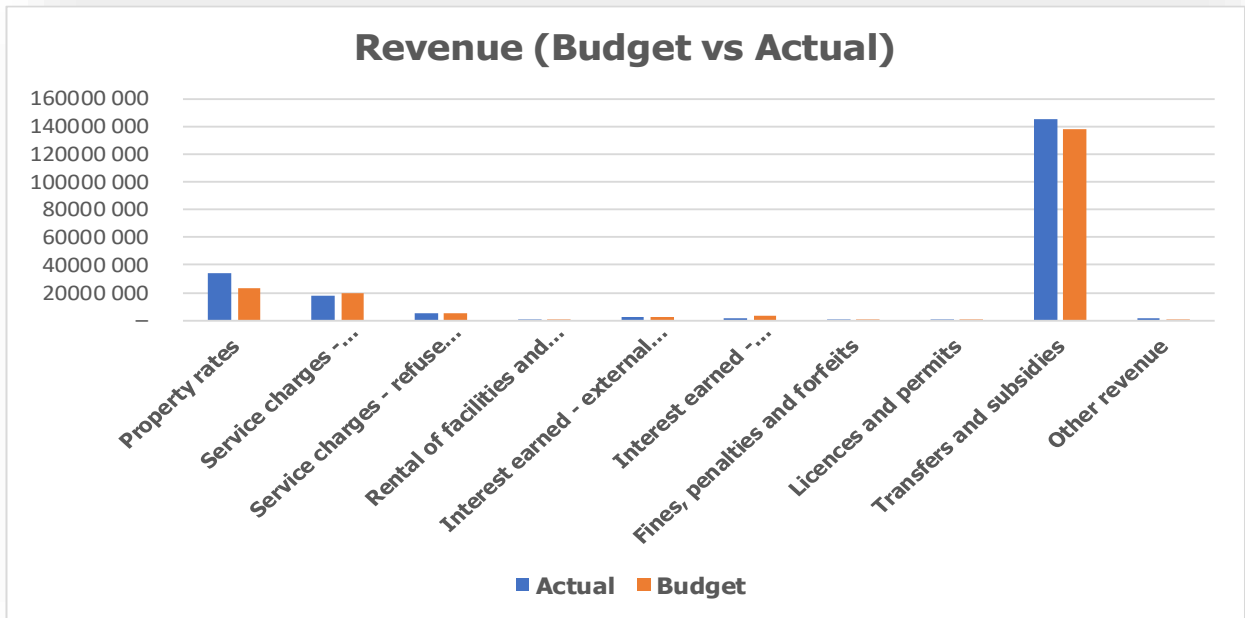
- Revenue by Source
- Operational Expenditure by Type, and

KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		50 870	46 642	–	2 355	33 855	23 321	10 534	45%	46 642
Service charges - electricity revenue		34 672	39 216	–	2 683	17 506	19 608	(2 103)	-11%	39 216
Service charges - water revenue		–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		9 150	9 546	–	919	5 328	4 773	555	12%	9 546
Rental of facilities and equipment		101	130	–	14	76	65	11	17%	130
Interest earned - external investments		6 454	4 950	–	223	2 011	2 475	(464)	-19%	4 950
Interest earned - outstanding debtors		4 084	6 740	–	298	1 659	3 370	(1 711)	-51%	6 740
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		281	265	–	5	41	132	(92)	-69%	265
Licences and permits		800	695	–	37	338	348	(10)	-3%	695
Agency services		–	–	–	–	–	–	–	–	–
Transfers and subsidies		210 180	200 340	–	62 437	145 673	137 770	7 903	6%	200 340
Other revenue		1 378	640	–	534	1 522	320	1 202	375%	640
Gains		15 961	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		333 931	309 163	–	69 504	208 008	192 182	15 826	8%	309 163
Expenditure By Type										
Employee related costs		109 315	107 819	–	9 546	54 944	53 910	1 034	2%	107 819
Remuneration of councillors		13 528	14 643	–	1 076	6 654	7 322	(667)	-9%	14 643
Debt impairment		34 245	30 635	–	18 972	18 972	15 318	3 655	24%	30 635
Depreciation & asset impairment		31 848	32 726	–	2 605	15 409	16 363	(955)	-6%	32 726
Finance charges		332	400	–	56	57	200	(143)	-72%	400
Bulk purchases - electricity		28 816	35 143	–	2 813	18 122	17 572	550	3%	35 143
Inventory consumed		2 139	2 288	–	167	642	1 144	(502)	-44%	2 288
Contracted services		47 869	56 718	–	4 223	22 010	28 359	(6 350)	-22%	56 718
Transfers and subsidies		1 557	–	–	–	–	–	–	–	–
Other expenditure		30 699	43 089	–	2 961	18 517	21 544	(3 028)	-14%	43 089
Losses		1 536	–	–	–	4	–	4	#DIV/0!	–
Total Expenditure		301 885	323 462	–	42 419	155 330	161 731	(6 401)	-4%	323 462
Surplus/(Deficit)		32 046	(14 299)	–	27 085	52 678	30 450	22 228	0	(14 299)
Transfers and subsidies - capital (monetary allocations) (National /		41 465	35 370	–	2 513	19 571	17 685	1 886	0	35 370
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Transfers and subsidies - capital (in-kind - a		–	1 170	–	–	–	–	–	–	1 170
Surplus/(Deficit) after capital transfers & contributions		73 511	22 241	–	29 597	72 249	48 136			22 241
Taxation		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		73 511	22 241	–	29 597	72 249	48 136			22 241
Attributable to minorities		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to		73 511	22 241	–	29 597	72 249	48 136			22 241
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year		73 511	22 241	–	29 597	72 249	48 136			22 241

Table 4.1

▪ **Total Operating Revenue from (July-December 2021)**

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 208.0 million for the period ending 31st December 2021 excluding capital conditional grant income. The YTD Budget is R 192, 2 million; therefore, this reflects an over performance against the revenue projected by 8%, 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 R143.4 million that has been received by the municipality as we are left with the last transfer of R47.8 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, INEP and Library Grants.

Property Rates

- The actual revenue from property rates as @ 31st December 2021 is R33.9 million or 45 percent more than the budgeted income of R23.3 million. The variance of 45% 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. The variance will gradually decrease as the financial year progress.

Service Charges : Electricity

- The actual revenue from Service Charges Electricity as @ 31st December 2021 is R17.5 million or 11 percent less than the budgeted income of R19.6 million, variance of 11% 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 the municipality will be able to achieve target.

Service Charges: Refuse

- The actual revenue from Service Charges Refuse as @ 31st December 2021 is R5.3 million or 12 percent more than the budgeted income of R4.8 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 R76 thousand in comparison with the year to date budget amount of R65 thousand thus indicating an over performance of R11 thousand or 17 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 R2.0 million in comparison with the year to date budget of R2.5 million, thus indicating an under performance by R464 thousand or 19 percent, variance is based cash available and interest rate generated from previous year cash backed reserves and additional grants received. The municipality will remain with the same budget as there are additional funds that have been re invested, budget allocated will be met at year end.

Interest earned outstanding debtors

- Interest earned on outstanding debtors amounts to R1.7 million in comparison with the year to date budget of R3.4 million, thus indicating an under performance by R1.7 million or 51 percent, variance is based on the outstanding debtors for that period. The municipality is charging an interest rate on outstanding debtors at 2% per annum. Further to that the municipality wrote off ITB and suspended their billings, our interest charges have dropped drastically. Based on performance for mid-year Interest on outstanding debtors appears to be overstated this item will have to be adjusted during an adjustment budget.

Fines, Penalties and forfeits

- Fines underperformed by 69 percent or R92 thousand, with an actual amount of R41 thousand variance against year to date budget projections of R132 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 will have to adjust so as to ensure realistic budget estimates.

Licences and permits

- Licences and permits have underperformed by 3 percent or R10 thousand with an actual amount of R338 thousand as compared to budget of R348 thousand, variance is significantly low and this target will be met during year end. Expenditure reported for licences and permits is based on the performance of the traffic department through issuing and renewal of licences.

Transfers & subsidies

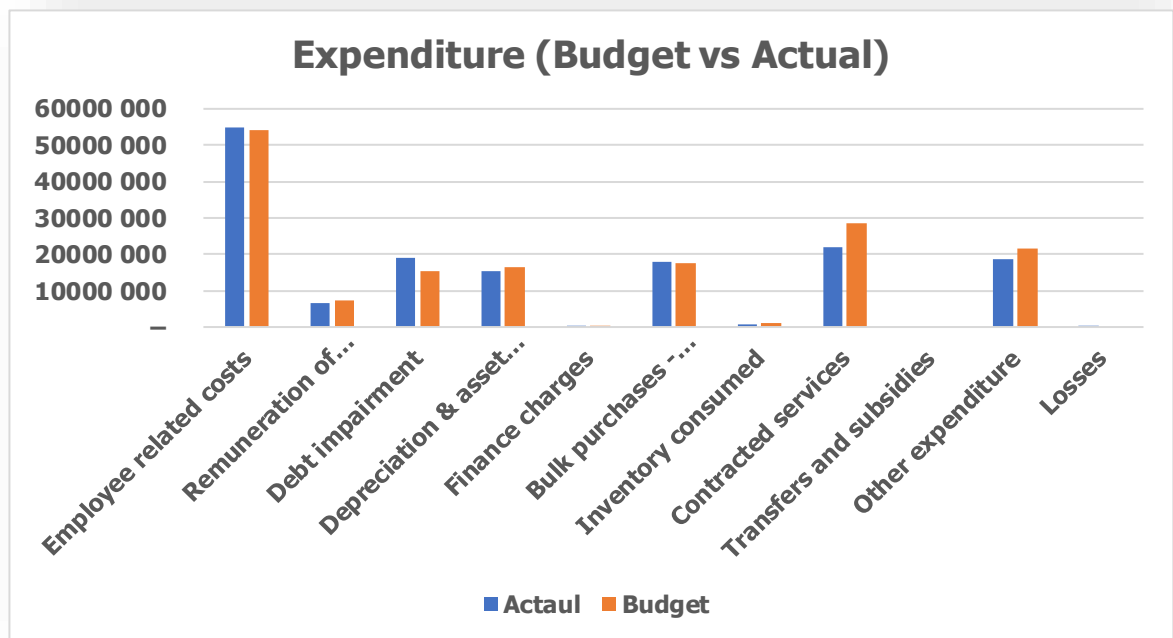
- Transfers and subsidies recognised operational amounts to R145.7 million in comparison with the year to date budget of R137.8 million, thus indicating an over performance by R7.9 million or 6 percent, variance is mainly attributable to the municipality receiving the 2nd trench of the Equitable Share and realisation of operational grants spent as conditions have been met for EPWP, FMG, Library Grant.
- Transfers and subsidies capital amounts to R19.6 million in comparison with the year to date budget of R17.7 million, thus indicating an over performance by R1.8 million variance is mainly attributable by expenditure in MIG. *(Detailed report on MIG expenditure has been provided below)*

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 R1.5 million more than anticipated YTD budget of R320 thousand, thus indicating an over performance of R1.2 million or 375 percent, variance is mainly due to seasonal fluctuations and level of demand for these items e.g, tender fees, connection and disconnection fees. Based on mid-year performance the municipality will have to adjust accordingly so as to ensure realistic estimates. Further to that there has been additional revenue received from LG SETA Grant and Insurance Refunds which were not previously budgeted for, these funds will be considered during an adjustment budget.

Table 4.3

- **Total Operating Expenditure from (July- December 2021)**



Operating Expenditure:

- The total operational expenditure YTD Actual for the period ending 31st December 2021 amounted to R 155.3 million against the planned target of YTD budget is R 161.7 million. As at the end of December the operational expenditure budget has under spent by 4% or R6.4 million. Detailed expenditure analysis is below:

Employee Related Costs

- Employee related costs YTD expenditure for the period ending 31st December 2021 amounted to R54.9 million while the YTD budget was R53.0 million, which has resulted in a slightly overspent by 2%. Variance is due to payment that was approved by Bargaining Council that employees were going to receive a once off non-pensionable cash allowance which was paid to employees in the month of December also payment.
- 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 2021 was under spent by R 667 thousand. The YTD Remuneration of Councilor's budget was R7.3 million whilst the actual expenditure incurred results in under-expenditure of 9% 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 an over performance by 24 percent or R3.7 million from YTD budget of R15.3 million against the YTD actual of R18.9 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.

Depreciation and Asset Impairment

- Depreciation and asset impairment are reflecting an under performance by 6 percent or R955 thousand against YTD actual of R15.4 million against the YTD budget of R16.4 million, variance 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 turnaround strategy will ensure that planned targets are met.

Finance Charges

- Finance charges are reflecting an under performance by 72 percent or R143 thousand against YTD actual of R200 variance is due to interest paid towards Wesbank for Finance Lease. Further to that it should be noted that the Instatement contract agreement for 10 vehicles ends at May 2022 and for 1 Toyota Avanza ends in September 2022. Interest charges decreases as the lease term comes to an end.
- 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 2020/21 for finance charges of R2.8 million this item appears to be understated 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 3 percent or 550 thousand from the year to date budget projections amounting to R17.6 million, variance is due to electricity bulk consumption by umngeni water. 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 44 percent or R502 thousand from YTD budget of R1.1 million against the YTD Actual of R642 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 22 percent or R6.4 million from YTD budget of R28.4 million against the YTD actual of R22.0 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. Further to that COVID regulation had an impact on this line item as bulk of expenditure budgeted for this item involves community participation, most of planned programs have been postponed until situation becomes normal.

Transfers & Subsidies

- Transfers & Subsidies has been reclassified under Other expenditure so as to consider findings raised by mSCOA Co-Ordinator. Therefore, this expenditure is part of Other Expenditure.

Other expenditure

- Other expenditure has underspent by 14 percent or R3.0 million from YTD budget of R21.5 million against the YTD actual of R18.5 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.

- Losses**
Losses of R4 thousand reported as mid-year is due to write off of Inventory items that were damaged. This item was not budgeted for initially this will then be adjusted during an adjustment budget.

Table 4.4

- Operating Expenditure from July-December 2021**

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

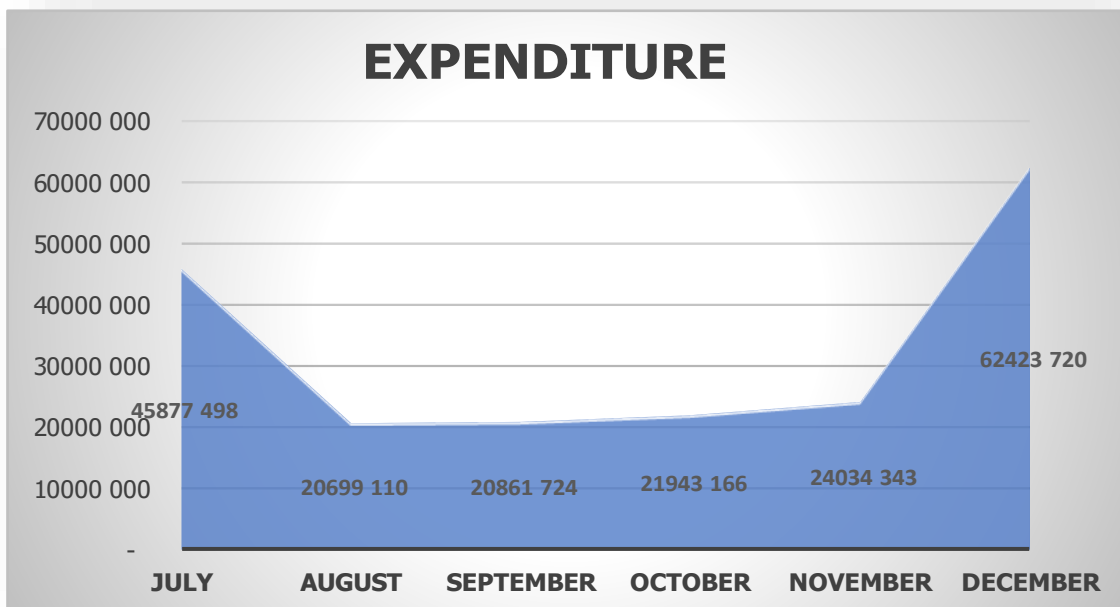


Table 5

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	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Single Year expenditure appropriation	2									
Vote 1 - Executive and council		–	20	–	–	–	10	(10)	-100%	20
Vote 2 - Finance and administration		1 800	5 150	–	695	925	2 575	(1 650)	-64%	5 150
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		3 232	10 108	–	612	1 846	5 054	(3 208)	-63%	10 108
Vote 5 - Sport and Recreation		6 057	5 754	–	11	957	2 877	(1 920)	-67%	5 754
Vote 6 - Public safety		3 598	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		5 250	9 985	–	608	4 861	4 993	(131)	-3%	9 985
Vote 9 - Road transport		30 097	30 703	–	2 090	20 960	15 151	5 808	38%	30 703
Vote 10 - Energy sources		341	8 200	–	125	521	4 100	(3 579)	-87%	8 200
Vote 11 - Waste Management		900	4 000	–	–	–	2 200	(2 200)	-100%	4 000
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	51 275	73 920	–	4 141	30 070	36 960	(6 890)	-19%	73 920
Total Capital Expenditure		51 275	73 920	–	4 141	30 070	36 960	(6 890)	-19%	73 920
Capital Expenditure - Functional Classification										
Governance and administration		1 800	5 170	–	695	925	2 585	(1 660)	-64%	5 170
Executive and council		–	20	–	–	–	10	(10)	-100%	20
Finance and administration		1 800	5 150	–	695	925	2 575	(1 650)	-64%	5 150
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		12 887	15 863	–	623	2 803	7 931	(5 128)	-65%	15 863
Community and social services		3 232	10 108	–	612	1 846	5 054	(3 208)	-63%	10 108
Sport and recreation		6 057	5 754	–	11	957	2 877	(1 920)	-67%	5 754
Public safety		3 598	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		35 347	40 688	–	2 698	25 821	20 144	5 677	28%	40 688
Planning and development		5 250	9 985	–	608	4 861	4 993	(131)	-3%	9 985
Road transport		30 097	30 703	–	2 090	20 960	15 151	5 808	38%	30 703
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		1 241	12 200	–	125	521	6 300	(5 779)	-92%	12 200
Energy sources		341	8 200	–	125	521	4 100	(3 579)	-87%	8 200
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		900	4 000	–	–	–	2 200	(2 200)	-100%	4 000
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	51 275	73 920	–	4 141	30 070	36 960	(6 890)	-19%	73 920
Funded by:										
National Government		40 275	35 370	–	2 332	17 736	17 685	51	0%	35 370
Provincial Government		3 624	1 170	–	93	267	585	(318)	-54%	1 170
District Municipality		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies,		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		43 899	36 540	–	2 425	18 003	18 270	(267)	-1%	36 540
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		7 376	37 380	–	1 717	12 067	18 690	(6 623)	-35%	37 380
Total Capital Funding		51 275	73 920	–	4 141	30 070	36 960	(6 890)	-19%	73 920

Capital Expenditure Analysis:

The YTD capital expenditure budget is R 30.1 million against YTD actual Capital expenditure amounted to R 36.9 million resulting in over under performance of (19%) on capital expenditure. Variance in capital expenditure were due to technical challenges that were experienced with the implementation of these projects, such as delays in procuring materials and interference by business forum in the implementation of projects.

- Capital grants funded by National Government actual is R17.7 million versus YT Budget of R17.7 million as at December 2021, expenditure is within the limits as at mid-year. The municipality will ensure that grants is fully spent by year end.
- Capital grants funded by Provincial Government actual is R267 thousand versus YT Budget of R585 thousand as at December 2021 variance of 54% reflects and under expenditure on this grants. 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 R12.0 million versus YT Budget of R18.7 million as at December 2021 variance of 45% reflects and under expenditure on this item. However, it should be noted that there are projects on going projects in relation to this funding such as DLTC Establishment which will ensure that capital budget is fully spent at year end.
- Below is the detailed status of all capital projects.
- Reason for variance on capital expenditure- functional classification has been provided in table SC1.

PROJECTS STATUS QUO / PROGRESS REPORT AS AT 31 DECEMBER 2021 – 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	The project reached Completion June 2021 and is currently under the defect liability period.
02	Upgrade of Link Road between Shayamoya Road (Ward 07) and Amajuba Road (Ward 15)	7, 15	This project entails the construction of a new access link road between Shayamoya Road and Amajuba Road. The scope of works includes 0.32 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 Onombutho Trading CC	3,019,695.84	Project Complete	January 2021	The project reached Completion on June 2021 and is currently under the defect liability period.

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.	<p>Consultant Lelethu Engineers</p> <p>Contractor Zithunzuzo Trading CC</p>	3,440,757.69	Project Complete	January 2021	The project reached Completion on June 2021 and is currently under the defect liability period.
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2020/2021 FINANCIAL YEAR ROLL OVER CAPITAL PROJECTS

04	Construction of the swimming pool	15	Construction of a public swimming pool	<p>Consultant Young and Satharia</p> <p>Contractor Flaxen Lake</p>	R5 178 546.50	Project Complete	June 2021	The project reached Completion in September 2021 and is currently under the defect liability period.
05	Upgrade of Link Road between Masomonce Bus Route (Ward 10) and Enembe/Isithebe Link	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	<p>Consultant Leletu Consulting Engineers</p> <p>Contractor Thatha 5 cc</p>	R6 762 817.44	Contacto still on site finishing off the construction of sidewalks and installation of kerb and channel.	09 August 2021	The Contractor experienced challenges with cashflow and is being assisted through a cession agreement. There is an anticipated increase to the scope of the works which will need variation order as

	Road (Ward 12)		Stormwater drainage system as well as street furniture such as road signs and line painting.					well as an increase in the duration 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	<p>Contractor is experiencing cashflow challenges and as a result progress is very slow.</p> <p>Outstanding work: Topsoil and grassing around pitch, installation of wooden benches, changing of shower heads, install treated meranti doors at entrance to showers, installation of mirrors in changerooms, removing the weed and rolling of grass on the pitch, line marking once grassing issues are resolved</p>	15 July 2021	Contractor is experiencing cashflow challenges and as a result progress is very slow.

						<p>expose the conservancy tanks covers, trim the drain banks, installation of firehose ring and provision of fire extinguisher.</p> <p>Connect electricity to Hall DB.</p> <p>Provision of Electrical COC and Structural Stability Certificate.</p>		
08	Rural Roads Phase 3 (a) - Upgrade of Rural Road in Ward 2	2	The scope of works includes the following activities: Remove topsoil & Excavation to a nominal depth of 300mm over the roadway widths, shoulders and side drains, Dump Rock infilling at soft spots, Rip and compact to 98% mod. AASHTO maximum density to depth of 150mm – Roadbed, Construct 150mm Gravel Subbase: G7 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construct 150mm Gravel Base: G6 to 95% Mod AASHTO	<p>Consultant SKYV Consulting</p> <p>Contractor Zisayini Trading</p>	5,483,859.59	Project Complete	19 June 2021	The project reached Completion in June 2021 and is currently under the defect liability period.

			with material from borrow-pits & commercial sources, Construction of Grass Lined V-Drains, Construction of Stormwater Causeways utilising 600mm Pipes.					
09	Rural Roads Phase 3 (b) – Upgrade of Rural Road in ward 12	12	The scope of works includes the following activities: Remove topsoil & Excavation to a nominal depth of 300mm over the roadway widths, shoulders and side drains, Dump Rock infilling at soft spots, Rip and compact to 98% mod. AASHTO maximum density to depth of 150mm – Roadbed, Construct 150mm Gravel Subbase: G7 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construct 150mm Gravel Base: G6 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construction of Grass Lined V-Drains, Construction of Stormwater Causeways utilising 600mm Pipes, Construct 150mm Thick Reinforced Concrete Roadway for Grades of 14%.	<p>Consultant SKYV Consulting</p> <p>Contractor Sukoluhle Trading Enterprise</p>	5,483,859.59	Project Complete	19 June 2021	The project reached Completion in June 2021 and is currently under the defect liability period.

10	Rural Roads Phase 3 (c) - Upgrade of Rural Road in Ward 3	3	The scope of works includes the following activities: Remove topsoil & Excavation to a nominal depth of 300mm over the roadway widths, shoulders and side drains, Dump Rock infilling at soft spots, Rip and compact to 98% mod. AASHTO maximum density to depth of 150mm – Roadbed, Construct 150mm Gravel Subbase: G7 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construct 150mm Gravel Base: G6 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construction of Grass Lined V-Drains, Construction of Stormwater Causeways utilising 600mm Pipes.	<p>Consultant SKYV Consulting</p> <p>Contractor Msebe Trading</p>	4,392,341.82	Project Complete	19 June 2021	The project reached Completion in June 2021 and is currently under the defect liability period.
<u>2021/2022 FINANCIAL YEAR CAPITAL PROJECTS</u>								
01	Swimming Pool Area	15	The project scope entails the following activities:	<p>Consultant: Hi Tech Consulting</p>	R3,685,154.52	Awarded	June 2022	None at present

	<p>Additions in Ward 15</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 - Construction power electrification wiring and piping - Provision of outside lighting 	<p>Contractor: Umhlathuze Builders Emporium</p>				
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			<ul style="list-style-type: none"> - 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	Consultant: BVI Consulting Contractor: Onombuthu (PTY) LTD	R 4,867,775.44	Awarded	June 2022	Still awaiting EIA approval
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 stormwater drainage and installation of road signs	Consultant: BVI Consulting Contractor: Zisayini Trading Enterprise	R3,517,436.07	Awarded	June 2022	Still awaiting EIA approval

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	Awarded	December 2022	None at present
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	Brickwork and parking platform earthworks construction in progress.	February 2022	Progressing as per the construction programme with no challenges currently being experienced.
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, Impunzi Road, Impala Road, Trogon Road and Sandpiper Road)	Consultant: Morula Consulting Contractor: Bheka Phezulu Investments	R13,057,500.00	Contractor has surfaced Impala, Inyala, Impunzi and parts of Trogon Road. They are busy with	March 2022	Progressing as per the construction programme with no challenges currently being experienced.

			<ul style="list-style-type: none"> - Construction of curbs - Surfacing using 30mm asphalt - Construction of storm water drainage - Road marking - Installation of road signs 			<p>installation of kerbs on Sandpiper and Plover Road. On Plover the contractor will be stabilizing the G7 layer and construct G3 layer followed by laying of asphalt surfacing. Still to do asphalt surfacing of Sandpiper and parts of Trogon Road.</p>		
07	Rehabilitation of Internal Roads and Stormwater Drainage in Ward 3	3	<p>The scope of works entails the following activities:</p> <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. 	<p>Consultant: Morula Consulting</p> <p>Contractor: MVI-SSSS Trading</p>	R7,996,258.68	<p>On Richard Circle contractor has done asphalt surfacing, still to do installation of kerbs. On Stratton circle contractor still to do is asphalt surfacing. On Mathews Road still to do confirming of layer thicknesses for existing material and imported, asphalt surfacing.</p>	May 2022	Progressing as per the construction programme with no challenges currently being experienced.

			- To finish the road after completion of the works.			Road marking for all roads and installation of signs.		
08	Upgrade of Manono Road in Ward 15	15	<p>The scope of works is as follows:</p> <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>Consultant: SKYV</p> <p>Contractor:</p>	R 6,804,889.83	Registered on MIS	May 2022	Detailed design complete, project ready to go out to tender, once consultant receives approval to go ahead, from the municipality.

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: Mahlali Construction JV TPL Mkhize	R15,840,693.71	The contractor has finished the Blockwork in the main building. The Contractor has also commenced with preparation of platforms. Subcontractors are busy with plastering, installations of roof, waterline, stormwater pipes and sewerlines.	October 2021	Regular change of staff within the company. Progress has been very slow and the Contractor does not show any signs of improving. The project is being micromanaged by the PMU as well as the Consultant. Site Foreman and Safety Officer left the site beginning of November 2021 due to non-payment of their salaries. Subcontractors continued with the work without senior representatives and supervision from main contractor. Contractors have been engaged regarding the issue but

								no response received from their side.
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	The project reached Completion in June 2021 and is currently under the defect liability period.
03	Hlomendlini Sidewalks and Ancillary works	3	Construction of sidewalks, Road marking, speedhumps and Guard rails	Consultant: Internal Contractor: Humble Frank Multi Service	R1 300 000.00	Project Complete	September 2021	The project reached Completion in September 2021 and is currently under the defect liability period.
04	Construction of Civic Centre Retaining wall	3	Construction of retaining wall	Consultant: Internal Contractor: Luzomelamandla Trading	R400 000.00	Contractor is left with finishing of balustrades installation and tidying up around construction site.	September 2021	The Contractor has taken too long to finish the work.
05	Council Chamber Partitioning	3	Closing off the small boardroom, Provision of aluminium door, supply and install projector and	Consultant: Nzamakhuze Trading Contractor:	R600 000.00	Supply and installation of projector and projector screen has been completed.	TBD	Partitioning delayed due to delays with SCM process during the previous FY.

			projector screen, and painting			Part of partitioning work in the overflow area was assigned to the contractor appointed to construct security guard house and is done. Rest of partitioning still outstanding		
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	Consultant: Nzamakhuze Trading Contractor: Mlombomvu Projects	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	Consultant: SKYV Consulting Contractor:		The consultant is busy drafting tender document	June 2022	None at this stage

			<p>with material from commercial sources.</p> <p>Construct 150mm Subbase: C4 with 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	Demolition of existing pavement and structures, earthworks, construction of a	<p>Consultant: Ukwakha Consulting Engineers</p> <p>Contractor:</p>	R1 850 000.00	The consultant is busy drafting tender document	June 2022	None at this stage

			<p>Mechanical workshop, construction of a new office block, paving front of the workshop, 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: Clearing. Earthworks. Construction of parking area using segmented block pavers. Provision of the internal water supply network.</p>	<p>Consultant: Buchule Engineers (Pty) Ltd</p> <p>Contractor:</p>	R1 850 000.00	On hold	The project has an issue of land dispute, IDP is dealing with the issue.

		<p>Provision of internal wastewater network.</p> <p>Provision of electricity supply and lighting.</p> <p>Fencing.</p> <p>Construction of buildings that include a guardhouse, administration block, traders' stalls and ablution blocks</p> <p>Landscaping and provision of sitting benches and bins.</p>					
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Table 6
FINANCIAL POSITION

Table C6 displays the financial position of the municipality as at 31st December 2021

KZN291 Mandeni - Table C6 Monthly Budget Statement - Financial Position - Mid-Year						
Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		906	6 448	–	18 246	6 448
Call investment deposits		181 074	59 477	–	229 181	59 477
Consumer debtors		9 059	44 093	–	10 991	44 093
Other debtors		18 309	7 247	–	20 077	7 247
Current portion of long-term receivables		2 902	–	–	–	–
Inventory		864	1 025	–	979	1 025
Total current assets		213 113	118 289	–	279 474	118 289
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		84 587	70 116	–	84 587	70 116
Investments in Associate		–	–	–	–	–
Property, plant and equipment		455 471	549 237	–	470 185	549 237
Biological		–	–	–	–	–
Intangible		674	1 091	–	621	1 091
Other non-current assets		–	–	–	–	–
Total non current assets		540 732	620 443	–	555 393	620 443
TOTAL ASSETS		753 845	738 733	–	834 868	738 733
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		896	780	–	326	780
Consumer deposits		290	283	–	284	283
Trade and other payables		31 572	15 826	–	44 133	15 826
Provisions		30 079	(51)	–	30 079	(51)
Total current liabilities		62 837	16 838	–	74 821	16 838
Non current liabilities						
Borrowing		14	725	–	–	725
Provisions		23 594	20 198	–	23 594	20 198
Total non current liabilities		23 608	20 924	–	23 594	20 924
TOTAL LIABILITIES		86 445	37 762	–	98 415	37 762
NET ASSETS	2	667 400	700 971	–	736 452	700 971
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		665 573	699 050	–	734 626	699 050
Reserves		1 827	1 921	–	1 827	1 921
TOTAL COMMUNITY WEALTH/EQUIT	2	667 400	700 971	–	736 452	700 971

FINANCIAL RATIOS AND NORMS

Current ratio: The municipality's current assets are 4 (four) times that of current liabilities. **3:71**

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 time of the current liabilities.

Creditors' system efficiency: 99 percent of the creditors outstanding are less than 30 days.

Creditor's payment: it takes the municipality 15 days to pay its creditors

Outstanding debtors: billing far exceeds the collection on outstanding debt at the rate of 83 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 month without any grant funding.

Debtors collection rate: as at mid-year is **83%**

1.4.4 PERFORMANCE INDICATOR

Table 7

Table C7 below display the Cash Flow Statement for the month ending 31st December 2021

KZN291 Mandeni - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		64 739	26 586	-	1 451	10 561	13 293	(2 732)	-21%	26 586
Service charges		47 256	42 028	-	2 913	18 141	21 014	(2 874)	-14%	42 028
Other revenue			1 478	-	589	13 418	739	12 679	1716%	1 478
Transfers and Subsidies - Operational		262 407	204 520	-	63 716	154 693	102 260	52 433	51%	204 520
Transfers and Subsidies - Capital			37 232	-	17 500	46 773	18 616	28 157	151%	37 232
Interest		6 454	-	-	223	2 011	-	2 011	#DIV/0!	-
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(257 754)	(289 485)	-	(20 787)	(144 246)	(144 743)	(496)	0%	(289 485)
Finance charges		(332)	(400)	-	(56)	(57)	(200)	(143)	72%	(400)
Transfers and Grants		-	(1 883)	-	-	-	(941)	(941)	100%	(1 883)
NET CASH FROM/(USED) OPERATING AC		122 769	20 076	-	65 549	101 293	10 038	(91 255)	-909%	20 076
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		149	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(51 275)	(73 920)	-	(4 141)	(30 070)	(36 960)	(6 890)	19%	(73 920)
NET CASH FROM/(USED) INVESTING AC		(51 127)	(73 920)	-	(4 141)	(30 070)	(36 960)	(6 890)	19%	(73 920)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		45	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	7	-	7	#DIV/0!	-
Payments										
Repayment of borrowing		(854)	-	-	(95)	(570)	-	570	#DIV/0!	-
NET CASH FROM/(USED) FINANCING AC		(809)	-	-	(95)	(564)	-	564	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH H		70 834	(53 844)	-	61 313	70 660	(26 922)			(53 844)
Cash/cash equivalents at beginning:		111 146	7 670	-	-	181 980	7 670			181 980
Cash/cash equivalents at month/year end:		181 980	(46 174)	-	-	252 639	(19 252)			128 136

Cash and cash equivalent at the beginning of 2020/21 financial year was R181.9 million as per audited AFS and cash and cash equivalent at the end of 31st December 2021 is R252.6 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 R10.6 million of the billed revenue as at December 2021. 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 2021 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 2021, collection rate is below the budgeted collection rate of 50%, municipality will have to adjust this item.
- Other Revenue collected to date is R12.8 million, 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 R11.4 million.
- Government Operating received to date as at December 2021 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 R330 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 R143.9 million does not corresponds with table A4 as it has also considered payments made under the Department of human Settlement of R12.9 million and prior period creditors of R8.6 million as per the 2020/21 audited AFS which were paid in this current financial year. Further to that suppliers and employees cash flow have included INEP payments of R1.5 million as we adhere to GRAP 109 as the municipality serves as an agent.
- Finance charges are reflecting an under performance by 72 percent or R143 thousand against YTD actual of R57 thousand variance is due to interest paid towards Wesbank for Finance Lease. Further to that it should be noted that the Instatement contract agreement for 10 vehicles ends at May 2022 and for 1 Toyota Avanza ends in September 2022. Interest charges decreases as the lease term comes to an end.

- Transfers & Subsidies: Is the Free Basic Electricity paid to ESKOM for indigent beneficiaries this item has been reclassified as per mSCOA seven segment now it forms part of general expenses.
- Capital Assets of R30.0 million corresponds with table A5.
- Increase (decrease) in consumer debtors has paid R7 thousand through repayment of deposits of customers for rental of properties.
- Repayment of borrowing to date is R570 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 2021/22									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	1200	–	–	–	–	–	–	–	–	–	–	–
Trade and Other Receivables from Exchange	1300	3 041	668	173	137	116	106	516	2 409	7 166	3 284	
Receivables from Non-exchange Transaction	1400	3 486	1 490	1 339	17 439	1 100	508	6 956	63 569	95 888	89 572	
Receivables from Exchange Transactions - V	1500	–	–	–	–	–	–	–	–	–	–	
Receivables from Exchange Transactions - V	1600	989	883	837	777	711	693	3 666	41 373	49 927	47 219	
Receivables from Exchange Transactions - F	1700	8	8	11	12	11	11	66	109	235	208	
Interest on Arrear Debtor Accounts	1810	298	293	567	258	264	255	2 779	22 857	27 570	26 412	
Recoverable unauthorised, irregular, fruitless	1820	–	–	–	–	–	–	–	–	–	–	
Other	1900	31	38	33	–	–	–	1	7 334	7 437	7 335	
Total By Income Source	2000	7 852	3 379	2 960	18 623	2 201	1 572	13 984	137 651	188 222	174 031	
2020/21 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	300	299	324	9 438	281	676	1 454	14 763	27 534	26 611	
Commercial	2300	3 761	616	596	7 520	295	102	3 524	15 330	31 743	26 770	
Households	2400	3 563	2 293	1 891	1 559	1 601	795	9 006	107 558	128 267	120 519	
Other	2500	228	172	148	106	24	–	–	–	678	130	
Total By Customer Group	2600	7 852	3 379	2 960	18 623	2 201	1 572	13 984	137 651	188 222	174 031	

The total Consumer debtors outstanding as 31st December 2021 is **R 188 222 444.00**

- Debt book indicates 14% increase from to 30 June 2021 to 31 December 2021, the debt book is very high.
- Debtors collection rate at December 2021 is 60%
- We are however maintaining and ensuring the collection of the current debt but our biggest challenge is the historic debt. We have since advertised to employ Debt collectors to use Debt Pack enterprise system, to follow up on outstanding debtors on daily basis. We will soon be conducting interviews, employ and train debtors' collectors.
- 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.

The following activities are undertaken in ensuring that that debt management is monitored:

Ingonyama Trust

- Ingonyama Trust current debt as at the end of June 2021 was R 70 498 672.35, the council resolved to write off the amount as irrecoverable. The high-level interventions at an IGR level, which are led by COGTA have not yet yielded any positive results. It is however our view that going forward Communal and State trust land should be exempted from ratable properties.

Auditor General's matter of emphasis

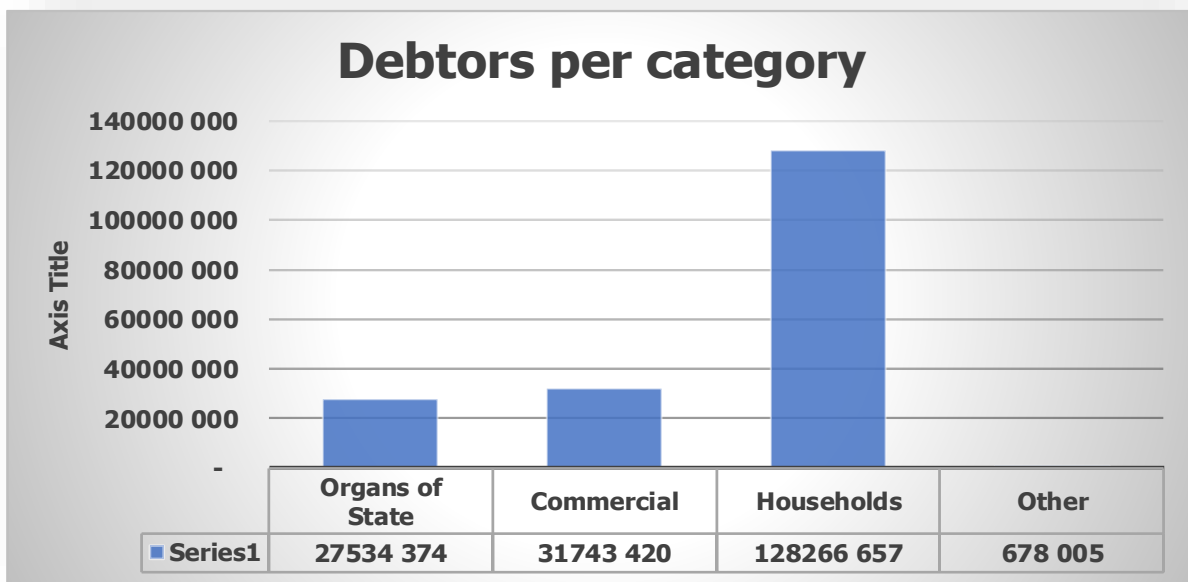
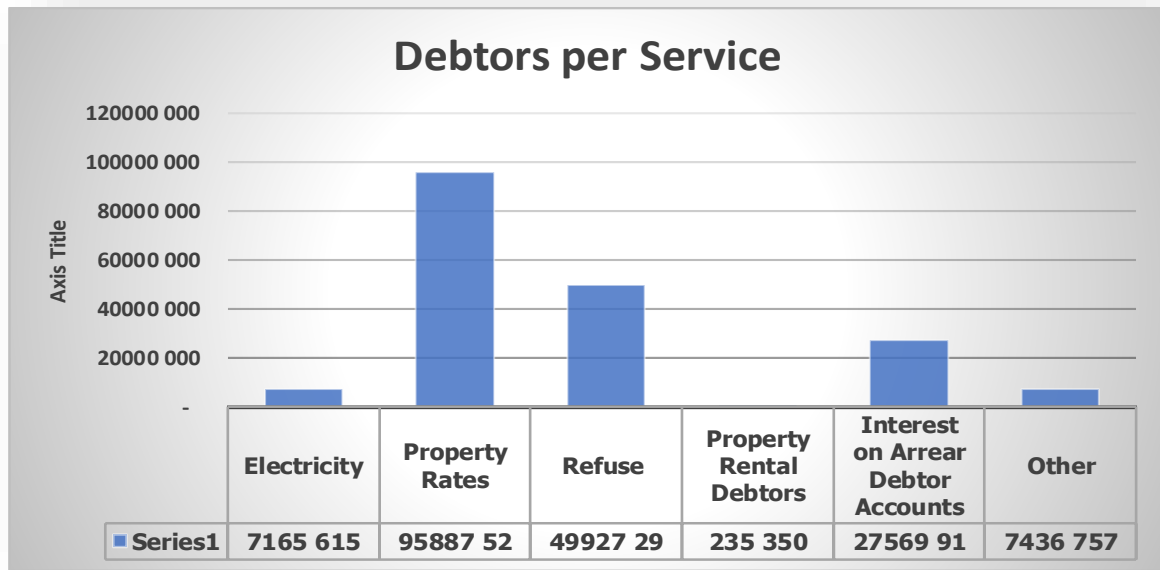
- It should be noted that the issue of Material impairments to debtors is one of the factors that affected our audit opinion
- It was also noted that we are having a challenge in identifying and eliminating indigent cheaters
- The audit Further identified the billing discrepancies relating to interest 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.

2021/22 Debt Collection

- For this financial year, despite the challenges we anticipate to reach our target and collect nothing less than **R70 ml**
- We are determined and resolute that such shall happen judging from the recent collection trends and our projections

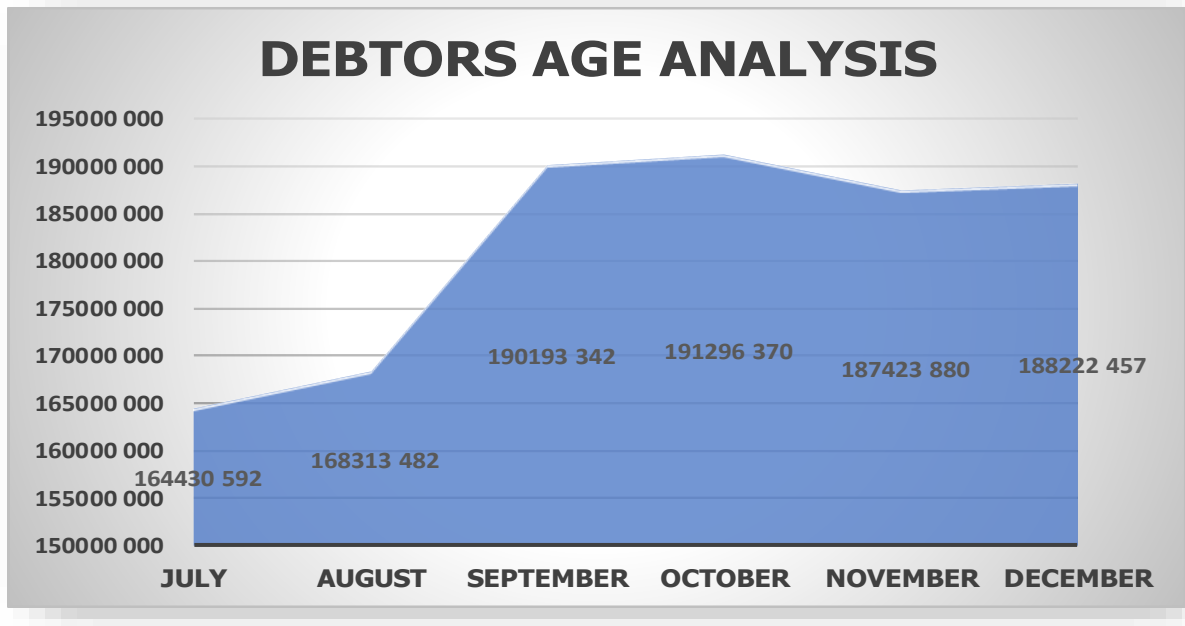
Table 8.1

- Debtors outstanding per Service



The municipal debtors have increased from R165.6 million to R 188.2 million that is from July until 31 December 2021. This increase is dominated by residential debtors of 24% and it is followed by business of 55% 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 2021 of R 165.6 million when compared to the current period as at 31st December 2021, bringing the total outstanding debtors balance to R 188.2 million.

Councilors and Employees in Arrear

- There were no Councilors in arrears as at 31st December 2021 with the municipality.
- Staff Accounts in arrears as at 31st December 2021 is R 86 528.24 however it should be noted that they have decided to make arrangements 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 Code	Budget Year 2021/22									Prior year totals for chart	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductio	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	248	-	-	-	-	-	-	2	251	251	
Total By Customer Type	1000	248	-	-	-	-	-	-	2	251	251	

- Creditors as at 31st December 2021 amounts to **R251 thousand**
- 99% 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 2021

Table 10

The following information presents the short-term investments balances broken down per investment type as at 31st December 2021

KZN291 Mandeni - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid-Year												
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 %	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdraw	Investment Top Up	Closing Balance
R thousands												
Municipality												
FNB CALL ACCOUNT 1- GRANTS		12	Call Account	No	Fixed	0.0245	30 June 2022	50 207	867	(79 530)	75 453	46 996
FNB CALL ACCOUNT 2- HOUSING		12	Call Account	No	Fixed	0.0245	30 June 2022	1 845	23			1 868
FNB CALL ACCOUNT 3- MIG		12	Call Account	Yes	Fixed	0.0245	30 June 2022	1 997	105	(1 034)		1 068
FNB CALL ACCOUNT 5- TMT		12	Call Account	No	Fixed	0.0245	30 June 2022	256	3			260
FNB CALL ACCOUNT 6- INEP		12	Call Account	No	Fixed	0.0245	30 June 2022	296	16			312
FNB CALL ACCOUNT 7- AR		12	Call Account	No	Fixed	0.0245	30 June 2022	3 759	51			3 811
FNB CALL ACCOUNT 8- TITLE DEED		12	Call Account	No	Fixed	0.0245	30 June 2022	6 500	82			6 582
NEDBANK		12	Call Account	No	Fixed	0.05313	30 June 2022	30 000	146			30 146
NEDBANK		12	Call Account	No	Fixed	0.0482	30 June 2022	30 000	688			30 688
NEDBANK		12	Call Account	No	Fixed	0.05975	30 June 2022	-	-		50 000	50 000
STANDARD BANK		12	Call Account	Yes	Fixed	0.0534	30 June 2022	65 000	30			65 030
												-
												-
Municipality sub-total								189 860	2 011	(80 564)	125 453	236 759
Entities												
												-
												-
												-
Entities sub-total								-	-	-	-	-
TOTAL INVESTMENTS AND INT	2							189 860		(80 564)	125 453	236 759

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 2021 is R236.8 million with an interest generated during the 1st half of the year of R2.0 million.

The municipality has opened one additional money market investment accounts with Nedbank and invested an amount of R50 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	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		229 567	202 168	–	–	151 649	101 084	47 787	47.3%	202 168
Local Government Equitable Share	–	181 342	191 149	–	–	143 361	95 575	47 787	50.0%	191 149
Finance Management	–	1 900	1 850	–	–	1 850	925			1 850
EPWP Incentive	–	2 387	2 435	–	–	1 704	1 218			2 435
Integrated National Electrification Program	–	5 000	4 872	–	–	2 872	2 436			4 872
Municipal Infrastructure Grant(PMU)	–	1 743	1 862	–	–	1 862	931			1 862
Disaster Relief Grant COVID 19	3	–	–	–	–	–	–	–	–	–
Equitable Share Covid 19	–	37 060	–	–	–	–	–	–	–	–
LGSETA	–	135	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]	–	–	–	–	–	–	–	–	–	–
Provincial Government:		3 229	3 044	–	–	3 044	1 522	658	43.2%	3 044
Community Library Services Grant	–	2 714	1 315	–	–	1 315	658	658	100.0%	1 315
Provincialization of Government	–	515	1 729	–	–	1 729	865	–	–	1 729
GIS Pertinent Grant	–	–	–	–	–	–	–	–	–	–
Human Settlement	4	–	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]	–	–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	232 796	205 212	–	–	154 693	102 606	48 444	47.2%	205 212
Capital Transfers and Grants										
National Government:		32 976	35 370	–	9 603	26 592	17 685	8 907	50.4%	35 370
Municipal Infrastructure Grant (MIG)	–	32 976	35 370	–	9 603	26 592	17 685	8 907	50.4%	35 370
Other capital transfers [insert description]	–	–	–	–	–	–	–	–	–	–
Provincial Government:		800	1 170	–	7 897	20 181	585	19 596	3349.7%	1 170
Provincialization of Libraries	–	800	1 170	–	7 897	1 170	585	585	100.0%	1 170
Human Settlement (USDG)	–	–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	33 776	36 540	–	17 500	46 773	18 270	28 503	156.0%	36 540
TOTAL RECEIPTS OF TRANSFERS & GRA	5	266 572	241 752	–	17 500	201 466	120 876	76 947	63.7%	241 752

Grant Receipts Analysis:

The total operational YTD grant receipts as at 31st December 2021 is R 154.7 million, which has been allocated as follows:

- Equitable Share received to date is R143.4 million, with a remaining last trench of R47.8 million which will be received in the 3rd quarter as per DORA schedule.
- FMG of R1.9 million has been fully received as publicized on DORA.
- EPWP received to date is R1.7 million with the remaining last trench of R731 thousand will be received in the 3rd quarter.
- Library Grant of R4.2 million has been fully received as publicized on DORA and it has been split between operating of R3.0 million and capital of R1.2 million as per the approved support plan.
- INEP received to date is R2.8 million with a remaining last trench of R2 million which will be received in the 3rd quarter. An amount of R2.0 million that was not fully spent in the 2020/21 financial year of which a rollover was submitted to National Treasury has been not been approved and funds will be returned back to the transferring department.

The total capital YTD grant receipts as at 31st December 2021 is R 46.8 million which has been allocated as follows:

- MIG receipt of R 28.5 million has been received during the 1st half of the financial year, with a remaining balance of R6.9 million as publicized in DORA. An amount of R1.7 million that was not fully spent in the 2020/21 financial year, a rollover was submitted to National Treasury has been approved and funds will be considered in the adjustment budget.
- Library receipts of R1.2 million has been received as gazette.
- Department of Humana Settlement the municipality has received an amount of R19.0 million, however the municipality serves as an agent in relation to this grant.

Table 12: Transfers and Grant Expenditure

KZN291 Mandeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		221 703	202 168	-	21 445	107 413	101 084	6 329	6.3%	202 168
Local Government Equitable Share		191 149	191 149		20 842	102 574	95 575	7 000	7.3%	191 149
Finance Management		2 346	1 850		210	1 089	925	164	17.7%	1 850
EPWP Incentive		2 387	2 435		324	1 695	1 218	477	39.2%	2 435
Integrated National Electrification Programme		6 506	4 872			1 540	2 436	(896)	-36.8%	4 872
Municipal Infrastructure Grant(PMU)		1 743	1 862		68	515	931	(416)	-44.7%	1 862
Disaster Relief Grant COVID 19		393						-		
Equitable Share Covid 19		17 045								
LGSETA		135								
Other transfers and grants [insert description]										
Provincial Government:		3 677	3 044	-	234	1 702	1 522	180	11.8%	3 044
Community Library Services Grant		2 714	1 315				658	(658)	-100.0%	1 315
Provincialization of Government		515	1 729		234	1 372	865	507	58.7%	1 729
GIS Pertinent Grant		448				330		-		
Human Settlement								330	#DIV/0!	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		225 380	205 212	-	21 679	109 115	102 606	6 509	6.3%	205 212
Capital expenditure of Transfers and Grants										
National Government:		39 722	35 370	-	5 046	21 500	17 685	3 814	21.6%	35 370
Municipal Infrastructure Grant (MIG)		39 722	35 370		5 046	21 500	17 685	3 814	21.6%	35 370
Other capital transfers [insert description]										
Provincial Government:		2 990	1 170	-	8 095	13 307	585	12 722	2174.7%	1 170
Provincialization of Libraries		2 990	1 170		198	405	585	(180)	-30.8%	1 170
Human Settlement					7 897	12 903		12 903	#DIV/0!	
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:										
Total capital expenditure of Transfers and Grants		42 712	36 540	-	13 141	34 807	18 270	16 537	90.5%	36 540
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		268 092	241 752	-	34 820	143 921	120 876	23 045	19.1%	241 752

Grant Expenditure Analysis:

The total operational YTD grant expenditure as at 31st December 2021 is R 109.1 million which has been split between conditional and unconditional grants. Conditional Grants YTD expenditure as 31st December is R6.5 million (47%) with a remaining unspent of R7.8 million which we anticipate it will be fully spent by year end.

- FMG expenditure year to date is R1.1 million at (59%) with the remaining unspent balance of R761 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 R1.7 million at (70%) with the remaining unspent balance of R740 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 R1.8 million at (32%) with the remaining unspent balance of R2.4 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 R1.5 million with a remaining balance of R3.3 million. *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 R514 thousand (28.0%) with a remaining balance of R1.3 million. Expenditure to date is below due to delays within the PMU unit.

The total capital YTD grant expenditure as at 31st December 2021 is R 34.8 million which has been split as follows:

- MIG capital expenditure to date is R21.4 million (61%) with the remaining unspent balance of R13.9 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.

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

An amount of R1.7 million for Municipal Infrastructure Grant (MIG) which was not fully spent in the 2020/21 financial year, the municipality has applied for rollover to National Treasury has been approved and will be considered during an adjustment budget.

- Human Settlement Funding (USDG) of R12.9 million expenditure to date as at 31st December 2021. The municipality serves as an agent in relation to this grant.

3. Service Delivery Performance and progress on spending of grants during the 1st half of the financial year

3.1 Municipal Infrastructure Grant

a. Allocation and expenditure

That the Mandeni Municipality has an allocation of **R35 .4 million** for 2021/22 financial year. An amount of R1.7 has been approved by National Treasury for the 2020/21 financial year rollover bringing the total to R37.1 million. Funds transferred as at 31st December 2021 is R28.5 million. The Mandeni Municipality has reported expenditure of **R22.0 million** which represents **62%** expenditure of the current allocation and **77%** of the 2021/2021 allocation.

b. Status Quo regarding expenditure for the 2021/22 Financial Year

The Mandeni Municipality's Project Management Unit (PMU) has realized it's expected expenditure on projects for the first two quarters of the 2021/22 financial year. Challenges including Traditional Authority delayed granting of permission to develop and local business forum interference were experienced. These challenges were successfully addressed and project deliverables were achieved.

c. Impact on the remainder of the financial year

The Mandeni Municipality's Project Management Unit (PMU) has realistically projected expenditure for the remainder of the 2021/22 financial year. The current capital budget expenditure targets will be achieved and may be exceeded mainly because all project planned for the current fiscal year are at construction stage. *(This has been linked to Capital Expenditure Progress)*

3.2 INEP

a. Allocation and expenditure

That the Mandeni Municipality has an allocation of **R 4.9** for 2021/22 financial year. An amount of R2.0 million was not approved by National Treasury for the 2020/21 financial year rollover. Total **of R2.8 million** was transferred in the month of November 2021. The Mandeni Municipality has reported expenditure of **R1.5 million** which represents **32%** expenditure.

Given that the projects MOU has been signed with Eskom. The Municipality is optimistic that the current financial year projects will be completed hence the funds fully spent at the end of the current financial year.

Mandeni Local Municipality has applied for funding in the 2020/21 financial year for the implementation of electrification projects. The projects applied for were in line with the municipality IDP. A consultative programme with the community was done and it was agreed through council resolution that the following projects should be prioritized:

- Ehlanzeni (Ward 7) Electrification Project
- Okhovoti (Ward 12) Electrification Project

The Department of Energy has made funding available and a total amount of R5 000 000.00 has been allocated to Mandeni Local Municipality in the 2020/21 financial year.

Section 12(1) (c) of the Division of Revenue Act of 2019 requires that the receiving officer, in this case Mandeni Local Municipality to submit a quarterly non-financial performance report within 30 days after the end of each quarter to the transferring officer and in this case the Department of Energy.

PROGRAMME PERFORMANCE

Table 1: financial performance

Project Name	2020/21 Allocation (R)	Received Funds (R)	Actual expenditure (R)	Year to date expenditure (R)
Ehlanzeni Electrification Project	R1 680 000.00	R1 680 000.00	R 1 050 358.76	R 1 050 358.76
Okhovoti Electrification Project	R1 640 000.00	R1 640 000.00	R 266 092.68	R 266 092.68
Total	R3 320 000.00	R3 320 000.00	R 1 316 451.44	R 1 316 451.44

Table 2: Non- financial performance

Project Name	2020/21 FY Planned Connections	Year to date achieved connections achieved
Ehlanzeni Electrification Project	105	0
Okhivoti Electrification Project	105	0

MONITORING THE PROGRAMME

- Frequent site visits are conducted to ensure progress ties into the programme.
- Site visits vary from once a week to fort-nightly depending on activities.

CHALLENGES FACED BY THE MUNICIPALITY WHEN IMPLEMENTING INEP PROJECTS

- The concern is that the RDP houses require internal wiring to be done. The community require their Eskom ready board to be connected to their DB.
- Sub-contractors for both projects have not been appointed.

INTERVENTIONS TO DEAL WITH CHALLENGES

- None.
- The Municipality advised the contractors to submit an application for an extension of time to end of February 2022.

RECOMMENDATIONS TO THE DEPARTMENT OF ENERGY

Due to the nature of electrification projects, DOE should allow for a contingency greater than 10% to fund additional connections that are commonly found on these types of projects. By doing so, this would eradicate the delay time in requesting additional funding and close-out of the projects.

CONCLUSION

The municipality applied for a rollover of the unspent balance of R2 039 230.00 of the 2020/2021 financial year's INEP allocation which was linked to the Ehlanzeni and Okhovoti Electrification projects as they were already awarded to the contractors. This application was not approved thereby placing these two projects at risk.

Both the Ehlanzeni and Okhovoti Electrification projects commenced construction in May and June 2021 respectively. The contractors are in the latter portion of construction and awaiting outages from Eskom for tie-ins. The project connections, invoicing and closure will follow during the course of February 2022.

Mandeni Local Municipality has applied for funding in the 2021/22 financial year for the implementation of electrification projects. The projects applied for were in line with the municipality IDP. A consultative programme with the community was done and it was agreed through council resolution that the following projects should be prioritised:

- Khenana Phase 5 Electrification Project
- Dendethu P2 / Wetane Electrification Project

The Department of Energy has made funding available and a total amount of R4 872 000.00 has been allocated to Mandeni Local Municipality in the 2021/22 financial year.

Section 12(1) (c) of the Division of Revenue Act of 2019 requires that the receiving officer, in this case Mandeni Local Municipality to submit a quarterly non-financial performance report within 30 days after the end of each quarter to the transferring officer and in this case the Department of Energy.

PROGRAMME PERFORMANCE**Table 1: Financial performance**

Project Name	2021/22 Allocation (R)	Received Funds (R)	Actual expenditure (R)	Year to date expenditure (R)
Dendethu P2 / Wetane Electrification Project	R3 072 000.00	R3 072 000.00	R 149 425.64	R 149 425.64
Khenana Phase 5 Electrification Project	R1 800 000.00	R1 800 000.00	R0.00	R0.00
Total	R4 872 000.00	R4 872 000.00	R 149 425.64	R 149 425.64

Table 2: Non- Financial performance

Project Name	2021/22 FY Planned Connections	Year to date achieved connections achieved
Dendethu P2 / Wetane Electrification Project	170	0
Khenana Phase 5 Electrification Project	100	0

MONITORING THE PROGRAMME

- Frequent site visits are conducted to ensure progress ties into the programme.
- Site visits vary from once a week to fort-nightly depending on activities.

CHALLENGES FACED BY THE MUNICIPALITY WHEN IMPLEMENTING INEP PROJECTS

- No challenges during this quarter as projects were at the design stage.

INTERVENTIONS TO DEAL WITH CHALLENGES

- None for this quarter due to design stage.

RECOMMENDATIONS TO THE DEPARTMENT OF ENERGY

Due to the nature of electrification projects, DOE should allow for a contingency greater than 10% to fund additional connections that are commonly found on these types of projects. By doing so, this would eradicate the delay time in requesting additional funding and close-out of the projects.

CONCLUSION

Both electrification projects were in the design stage of the project programme. The consultant has the design and has provided a comprehensive bid document for each project. The tender for the Dendethu Phase 2 / Wetane Electrification project was advertised and closed in December 2021 and is currently in the evaluation stage. An award is expected to be made in February 2022 to progress to the construction stage. The Khenana Phase 5 Electrification project is currently on hold as funds are not available. This is due to the 2020/2021 financial year's INEP rollover application not being approved placing the 2020/2021 financial year's projects, that were already awarded, at risk.

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										
Category of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C					%	D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		10 186	11 225	–	906	5 200	5 612	(412)	-7%	11 225
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		1 255	1 279	–	35	487	640	(153)	-24%	1 279
Cellphone Allowance		1 427	1 455	–	119	718	728	(9)	-1%	1 455
Housing Allowances		660	684	–	15	249	342	(93)	-27%	684
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		13 528	14 643	–	1 076	6 654	7 322	(667)	-9%	14 643
% increase	4		8.2%							8.2%
Senior Managers of the Municipality										
Basic Salaries and Wages		5 197	5 823	–	433	2 524	2 911	(388)	-13%	5 823
Pension and UIF Contributions		0	11	–	–	0	5	(5)	-95%	11
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		561	408	–	–	487	204	283	139%	408
Motor Vehicle Allowance		737	737	–	61	368	368	0	0%	737
Cellphone Allowance		186	186	–	16	93	93	–	–	186
Housing Allowances		264	264	–	22	132	132	0	0%	264
Other benefits and allowances		1	1	–	0	1	1	(0)	-1%	1
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	2	3 628	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		10 575	7 430	–	532	3 605	3 715	(110)	-3%	7 430
% increase	4		-29.7%							-29.7%
Other Municipal Staff										
Basic Salaries and Wages		66 668	70 949	–	6 572	36 373	35 475	898	3%	70 949
Pension and UIF Contributions		10 682	10 755	–	921	5 676	5 378	298	6%	10 755
Medical Aid Contributions		5 722	3 949	–	418	2 580	1 974	606	31%	3 949
Overtime		1 437	920	–	154	649	460	189	41%	920
Performance Bonus		5 320	5 174	–	393	2 465	2 587	(122)	-5%	5 174
Motor Vehicle Allowance		3 978	4 364	–	322	1 994	2 182	(188)	-9%	4 364
Cellphone Allowance		469	465	–	36	225	233	(7)	-3%	465
Housing Allowances		288	258	–	22	143	129	14	11%	258
Other benefits and allowances		1 035	56	–	97	609	28	581	2081%	56
Payments in lieu of leave		2 927	3 500	–	39	353	1 750	(1 397)	-80%	3 500
Long service awards		378	–	–	40	271	–	271	#DIV/0!	–
Post-retirement benefit obligations	2	(163)	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		98 740	100 389	–	9 014	51 339	50 195	1 144	2%	100 389
% increase	4		1.7%							1.7%
Total Parent Municipality		122 843	122 462	–	10 622	61 598	61 231	367	1%	122 462
			-0.3%							-0.3%
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS		122 843	122 462	–	10 622	61 598	61 231	367	1%	122 462
% increase	4		-0.3%							-0.3%
TOTAL MANAGERS AND STAFF		109 315	107 819	–	9 546	54 944	53 910	1 034	2%	107 819

4. EXPENDITURE MANAGEMENT

4.1 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.

4.2 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

5. ASSET MANAGEMENT MID-YEAR REPORT

OVERVIEW SUMMARY

As at 31 December 2021 the total value of all assets as per the Fixed Asset Register is sitting at **R 791 517 302.99** and the nett book value is sitting at **R 555 196 417.89**

5.1 NEW ACQUISITIONS

The following assets per asset type were purchased from 1st of July 2021 up to 31 December 2021;

- **Computer Equipment**
During the period up to 31 December 2021, 46 items of laptops and tablets were procured for the newly elected Councillors and staff members in the various departments at a total cost of R 654 910.55
- **Furniture and Office Equipment**
During the period up to 31 December 2021 office equipment and furniture majority being air conditioners were procured for the various offices at a total cost of R 320 131.59
- **Machinery and Equipment**
During the period up to 31 December 2021, sirens bar lights were purchased and installed in the two traffic vehicles at a total cost of R 22 300.00
- **Transport Assets**
During the months of July and August 2021, a tipper truck and a cherry picker were procured for roads department and electrical department respectively at a total cost of R 3 247 589.32
- **Electrical Infrastructure**
During the period up to 31 December 2021, Ring Main Unites were purchased for the electrical department at a total cost of R 757 980.00
- **Road Infrastructure Assets**
During the period up to 31 December 2021, Speed humps were constructed in various municipal roads mostly in Sundumbili at a total cost of R 138 900.00
- **Construction Work-in-Progress**
During the period up to 31 December 2021, the following progress payments were made. The total payments per project for the six months period ending 31 December 2021 are as follows;

PROJECT NAME	AMOUNT EXCL. VAT
MUNICIPAL ACCESS	1 141 042.09
MANDENI DLTC	2 572 395.77
WARD 13 COMMUNITY HALL	1 579 277.62
ENEMBE WARD 5 SPORTSFIELD	1 085 790.69
HLOMENDLINI TAXI ROUTE -SIDEWALKS	716 853.30
CONSTRUCTION OF SWIMMING POOL	72 528.63
UPGRADING OF LINK ROAD	2 276 023.50
DOKODWENI BEACH FACILITIES	294 023.07
REHABILITATION OF MANDENI WARD3 ROADS	10 788 954.90
HLOMENDLINI SPORTSFIELD	267 765.03
ISITHEBE LIBRARY FENCING	148 975.38
WARD 11 GRAVEL ROADS UPGRADE	544 510.40
HIGHMAST STREETLIGHTING	382 116.75
STORMWATER PROTECTION	539 774.19
CIVIC CENTRE RETAINING WALL	207 863.82
BEAUTIFICATION AND LANDSCAPING OF PLAZA INTERSECTION	841 857.84
WARD 6 GRAVEL ROADS UPGRADE	29 723.26
REHABILITATION OF UMSOMUHLE ROAD	300 860.91
REHABILITATION OF MANONO ROAD	484 299.79
WARD 3 COMBI COURTS	153 301.70
SWIMMING POOL PHASE 2	303 527.04
GRAND TOTAL	24 731 465.68

Construction Work-In-Progress Commissioned

During July 2021, Isithebe Library Fencing were completed and commissioned, the total project cost was **R 296 613.36**

The total additions of all assets for the 6 months period ending 31 December 2021 amounted to **R 30 169 890.50**. A detailed listing of all acquisitions and additions to the fixed assets register is contained in the attached **Annexure A**.

5.2 DEPRECIATION

Cumulative depreciation as at 31 December 2021 per the system generated report amounts to **R 15 408 636.18**

5.3 INSURANCE CLAIMS REPORT

REPORTED CLAIMS

The following seven (7) claims were reported during the six months ending in December 2021;

CLAIM DESCRIPTION	VEHICLE REG.	MAKE OR MODEL	DRIVER OR RESPONSIBLE OFFICIAL	INCIDENT DATE
HEAVY RAINS DAMAGED HOUSE B850 SUNDUMBILI				08/05/2021
CIIR MT CELE WAS INVOLVED IN A CAR ACCIDENT				20/05/2021
NZ13133 GLASS DAMAGED BY STONE	NZ13133	TOYOTA QUEST 1.6	SSG MTSHALI	04/10/2021
A VAN REVERSED ONTO NZ18549	NZ18549	TOYOTA QUEST 1.6	SB MKHOZA	11/10/2021
NP HLATSHWAYO'S LAPTOP LOST		LENOVO THINKPAD	NP HLATSHWAYO	15/09/2021
CLLR SB ZULU INVOLVED IN A CAR ACCIDENT				13/10/2021
TOYOTA QUANTUM KEYS LOST	NZ14336	TOYOTA QUANTUM	ZN MTSHALI	25/11/2021

FINALIZED CLAIMS

The following claims eight (8) were concluded and finalised during the six months period ending 31 December 2021;

CLAIM DESCRIPTION	INCIDENT DATE	MAKE OR MODEL	DATE SETTLED	STATUS
CLLR NF NTULI STATED BENEFIT CLAIM	04/10/2020		12/10/2021	SETTLED
THIRD PARTY CLAIM - NZ7042	28/08/2020		20/09/2021	SETTLED
COMPUTERS STOLEN AT ISITHEBE LIBRARY	05/02/2021		18/08/2021	REJECTED
CLLR SR MDLETSHE DEATH CLAIM	05/03/2021		19/07/2021	SETTLED
MR SPT NTOMBELA DEATH CLAIM	05/04/2021		19/07/2021	SETTLED
MR HW NTULI DEATH CLAIM	08/05/2021		03/12/2021	SETTLED
LIABILITY CLAIM - B850 SUNDUMBILI	08/05/2021		18/10/2021	REJECTED
LAPTOP LOST DUE TO THEFT	30/05/2021	LENOVO V130-15	08/07/2021	SETTLED

OUTSTANDING CLAIMS

The following claims remain outstanding as at 31 December 2021;

CLAIM DESCRIPTION	VEHICLE REG.	INCIDENT DATE	STATUS
CLLR N DLAMINI INJURED	-	10/02/2020	APPROVED, AWAITING SETTLEMENT
CLLR MT CELE INVOLVED IN AN ACCIDENT		20/05/2021	CLAIM STILL BEING ASSESSED
NZ13133 GLASS DAMAGED BY STONE	NZ13133	04/10/2021	WINDOW REPAIRED
THIRD PARTY REVERSED ONTO NZ18549	NZ18549	11/10/2021	APPROVED, AWAITING REPAIRS
NP HLATSHWAYO'S LAPTOP LOST		15/09/2021	NOT YET APPROVED
CLLR SB ZULU INVOLVED IN A CAR ACCIDENT		13/10/2021	NO REPLY AS YET
TOYOTA QUANTUM KEYS LOST	NZ14336	25/11/2021	APPROVED, SETTLEMENT LETTER RECEIVED

A detailed insurance claims register is contained in the attached **Annexure B**

5.5 PHYSICAL ASSET VERIFICATIONS

ACTIVITIES

During the first and the second quarter of the financial year ending 30 June 2022 the following sites were visited;

- Main Offices
- Technical Services
- Public Safety offices
- Beaches
- Community Halls
- Love Life Centre Offices

Activities undertaken during physical asset verification includes the following;

- Issuing of notice to all staff advising them of the physical asset verification for the first quarter.
- Updating of locations and the custodian's information per office.
- Physically verifying all movable assets in the civic centre and public safety offices using the scanner.
- Ensuring that movable assets are bar-coded and assigning new barcodes assets if required.
- 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.
- Following up and resolving discrepancies as identified during the asset verification process.
- 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 with the main financial system (SAGE).

6. REPORTING (ANNUAL FINANCIAL STATEMENTS)

The municipality has planned to start preparing its Annual Financial Statements internally, by issuing interim AFS as at 31st December 2021 which will be issued in January 2021. 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.

7. 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**