

MANDENI MUNICIPALITY (KZN 291)



FIRST QUARTER REPORT SECTION 52(D) (mSCOA) 2022/23 FINANCIAL YEAR

JULY– SEPTEMBER 2022

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1.1 MAYORS' FOREWORD

Attached

1.2 COUNCIL RESOLUTION

Resolution No: C

Refer to the recommendations contained in this report.

1.3 EXECUTIVE SUMMARY**LEGAL REQUIREMENTS**

In terms of section 52(d) of the MFMA, *the Mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state affairs of the municipality.*

Quarterly reports are submitted in a prescribed format on the state of the municipality's budget reflecting the following particulars for that quarter and for the financial year up to the end of that quarter.

- Actual revenue, per revenue source;
- Actual expenditure, per vote;
- Actual capital expenditure, per vote;
- The amount of any allocations received and actual expenditure on grant allocations excluding expenditure on the equitable share.
- the actual expenditure on those allocations
- when necessary, an explanation of—
- any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
- any material variances from the service delivery and budget implementation plan; and
- Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

1.3.1 FINANCIAL PERFORMANCE

BUDGET SUMMARY

The following table represents an executive summary for the 1st Quarter of the financial year ended 30th September 2022:

KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Q1 First Quarter									
Description	2021/22	Budget Year							
	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	338 862	328 592	–	10 464	136 493	82 148	54 345	66%	–
Total Expenditure	286 724	361 725	985	22 758	65 699	90 451	(24 752)	-27%	985
Surplus/(Deficit)	52 138	(33 133)	(985)	(12 295)	70 794	(8 303)	79 097	-953%	(985)
Transfers and subsidies - capital (monetary allocations) (National /	45 099	38 462	–	5 280	10 298	9 615	683	7%	–
Surplus/(Deficit) after capital transfers & contributions	97 237	5 329	(985)	(7 014)	81 092	1 312	79 780	6080%	(985)
Share of surplus/ (deficit) of	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	97 237	5 329	(985)	(7 014)	81 092	1 312	79 780	6080%	(985)
Capital expenditure & funds sources									
Capital expenditure	30 349	78 311	–	3 990	10 689	19 478	(8 789)	-45%	–

As can be seen from the table above, Actual surplus for the quarter ended 30th September 2022 is significantly more than the Budgeted Surplus. Quarterly budget statement summary (Table C1), for the 1st quarter of the year, July – September 2022 (year to date actual), shows a surplus of R81.1 million against YTD budget of R1.3 million which reflects 6080%.

Currently there are no financial problems and major risks facing the municipality. A total amount of R262. million is invested by the municipality to the approved banking institutions.

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 - Q1 First Quarter									
Description	2021/22	Budget		Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget						
R thousands									
Financial Performance									
Property rates	43 600	48 880	–	2 729	28 741	12 220	16 521	135%	–
Service charges	56 776	44 328	–	5 850	17 791	11 082	6 709	61%	–
Investment revenue	7 989	5 700	–	265	2 595	1 425	1 170	82%	–
Transfers and subsidies	220 162	224 045	–	986	85 762	56 011	29 750	53%	–
Other own revenue	10 334	5 639	–	634	1 604	1 410	194	14%	–
Total Revenue (excluding capital transfers and	338 862	328 592	–	10 464	136 493	82 148	54 345	66%	–
Employee costs	108 761	124 828	–	11 680	29 916	31 207	(1 291)	-4%	–
Remuneration of Councillors	13 798	14 682	–	1 118	3 356	3 670	(315)	-9%	–
Depreciation & asset impairment	35 256	33 747	–	–	–	8 437	(8 437)	-100%	–
Finance charges	58	410	–	260	260	102	158	154%	–
Inventory consumed and bulk	37 998	37 937	–	144	10 618	9 484	1 133	12%	–
Transfers and subsidies	–	–	–	–	–	–	–	–	–
Other expenditure	90 853	150 121	985	9 557	21 549	37 550	(16 001)	-43%	985
Total Expenditure	286 724	361 725	985	22 758	65 699	90 451	(24 752)	-27%	985
Surplus/(Deficit)	52 138	(33 133)	(985)	(12 295)	70 794	(8 303)	79 097	-953%	(985)
Transfers and subsidies - capital (monetary allocations)	45 099	38 462	–	5 280	10 298	9 615	683	7%	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit	–	–	–	–	–	–	–	–	–
	97 237	5 329	(985)	(7 014)	81 092	1 312	79 780	6080%	(985)
Surplus/(Deficit) after capital transfers & contributions	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the	97 237	5 329	(985)	(7 014)	81 092	1 312	79 780	6080%	(985)
Capital expenditure & funds sources									
Capital expenditure	30 349	78 311	–	3 990	10 689	19 478	(8 789)	-45%	–
Capital transfers recognised	6 278	33 968	–	3 956	9 224	8 392	832	10%	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	24 071	44 344	–	34	1 465	11 086	(9 621)	-87%	–
Total sources of capital funds	30 349	78 311	–	3 990	10 689	19 478	(8 789)	-45%	–
Financial position									
Total current assets	240 331	102 933	–	–	80 853	–	–	–	–
Total non current assets	573 428	625 190	–	–	10 689	–	–	–	–
Total current liabilities	46 939	37 001	–	–	8 511	–	–	–	–
Total non current liabilities	18 003	27 394	–	–	–	–	–	–	–
Community wealth/Equity	433 332	658 399	–	–	–	–	–	–	–
Cash flows									
Net cash from (used) operating	(4 853)	76 547	–	6 521	8 632	19 137	10 505	55%	–
Net cash from (used) investing	302 806	(78 311)	–	(3 990)	(10 689)	(19 478)	(8 789)	45%	–
Net cash from (used) financing	–	(199)	–	–	–	–	–	–	–
Cash/cash equivalents at the	297 953	(1 963)	–	–	(2 057)	(341)	1 716	-503%	–
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	32 835	157	2 012	1 382	2 546	2 074	21 100	143 201	205 306
Creditors Age Analysis									
Total Creditors	164	65	–	–	–	–	–	2	231

Table 2

Table C2 provides the statement of financial performance by standard classification

KZN291 Mandeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q1 First Quarter										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue - Functional	1									
Governance and administration		270 567	272 442	-	3 359	115 767	68 111	47 656	70%	-
Executive and council		-	7 806	-	-	-	1 952	(1 952)	-100%	-
Finance and administration		270 567	264 636	-	3 359	115 767	66 159	49 608	75%	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		6 070	4 643	-	337	870	1 161	(291)	-25%	-
Community and social services		4 421	4 643	-	337	870	1 161	(291)	-25%	-
Sport and recreation		1 649	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental service		48 723	44 548	-	6 021	11 902	11 137	765	7%	-
Planning and development		46 731	43 589	-	5 981	11 817	10 897	919	8%	-
Road transport		1 992	959	-	40	85	240	(154)	-64%	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		58 601	45 420	-	6 027	18 252	11 355	6 897	61%	-
Energy sources		46 103	36 068	-	4 901	14 932	9 017	5 915	66%	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		12 498	9 353	-	1 126	3 320	2 338	982	42%	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	383 961	367 054	-	15 744	146 791	91 763	55 028	60%	-
Expenditure - Functional										
Governance and administration		130 806	187 729	985	15 364	34 153	46 932	(12 779)	-27%	985
Executive and council		44 160	52 611	-	8 746	14 829	13 190	1 639	12%	-
Finance and administration		86 646	135 119	985	6 617	19 324	33 742	(14 418)	-43%	985
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		34 617	36 843	-	2 395	6 860	9 211	(2 351)	-26%	-
Community and social services		22 685	25 878	-	1 714	5 344	6 470	(1 125)	-17%	-
Sport and recreation		11 517	9 873	-	679	1 513	2 468	(955)	-39%	-
Public safety		399	1 073	-	-	-	268	(268)	-100%	-
Housing		16	20	-	3	3	5	(3)	-50%	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental service		65 500	79 416	-	3 613	10 751	19 874	(9 123)	-46%	-
Planning and development		15 904	23 148	-	1 340	3 906	5 801	(1 895)	-33%	-
Road transport		46 432	52 589	-	2 031	6 108	13 153	(7 045)	-54%	-
Environmental protection		3 164	3 680	-	243	737	920	(183)	-20%	-
Trading services		55 802	57 736	-	1 386	13 935	14 434	(499)	-3%	-
Energy sources		45 697	45 688	-	628	11 787	11 422	365	3%	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	2 800	-	-	-	700	(700)	-100%	-
Waste management		10 105	9 248	-	758	2 148	2 312	(164)	-7%	-
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	286 724	361 725	985	22 758	65 699	90 451	(24 752)	-27%	985
Surplus/ (Deficit) for the year		97 237	5 329	(985)	(7 014)	81 092	1 312	79 780	6080%	(985)

Table 3

Table C3 Quarterly Budget Statement – Financial Performance and expenditure by municipal vote

KZN291 Mandeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) -										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - Executive and council	1	-	7 806	-	-	-	1 952	(1 952)	-100.0%	-
Vote 2 - Finance and administration		270 567	264 636	-	3 359	115 767	66 159	49 608	75.0%	-
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		4 421	4 643	-	337	870	1 161	(291)	-25.0%	-
Vote 5 - Sport and Recreation		1 649	-	-	-	-	-	-	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		46 731	43 589	-	5 981	11 817	10 897	919	8.4%	-
Vote 9 - Road transport		1 992	959	-	40	85	240	(154)	-64.4%	-
Vote 10 - Energy sources		46 103	36 068	-	4 901	14 932	9 017	5 915	65.6%	-
Vote 11 - Waste Management		12 498	9 353	-	1 126	3 320	2 338	982	42.0%	-
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	383 961	367 054	-	15 744	146 791	91 763	55 028	60.0%	-
Expenditure by Vote										
Vote 1 - Executive and council	1	44 160	52 611	-	8 746	14 829	13 190	1 639	12.4%	-
Vote 2 - Finance and administration		86 646	135 119	985	6 617	19 324	33 742	(14 418)	-42.7%	985
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		22 685	25 878	-	1 714	5 344	6 470	(1 125)	-17.4%	-
Vote 5 - Sport and Recreation		11 517	9 873	-	679	1 513	2 468	(955)	-38.7%	-
Vote 6 - Public safety		399	1 073	-	-	-	268	(268)	-100.0%	-
Vote 7 - Housing		16	20	-	3	3	5	(3)	-50.0%	-
Vote 8 - Planning and Development		15 904	23 148	-	1 340	3 906	5 801	(1 895)	-32.7%	-
Vote 9 - Road transport		46 432	55 389	-	2 031	6 108	13 853	(7 745)	-55.9%	-
Vote 10 - Energy sources		45 697	45 688	-	628	11 787	11 422	365	3.2%	-
Vote 11 - Waste Management		10 105	9 248	-	758	2 148	2 312	(164)	-7.1%	-
Vote 12 - Environmental Protection		3 164	3 680	-	243	737	920	(183)	-19.9%	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	286 724	361 725	985	22 758	65 699	90 451	(24 752)	-27.4%	985
Surplus/ (Deficit) for the year	2	97 237	5 329	(985)	(7 014)	81 092	1 312	79 780	6079.9%	(985)

Table 4 provides information on the planned revenue and operational expenditures against the actual results for the period ending 30th September 2022

This report analyses each major component under following headings;

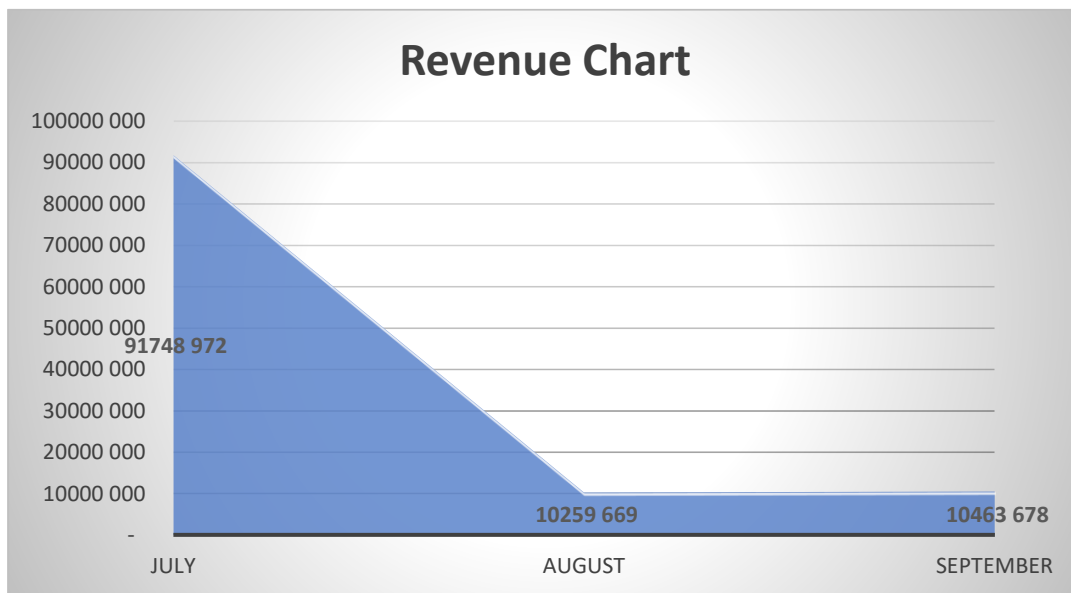
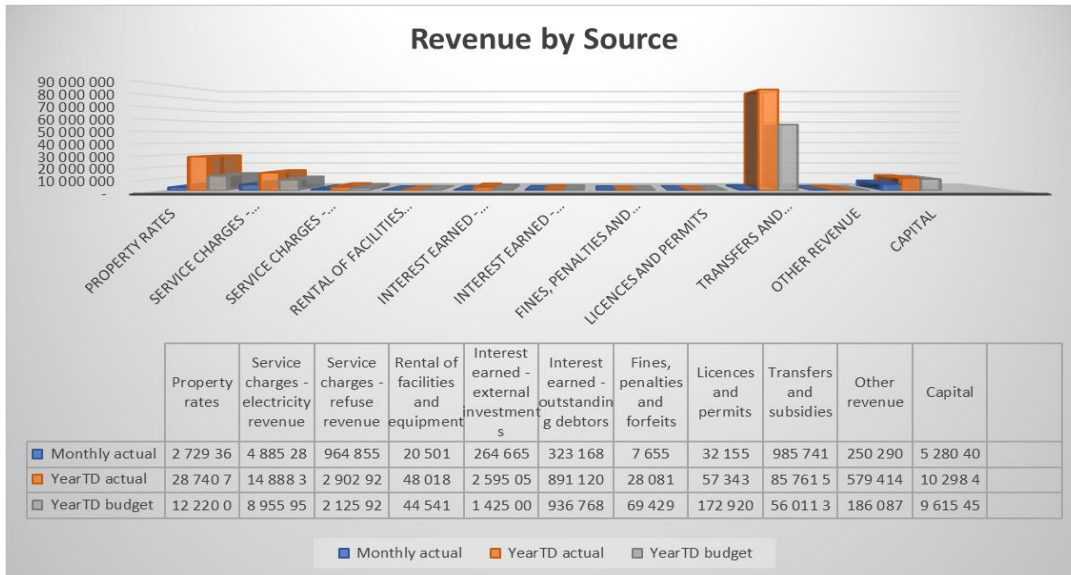
- Revenue by Source
- Operational Expenditure by Type, and

KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		43 600	48 880	–	2 729	28 741	12 220	16 521	135%	–
Service charges - electricity revenue		45 958	35 824	–	4 885	14 888	8 956	5 932	66%	–
Service charges - water revenue		–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		10 818	8 504	–	965	2 903	2 126	777	37%	–
Rental of facilities and equipment		150	178	–	21	48	45	3	8%	–
Interest earned - external investments		7 989	5 700	–	265	2 595	1 425	1 170	82%	–
Interest earned - outstanding debtors		3 387	3 747	–	323	891	937	(46)	-5%	–
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		1 202	278	–	8	28	69	(41)	-60%	–
Licences and permits		791	692	–	32	57	173	(116)	-67%	–
Agency services		–	–	–	–	–	–	–	–	–
Transfers and subsidies		220 162	224 045	–	986	85 762	56 011	29 750	53%	–
Other revenue		1 228	744	–	250	579	186	393	211%	–
Gains		3 577	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		338 862	328 592	–	10 464	136 493	82 148	54 345	66%	–
Expenditure By Type										
Employee related costs		108 761	124 828	–	11 680	29 916	31 207	(1 291)	-4%	–
Remuneration of councillors		13 798	14 682	–	1 118	3 356	3 670	(315)	-9%	–
Debt impairment		–	42 548	–	–	–	10 637	(10 637)	-100%	–
Depreciation & asset impairment		35 256	33 747	–	–	–	8 437	(8 437)	-100%	–
Finance charges		58	410	–	260	260	102	158	154%	–
Bulk purchases - electricity		36 575	33 950	–	–	10 218	8 488	1 730	20%	–
Inventory consumed		1 424	3 987	–	144	400	997	(597)	-60%	–
Contracted services		50 051	63 868	–	3 766	11 105	15 967	(4 863)	-30%	–
Transfers and subsidies		–	–	–	–	–	–	–	–	–
Other expenditure		39 894	43 705	985	5 790	10 435	10 946	(512)	-5%	985
Losses		908	–	–	1	10	–	10	#DIV/0!	–
Total Expenditure		286 724	361 725	985	22 758	65 699	90 451	(24 752)	-27%	985
Surplus/(Deficit)		52 138	(33 133)	(985)	(12 295)	70 794	(8 303)	79 097	(0)	(985)
Transfers and subsidies - capital (monetary allocations) (National /		45 099	38 462	–	5 280	10 298	9 615	683	0	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions,		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - a		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		97 237	5 329	(985)	(7 014)	81 092	1 312			(985)
Taxation		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		97 237	5 329	(985)	(7 014)	81 092	1 312			(985)
Attributable to minorities		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to		97 237	5 329	(985)	(7 014)	81 092	1 312			(985)
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year		97 237	5 329	(985)	(7 014)	81 092	1 312			(985)

Table 4.1

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

The table below reflects trend of the revenue from July to September 2022



Revenue:

- The Year to Date (YTD) total revenue earned is R 136.5 million for the period ending 30th September 2022 excluding capital conditional grant income of R10.3 million. The YTD Budget is R 82.1 million; therefore, this reflects an over performance against the revenue projected by 66%, this is a reflection that the municipality has achieved its revenue performance budget.

Property Rates

- The municipality accounts for revenue on an invoice basis in line with GRAP requirements. This means that the revenue is recognized when the bills are performed, and the total amount billed to date being R28.7 million. The Municipality took a decision to Bill rates for 10 months and the process does not have any negative effect on revenue but it has just been compressed to cater for window period July and September, no income foregone in the process. This is to encourage people to pay and pause during window period provided they are up to date and catch up if they are in arrears.

The actual cash collected being R 9.6 million for the month ended September 2022.

Service Charges: Electricity

- As indicated above, also revenue for service charges- electricity is recognized on an invoice basis and the total amount billed is R14.9 million (current month – R4.9 million) which equates to an over billing of 66% when compared to the total R39.2 million pro-rata electricity revenue budgeted. A number of customers that moved to prepaid system which resulted in lesser billing on electricity and also is due to seasonal fluctuations that electricity consumption increases in winter months as compared to summer months.

The actual cash collected is R4.6 million for the month ended September 2022.

Service Charges: Refuse

- As indicated above, also revenue for service charges- refuse is recognized on an invoice basis and the total amount billed is R2.9 million (current month – R965 thousand) which equates to an over billing of 37% when compared to the total R9.5 million pro-rata refuse revenue budgeted. this variance is due to additional properties that were billed as identified in the Supplementary Valuation Roll expected to have a significant impact at the end of the financial year. The variance is acceptable, the business refuse always increases during the more economic active months.

The actual cash collected is R296 thousand for the quarter ended September 2022.

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

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

ACCOUNTS WITH LETTERS OF FINAL DEMAND FOR PAYMENT SENT OUT					
ACC. NO.	TOWN	ERF NO.	DEBTORS NAME	DEBT TYPE	AMOUNT R
001001792	SUNDUMBILI A	179	MR MINGOMEZULU	REFUSE	40 955.70
001001862	SUNDUMBILI A	186	MR DLAMINI	REFUSE	42 593.40
001002100	SUNDUMBILI A	21	MS ZULU	REFUSE/RATES	87 817.46
001002242	SUNDUMBILI A	224	MR XULU	REFUSE	40 818.30
001002400	SUNDUMBILI A	24	MR ZULU	RATES/REFUSE	54 289.49
001001742	SUNDUMBILI A	174	MR MTHETHWA	REFUSE	38 603.61
001019000	SUNDUMBILI A	190	MS MKHWANAZI	RATES/REFUSE	40 549.51
001001400	SUNDUMBILI A	14	MR MASONDO	RATES/REFUSE	13 979.15
001001372	SUNDUMBILI A	137	MR NGEMA	REFUSE	31 717.29
001063100	SUNDUMBILI A	631	MR MADELA	RATES/REFUSE	70 248.87
001064500	SUNDUMBILI A	645	MS ZUNGU	RATES/REFUSE	8 710.37
001065000	SUNDUMBILI A	650	MS NTSHANGASE	RATES/REFUSE	55 828.68
0010656	SUNDUMBILI A	656	MR MANQELE	RATES/REFUSE	31 666.80
001069300	SUNDUMBILI A	693	MR WILLIAMSON	RATES/REFUSE	15 822.91
001069900	SUNDUMBILI A	699	MS NGOBESE	RATES/REFUSE	4 316.13
001071300	SUNDUMBILI A	713	MR SANGWENI	RATES/REFUSE	10 794.39
001070800	SUNDUMBILI A	708	MR BELE	RATES/REFUSE	21 359.92
001071200	SUNDUMBILI A	712	KCLK PROPERTY INV	RATES/REFUSE	44 065.36
001073500	SUNDUMBILI A	735	MS MBINGLA	RATES/REFUSE	7 464.48
001073600	SUNDUMBILI A	736	MR SIBIYA	RATES/REFUSE	15 592.55
TOTAL					677 194.37

ARRANGEMENTS					
ACC. NO.	TOWN	ERF. NO.	DEBTORS NAME	DEBT TYPE	AMOUNT R
001070700	SUNDUMBILI A	707	MRS GCALEKA	RATES/REFUSE	6 755.01
009801201	MANDINI EXT. 001	278	MR NGCOBO	RATES/REFUSE	23 200.15
004001932	MANDINI EXT. 006	916	MR KANNI	ELEC/REFUSE	20 634.77
001095000	SUNDUMBILI A	950	MR MASONDO	RATES	4 461.69
002700821	MANDINI EXT. 007	994	MR SIBIYA S S	ELECTRICITY	
009500781	MANDINI EXT. 007	994	MR SIBIYA S S	RATES/ELEC	131 843.22
009701331	MANDINI EXT. 005	776	MR THABETHE	RATES/REFUSE	9 457.61
002145600	SUNDUMBILI B	1456	MR MTHEMBU	RATES/REFUSE	10 951.28
009900602	MANDINI EXT.090	60	MS BAKER	RATES/REFUSE	1 346.12
002136900	SUNDUMBILI B	1369	MR VILAKAZI	RATES/REFUSE	49 706.81
001022500	SUNDUMBILI A	225	MR MBATHA	RATES/REFUSE	10 049.90
001072500	SUNDUMBILI A	725	MR SHANGE	RATES/REFUSE	22 106.89
002242500	SUNDUMBILI B	2425	MR MDLULI	RATES	52 418.85
001077100	SUNDUMBILI A	771	MR MTHEMBU	RATES/REFUSE	586.62
001107800	SUNDUMBILI A	1078	MR SKOSANA	RATES/REFUSE	13 128.27
002160000	SUNDUMBILI B	1600	MR SHANGE	RATES/ REFUSE	19 914.34
002067800	SUNDUMBILI B	678	MS MPUNGOSE	RATES/REFUSE	27 837.70
001073600	SUNDUMBILI A	736	MR SIBIYA	RATES/REFUSE	15 592.55
009903601	MANDINI EXT. 002	360	MR MWANDLA	RATES/REFUSE	18 254.93
TOTAL					438 246.71

DISCONNECTIONS					
ACCOUNT	TOWN	ERF NO.	DEBTORS NAME	DEBT TYPE	AMOUNT R
002600432	MANDINI	1426 EXT. 006	ASSOCIATED SPINN	RATES/ELEC	8 027.99
004001952	MANDINI	744 EXT. 005	BASIC BEST PROP	ELECTRICITY	17 300.33
008400851	MANDINI	835	ELASTICO	RATES/ELEC	5 436.56
009600501	MANDINI	699	MR EUSHEN	RATES/ELEC	70 688.88
008800681	MANDINI	98	MR GETKATE	RATES/ELEC	-
002400241	MANDINI	444 EXT. 002	M3 HOLDINGS	RATES/ELEC	130 429.98
003000102	MANDINI	307	MR MBUYISA	RATES/ELEC	49 167.35
002800131	MANDINI	448 EXT. 002	MR MVULA	RATES/ELEC	856.89
002300031	MANDINI	746 EXT. 005	MR MCHUNU X S	ELECTRICITY	-
009907461	MANDINI	746 EXT. 005	MR MCHUNU X S	RATES/ELEC	620.00
002601032	MANDINI	805 EXT. 005	MR BUTHELEZI	ELECT.	
8000421	MANDINI	805 EXT. 005	MR BUTHELEZI	RATES/ELEC	8 585.23
008801301	MANDINI	77	MR PIETERS	RATES/ELEC	1 736.63
002701212	MANDINI	28	MS NTULI	RATES/ELEC	25 942.71
008903411	MANDINI	469 EXT. 002	MR RADEBEL P	RATES/ELEC	65 231.68
002900232	MANDINI	911 EXT. 006	MR RADEBE	RATES/ELEC	78 915.50
002700941	MANDINI	46 EXT. 090	MR KUBHEKA	RATES/ELEC	331.28
004001932	MANDINI	916 EXT. 006	MR KANNI	RATES/ELEC	20 634.77
002701091	MANDINI	405 EXT. 002	MS HORSLEY-DALIL	RATES/ELEC	18 338.12
009300771	MANDINI	786/02 FLAT	MR FOURIE	RATES/ELEC	2 835.87
002800902	MANDENI	786/10 FLAT	MR GOPAL	RATES/ELEC	5 734.24
TOTAL					510 814.01

Rental of facilities & Equipment

- Revenue from rental of facilities recognised amounts to R48 thousand in comparison with the year-to-date budget amount of R45 thousand thus indicating an over performance of R3 thousand or 8 percent. Performance is based on hiring of municipal facilities, halls and sports grounds.

Interest earned _external investments

- Investment revenue is the amount of interest earned on the amount invested with various financial institutions registered with South African Banking Council. The amount collected to date as interest earned amounts to R2.6 million resulting in an 82 per cent over collection of the pro-rata budget to date. Variance is due to the cash available from previous year cash backed reserves and additional grants received. In line with the investment policy, funds are invested on call accounts with institutions offering the highest possible interest rates. 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. A total of R2.6 million had been accumulated through the External investment.

Interest earned outstanding debtors

- In line with council adopted credit control policy, the municipality charges interest on arrear debtors.
- Interest earned on outstanding debtors amounts to R891 thousand in comparison with the year-to-date budget of R937 thousand, thus indicating an under performance by R46 thousand or -5 percent, variance is based on the outstanding debtors for that period. Interest on outstanding debtors has been charged at a rate of 2% as approved by Council.

Fines, Penalties and forfeits

- Fines have underperformed by 60 percent or R41 thousand, with an actual amount of R 28 thousand variance against year-to-date budget projections of R69 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.

Licences and permits

- Licences and permits have underperformed by -67 percent or R116 thousand with an actual amount of R57 thousand as compared to budget of R173 thousand, variance is due to operations of DLTC Centre.

Transfers & subsidies

- Transfers and subsidies recognised operational amounts to R85.8 million in comparison with the year-to-date budget of R56.0 million, thus indicating an over performance by R29.8 million or 53 percent, variance is mainly attributable to the municipality receiving the 1st 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 R10.3 million in comparison with the year-to-date budget of R9.6 million, revenue recognised based on conditions met for MIG Grant. *(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 R1.2million more than anticipated YTD budget of R2million, thus indicating an under- performance of R746thousand or -38 percent, variance is mainly due to seasonal fluctuations and level of demand for these items e.g, tender fees, connection and disconnection fees.

Overall revenue budget to date

The overall Operational revenue to date totals to R146.8 million (current month – R15.7million) which equates to an over collection of 60% when compared to pro-rata budget of R91.8 million.

Table 4.3

- **Total Operating Expenditure from (July – September 2022)**

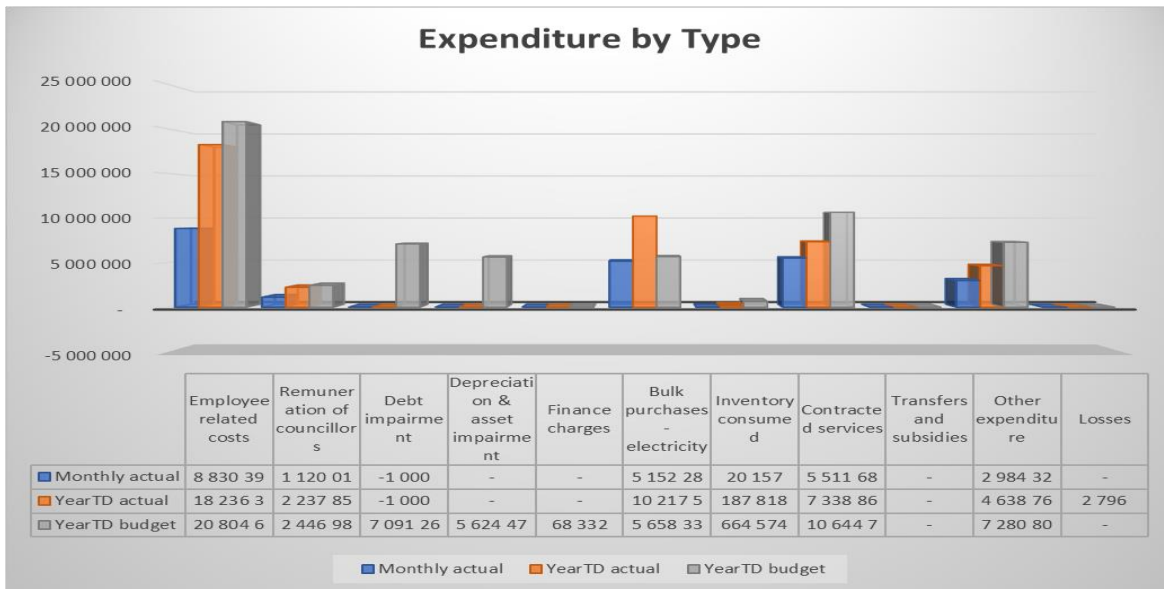
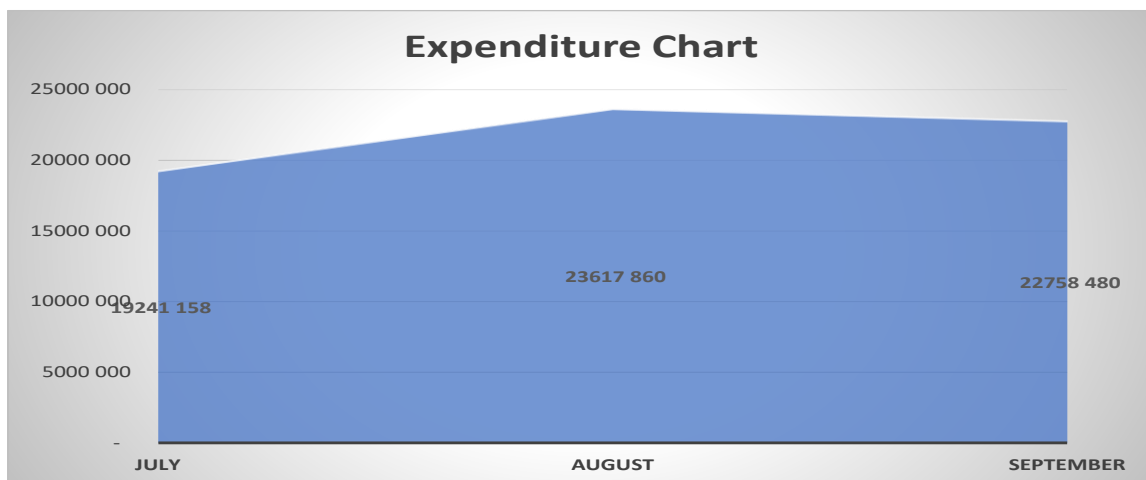


Table 4.4

- **Operating Expenditure from July-September 2022**

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



Operating Expenditure:

- The total operational expenditure YTD Actual for the period ending 30th September 2022 amounted to R 65.7 million against the planned target of YTD budget is R 90.5 million. As at the end of September the operational expenditure budget has been under spent by 27% or R24.8 thousand. Detailed expenditure analysis is below:

Employee Related Costs

- Employee related costs YTD expenditure for the period ending 30th September 2022 amounted to R29.9 million while the YTD budget was R31.2 million, with a variance of 4 per cent.
- Furthermore, to that it should be noted that employee bonuses are now being paid on their birth month.

Remuneration of Councilors

- The expenditure on councilor allowances as of 30th September 2022 was under spent by R 315 thousand. The YTD Remuneration of Councilor's budget was R14.7 million whilst the actual expenditure incurred results in under-expenditure of 9% YTD expenditure performance. Variance is due to Cllrs upper limits which was approved by COGTA at 3% below to budgeted projections of 5%. Councilors increase and backpay was paid in the month of September 2022.

Debt Impairment

- The provision for bad debt is reflecting no performance for quarter 1. 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 no performance for quarter 1. There have technical challenges with running depreciation due to system changes as asset management are being run on AMS360 module. However, service provider has been engaged and currently working on this matter.

Finance Charges

- Finance charges are reflecting an over performance by 154 percent or R158 thousand against YTD actual of R260 thousand variance is due to interest paid towards Wesbank for Finance Lease. A journal for this line item will be processed during the for Year-end proceeds.
- 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.

Bulk Purchases

- Bulk purchases relate to electricity purchases that the municipality purchases from Eskom for revenue generation stream, as the municipality has the license authority within ward 3. To date the expenditure on bulk purchases totals to R10.2 million (current month – R0 million) when compared to the projected budget of R8.5 million, variance is R1.7 million with an over expenditure of 20 percent. Variance is due to level of demand for electricity.

Inventory Consumed

- Inventory Consumed are reflecting an underperformance by 60 percent or R597 thousand from YTD budget of R997 thousand against the YTD Actual of R400 thousand, variance is due to the implementation of procurement plan. 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.

Contracted Services

- Contracted services expenditure is reflecting an under expenditure by 30 percent or R4.9 million from YTD budget of R15.9 million against the YTD actual of R11.1 million, variance is due to the implementation of procurement plan, however we anticipate that there will be improvement in quarter two. This item included all the contracted and outsourced services by the municipality.

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 5 percent or R512 thousand from YTD budget of R10.9 million against the YTD actual of R10.4 million, variance is due to activities that that took place in the 1st quarter of the financial year and the decision the municipality took on implementation of cost cutting measures to improve the municipal cash flows.

- 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.

Table 5
Table C5 Quarterly Budget Statement – Capital Expenditure

KZN291 Mandeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q1 First Quarter										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									%
Single Year expenditure appropriation	2									
Vote 1 - Executive and council		(826)	527	–	–	–	132	(132)	-100%	–
Vote 2 - Finance and administration		13 290	7 395	–	22	22	1 849	(1 827)	-99%	–
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		10 190	6 779	–	14	1 723	1 395	328	24%	–
Vote 5 - Sport and Recreation		4 074	13 509	–	328	1 583	3 377	(1 794)	-53%	–
Vote 6 - Public safety		–	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		(533)	18 479	–	–	489	4 620	(4 131)	-89%	–
Vote 9 - Road transport		(1 174)	20 326	–	585	3 831	5 222	(1 390)	-27%	–
Vote 10 - Energy sources		5 328	6 095	–	13	13	1 524	(1 511)	-99%	–
Vote 11 - Waste Management		–	5 202	–	3 029	3 029	1 360	1 668	123%	–
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Capital single-year expenditure	4	30 349	78 311	–	3 990	10 689	19 478	(8 789)	-45%	–
Total Capital Expenditure		30 349	78 311	–	3 990	10 689	19 478	(8 789)	-45%	–
Capital Expenditure - Functional Classification										
Governance and administration		12 463	7 922	–	22	22	1 981	(1 959)	-99%	–
Executive and council		(826)	527	–	–	–	132	(132)	-100%	–
Finance and administration		13 290	7 395	–	22	22	1 849	(1 827)	-99%	–
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		14 264	20 288	–	342	3 306	4 772	(1 466)	-31%	–
Community and social services		10 190	6 779	–	14	1 723	1 395	328	24%	–
Sport and recreation		4 074	13 509	–	328	1 583	3 377	(1 794)	-53%	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		(1 706)	38 805	–	585	4 320	9 841	(5 521)	-56%	–
Planning and development		(533)	18 479	–	–	489	4 620	(4 131)	-89%	–
Road transport		(1 174)	20 326	–	585	3 831	5 222	(1 390)	-27%	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		5 328	11 297	–	3 041	3 041	2 884	157	5%	–
Energy sources		5 328	6 095	–	13	13	1 524	(1 511)	-99%	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	5 202	–	3 029	3 029	1 360	1 668	123%	–
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	30 349	78 311	–	3 990	10 689	19 478	(8 789)	-45%	–
Funded by:										
National Government		6 278	33 645	–	3 942	9 209	8 311	898	11%	–
Provincial Government		0	323	–	14	14	81	(67)	-82%	–
District Municipality		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies,		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		6 278	33 968	–	3 956	9 224	8 392	832	10%	–
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		24 071	44 344	–	34	1 465	11 086	(9 621)	-87%	–
Total Capital Funding		30 349	78 311	–	3 990	10 689	19 478	(8 789)	-45%	–

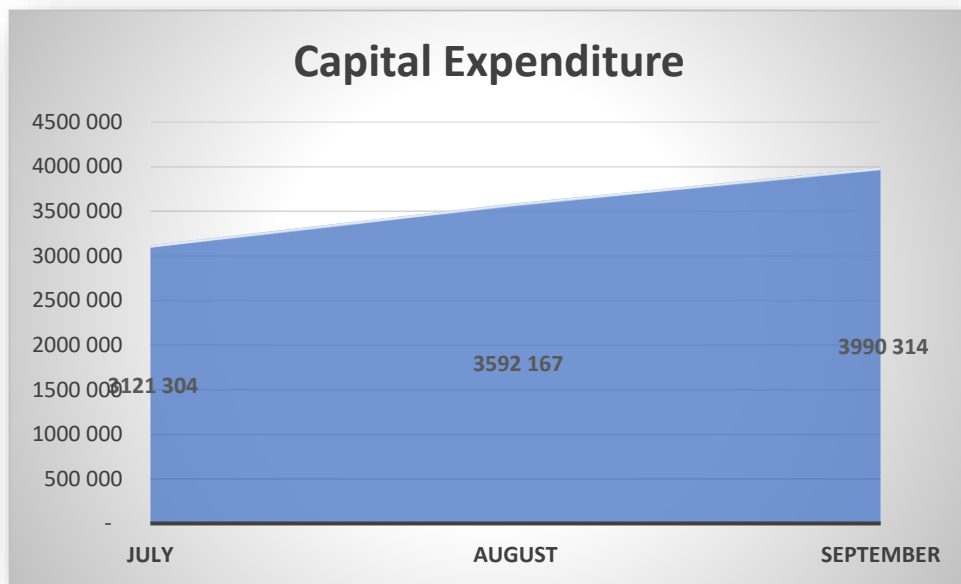
Capital Expenditure Analysis:

The YTD capital expenditure budget is R 19.5 million against YTD actual Capital expenditure amounted to R 10.7 million resulting in under performance of (45%) on capital expenditure. Variance in capital expenditure were due to technical challenges that were experienced with the implementation of capital projects. *(Detail Report on Implementation of Capital Projects below)*

Table 4.4

▪ **Capital Expenditure from July-September 2022**

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



PROJECTS STATUS QUO / PROGRESS REPORT AS AT 30 SEPTEMBER 2022 – MIG FUNDED PROJECTS

2019/2020 FINANCIAL YEAR ROLL OVER CAPITAL PROJECTS

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
01	Upgrade and Improvement of Enembe Road	7, 13, 14, 15	Upgrade and improvement of approximately 2.5km of Enembe Road in Sundumbili, install streetlights, ancillary road works, reconstruct sidewalks, bus bays and associated drainage	Consultant: MNA Contractor: Jamjo Civils	R 18 824 267.43	Project Complete	December 2020	Defect liability period has lapsed, the Client with the Consultant and contractor had been to site to discuss defects. The Contractor was advised to fix visible defects, up to date they have not finished those items.
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	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.

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
			well as street furniture such as road signs and line painting.					
03	Upgrade of Link Road between Amajuba Road (Ward 15) and Road 116 (Ward 14)	15, 14, 5, 7	This project entails the construction of a new access link road between Amajuba and Road 116. The scope of works includes 0.35 km of upgrading existing gravel road to a cape seal surfaced road, 1.0 wide surfaced sidewalks, associated Stormwater drainage system as well as street furniture such as road signs and line painting.	Consultant Lelethu Engineers Contractor Zithunzuzo Trading CC	3,440,757.69	Project Complete	January 2021	The project reached Completion on June 2021 and is currently under the defect liability period.
<u>2020/2021 FINANCIAL YEAR ROLL OVER CAPITAL PROJECTS</u>								
04	Construction of the swimming pool	15	Construction of a public swimming pool	Consultant Young and Satharia Contractor Flaxen Lake	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	10/12	This project entails the construction of a new access link road between Masomonce Bus Route and Ward 12. The scope of	Consultant Iqhina Consulting Engineers	R6 762 817.44	The new scope of work will be issued once the new Consultant has	09 August 2021	The new Consultant Iqhina consulting Engineers has been appointed to deal with

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
	Bus Route (Ward 10) and Enembe/Isithebe Link Road (Ward 12)		works includes the following activities: 0.8km of upgrading existing gravel road to a cape seal surfaced road, 1.0 wide surfaced sidewalks and associated Stormwater drainage system as well as street furniture such as road signs and line painting.	Contractor Thatha 5 cc		completed identifying the remaining work.		the finishing of the project since the previous Consultant Leletu Consulting Engineers pulled out of the project.
07	Construction of a Sports field in Enembe, Ward 5	5	Project Scope: The scope of works is as follows: Construction of a soccer field, Installation of clear view Fencing, Construction of Change rooms and ablution facility as well as the septic tank and Construction of grand stands	Consultant Sivest Consulting Engineers Contractor Sholo Trading	R7 962 614.60	Contractor has neglected the site, most of the work that has been listed on the snag list has not been attended to.	15 July 2021	The Contractor was terminated due to neglecting the project, the remaining works will be done through quotations by local subcontractors.
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	Consultant SKYV Consulting Contractor Zisayini Trading	5,483,859.59	Project Complete	19 June 2021	The project has been closed off after Defect Liability period. Last 5% of retention has been paid to the Contractor.

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
			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.					
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	<p>Consultant SKYV Consulting</p> <p>Contractor Sukoluhle Trading Enterprise</p>	5,483,859.59	Project Complete	19 June 2021	The project has been closed off after Defect Liability period. Last 5% of retention has been paid to the Contractor.

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
			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%.					
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 &	<p>Consultant SKYV Consulting</p> <p>Contractor Msebe Trading</p>	4,392,341.82	Project Complete	19 June 2021	The project has been closed off after Defect Liability period. Last 5% of retention has been paid to the Contractor.

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
			commercial sources, Construction of Grass Lined V-Drains, Construction of Stormwater Causeways utilising 600mm Pipes.					
2021/2022 FINANCIAL YEAR CAPITAL PROJECTS								
01	Swimming Pool Area Additions in Ward 15	15	The project scope entails the following activities: <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 	Consultant: Hi Tech Consulting Contractor: Umhlathuze Builders Emporium	R3,685,154.52	The project has reached practical completion stage. Contractor is attending to snag list items.	July 2022	

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
			<ul style="list-style-type: none"> - 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 - 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	11	The scope of works includes the following activities: mass earthworks, construction of pavement layers (G4 material	Consultant: BVI Consulting Contractor:	R 4,867,775.44	Site establishment 100%, Setting out of works by surveyor 100%,	June 2022	Project has been delayed finishing due to stormwater pipe discharging on

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
	Gravel Roads in Ward 11		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	Onombuthu (PTY) LTD		Site Clearance 100%, Pipe laying 100%, G7 Layer 100%, G4 Layer 100%, Storm-water Manholes 100%, Driveways 100%. Ancillary works 98%, and Concrete pavement 100%.		someone's property. It was assumed that the land is not belonging to someone, only after the stormwater was installed the land owner approached the Contractor and complained about the water discharging on their property.
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	Project complete. Defect Liability Period ends 08 September 2023.	June 2022	
04	Khenana and Hlomendlini	4, 10	7 x new high mast lighting including the following:	Consultant: BVI Consulting	R5,924,861.03	The project is practical Complete.	December 2022	The applications for energising the high

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
	High Mast Lights		<ul style="list-style-type: none"> - 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. 	Contractor: Yakhalungisa Engineering Services				mast lights were sent to Eskom. There is a delay in issuing an invoice by Eskom in order to make the payment
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	The Project has reached Practical Completion. Contractor is busy with snag list items and additional work items.	February 2022	The progress in finishing the snag list items is very slow.
06	Ward 3 Access Roads Rehabilitatio n	3	The scope of works will entail the following: - Rehabilitation of 2.867 kms of road (Plover Road, Inyala Road,	Consultant: Morula Consulting Contractor:	R13,057,500.00	The project is complete in terms of construction, the only item the Contractor is left	March 2022	

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
			Impunzi Road, Impala Road, Trogon Road and Sandpiper Road) - Construction of curbs - Surfacing using 30mm asphalt - Construction of storm water drainage - Road marking - Installation of road signs	Bheka Phezulu Investments		with is facilitating the local people training.		
07	Rehabilitation of Internal Roads and Stormwater Drainage in Ward 3	3	The scope of works entails the following activities: - Site Establishment - Setting out of works - Rehabilitation of 1.430 km Access Roads (Stratton Circle, Richard Circle and Whimbrel and Mathews Road) - Storm water management. - Sealing using 30mm Asphalt. - Construction of kerbs. - Road marking. - To install the road signs. - To finish the road after completion of the works.	Consultant: Morula Consulting Contractor: MVI-SSSS Trading	R7,996,258.68	Project Complete. Defect Liability Period in on.	May 2022	

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
08	Upgrade of Manono Road in Ward 15	15	The scope of works is as follows: - 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	Consultant: SKYV Contractor:	R 6,804,889.83	Site Establishment 100%, Clearing and Grubbing 100%, Setting Out 100%, Mass earthworks 93%, Roadbed preparation 93%, Layer-works 55%, Asphalt 0%, Concrete Drains 30%, Road signs and road markings 0% and Finishing the road reserve 0% Complete.	June 2022	The Contractor is behind the programme due to fixing and reinstating the existing service that they came across.

**PROJECTS STATUS QUO / PROGRESS REPORT AS AT 30 SEPTEMBER 2021 – INEP FUNDED PROJECTS
2019/2020 FINANCIAL YEAR ROLL OVER PROJECTS**

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
01	Khenana Phase 3A	10	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 311 households at Khenana.	Consultant BVI Contractor Yakhalungisa Projects	R5 598 000.00	Complete	30 September 2020	Project Complete
02	Nkwalini Nkuzemp unga	11,16	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 190 households at Nkwalini	Consultant BVI Contractor Alexadrah Third 3330I Trading	R3 902 000.00	Practical Complete	October 2021	Misallocation/duplication of connection.

2020/2021 FINANCIAL YEAR CAPITAL ROLL OVER PROJECTS

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
01	Okhovothe Electrification Project	12	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 105 households' connections	Consultant: BVI Engineers Contractor: Quite Storm cc	R1 680 000.00	Contractor was terminated.	October 2021	Contractor appointed May 2021. The project stopped at 65% complete then the Contractor was terminated for deserting the work.
02	Hlanzeni Electrification Project	7	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 105 households' connections	Consultant: BVI Engineers Contractor: Shanti's Electrical	R1 640 000.00	Outstanding work: service connections, outages and energizing. The Sub-Contractor has submitted all the outstanding supporting documents.	October 2021	Contractor appointed 01 May 2021. The project is still under construction, currently at 70% complete.
03	Khenana Phase 4 Electrification Project	10	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 227	Consultant: Veritas Engineers Contractor:	R1 680 000.00	227 Dry connection complete and energised.	July 2021	Project complete in June 2021.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			households' connections	R. Busiwe Electrical				
2021/2022 FINANCIAL YEAR CAPITAL PROJECTS								
01	Dendethu / Wetane Electrification Project	5	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 170 households' connections	Consultant: Veritas Engineers Contractor: Afrilectrical Consulting Engineers	R3 072 000.00	Project Kick Off Meeting took place on the 13 th September 2022 along with the Project Launch on the 22 nd September 2022. Contractor is due to commence with works in due course.	June 2022	The project went out on retender due to not finding eligible contractor.
02	Khenana Electrification Phase 5	10	Supply, delivery, installation and commissioning of a	Consultant: Veritas Engineers	R1 800 000.00	On hold	June 2022	Awaiting NPR from Eskom to enter into the MOU, then only can the

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			new MV and LV infrastructure to electricity to 100 households' connections	Contractor:				final designs be completed and project will go to tender.

2021/2022 FINANCIAL YEAR INTERNALLY FUNDED CAPITAL PROJECTS

No.	Project Name	Ward	Brief Description	Consultant & Consultant	Approved Internal Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
01	Construction of DLTC and DMC Administration Offices - Phase 1	3	Construction of a Drivers Licence Testing centre administration offices and Testing Ground	Consultant: Nzamakhuze Holdings Contractor:	R15,840,693.71	The new tender document to finish the remaining scope of work went out to tender and the closing date for returning tender	October 2021	The project did not finish due to Contractor neglecting the work which ended up being terminated.

						documents is 14 October 2022.		Final termination letter instructing the Contractor to vacate the site within 24 hours was issue on the 22 nd of March 2022. New document to go out to retender.
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	Project Complete	September 2021	The project reached Completion in February 2022 and is currently under the defect liability period.

05	Council Chamber Partitioning	3	Closing off the small boardroom, Provision of aluminium door, supply and install projector and projector screen, and painting	<p>Consultant: Nzamakhuze Trading</p> <p>Contractor:</p>	R600 000.00	Rest of partitioning still outstanding after the overflow door was installed.	TBD	Partitioning delayed due to delays with SCM process during the previous FY.
06	Construction of security house and access control at the main civic centre	3	The project entails the construction of guard house with ablutions and access control systems	<p>Consultant: Nzamakhuze Trading</p> <p>Contractor: Mlombomvu Projects</p>	R1 800 000.00	Project Complete	November 2021	The project reached Completion in December 2021 and is currently under the defect liability period.
07	Rehabilitation of Msomuhle Road	15	250m Road Rehabilitation Length Box Cut to 480mm. Dump Rock infilling at soft spots. Rip and compact Roadbed Construct 150mm Gravel Subgrade: G7 with material from commercial sources.	<p>Consultant: SKYV Consulting</p> <p>Contractor:</p>		Site Establishment 100%, Setting out 100%, Clearing and grubbing%, Earthworks 100% and dump rock filling 100%. Layer-works: G7 100%, C4 100% and G2 50%. Asphalt 0%. Road markings 0% and Road signs %. Concrete drains 50% kerbing replacement 0%.	June 2022	The project experienced slow progress due unavailability of plant.

			<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 Mechanical workshop, construction of	<p>Consultant: Ukwakha Consulting Engineers</p> <p>Contractor:</p>	R1 850 000.00	The consultant submitted the draft tender document to BSC, they have to return with corrected draft tender document.	June 2022	There has been changes to the design which therefore resulted on the resubmission of draft tender document to BSC getting delayed.

			<p>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. Provision of internal wastewater 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.

			Provision of electricity supply and lighting. Fencing. Construction of buildings that include a guardhouse, administration block, traders' stalls and ablution blocks Landscaping and provision of sitting benches and bins.					
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Table 6

FINANCIAL POSITIONTable C6 displays the financial position of the municipality as at 30th September 2022

KZN291 Mandeni - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		33 247	9 236	–	4 832	–
Call investment deposits		174 920	65 000	–	268 155	–
Consumer debtors		54 764	28 024	–	50 570	–
Other debtors		(23 407)	–	–	4 446	–
Current portion of long-term receivable		–	–	–	–	–
Inventory		807	673	–	695	–
Total current assets		240 331	102 933	–	328 699	–
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		88 164	84 587	–	88 164	–
Investments in Associate		–	–	–	–	–
Property, plant and equipment		484 788	540 035	–	449 392	–
Biological		–	–	–	–	–
Intangible		477	568	–	477	–
Other non-current assets		–	–	–	–	–
Total non current assets		573 428	625 190	–	538 033	–
TOTAL ASSETS		813 760	728 123	–	866 731	–
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		5 760	326	–	14	–
Consumer deposits		277	199	–	268	–
Trade and other payables		41 039	36 476	–	49 082	–
Provisions		2 760	–	–	–	–
Total current liabilities		49 837	37 001	–	49 364	–
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		18 003	27 394	–	18 003	–
Total non current liabilities		18 003	27 394	–	18 003	–
TOTAL LIABILITIES		67 840	64 395	–	67 367	–
NET ASSETS	2	745 920	663 728	–	799 365	–
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		230 659	656 263	–	596 693	–
Reserves		202 672	2 136	–	202 672	–
TOTAL COMMUNITY WEALTH/EQUITY	2	433 332	658 399	–	799 365	–

FINANCIAL RATIOS AND NORMS

Current ratio: The municipality’s current assets are 4 (FOUR) times that of current liabilities.
4:0.15

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 3,83:0.26 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 8 time of the current liabilities.

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

Creditor’s payment: it takes the municipality 0 days to pay its creditors

Outstanding debtors: billing far exceeds the collection on outstanding debt at the rate of 73 percent.

Collection days:549 days it takes the municipality to collect outstanding debt.

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

Debtors collection rate: as at September 2022 is 73%

	8 Month
Cash and cash equivalents	4 832 246
Unspent Conditional Grants	26 449 354
Overdraft	
Short Term Investments	262 033 301
Total Annual Operational Expenditure	361 724 703

	6.66
Current Assets	328 698 753
Current Liabilities	49 363 831

	1 days
Trade Creditors	231 073
Contracted Services	11 104 515
Repairs and Maintenance	3 602 802
General expenses	65 089 020
Bulk Purchases	10 217 567

	73%
Gross Debtors closing balance	182 973 892
Gross Debtors opening balance	181 350 281
Bad debts written Off	-
Billed Revenue	6 027 443

	12%
Consumer Debtors Bad debts written off	3 312 952
Consumer Debtors Current bad debt Provision	27 417 045

	549 days
Gross debtors	182 973 892
Bad debts Provision	27 417 045
Billed Revenue	103 416 411

1.4.4 PERFORMANCE INDICATOR

Table 7

Table C7 below display the Cash Flow Statement for the quarter ending 30th September 2022

KZN291 Mandeni - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter									
Description	Ref	2021/22	Budget Year 2022/23						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates		–	24 440	3 785	9 631	6 110	3 521	58%	–
Service charges		–	44 540	4 949	10 770	11 135	(365)	-3%	–
Other revenue		–	34 355	–	149	8 589	(8 439)	-98%	–
Transfers and Subsidies - Operational		–	246 207	176	88 498	61 552	26 946	44%	–
Transfers and Subsidies - Capital		–	38 462	14 000	26 000	9 615	16 385	170%	–
Interest		–	5 775	–	491	1 444	(952)	-66%	–
Dividends		–	–	–	–	–	–		–
Payments									
Suppliers and employees		(639)	(316 822)	(22 149)	(65 050)	(79 206)	(14 156)	18%	–
Finance charges		–	(410)	–	–	(103)	(103)	100%	–
Transfers and Grants		(4 214)	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		(4 853)	76 547	761	70 489	19 137	(51 352)	-268%	–
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	1 591	5 150	–	5 150	#DIV/0!	–
Decrease (increase) in non-current investments		–	–	–	–	–	–		–
Payments									
Capital assets		302 806	(78 311)	(3 990)	(10 689)	(19 478)	(8 789)	45%	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		302 806	(78 311)	(2 399)	(5 539)	(19 478)	(13 939)	72%	–
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	(199)	19	57	–	57	#DIV/0!	–
Payments									
Repayment of borrowing		–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(199)	19	57	–	(57)	#DIV/0!	–
NET INCREASE/ (DECREASE) IN CASH HELD		297 953	(1 963)	(1 619)	65 007	(341)			–
Cash/cash equivalents at beginning:		–	–	–	207 982	–			207 982
Cash/cash equivalents at month/year end:		297 953	(1 963)	–	272 988	(341)			207 982

The net increase/decrease of cash and cash equivalent for the year is R65million. The cash and cash equivalent at the beginning is R207.982million, and with a balance of R208million as cash and cash equivalent at year end. Surplus cash is invested at approved banking institutions in accordance with current cash and investment policy.

Revenue -Receipts

- Transfers and subsidies-Operational – R175 500- SETA Grant received
- Property rates-R3.8million, rates collected for the month, Billed rates of R28.7million which is 135% over collection when compared to budget.
- Service Charges- Electricity and Refuse of R4.9million as receipts for the month. The billed revenue as at 30th September 2022, shows 103% as the Electricity usage has increase in this month as we have had more cold months that warm.
- Other Revenue collected to date is 93% or R713thousand against budgeted pro-rata of R1.3million, which is due to collection of rentals of properties, licenses and permits and other sources of revenue. Other revenue includes, also tender fees which in this month are a major contributor to the over performance in this line item.
- Decrease and increase of non-current assets R1.6million for VAT receivables
- Increase/ decrease in consumer deposits - R 19 thousand.

Payments

- Suppliers and employees – payment of R22.1million was made.
- Finance charges – with YTD expenditure of R260thousand.
- Transfers and Grants – no longer allocated under this line vote, in future this line vote will remain with zero exp.
- Capital assets- payment of R4million for this month, with YTD capex expenditure of R10.7million.

PART 2 – SUPPORTING DOCUMENTATION

2.1 DEBTOR'S ANALYSIS

Table 8

KZN291 Mandeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter											
Description	NT Code	Budget Year 2022/23									
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	5 786	(8)	790	157	568	132	2 374	2 303	12 102	5 534
Receivables from Non-exchange Transactions - Property Rates	1400	24 233	183	79	149	928	891	11 590	63 982	102 035	77 541
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	2 082	(18)	852	786	761	761	5 151	44 053	54 426	51 511
Receivables from Exchange Transactions - Property Rental Debtors	1700	24	-	9	8	8	8	61	188	304	271
Interest on Arrear Debtor Accounts	1810	604	0	283	283	281	283	1 924	25 527	29 185	28 298
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	106	-	-	-	-	-	-	7 148	7 254	7 148
Total By Income Source	2000	32 835	157	2 012	1 382	2 546	2 074	21 100	143 201	205 306	170 303
2021/22 - totals only										-	-
Debtors Age Analysis By Customer Group											
Organs of State	2200	9 403	485	65	121	110	251	4 359	14 129	28 923	18 969
Commercial	2300	17 268	(123)	357	154	769	294	4 925	15 948	39 593	22 090
Households	2400	5 743	(205)	1 482	1 005	1 529	1 390	10 717	113 100	134 760	127 741
Other	2500	420	-	108	102	137	139	1 099	24	2 030	1 502
Total By Customer Group	2600	32 835	157	2 012	1 382	2 546	2 074	21 100	143 201	205 306	170 303

The total Consumer debtors outstanding as 30th September 2022 is **R 205 306 million**.

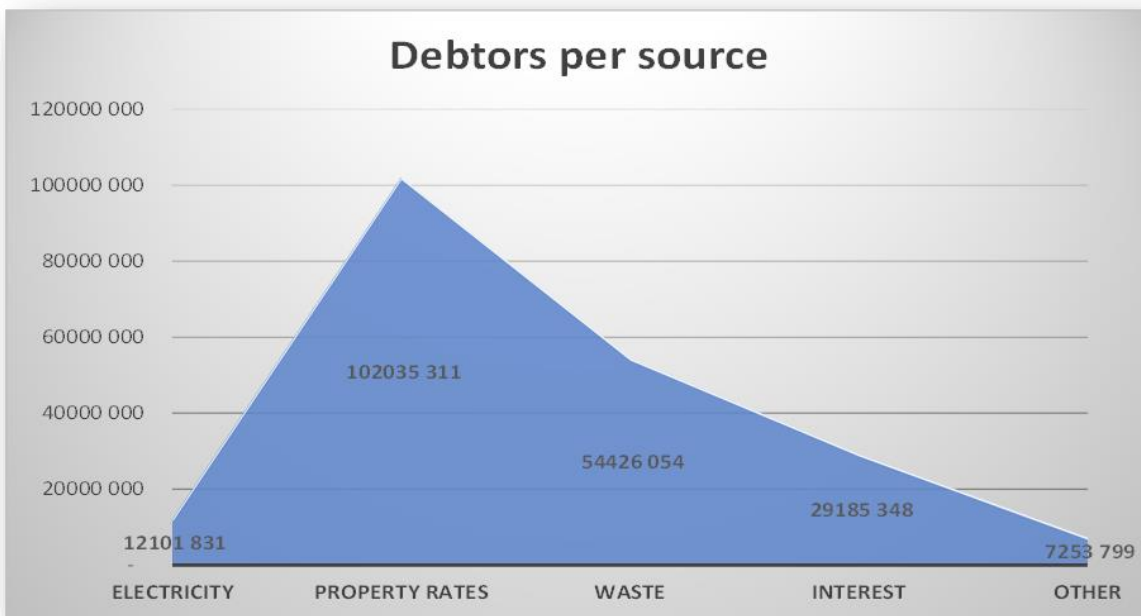
- Debt book indicates 3.7% decrease from to 1st July 2022 to 30th September 2022, the debt book is very high.
- Debtors collection rate at September 2022 is 80%
- We are however maintaining and ensuring the collection of the current debt but our biggest challenge is the historic debt. We have since advertised 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.

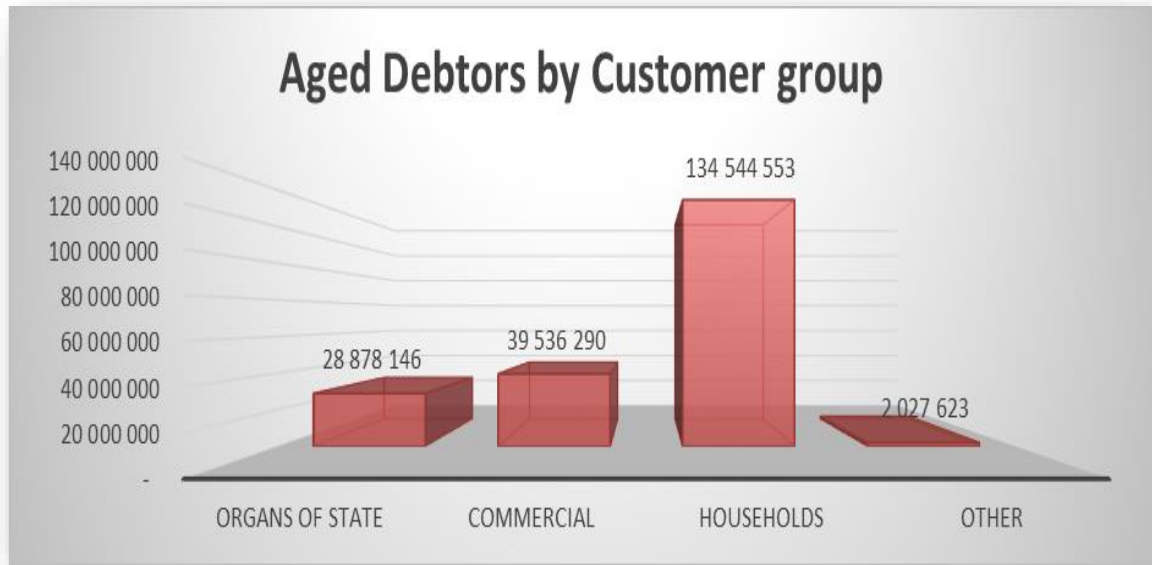
- Debt collection measures have been improved after the policy review by issuing summons with the intention to attach movable property. This initiative is however a slow process because of sheriff’s involvement. They cannot cope with the number of summons to be served, upon attachment of movable properties 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:

Table 8.1

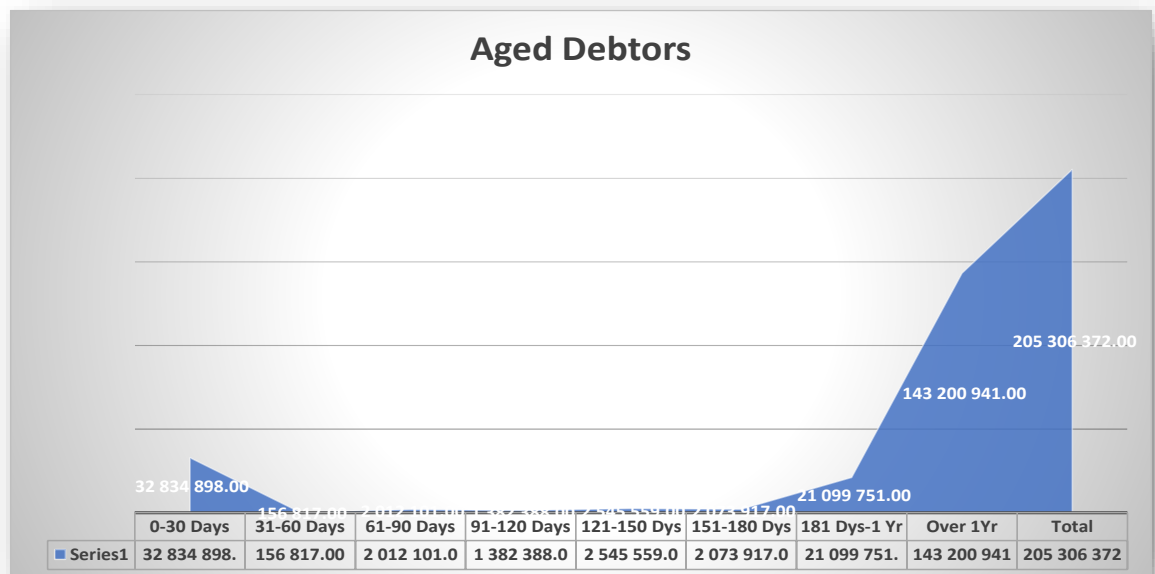
- **Debtors outstanding per Service**





The municipal debtors have increased from R191.4 million to R 205.3 million that is from 1st July 2022 until 30th September 2022. This increase is dominated by Households of 66% and it is followed by business of 19% compared to another debtors' type.

- **Total Outstanding Debtors in days**



The information presented in the chart above show an increase in the outstanding debtor's balances from 1st July 2022 of R 191.4 million when compared to the current period as at 30th September 2022, bringing the total outstanding debtors balance to R 205.3 million.

Councilors and Employees in Arrear

- Councilors outstanding debt as at 30th September 2022 is R185 thousand.
- Staff Accounts in arrears as at 30th September 2022 is R 21 thousand however it should be noted that they have decided to have payment 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 - Q1 First Quarter											Prior year totals for	
Description	NT Code	Budget Year 2022/23										
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120	121 - 150	151 - 180	181 Days -	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 deduction	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	3	65	-	-	-	-	-	-	-	67	67
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	161	-	-	-	-	-	-	2	-	164	164
Total By Customer Type	1000	164	65	-	-	-	-	-	2	-	231	231

- Creditors as at 30th September 2022 amounts to **R231 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 BANK RECONCILIATION _ SEPTEMBER 2022

		Mandeni Municipality	
BANK RECONCILIATION STATEMENT FOR SEPTEMBER 2022			
Main Account :52940480587			
Opening FNB Bank Balance as on 1 SEPTEMBER 2022		4 272 143.57	4 272 143.57
PLUS: Deposits Banked		9 518 822.91	
PLUS: Interest received		13 944.13	
PLUS: Transfers In		18 838 412.45	
PLUS:Interest received From Call 1		172 314.72	
PLUS:Unpaid		21 243.52	
PLUS: MATURED INVESTMENTS		-	
PLUS: SARS REFUND		1 591 235.50	
PLUS: GRANTS RECEIVED		14 175 500.00	
Total Deposits		44 331 473.23	44 331 473.23
Less:Total payments	-	43 599 059.66	-
LESS: EFT Payments	-	28 672 258.88	
Plus :Aug 2022 outstanding (reconciled)	-	53 772.81	
LESS: Bank Charges	-	43 703.63	
LESS: Cheques Paid Out	-	-	
LESS: Transfers Out	-	14 219 358.66	
LESS: NEW INVESTMENTS	-	-	
LESS: Debit Orders	-	609 965.68	
Closing FNB Bank Balance as on 31 SEPTEMBER2022			5 004 557.14
Cashbook Reconciliation for 31 SEPTEMBER2022			
Cashbook Balance as on 1 SEPTEMBER 2022-D0001/IA09567/F0001/X049/R0099/001/FIN		963 592 654.21	
Less:Cashbook Balance as on 1 SEPTEMBER 2022-D0001/IA09850/F0001/X049/R0099/001/FIN	-	958 366 249.80	
PLUS: Deposits Banked for SEPTEMBER2022		29 124 379.30	
LESS: EFT Payments for SEPTEMBER2022	-	28 115 359.60	
Less: Bank Charges to date	-	1 010 580.87	
Less: Payments not yet paid during SEPTEMBER2022		-	
PLUS: Interest received to date		127 275.09	
PLUS:Interest received From Call 1-SEPTEMBER2022		172 314.72	
LESS: Debit Orders for SEPTEMBER2022	-	609 965.68	
Closing Cashbook Balance as on 31 SEPTEMBER2022		4 914 467.37	4 914 467.37
Reconciling Items			
	Amount		
Add: Reconciling items Current month SEPTEMBER2022 (Unreconciled AUGUST 2022)	53 772.81		90 058.74
Plus: Deposits on Cashbook but not on Bank statement (unreconciled SEPTEMBER 2022)	36 285.93		
Less: Deposits on Cashbook not on Bank Statement	-		
Plus: Transfers In on Bank Statement not on Cashbook	-		
Less: Bank Charges on Bank Statement not on Cashbook	-		
Plus: Bank Charges on Cashbook not on Bank Statement	-		
Less: Electronic Transfers on Bank Statement not on Cashbook	-		
Plus: Electronic Transfers on Cashbook not on Bank Statement	-		
Plus: RD Cheques on Bank Statement not on Cashbook	-		
Less: Debit Orders on Bank Statement not on Cashbook	-		
Plus: Journal Credits - on Cashbook not on Bank Statement	-		
Less: Journal Debits - on Cashbook not on Bank Statement	-		
Corrections to be made	-		
ADJUSTED MONTH END CASHBOOK BALANCE			5 004 526.11
MONTH END BALANCE PER BANK STATEMENT			5 004 557.14
DIFFERENCE			- 31.03

2.4 INVESTMENT PORTFOLIO ANALYSIS _ SEPTEMBER 2022

Table 10

The following information presents the short-term investments balances broken down per investment type as at 30th September 2022

KZN291 Mandeni - Supporting Table SC5 Monthly Budget Statement - investment por											
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Variable or Fixed interest rate	Interest Rate ³	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Mont hs									
Municipality											
call 1-internal grant		12m	Call Account	Fixed	0.0245		49 084	172	(14 172)	-	35 084
Call account 2 -HOUSING		12m	Call Account	Fixed	0.0245		1 890	7	-	-	1 897
Call account 3-MIG		12m	Call Account	Fixed	0.0245		5 005	12	(4 838)	14 417	14 596
Call account 5-TMT		12m	Call Account	Fixed	0.0245		288	1	-	4	294
Call account 6-INEP		12m	Call Account	Fixed	0.0245		5 782	22	-	-	5 804
Call account 7-AR		12m	Call Account	Fixed	0.0245		3 190	12	(197)	-	3 005
Call account 8- Title Deed		12m	Call Account	Fixed	0.0245		6 330	24	-	0	6 354
NEDBANK		12m	Investment	Fixed	0.0705	04 March 2023	50 000	-	-	-	50 000
NEDBANK		12m	Investment	Fixed	0.05975	21/12/2022	30 000	-	-	-	30 000
NEDBANK		12m	Investment	Fixed	0.088	28/12/2023	50 000	-	-	-	50 000
NEDBANK		12m	Investment	Fixed	0.0855	27/07/2023	65 000	-	-	-	65 000
Municipality sub-total							266 570	251	(19 208)	14 421	262 033
Entities											
											-
											-
Entities sub-total							-		-	-	-
TOTAL INVESTMENTS AT	2						266 570		(19 208)	14 421	262 033

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 of 30th September 2022 is R262.0 million with an interest generated of R251 thousand.

The municipality has re-invested additional money market investment accounts with Nedbank and invested an amount of R195 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.

2.5 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE
Table 11

KZN291 Mandeni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q1 First Quarter										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		220 009	226 242	-	-	90 324	76 981	12 060	15.7%	43
Local Government Equitable Share	-	211 164	212 818	-	-	82 999	70 939	12 060	17.0%	(2 550)
Finance Management	-	1 850	1 850	-	-	1 850	1 850	-	-	2 550
EPWP Incentive	-	2 435	2 372	-	-	593	791	-	-	43
Integrated National Electrification Program	-	2 874	7 200	-	-	2 880	2 400	-	-	-
MIG (PMU)	-	1 686	2 002	-	-	2 002	1 001	-	-	-
Disaster Relief Grant COVID 19	3	-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		4 214	5 043	-	-	-	1 681	(826)	-49.1%	(4 941)
Community Library Services GrantProvincializa		4 214	1 477	-	-	-	492	(492)	-100.0%	-
		-	2 566	-	-	-	855	-	-	1 228
KwaZulu-Natal	-	-	-	-	-	-	-	-	-	(2 052)
KwaZulu-Natal_Capacity Building and Other	-	-	-	-	-	-	-	-	-	(4 118)
KwaZulu-Natal_Infrastructure_Specify (Add	-	-	1 000	-	-	-	333	(333)	-100.0%	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		65	-	-	-	-	-	-	-	(65)
[insert description]		-	-	-	-	-	-	-	-	-
Other Transfers Public Corporations	-	(15)	-	-	-	-	-	-	-	15
Provincial Departmental Agencies_Kwazulu	-	2	-	-	-	-	-	-	-	(2)
Unspecified_Specify (Replace with the nam	-	77	-	-	-	-	-	-	-	(77)
Total Operating Transfers and Grants	5	224 288	231 285	-	-	90 324	78 662	11 234	14.3%	(4 963)
Capital Transfers and Grants										
National Government:		12 232	38 042	-	14 000	23 998	12 681	11 317	89.2%	(2 547)
Municipal Infrastructure Grant (MIG)	-	-	38 042	-	14 000	23 998	12 681	11 317	89.2%	-
Integrated National Electrification Program	-	-	-	-	-	-	-	-	-	(39 257)
Municipal Infrastructure Grant (MIG)	-	8 139	-	-	-	-	-	-	-	-
Integrated National Electrification Program	-	-	-	-	-	-	-	-	-	(2 547)
Other capital transfers [insert description]		4 094	-	-	-	-	-	-	-	-
Provincial Government:		-	15 342	-	-	-	1 279	(1 279)	-100.0%	(3 000)
KwaZulu-Natal_Capacity Building and Other_Capacity Bu		-	380	-	-	-	32	(32)	-100.0%	-
KwaZulu-Natal_Capacity Building and Othe	-	-	14 962	-	-	-	1 247	-	-	(3 000)
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	12 232	53 384	-	14 000	23 998	13 959	10 039	71.9%	(5 547)
TOTAL RECEIPTS OF TRANSFERS & GRA	5	236 521	284 669	-	14 000	114 322	92 621	21 273	23.0%	(10 510)

Grant Receipts Analysis:

The total operational YTD grant receipts as of 30th September 2022 is R 114.3 million, which has been allocated as follows:

- Equitable Share received 1st trench to the value of R82.9 million, with a remaining balance of R128.8 million that will be transferred as per treasury payment schedule.
- FMG of R1.9 million has been fully received as publicized on DORA.
- EPWP received 1st trench to date of R593 thousand with a remaining balance of R1.8 million which will be transferred as per treasury payment schedule.
- Library Grant of R4.4 as publicized in provincial gazzeted has not received as publicized during 1st quarter of the year. However, the municipality has made follow ups with the respective department.
- INEP received to date is R2.9 million which is the 1st trench, remaining balance of R4.3 million. The municipality is still awaiting feedback from National Treasury in relation to the rollover application of R2.9 million which was not fully spent in 2021/22 financial year.
- Further to that the municipality is still waiting for rollover application from the Department of Human Settlement (Title deed Grant of R5.8 million which was not fully spent in the last financial year. The municipality serves as an agent in relation to this grant.

The total capital YTD grant receipts as at 30th September 2022 is R 23.9 million which has been allocated as follows:

- MIG receipt of R 23.9 million which is the 2nd trench has been received by the municipality which leaves a remaining balance of R14 million that will be transferred as per treasury payment schedule.

Table 12: Transfers and Grant Expenditure

KZN291 Mandeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		220 009	226 242	-	15 383	70 138	18 854	51 284	272.0%	2 593
Local Government Equitable Share	-	211 164	212 818	-	14 172	67 638	17 735	49 903	281.4%	2 550
Finance Management	-	1 850	1 850	-	169	657	154	503	326.3%	43
EPWP Incentive	-	2 435	2 372	-	323	891	198	694	351.0%	-
Integrated National Electrification Programme	-	2 874	7 200	-	513	513	600	(87)	-14.5%	-
MIG (PMU)	-	1 686	2 002	-	207	438	167	272	162.8%	-
Disaster Relief Grant COVID 19	-	-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-	-
		4 214	5 043	-	292	780	1 681	(901)	-53.6%	1 228
Other transfers and grants [insert description]	-	4 214	1 477	-	-	-	492	(492)	-100.0%	-
KwaZulu-Natal	-	-	2 566	-	292	780	855	(75)	-8.8%	1 228
KwaZulu-Natal_Capacity Building and Other_Specify (Add	-	-	-	-	-	-	-	-	-	-
KwaZulu-Natal_Infrastructure_Specify (Add grant descripti	-	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	1 000	-	-	-	333	(333)	-100.0%	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
Other grant providers:		15	-	-	-	-	-	-	-	15
Other Transfers Public Corporations	-	15	-	-	-	-	-	-	-	15
[insert description]	-	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		224 238	231 285	-	15 676	70 918	20 535	50 384	245.4%	3 836
Capital expenditure of Transfers and Grants										
National Government:		-	38 042	-	4 722	10 282	9 510	772	8.1%	56 494
Municipal Infrastructure Grant	-	-	38 042	-	4 722	10 282	9 510	772	8.1%	-
0	-	-	-	-	-	-	-	-	-	17 237
0	-	-	-	-	-	-	-	-	-	39 257
Other capital transfers [insert description]	-	-	-	-	-	-	-	-	-	-
Provincial Government:		-	15 342	-	16	16	3 836	(3 819)	-99.6%	-
0	-	-	15 342	-	16	16	3 836	(3 819)	-99.6%	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	53 384	-	4 739	10 298	13 346	(3 048)	-22.8%	56 494
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		224 238	284 669	-	20 414	81 217	33 880	47 336	139.7%	60 330

Grant Expenditure Analysis:

The total operational YTD grant expenditure as at 30th September 2022 is R70.1 million which has been split between conditional and unconditional grants. Conditional Grants YTD expenditure as 30th September 2022 is R3.3 million and Equitable share as unconditional Grant expenditure as at 30th September 2022, YTD R67.6 million.

- FMG expenditure year to date is R657 thousand which is 36% spent.
- EPWP expenditure year to date is R891 thousand at (38%). Expenditure towards this grant is has exceed limit as per quarter 1 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.
- Library expenditure to date is R780 thousand which is 19.3% spent.
- INEP expenditure to date is R513 thousand which is 7 per cent spent. *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 R438 thousand (22%).

The total capital YTD grant expenditure as at 30th September 2022 is R 10.3million which has been split as follows:

- MIG capital expenditure to date is R10.3 million with 27 per cent spent to date.
- Library capital expenditure to date is R16 thousand with 8 per cent spent to date.

3.COUNCILORS AND BOARD MEMBER ALLOWNCES AND EMPLOYEE BENEFITS

Table 13

KZN291 Mandeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q1 First Quarter										
Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C					%	D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		11 306	11 854	-	937	2 826	2 963	(137)	-5%	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		719	876	-	46	127	219	(92)	-42%	-
Cellphone Allowance		1 432	1 512	-	119	357	378	(21)	-6%	-
Housing Allowances		340	439	-	15	45	110	(64)	-59%	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		13 798	14 682	-	1 118	3 356	3 670	(315)	-9%	-
% increase	4		6.4%							
Senior Managers of the Municipality										
Basic Salaries and Wages		5 197	5 513	-	286	947	1 378	(431)	-31%	-
Pension and UIF Contributions		0	11	-	0	0	3	(3)	-93%	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		1 048	476	-	-	-	119	(119)	-100%	-
Motor Vehicle Allowance		737	737	-	31	139	184	(46)	-25%	-
Cellphone Allowance		186	186	-	11	38	47	(8)	-18%	-
Housing Allowances		264	269	-	13	57	67	(10)	-15%	-
Other benefits and allowances		1	1	-	0	0	0	(0)	-20%	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	345	30	-	-	-	8	(8)	-100%	-
Sub Total - Senior Managers of Municipality		7 778	7 223	-	341	1 181	1 806	(625)	-35%	-
% increase	4		-7.1%							
Other Municipal Staff										
Basic Salaries and Wages		71 436	79 546	-	8 220	19 825	19 886	(62)	0%	-
Pension and UIF Contributions		11 179	12 197	-	1 282	3 505	3 049	456	15%	-
Medical Aid Contributions		5 273	5 500	-	433	1 286	1 375	(89)	-6%	-
Overtime		1 826	1 140	-	176	610	285	325	114%	-
Performance Bonus		5 152	5 556	-	459	1 239	1 389	(150)	-11%	-
Motor Vehicle Allowance		4 063	4 746	-	364	1 050	1 186	(136)	-11%	-
Cellphone Allowance		452	531	-	41	117	133	(16)	-12%	-
Housing Allowances		289	299	-	26	78	75	3	4%	-
Other benefits and allowances		1 041	1 089	-	52	187	272	(85)	-31%	-
Payments in lieu of leave		585	1 719	-	253	670	430	240	56%	-
Long service awards		832	1 246	-	33	168	311	(143)	-46%	-
Post-retirement benefit obligations	2	(1 143)	4 035	-	-	-	1 009	(1 009)	-100%	-
Sub Total - Other Municipal Staff		100 982	117 605	-	11 339	28 735	29 401	(666)	-2%	-
% increase	4		16.5%							
Total Parent Municipality		122 558	139 510	-	12 798	33 272	34 877	(1 606)	-5%	-
			13.8%							
TOTAL SALARY, ALLOWANCES & BENEFITS		122 558	139 510	-	12 798	33 272	34 877	(1 606)	-5%	-
% increase	4		13.8%							
TOTAL MANAGERS AND STAFF		108 761	124 828	-	11 680	29 916	31 207	(1 291)	-4%	-

3. EXPENDITURE MANAGEMENT

3.1 LEGAL FRAMEWORK

As part of the Quarter 1 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.

3.2 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

4. Municipal manager's quality certificate

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

- **FIRST QUARTER REPORT Section 52 (D)**

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: **30th SEPTEMBER 2022**