

MANDENI MUNICIPALITY (KZN 291)



FIRST QUARTER REPORT SECTION 52(D) (mSCOA)

2023/24 FINANCIAL YEAR

JULY– SEPTEMBER 2023

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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 First Quarter of the financial year ended 30th September 2023:

KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Q1 First Quarter									
Description	2022/23	Budget Year 2023/24							
	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 contributions)	348,738	382,369	–	17,394	142,968	95,592	47,376	50%	382,369
Total Expenditure	329,855	402,121	–	29,480	79,717	100,567	(20,850)	-21%	402,121
Surplus/(Deficit)	18,883	(19,752)	–	(12,087)	63,251	(4,975)	68,226	-1371%	(19,752)
Transfers and subsidies - capital	45,387	48,381	–	2,402	4,026	12,095	(8,069)	-67%	48,381
Transfers and subsidies - capital	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	64,270	28,629	–	(9,685)	67,277	7,120	60,156	845%	28,629
Capital expenditure & funds sources									
Capital expenditure	73,316	143,945	–	4,975	15,263	35,986	(20,723)	-58%	143,945
Capital transfers recognised	12,628	55,598	–	2,389	3,802	13,899	(10,098)	-73%	55,598
Borrowing	0	–	–	–	–	–	–	–	–
Internally generated funds	60,688	88,347	–	2,585	11,461	22,087	(10,626)	-48%	88,347
Total sources of operational & c	403,171	546,065	–	34,455	94,980	136,553	(41,574)	-78%	546,065

As can be seen from the table above, Actual surplus for the quarter ended 30th September 2023 is significantly more than the Budgeted Surplus. Quarterly budget statement summary (Table C1), for the first quarter of the year, July – September 2023 (year to date actual), shows a surplus of R67.3 million against YTD budget of R7.1 million which reflects more than 100% performance.

Currently there are no financial problems and major risks facing the municipality. A total amount of R215 million is invested by the municipality to the approved banking institutions, while the Investment register closing balance as at September 2023 is R308.3 million.

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	2022/23	Budget Year 2023/24							
	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	50,660	59,329	-	4,280	8,659	14,832	(6,174)	-42%	59,329
Service charges	61,434	63,657	-	8,817	25,267	15,914	9,352	59%	63,657
Investment revenue	20,010	-	-	-	-	-	-	-	-
Transfers and subsidies - Operati	20,010	10,500	-	2,348	7,181	2,625	4,556	174%	10,500
Other own revenue	196,623	248,882	-	1,948	101,861	62,221	39,641	64%	-
Total Revenue (excluding capital transfers and contributions)	348,738	382,369	-	17,394	142,968	95,592	47,376	50%	382,369
Employee costs	116,754	141,420	-	9,958	29,609	35,355	(5,747)	-	141,420
Remuneration of Councillors	14,325	15,460	-	1,866	4,200	3,865	335	-	15,460
Depreciation and amortisation	32,535	35,534	-	2,680	8,198	8,884	(685)	-	35,534
Interest	325	100	-	-	-	25	(25)	-	100
Inventory consumed and bulk purch	49,664	51,014	-	6,035	11,855	12,753	(898)	-	51,014
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	116,252	158,592	-	8,941	25,855	39,685	(13,830)	-35%	158,592
Total Expenditure	329,855	402,121	-	29,480	79,717	100,567	(20,850)	-21%	402,121
Surplus/(Deficit)	18,883	(19,752)	-	(12,087)	63,251	(4,975)	68,226	-1371%	(19,752)
Transfers and subsidies - capital	45,387	48,381	-	2,402	4,026	12,095	(8,069)	-67%	48,381
Transfers and subsidies - capital	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	64,270	28,629	-	(9,685)	67,277	7,120	60,156	845%	28,629
Share of surplus/ (deficit) of	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	64,270	28,629	-	(9,685)	67,277	7,120	60,156	845%	28,629
Capital expenditure & funds sources									
Capital expenditure	73,316	143,945	-	4,975	15,263	35,986	(20,723)	-58%	143,945
Capital transfers recognised	12,628	55,598	-	2,389	3,802	13,899	(10,098)	-73%	55,598
Borrowing	0	-	-	-	-	-	-	-	-
Internally generated funds	60,688	88,347	-	2,585	11,461	22,087	(10,626)	-48%	88,347
Total sources of capital funds	73,316	143,945	-	4,975	15,263	35,986	(20,723)	-58%	143,945
Financial position									
Total current assets	246,909	177,849	-	-	313,703	-	-	-	177,849
Total non current assets	602,649	740,801	-	-	609,714	-	-	-	740,801
Total current liabilities	77,634	71,097	-	-	84,215	-	-	-	71,097
Total non current liabilities	18,389	22,795	-	-	18,389	-	-	-	22,795
Community wealth/Equity	753,536	824,758	-	-	820,812	-	-	-	824,758
Cash flows									
Net cash from (used) operating	(136,038)	(256,692)	-	5,423	180,651	(60,135)	(240,786)	400%	(256,692)
Net cash from (used) investing	(376,184)	165,536	-	(4,975)	(15,263)	41,384	56,647	137%	165,536
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the mo	(429,234)	(299,135)	-	-	165,389	(226,730)	(392,119)	173%	-
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	21,242	(7)	1,599	(741)	2,723	1,584	17,319	165,379	209,098
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	2	2

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	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		273,605	305,464	-	6,699	113,433	76,366	37,067	49%	305,464
Executive and council		-	7,806	-	-	-	1,952	(1,952)	-100%	7,806
Finance and administration		273,605	297,658	-	6,699	113,433	74,415	39,018	52%	297,658
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		10,732	4,692	-	710	1,035	1,173	(138)	-12%	4,692
Community and social services		5,497	4,692	-	710	1,035	1,173	(138)	-12%	4,692
Sport and recreation		5,234	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental service		46,274	54,327	-	3,392	6,577	13,582	(7,005)	-52%	54,327
Planning and development		44,726	49,857	-	2,736	5,461	12,464	(7,003)	-56%	49,857
Road transport		1,548	4,470	-	657	1,116	1,118	(1)	0%	4,470
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		63,514	66,266	-	8,994	25,949	16,567	9,382	57%	66,266
Energy sources		50,063	53,804	-	7,782	22,371	13,451	8,920	66%	53,804
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		13,451	12,463	-	1,212	3,578	3,116	463	15%	12,463
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	394,124	430,750	-	19,796	146,994	107,687	39,306	37%	430,750
Expenditure - Functional										
Governance and administration		164,574	201,988	-	13,390	39,544	50,617	(11,072)	-22%	201,988
Executive and council		54,325	62,711	-	5,281	14,487	15,678	(1,191)	-8%	62,711
Finance and administration		110,249	139,277	-	8,109	25,058	34,939	(9,881)	-28%	139,277
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		34,736	42,477	-	3,714	9,810	10,619	(810)	-8%	42,477
Community and social services		26,376	31,792	-	2,758	7,576	7,948	(372)	-5%	31,792
Sport and recreation		8,335	9,442	-	956	2,234	2,361	(127)	-5%	9,442
Public safety		-	1,223	-	-	-	306	(306)	-100%	1,223
Housing		24	20	-	-	-	5	(5)	-100%	20
Health		-	-	-	-	-	-	-	-	-
Economic and environmental service		65,568	81,845	-	4,988	14,192	20,379	(6,187)	-30%	81,845
Planning and development		19,166	22,164	-	1,341	3,733	5,459	(1,725)	-32%	22,164
Road transport		43,243	55,750	-	3,360	9,622	13,937	(4,316)	-31%	55,750
Environmental protection		3,159	3,931	-	286	837	983	(146)	-15%	3,931
Trading services		64,977	75,761	-	7,388	16,171	18,940	(2,769)	-15%	75,761
Energy sources		53,450	55,216	-	6,700	13,722	13,804	(82)	-1%	55,216
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2,488	2,948	-	205	629	737	(108)	-15%	2,948
Waste management		9,039	17,597	-	484	1,820	4,399	(2,579)	-59%	17,597
Other		-	50	-	-	-	13	(13)	-100%	50
Total Expenditure - Functional	3	329,855	402,121	-	29,480	79,717	100,567	(20,850)	-21%	402,121
Surplus/ (Deficit) for the year		64,270	28,629	-	(9,685)	67,277	7,120	60,156	845%	28,629

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) - Q1										
Vote Description	Ref	2022/23	Budget Year 2023/24							
		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%	7,806
Vote 2 - Finance and administration		273,605	297,658	–	6,699	113,433	74,415	39,018	52.4%	297,658
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		5,497	4,692	–	710	1,035	1,173	(138)	-11.8%	4,692
Vote 5 - Sport and Recreation		5,234	–	–	–	–	–	–	–	–
Vote 6 - Public safety		–	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		44,726	49,857	–	2,736	5,461	12,464	(7,003)	-56.2%	49,857
Vote 9 - Road transport		1,548	4,470	–	657	1,116	1,118	(1)	-0.1%	4,470
Vote 10 - Energy sources		50,063	53,804	–	7,782	22,371	13,451	8,920	66.3%	53,804
Vote 11 - Waste Management		13,451	12,463	–	1,212	3,578	3,116	463	14.8%	12,463
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	394,124	430,750	–	19,796	146,994	107,687	39,306	36.5%	430,750
Expenditure by Vote										
Vote 1 - Executive and council	1	54,325	62,711	–	5,281	14,487	15,678	(1,191)	-7.6%	62,711
Vote 2 - Finance and administration		110,249	139,277	–	8,109	25,058	34,939	(9,881)	-28.3%	139,277
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		26,376	31,792	–	2,758	7,576	7,948	(372)	-4.7%	31,792
Vote 5 - Sport and Recreation		8,335	9,442	–	956	2,234	2,361	(127)	-5.4%	9,442
Vote 6 - Public safety		–	1,223	–	–	–	306	(306)	-100.0%	1,223
Vote 7 - Housing		24	20	–	–	–	5	(5)	-100.0%	20
Vote 8 - Planning and Development		19,166	22,214	–	1,341	3,733	5,471	(1,738)	-31.8%	22,214
Vote 9 - Road transport		45,731	58,698	–	3,564	10,251	14,675	(4,423)	-30.1%	58,698
Vote 10 - Energy sources		53,450	55,216	–	6,700	13,722	13,804	(82)	-0.6%	55,216
Vote 11 - Waste Management		9,039	17,597	–	484	1,820	4,399	(2,579)	-58.6%	17,597
Vote 12 - Environmental Protection		3,159	3,931	–	286	837	983	(146)	-14.8%	3,931
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	329,855	402,121	–	29,480	79,717	100,567	(20,850)	-20.7%	402,121
Surplus/ (Deficit) for the year	2	64,270	28,629	–	(9,685)	67,277	7,120	60,156	844.9%	28,629

Table 4 provides information on the planned revenue and operational expenditures against the actual results for the period ending 30th September 2023
 This report analyses each major component under following headings;

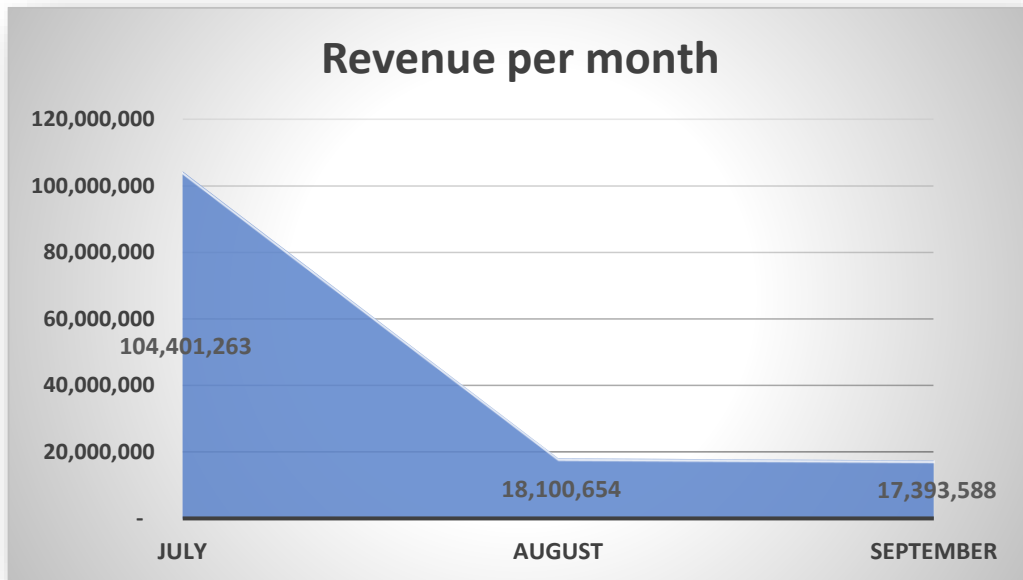
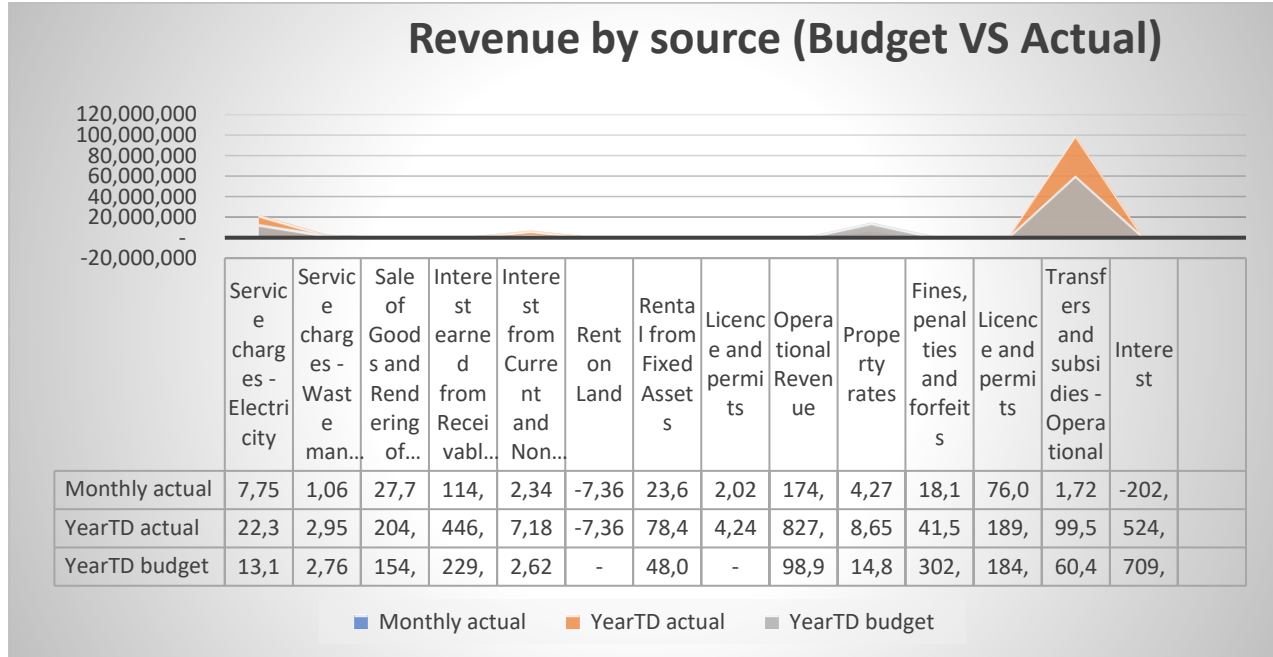
- Revenue by Source
- Operational Expenditure by Type, and

KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter										
Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		49,864	52,613	–	7,757	22,309	13,153	9,156	70%	52,613
Service charges - Water		–	–	–	–	–	–	–	–	–
Service charges - Waste Water Management		–	–	–	–	–	–	–	–	–
Service charges - Waste management		11,570	11,044	–	1,061	2,957	2,761	196	7%	11,044
Sale of Goods and Rendering of Services		1,039	618	–	28	205	154	50	33%	618
Agency services		–	–	–	–	–	–	–	–	–
Interest		–	–	–	–	–	–	–	–	–
Interest earned from Receivables		1,229	918	–	114	447	229	217	95%	918
Interest from Current and Non Current Assets		20,010	10,500	–	2,348	7,181	2,625	–	–	10,500
Dividends		–	–	–	–	–	–	–	–	–
Rent on Land		106	–	–	(7)	(7)	–	(7)	–	–
Rental from Fixed Assets		248	192	–	24	78	48	30	63%	192
Licence and permits		22	–	–	2	4	–	4	#DIV/0!	–
Operational Revenue		2,548	396	–	174	828	99	729	737%	396
Non-Exchange Revenue										
Property rates		50,660	59,329	–	4,280	8,659	14,832	(6,174)	-42%	59,329
Surcharges and Taxes		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		1,002	1,210	–	18	42	302	(261)	–	1,210
Licence and permits		525	737	–	76	189	184	5	–	737
Transfers and subsidies - Operational		223,107	241,975	–	1,722	99,552	60,494	39,059	–	241,975
Interest		2,628	2,837	–	(203)	524	709	(185)	–	2,837
Fuel Levy		–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		–	–	–	–	–	–	–	–	–
Other Gains		(15,820)	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		348,738	382,369	–	17,394	142,968	95,592	47,376	50%	382,369
Expenditure By Type										
Employee related costs		116,754	141,420	–	9,958	29,609	35,355	(5,747)	-16%	141,420
Remuneration of councillors		14,325	15,460	–	1,866	4,200	3,865	335	9%	15,460
Bulk purchases - electricity		45,293	43,603	–	5,949	11,510	10,901	609	–	43,603
Inventory consumed		4,371	7,411	–	86	346	1,853	(1,507)	–	7,411
Debt impairment		–	37,303	–	–	–	9,326	(9,326)	-100%	37,303
Depreciation and amortisation		32,535	35,534	–	2,680	8,198	8,884	(685)	-8%	35,534
Interest		325	100	–	–	–	25	(25)	-100%	100
Contracted services		55,379	64,092	–	4,990	12,592	16,023	(3,431)	-21%	64,092
Transfers and subsidies		–	–	–	–	–	–	–	–	–
Irrecoverable debts written off		15,022	7,500	–	–	–	1,875	(1,875)	–	7,500
Operational costs		43,672	48,198	–	3,898	13,202	12,086	1,116	9%	48,198
Losses on Disposal of Assets		2,118	1,500	–	–	–	375	(375)	-100%	1,500
Other Losses		61	–	–	53	60	–	60	–	–
Total Expenditure		329,855	402,121	–	29,480	79,717	100,567	(20,850)	-21%	402,121
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations)		45,387	48,381	–	2,402	4,026	12,095	(8,069)	(0)	48,381
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		64,270	28,629	–	(9,685)	67,277	7,120			28,629
Income Tax		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		64,270	28,629	–	(9,685)	67,277	7,120			28,629
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Municipality		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to Municipality		64,270	28,629	–	(9,685)	67,277	7,120			28,629
Share of Surplus/Deficit attributable to Associates		–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transaction		–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year		64,270	28,629	–	(9,685)	67,277	7,120			28,629

Table 4.1

▪ **Total Operating Revenue from (July- September 2023)**

The table below reflects trend of the revenue from July to September 2023



Revenue:

- The Year to Date (YTD) total revenue earned is R142.9 million for the period ending 30th September 2023 excluding capital conditional grant income of R 4.0 million. The YTD Budget is R 95.6 million; therefore, this reflects an over performance against the revenue projected by 50%, this is a reflection that the municipality has achieved its revenue performance against budget. Variance is due to the municipality receiving the 1st trench of Equitable Share of R96.2 million.

EXCHANGE REVENUE**Service Charges: Electricity**

- Revenue for service charges- electricity is recognized on an invoice basis and the total amount billed is R22.3 million (current month – R7.8 million) which equates to an over billing by 70% when compared to the total R13.2 million electricity revenue budgeted.
- Variance is due to electricity demand by Umngeni Water as a result of plant that increased its water generating capacity to circumvent the Hezelmere Dam shortfalls which came as a result of the KZN April 2022 floods which resulted in a serious destruction of the Bulk Water Infrastructure particularly in Ethekwini and the Southern part of KwaDukuza. A
- Management to consider the increase of the budget during the budget adjustment.

The actual cash collected is R6.2 million for the month ended September 2023.

Service Charges: Refuse

- Revenue for service charges- refuse is recognized on an invoice basis and the total amount billed is R3.0 million (current month – R1.1 million) which equates to an over billing by 7% when compared to the total R2.8 million refuse revenue budgeted.
- The variance is acceptable, business refuse always increases during the more economic active months.

The actual cash collected is R141 thousand for the quarter ended September 2023.

Rental from fixed assets

- Revenue from rental of fixed assets recognised amounts to R78 thousand in comparison with the year-to-date budget amount of R48 thousand thus indicating an over performance of R30 thousand or 63 percent. Variance is due to level of demand in the usage of municipal facilities (Municipal sports fields, municipal halls) when comparing to the projections.

Interest earned from receivables.

- In line with council adopted credit control policy, the municipality charges interest on arrear debtors.
- Interest earned on outstanding debtors amounts to R447 thousand in comparison with the year-to-date budget of R229 thousand, thus indicating an over performance by R217 thousand or 95 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.

Interest from current and non-current assets

- 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 R7.2 million resulting in an over performance of more than 100 per cent over collection of the 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.

Operational Revenue

The majority of the Council own funded sources are budgeted under this category.

The year-to-date performance in Other Revenue amounts to R828 thousand more than anticipated YTD budget of R99 thousand, thus indicating an over- performance of R729 thousand or more that 100 percent, variance is mainly due to seasonal fluctuations and level of demand for these items e.g, tender fees, connection and disconnection fees.

Another contributing factor to this variance is due to revenue received from sale of land of R155 thousand and LG SETA Funding of R618 thousand. These line items were not budgeted for it will have to be considered during adjustment budget.

NON-EXCHANGE REVENUE**Property Rates**

- The municipality accounts for Property Rates on an invoice basis in line with GRAP requirements and the total amount billed is R8.7 million (current month – (R4.3 million) which equates to an under billing by -42% when compared to the total R14.8 million pro-rata property rates revenue budgeted.
- Property rates are billed over a period of 10 months, yet the budget splits across over a period of 12 months, the current existing shortfall will be covered as the year progresses since it as a result of that one month which was not billed.
- Further to that there is an arrangement with other government departments where billing is done on an annual basis, variance have also considered that agreement.
- 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 5.8 million for the month ended September 2023.

Fines, Penalties and forfeits

- Fines have underperformed by more than -100 percent or R261 thousand, with an actual amount of R18 thousand variance against year-to-date budget projections of R302 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.
- The traffic fines register is yet to be obtained from all law enforcement officers. The same will need to be receipted using the accrual basis of accounting in order to recognise the income accordingly.

Licences and permits.

- Licences and permits have over performed by 3 percent or R5 thousand with an actual amount of R189 thousand as compared to budget of R184 thousand, variance is due performance by Traffic Department on issuing of licences and level of demand.

Transfers & subsidies

- Transfers and subsidies recognised operational amounts to R99.6 million in comparison with the year-to-date budget of R60.5 million, thus indicating an over performance by R39.1 million or more than 1000 percent, variance is mainly attributable by the municipality receiving the 1st trench of Equitable Share for R96.2 million and expenditure incurred in meeting conditions of the grant.
- Transfers and subsidies capital amounts to R4.0 million in comparison with the year-to-date budget of R12.1 million with an under performance of R8.1 million, variance is because the municipality has not incurred any expenditure towards Disaster Relief and Library Grant as the grant. Expenditure reported is based on MIG expenditure to date.

Interest earned from receivables.

- In line with council adopted credit control policy, the municipality charges interest on arrear debtors.
- Interest earned from receivables amounts to R524 thousand in comparison with the year-to-date budget of R709 thousand, thus indicating an under performance by - R185 thousand or 3 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.

Overall revenue budget to date

The overall Operational revenue to date totals to R142.9 million (current month – R17.4 million) which equates to an over collection of 50% when compared to pro-rata budget of R95.6 million.

Table 4.3

▪ **Total Operating Expenditure from (July – September 2023)**

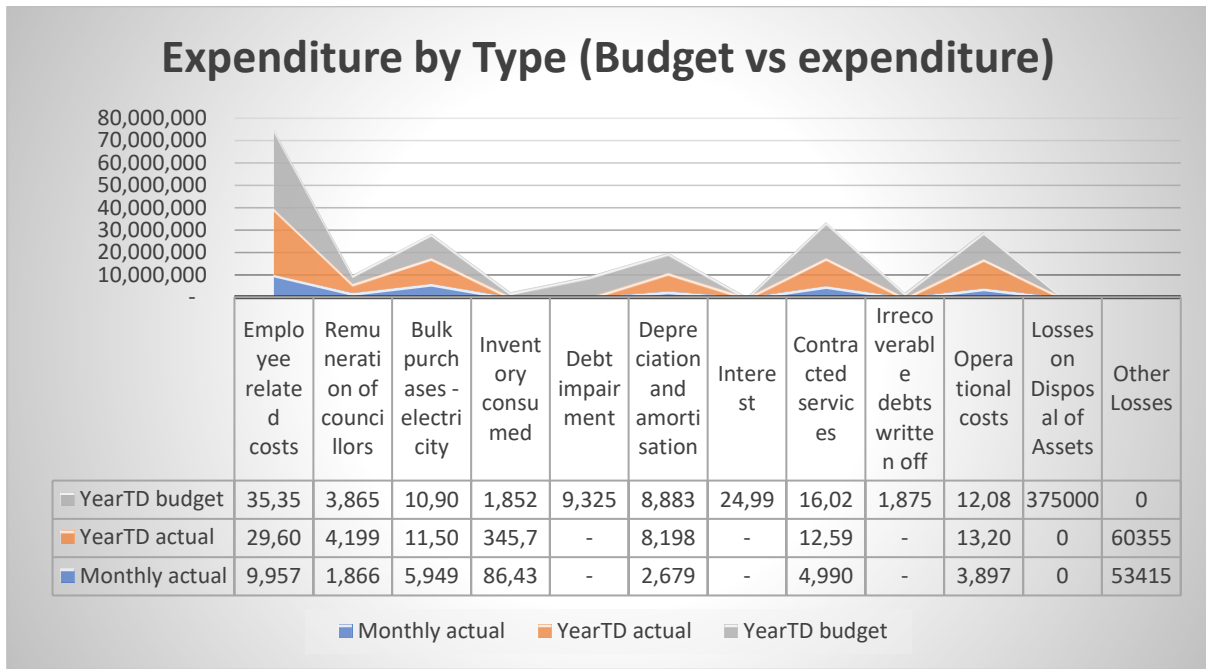
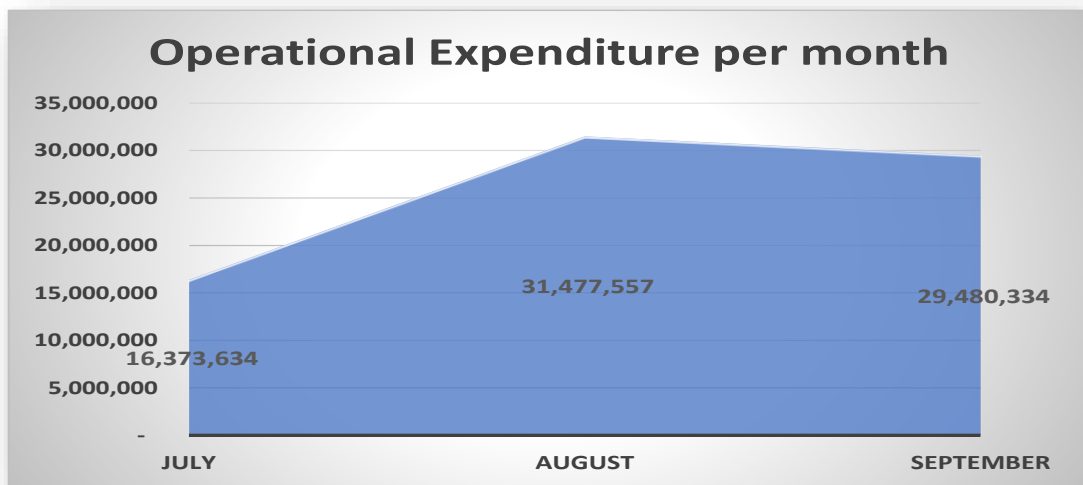


Table 4.4

▪ **Operating Expenditure from July-September 2023**

The table below reflects trend of expenditure for the first quarter of the financial year.



Operating Expenditure:

- The total operational expenditure YTD Actual for the period ending 30th September 2023 amounted to R 79.7 million against the planned target of YTD budget is R 100.6 million. As at the end of September the operational expenditure budget has been under spent by -21% or -R20.9 million. *Detailed expenditure analysis is below:*

Employee Related Costs

- Employee related costs YTD expenditure for the period ending 30th September 2023 amounted to R29.6 million while the YTD budget was R35.4 million with an underspending of R5.7 million at -16 per cent. Variance is due to positions that were prioritised in the budget which have not been filled. However, recruitment processes are underway to filling of these positions.
- 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 2023 was overspent by R335 thousand. The YTD Remuneration of Councilor's budget is R3.9 million whilst the actual expenditure is R4.2 million which resulted in overspending by 9% YTD expenditure performance. Variance is due to Cllrs upper limits which have been approved by COGTA in relation to prior financial year. Back pay was processed in relation to this increase.

Debt Impairment

- The provision for bad debt is reflecting an under performance by 100 percent or R9.3 million from YTD budget of R9.3 million against the YTD actual of R0 million. Based on the complexity of analysis which brings about the said calculation, it was management's view that such calculation should take place biannually (Midyear and Year end). We believe that the said Midyear calculation will increase the expenditure value to be in line with the year-to-date budgeted amount.
- 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 -8 percent or R685 thousand against YTD actual of R8.2 million against the YTD budget of R8.9 million, variance is immaterial, and it will be addressed during the year end as planned assets would be procured.

Finance Charges

- Finance charges reflect an under performance by -100 percent or R25 thousand against YTD actual of R0. Variance is because the municipality has not incurred any expenditure towards interest on late payments.
- 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 R11.5 million (current month – R5.9 million) when compared to the projected budget of R10.9 million, variance is R609 thousand with an over expenditure of 6 percent. Variance is due to the level of demand for electricity purchases.

Inventory Consumed

- Inventory Consumed are reflecting an underperformance by 536 percent or R1.5 million from YTD budget of R1.9 million against the YTD Actual of R346 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 -21 percent or R3.4 million from YTD budget of R16.0 million against the YTD actual of R12.6 million, variance is due to the implementation of procurement plan. This item included all the contracted and outsourced services by the municipality.

Irrecoverable debts written off

- Irrecoverable debt written off have underspent by 100 percent or R1.9 million from YTD budget of R1.9 million against the YTD actual of R0, variance is due to the fact that the municipality have not had any debt write offs in the current financial year, write offs are normal authorized by Council during the third and fourth quarter, we are however convinced that once the authorization is received from Council the said write offs will increase the expenditure value to be in line with the budgeted amount.

Operational Cost

- Operational Cost has overspent by 9 percent or R1.1 million from YTD budget of R12.1 million against the YTD actual of R13.2 million, variance is due to activities that that took place in the first quarter of the financial year and the implementation of cost cutting measures.
- 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	2022/23	Budget Year 2023/24							
		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		–	1,843	–	–	–	461	(461)	-100%	1,843
Vote 2 - Finance and administration		34,353	21,225	–	1,629	2,450	5,306	(2,856)	-54%	21,225
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		21,438	2,304	–	–	372	576	(205)	-36%	2,304
Vote 5 - Sport and Recreation		(4,264)	15,205	–	844	1,086	3,801	(2,716)	-71%	15,205
Vote 6 - Public safety		–	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		11,028	16,435	–	–	1,835	4,109	(2,274)	-55%	16,435
Vote 9 - Road transport		4,857	79,374	–	2,265	8,721	19,843	(11,123)	-56%	79,374
Vote 10 - Energy sources		5,903	2,957	–	57	79	739	(660)	-89%	2,957
Vote 11 - Waste Management		–	4,602	–	180	720	1,150	(430)	-37%	4,602
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	73,316	143,945	–	4,975	15,263	35,986	(20,723)	-58%	143,945
Total Capital Expenditure		73,316	143,945	–	4,975	15,263	35,986	(20,723)	-58%	143,945
Capital Expenditure - Functional Classification										
Governance and administration		34,353	23,069	–	1,629	2,450	5,767	(3,317)	-58%	23,069
Executive and council		–	1,843	–	–	–	461	(461)	-100%	1,843
Finance and administration		34,353	21,225	–	1,629	2,450	5,306	(2,856)	-54%	21,225
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		17,174	17,509	–	844	1,457	4,377	(2,920)	-67%	17,509
Community and social services		21,438	2,304	–	–	372	576	(205)	-36%	2,304
Sport and recreation		(4,264)	15,205	–	844	1,086	3,801	(2,716)	-71%	15,205
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		15,885	95,809	–	2,265	10,556	23,952	(13,396)	-56%	95,809
Planning and development		11,028	16,435	–	–	1,835	4,109	(2,274)	-55%	16,435
Road transport		4,857	79,374	–	2,265	8,721	19,843	(11,123)	-56%	79,374
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		5,903	7,558	–	237	799	1,890	(1,090)	-58%	7,558
Energy sources		5,903	2,957	–	57	79	739	(660)	-89%	2,957
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	4,602	–	180	720	1,150	(430)	-37%	4,602
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	73,316	143,945	–	4,975	15,263	35,986	(20,723)	-58%	143,945
Funded by:										
National Government		12,628	55,119	–	2,389	3,802	13,780	(9,978)	-72%	55,119
Provincial Government		–	478	–	–	–	120	(120)	-100%	478
District Municipality		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		12,628	55,598	–	2,389	3,802	13,899	(10,098)	-73%	55,598
Borrowing	6	0	–	–	–	–	–	–	–	–
Internally generated funds		60,688	88,347	–	2,585	11,461	22,087	(10,626)	-48%	88,347
Total Capital Funding		73,316	143,945	–	4,975	15,263	35,986	(20,723)	-58%	143,945

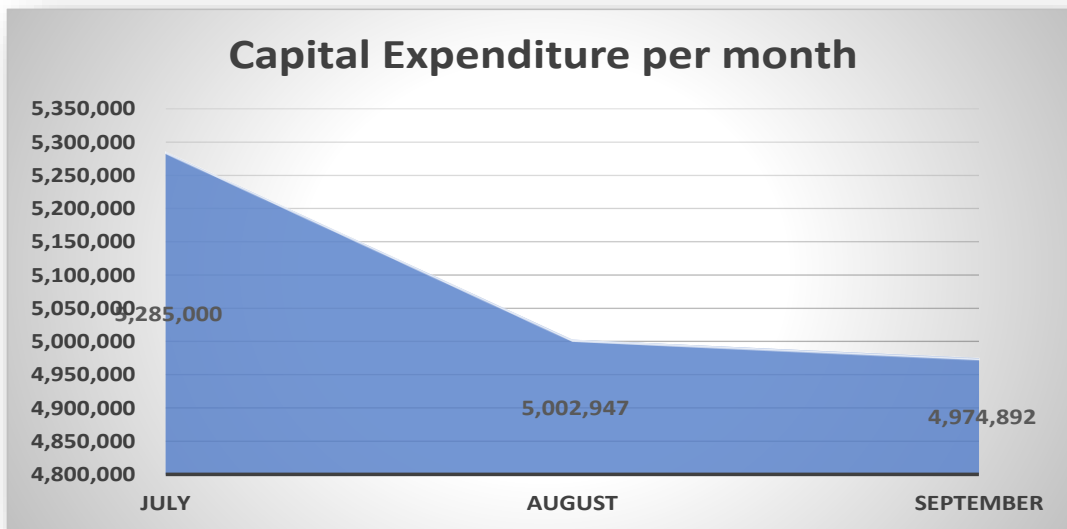
Capital Expenditure Analysis:

The YTD capital expenditure budget is R 15.3 million against YTD actual Capital expenditure amounted to R 35.9 million resulting in an under performance of (-58%) on capital expenditure. Variance in capital expenditure is due to projects that are funded internally which are still in progress and they will rollover in the next financial year. *(Detail Report on Implementation of Capital Projects below)*

Table 4.4

▪ **Capital Expenditure from July-September 2023**

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



- Capital grants funded by the National Government for MIG actual is R3.8 million versus YTD Budget of R13.8 million as at September 2023. Variance of -R9.9 million or -72 per cent is due to expenditure incurred from MIG, further to that it should be noted that no expenditure has been incurred to Disaster Relief Grant as the appointments are still undergoing SCM processes.
- Capital grants funded by Provincial Government actual is R0 thousand versus YTD Budget of R120 thousand as at September 2023 variance of 100% reflects an underspending on this grant. Procurement processes are still underway.

- Capital grants funded Internally actual is R11.5 million versus YTD Budget of R22.1 million as at September 2023 variance of -48% reflects and under expenditure on this item. However, it should be noted that there are ongoing projects which are in progress in relation to this funding such as DLTC Establishment and Upgrading of municipal offices roofing which are still in progress.

PROJECTS STATUS QUO / PROGRESS REPORT AS AT 30 SEPTEMBER 2023 – MIG FUNDED PROJECTS

2020/2021 FINANCIAL YEAR ROLL OVER CAPITAL PROJECTS (MIG)

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
01	Upgrade of Link Road between Masomonce Bus Route (Ward 10) and Enembe/Isithebe Link Road (Ward 12)	10/12	This project entails the construction of the new scope of work to prioritize the Storm-water, retaining wall, sidewalk and fixing the damage sections of the road.	Consultant Iqhina Consulting Engineers Contractor	R2 000 000.00	Documentation stage		The new Consultant Iqhina consulting Engineers has been appointed to deal with the finishing of the project since the previous Consultant Leletu Consulting Engineers pulled out of the project.

2022/2023 FINANCIAL YEAR CAPITAL PROJECTS (MIG)

02	Khenana and Hlomendlini High Mast Lights	4, 10, 16, 17 and 18	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.	Consultant: BVI Consulting Contractor: Yakhalungisa Engineering Services	R5,924,861.03	The project is complete.	July 2023	All seven high mast lights have been energized.
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No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
			- 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.					
11	Construction of Hlomendlini Sportfield, Ward 4	4	Site Establishment. Setting out of works. Bulk earthworks to the various elements of infrastructure on side. Construction of a soccer field (110m x 75m). Construction of a combi court (38m x 19.5m). Construction of an ablution facility (10 toilet units), with change rooms (4 toilet units), public toilets (6 toilet units) and office/first aid room including water, sewage, and electrical supply. Construction of a grandstand with a minimum of 5 rows of seats (length of 25m). Installation of fencing including gate house (pedestrian and vehicle gates). Construction of an unpaved parking area.	Consultant: SRK Consulting Contractor: Zithinzuzo Trading Enterprise cc	R8,041,369.71	Project is 49% complete	October 2023	There were delays with the contractor meeting contractual obligations, appointment of the ECO who ensures that the WULA conditions are adhered to on site. Inclement weather conditions have resulted in numerous delays due too wet conditions on site. Boulders has been encountered on site along with double handling of material. The guardhouse and ablution have been put on hold as a result of the Access to the site not being in full compliance

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
								with the Town Planning regulations, a meeting to conclude on this matter has been proposed for Tuesday, 17 th October 2023.
12	Installation of High Mast Lights in Mandeni, Phase 2	3,5,9, 11 and 12	Supply and Install of 6 x 30m high mast lighting. Installation and Commissioning of street and high mast lighting. Certifying all the installations for compliance. Submitting project report, designs/drawings and quality stacks on project handover.	Consultant: Africoast JBFE Project Manager Contractor: R Busisiwe (Pty) LTD	R5,046,311.80	Project is 90% complete.	May 2023	All overhead support infrastructure and underground infrastructure has been installed. All 6 High masts have been erected, only awaiting installation of light fittings and energizing (Eskom). Awaiting delivery of light fittings.
13	Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili,	13	Site establishment. Site clearance. Mass Earthworks. Road Bed Preparation. Clearing Existing Stormwater Infrastructure. New Stormwater Infrastructure. New Pavement Layerworks. Road Surfacing. Kerbs and Channels. Road Restraint Systems. Road	Consultant: DLV Project Managers & Engineers (Pty) Ltd Contractor:	R13,681,029.49	Provisional award letter issued, 20 September 2023.		

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
	Ward 13 Phase 1		Signs. Road Marking. Finishing of road reserve.					
14	Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili, Ward 13 Phase 2 and Ward 14 White City Section		Milling of existing asphalt. Removal of existing layerworks and box cut to 340mm. 300mm undercut to spoil and replace with G7 backfill at unsuitable founding conditions. Rip and compact Roadbed. Construct 150mm Gravel Subgrade: with in-situ material. Construct 150mm Subbase: G5 with material from commercial sources. Construct 150mm Base G2 with material from commercial sources. Construct 40mm Asphalt (Mix D). Construction of Concrete V-Drains & Kerbing. Construction of Stormwater pipelines utilising 600mmØ and 450mmØ Concrete Pipes.	Consultant: Singh Govender Associates Contractor: MVI-SSSS Trading Enterprise	R16,257,859.82	Project is 2% complete.		Delay in the commencement of works due to Contractor meeting Contractual Obligations. An Award Adjustment Application has been submitted to COGTA for approval as the project was appointed for an of R 5 479 308.70 incl vat more than the amount approved by COGTA i.e. Notification of Registration Amount (NOR).
15	Rehabilitation of Internal Roads and Upgrade of		Establishment on site. Clearing & grubbing. Traffic accommodation facilities. Milling and stockpiling of existing surface on strategic	Consultant: Libeko (Pty) Ltd Contractor:	R10,555,885.48	Project is 16% complete.		Delay in the commencement of works due to Contractor meeting

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
	Associated Stormwater in Sundumbili, Ward 15		sections with minimal degree of surface failure. Insitu recycling (BSM2) on strategic sections with severe degree of surface failures. Patching. Heavy Rehabilitation. Construction of stormwater infrastructure. Replace with 40mm thick medium mix asphalt for the entire length of the road. Erection of Kerbing and Channel along either side of the road. Clearing of road reserve.	Nangu-u-Mzamo Retailers				Contractual Obligations. An Award Adjustment Application has been submitted to COGTA for approval as the project was appointed for an of R 1 041 525.73 incl vat more than the amount approved by COGTA i.e Notification of Registration Amount (NOR).

2022/2023 FINANCIAL YEAR CAPITAL ROLL OVER PROJECTS (INEP)

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
16	Completion of Okhovothe Electrification Project	12	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 105 households' connections	Consultant: BVI Engineers Contractor: Onombuthu Pty LTD	R1 152 933.57	The project is 96% complete.	August 2023	Meters have been installed in all connections; MOU renewed.100 dry connections awaiting Eskom to energize.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
17	Dendethu / Wetane Electrification Project	5 & 15	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	R2,034,054.94	The project is 99% complete.	February 2023	Awaiting energizing by Eskom of 9 Households. Normalizing and removal of 40% of illegal connections still needs to be done after energizing has taken place.
18	Emhlangeni Electrification	5	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 100 households' connections	Consultant: PSMT Consulting Engineers Contractor: R Busisiwe (Pty) LTD	R2,908,456.61	Project is 80% complete.	July 2023	There are 75 dry connections that have been achieved. awaiting Eskom to energize these 75 connections.

2022/2023 FINANCIAL YEAR INTERNALLY FUNDED CAPITAL PROJECTS

No.	Project Name	Ward	Brief Description	Consultant & Consultant	Approved Internal Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
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19	Construction of DLTC and DMC Administration Offices - Phase 1	3	Construction of a Drivers Licence Testing centre administration offices and Testing Ground	<p>Consultant: Nzamakhuze Holdings</p> <p>Contractor: Mlombomvu Projects CC</p>	R14,017,239.00	Project is 78% Complete.	July 2023 EOT - September 2023	The contractor did not finish work after they were granted extension of time ending 26 September 2023 due to other challenges they met during stormwater pipe trench excavation. They came across the hard rock that required extra effort to remove thus increasing the duration period to complete the laying of stormwater pipes. Due to these challenges the contractor has indicated that they intend to submit another extension of time application.
20	Repair and Renovation of Civic Centre and Roof Replacement	3	Replacement of Existing roof. Replacing existing ceiling. Treatment of Rising damp by Specialists. Installation of Energy	<p>Consultant: LZM Africa Holdings</p> <p>Contractor: Uhlanga Trading Enterprise</p>	R10,993,497.45	Project is 70% complete	July 2023	Anticipated delay with regards to the commencement of Phase 2 due to the Relocation of the Mandeni Library service. Further delays have been encountered

			<p>saving Components and the replacement of all existing Electrical Components and Wiring. Upon Replacement of Existing Roofs, The networking and Security cabling will be exposed to damages therefore re-routing and the installation of cable trays is recommendable. Damaged Walls with visible rising damp has to restored and re-painted.</p>					<p>as a result of a re-design of the Electrical Works along with the IT Services portion. We anticipate the commencement of relocation of phase 2 at the end of October 2023.</p>
21	Construction of Mechanical Workshop	3	<p>Demolition of existing pavement and structures, earthworks, construction of a Mechanical workshop, construction of</p>	<p>Consultant: Ukwakha Consulting Engineers Contractor: Bheka</p>	R14,590,742.56	Project is 20% complete		<p>The existing ablation block was found to be in an unstable condition, the walls are showing big cracks after the removal of the old roofing and windows which is the result of non-</p>

			<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. 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>	<p>Phezulu Investments and Sales</p>				<p>reinforcement on the walls done by the previous contractor. The Consultant will deliberate if there is a need to build new walls.</p>
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2022/2023 FINANCIAL YEAR CAPITAL PROJECTS (MASSIFICATION)

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
22	Khenana Electrification Phase 5	10	Supply, delivery, installation and commissioning of a new MV and LV	Consultant: Veritas Engineers	R1,783,633.26	Project is 95% complete.	October 2023	Construction on site have been completed, meter delivery delayed by 6 weeks. Only awaiting

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			infrastructure to electricity to 100 households' connections	Contractor: Godide Engineering Services (Pty)				installation of meters and energizing. Meters to be delivered mid-month of October as per the supplier commitment.
23	Mantshangula/ Mhlubulweni Electrification	2 and 9	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 105 households' connections	Consultant: PSMT Consulting Engineers Contractor: R Busisiwe (PTY) LTD	R 3,906,727.96	Awarded 27 September 2023	TBA	Project to be launched to the community and handed over in October 2023.

2023/2024 FINANCIAL YEAR CAPITAL PROJECTS (DISASTER RECOVERY GRANT)

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
24	Gravelling of Novas Farm 2 (Ward 04)	4	(a) Establishment on site. (b) Clearing & grubbing.	Consultant: Libeko (Pty) Ltd	R4,218,420.00		TBA	The Contractor for this project will be sourced from the panel. The contractor will be

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			<p>(c) Site clearance: removal of topsoil, cutting of trees and bushes, where required.</p> <p>(d) Overhaul: Hauling of gravel selected layer material from commercial source.</p> <p>(e) Purchase of G5 Material: from the Commercial Source.</p> <p>(f) Bulk Earthworks: Cut to fill, cut to spoil, etc.</p> <p>(g) Preparation of Roadbed and removal of unsuitable material.</p> <p>(h) Gravel selected layer: Preparation and process G7 material.</p> <p>(i) Gravel wearing coarse: Preparation</p>	<p>Contractor: TBA</p>				<p>appointed by the end of October 2023 and will be expected to resume the work in mid November 2023 after there has been no objections from other tenderers.</p>

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			and process G5 material (j) Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls (k) Installation of subsoil (l) Installation of signages (m) Cleaning of road reserve					
25	The Rehabilitation of D2022 Road (Ward 14)	14	(a) Establishment on site. (b) Clearing & grubbing. (c) Site clearance: removal of topsoil, cutting of trees and bushes, where required. (d) Overhaul: Hauling of gravel selected	Consultant: Libeko (Pty) Ltd Contractor: TBA	R2,994,366.00		TBA	The Contractor for this project will be sourced from the panel. The contractor will be appointed by the end of October 2023 and will be expected to resume the work in mid November 2023 after there has been no objections from other tenderers.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			layer material from commercial source. (e) Purchase of G5 Material: from the Commercial Source. (f) Bulk Earthworks: Cut to fill, cut to spoil, etc. (g) Preparation of Roadbed and removal of unsuitable material. (h) Gravel selected layer: Preparation and process G7 material. (i) Chemical stabilization: Preparation and process (j) Installation of kerbing and channelling (k) Crushed Stone Base: Preparation and process G2 material					

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(l) Prime Coat: preparation and application. (m) 40mm Asphalt Wearing coarse (n) Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls (o) Installation of subsoil (p) Road Marking (q) Installation of signages (r) Cleaning of road reserve					
26	Gravelling of Efaletu Road (Ward 3)	3	(a) Establishment on site. (b) Clearing & grubbing. (c) Site clearance: removal of topsoil, cutting of trees and	Consultant: Libeko (Pty) Ltd Contractor: TBA	R4,511,649.00		TBA	The Contractor for this project will be sourced from the panel. The contractor will be appointed by the end of October 2023 and will be expected to resume the

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			bushes, where required. (d) Overhaul: Hauling of gravel selected layer material from commercial source. (e) Purchase of G5 Material: from the Commercial Source. (f) Bulk Earthworks: Cut to fill, cut to spoil, etc. (g) Preparation of Roadbed and removal of unsuitable material. (h) Gravel selected layer: Preparation and process G7 material. (i) Gravel Wearing coarse: Preparation and process G5 material (j) Installation of Gabions					work in mid November 2023 after there has been no objections from other tenderers.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(k) Excavation and preparation of side drains (l) Installation of subsoil (m) Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls (o) Installation of signages (p) Cleaning of road reserve					
27	Gravelling of D1293 Road (Ward 12)	12	(a) Establishment on site. (b) Clearing & grubbing. (c) Site clearance: removal of topsoil, cutting of trees and bushes, where required.	Consultant: Libeko (Pty) Ltd Contractor: TBA	R5,298,565.00		TBA	The Contractor for this project will be sourced from the panel. The contractor will be appointed by the end of October 2023 and will be expected to resume the work in mid November 2023 after there has

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(d) Overhaul: Hauling of gravel selected layer material from commercial source. (e) Purchase of G5 Material: from the Commercial Source. (f) Bulk Earthworks: Cut to fill, cut to spoil, etc. (g) Preparation of Roadbed and removal of unsuitable material. (h) Gravel Wearing coarse: Preparation and process G5 material. (i) Gravel Subbase coarse: Preparation and process G7 material (j) Side Drainage: Excavation and					been no objections from other tenderers.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			preparation of side drains. (k) Construction of stone pitching. (l) Installation of gabion wall and mattresses on stormwater inlet/outlet infrastructure (m) Cross drains: Laying of prefabricated culverts with associated catch pits and headwalls (n) Installation of subsoil (o) Installation of signages (p) Cleaning of road reserve					

Table 6 FINANCIAL POSITION

Table C6 displays the financial position of the municipality as at 30th September 2023

KZN291 Mandeni - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter						
Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		254,613	116,789	–	317,892	116,789
Trade and other receivables from exchange transactions		53,837	8,376	–	60,628	8,376
Receivables from non-exchange transactions		(67,991)	21,324	–	3,816	21,324
Current portion of non-current receivables		–	–	–	–	–
Inventory		714	739	–	689	739
VAT		5,511	30,621	–	3,857	30,621
Other current assets		225	–	–	225	–
Total current assets		246,909	177,849	–	387,107	177,849
Non current assets						
Investments		–	–	–	–	–
Investment property		60,544	88,164	–	60,544	88,164
Property, plant and equipment		541,775	652,214	–	548,852	652,214
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		331	423	–	318	423
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		602,649	740,801	–	609,714	740,801
TOTAL ASSETS		849,558	918,651	–	996,821	918,651
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		4,762	–	–	4,762	–
Consumer deposits		216	245	–	207	245
Trade and other payables from exchange transactions		41,976	35,888	–	20,658	35,888
Trade and other payables from non-exchange transactions		25,789	20,275	–	51,998	20,275
Provision		2,921	4,872	–	2,921	4,872
VAT		1,969	9,818	–	3,669	9,818
Other current liabilities		–	–	–	–	–
Total current liabilities		77,634	71,097	–	84,215	71,097
Non current liabilities						
Financial liabilities		–	–	–	–	–
Provision		–	–	–	–	–
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		18,389	22,795	–	18,389	22,795
Total non current liabilities		18,389	22,795	–	18,389	22,795
TOTAL LIABILITIES		96,023	93,892	–	102,604	93,892
NET ASSETS	2	753,536	824,758	–	894,217	824,758
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		550,863	822,568	–	618,140	822,568
Reserves and funds		202,672	2,191	–	202,672	2,191
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	753,536	824,758	–	894,217	824,758

FINANCIAL RATIOS AND NORMS

Current ratio: The municipality's current assets are 4 (four) times that of current liabilities. **4.60**

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 4.32 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 four times the current liabilities.

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

Creditor's payment: it takes the municipality 13 days to pay its creditors.

Outstanding debtors: billing far exceeds the collection on outstanding debt at the rate of 81 percent.

Collection days: 2221 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 first quarter is 84 %

	8 Month
Cash and cash equivalents	9 446 535
Unspent Conditional Grants	51 596 015
Overdraft	-
Short Term Investments	309 879 796
Total Annual Operational Expenditure	402 120 559

	4.60
Current Assets	387 107 073
Current Liabilities	84 215 061

	13 days
Trade Creditors	1 658 064
Contracted Services	12 592 440
Repairs and Maintenance	2 147 287
General expenses	13 202 277
Bulk Purchases	11 509 608
Capital Credit Purchases	6 733 423

	42%
Employee/personnel related cost	29 608 531
Councillors Remuneration	4 199 706
Total Operating Expenditure	79 716 927
Taxation Expense	

	3%
Contracted Services	2 166 533
Total Operating Expenditure	79 716 927
Taxation Expense	

	84%
Gross Debtors closing balance	210 063 172
Gross Debtors opening balance	205 829 224
Bad debts written Off	1 392 595
Billed Revenue	34 529 121

	2221 days
Gross debtors	210 063 172
Bad debts Provision	0
Billed Revenue	34 529 121

1.4.4 PERFORMANCE INDICATOR

Table 7

Table C7 below display the Cash Flow Statement for the quarter ending 30th September 2023

KZN291 Mandeni - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		38,971	26,698	–	5,689	1,910	6,675	(4,764)	-71%	26,698
Service charges		53,635	62,465	–	6,607	9,566	15,616	(6,051)	-39%	62,465
Other revenue		5,384	18,972	–	322	1,346	4,743	(3,397)	-72%	18,972
Transfers and Subsidies - Operational		20,769	249,359	–	–	100,465	62,340	38,125	61%	249,359
Transfers and Subsidies - Capital		72,067	48,381	–	16,000	31,000	12,095	18,905	156%	48,381
Interest		23,867	10,500	–	2,260	8,152	2,625	5,527	211%	10,500
Dividends		–	–	–	–	–	–	–	–	–
Payments										
Suppliers and employees		(21,385)	(341,895)	–	(25,454)	(71,519)	(164,204)	(92,685)	56%	(672,967)
Finance charges		–	(100)	–	–	–	(25)	(25)	100%	(100)
Transfers and Subsidies		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACT		193,308	74,381	–	5,423	80,920	(60,135)	(141,055)	235%	(256,692)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivable		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investment		–	–	–	–	–	–	–	–	–
Payments										
Capital assets		(376,184)	(165,536)	–	(4,975)	(17,552)	41,384	58,937	142%	165,536
NET CASH FROM/(USED) INVESTING ACTI		(376,184)	(165,536)	–	(4,975)	(17,552)	41,384	58,937	142%	165,536
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTI		–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HE		(182,877)	(91,156)	–	448	63,367	(18,751)			(91,156)
Cash/cash equivalents at beginning:		82,988	207,979	–	–	254,525	207,979			254,525
Cash/cash equivalents at month/year end:		(99,889)	116,824	–	–	317,892	189,228			(91,156)

Cash and cash equivalent at the beginning of 2022/23 financial year was R254.5 million as per pre-audited AFS and cash and cash equivalent at the end of 30th September 2023 is R317.9 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 -Receipts

- Property rates collection rate to date is 29% or R1.9 million of the billed revenue as at September 2023. The municipality is implementing strategies as per credit control and debt collection policy which has ensured that there is improved collection.
- Service Charges: Electricity and Refuse is 61% or R9.6 million of billed revenue as at September 2023 collection rate is within the limits of budgeted collection rate.
- Other Revenue collected to date is R21.2 million, which is due to collection of rentals of properties, licenses and permits and other sources of revenue. Further to that the additional revenue from VAT refunds received as at September of R6.6 million.
- Government Operating received to date as at September 2023 is R100.5 million of grants received as published in DORA
- Government Capital: received to date is R31.0 million for MIG Grant, as the first trench has been transferred.
- Interest earned on external investments amounts to R8.2 million in comparison with the year-to-date budget of R2.6 million. Variance is due to interest generated from invested funds.

Payments

- Suppliers and employees for cash outflows of R71.5 million does not corresponds with table A4 as it has also considered payments for prior year creditors of R17.3 million as per the 2022/23 pre-audited AFS which were paid in this current financial year. Further to that suppliers and employees cash flow have included INEP payments of R1.1 million as we adhere to GRAP 109 as the municipality serves as an agent.
- Finance charges reflect an under performance by 100 percent or R25 thousand against YTD actual of R0 thousand.
- Capital Assets of R17.6 million on C5 excludes VAT whilst C7 includes VAT.

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 2023/24								Total	Total over 90 days	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr			
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transac	1200	–	–	–	–	–	–	–	–	–	–	–
Trade and Other Receivables from Exchange Transac	1300	11,431	8	445	53	114	96	616	1,951	14,714	2,830	
Receivables from Non-exchange Transactions - Prop	1400	6,516	56	(68)	(1,644)	1,476	369	9,033	63,001	78,740	72,236	
Receivables from Exchange Transactions - Waste Wa	1500	–	–	–	–	–	–	–	–	–	–	
Receivables from Exchange Transactions - Waste Ma	1600	1,874	(68)	888	520	807	801	5,438	49,761	60,022	57,328	
Receivables from Exchange Transactions - Property F	1700	13	–	6	6	6	6	66	297	399	381	
Interest on Arrear Debtor Accounts	1810	1,408	(2)	329	324	320	311	2,165	29,169	34,024	32,290	
Recoverable unauthorised, irregular, fruitless and wast	1820	–	–	–	–	–	–	–	–	–	–	
Other	1900	–	–	–	–	–	–	–	21,199	21,199	21,199	
Total By Income Source	2000	21,242	(7)	1,599	(741)	2,723	1,584	17,319	165,379	209,098	186,263	
2022/23 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	669	369	18	15	285	(592)	2,059	19,283	22,106	21,050	
Commercial	2300	14,539	(174)	384	(358)	503	481	2,989	20,892	39,256	24,507	
Households	2400	5,795	(202)	1,082	(504)	1,775	1,552	11,262	123,405	144,165	137,490	
Other	2500	240	1	115	106	160	143	1,009	1,798	3,572	3,216	
Total By Customer Group	2600	21,242	(7)	1,599	(741)	2,723	1,584	17,319	165,379	209,098	186,263	

The total Consumer debtors outstanding as 30th September 2023 is **R 209 098**

- Debt book indicates 13% increase from to 1st July 2023 to 30th September 2023, the debt book is very high.
- Debtors collection rate at September 2023 is 84%
- We are however maintaining and ensuring the collection of the current debt but our biggest challenge is the historic debt. We have since appointed three Debt Collectors to follow up on outstanding debtors, Debt collectors are operating Debt pack while telephoning Debtors, printing section 29 and Final demands, we will soon be moving to legal in order to further our collection measured on consumers that are resistant to pay nor respond to our Debt collectors.
- Our Debt collectors have embarked on an exercise where different households are being visited in order to assess the state affordability of each household, this exercise is aimed at assisting the Municipality to classify its debt book in terms of collectability or non-collectability of the debt, the program is ongoing.
- There is a challenge of high level of debt that calls for reassessments of the debtors, impairments.
- It is quite a challenge to collect satisfactory revenue from Sundumbili since we do not have any leverage to restrict in order to encourage regular payments from consumers thereon. I.e. Eskom is licensed to supply electricity.
- The high debt is mainly due to non-payment by Household in Sundumbili.

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

Auditor General's matter of emphasis

- It should be noted that the issue of Material impairments to debtors is one of the factors that affected our audit opinion
- It was also noted that we are having a challenge in identifying and eliminating indigent cheaters
- The audit Further identified the billing discrepancies relating to interest charged for outstanding debt and property rates
- It should be noted if things were to carry on this way this institution is going to lose it credibility and this will subsequently affect it 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 latter
- 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.

2023/24 Debt Collection

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

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

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

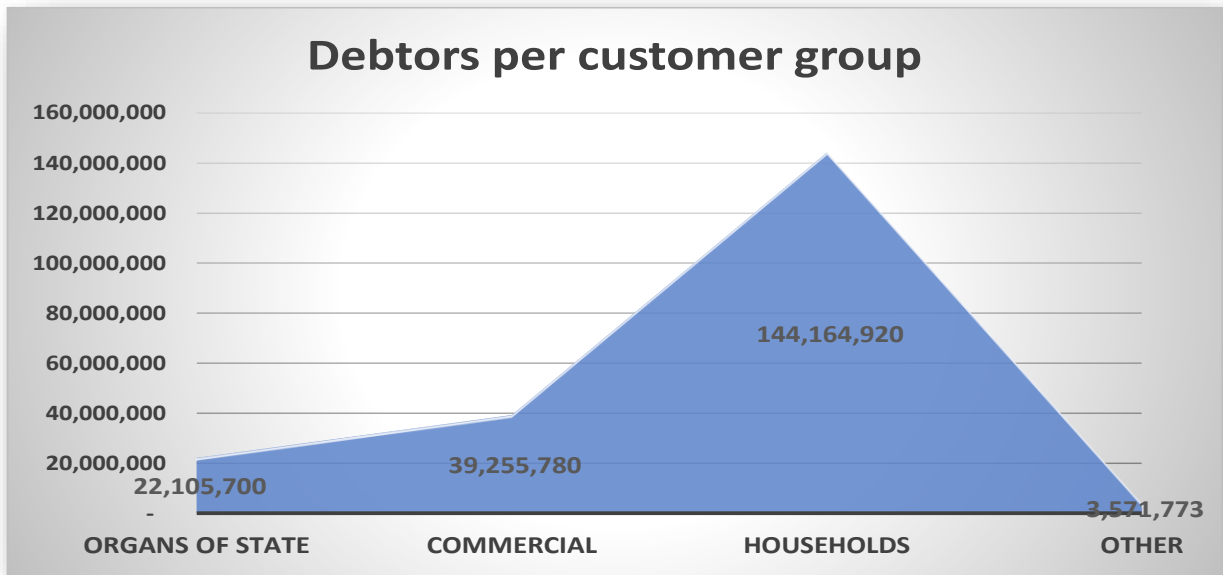
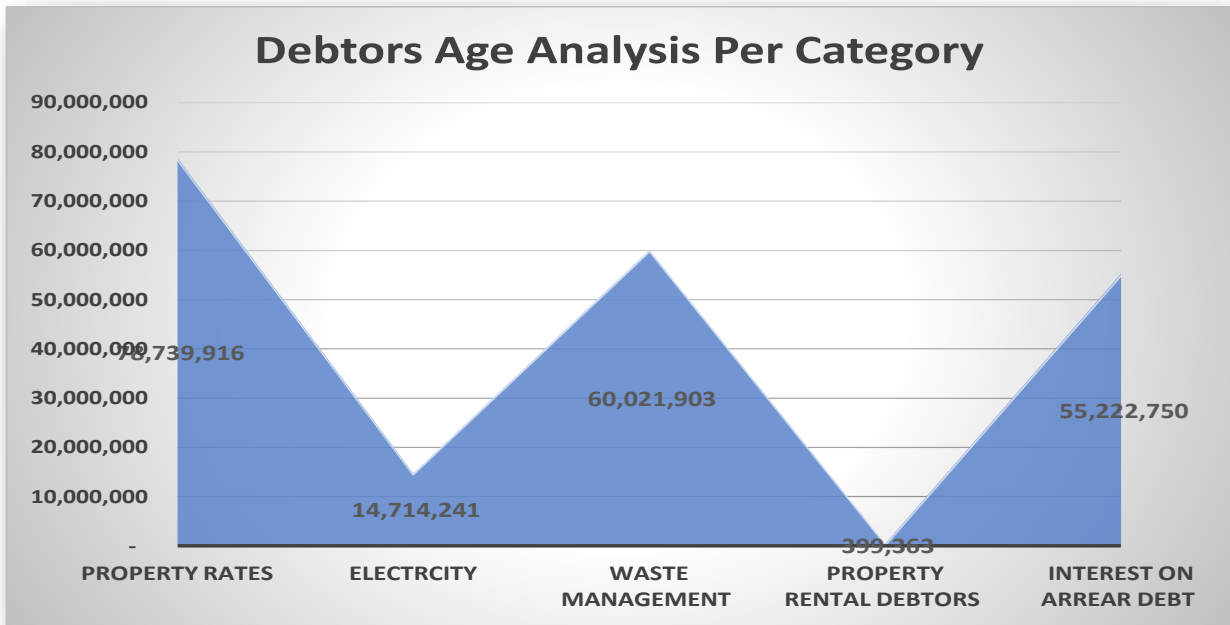
ACCOUNTS WITH LETTERS OF FINAL DEMAND FOR PAYMENT SENT OUT					
ACC. NO.	TOWN	ERF NO	DEBTORS NAME	DEBT TYPE	AMOUNT
001001792	SUNDUMBILI A	179	MR MNGOMEZULU	REFUSE	44,333.67
001001862	SUNDUMBILI A	186	MR DLAMINI	REFUSE	46,010.53
001002100	SUNDUMBILI A	21	MS ZULU	REFUSE/RATES	94,345.23
001002242	SUNDUMBILI A	224	MR XULU	REFUSE	44,193.04
001002400	SUNDUMBILI A	24	MR ZULU	RATES/REFUSE	58,035.43
001001742	SUNDUMBILI A	174	MR MTHETHWA	REFUSE	41,920.22
001019000	SUNDUMBILI A	190	MS MKHWANAZI	RATES/REFUSE	43,917.00
001001400	SUNDUMBILI A	14	MR MASONDO	RATES/REFUSE	17,006.25
001001372	SUNDUMBILI A	137	MR NGEMA	REFUSE	34,874.52
001063100	SUNDUMBILI A	631	MR MADELA	RATES/REFUSE	74,413.01
001064500	SUNDUMBILI A	645	MS ZUNGU	RATES/REFUSE	11,317.90
001065000	SUNDUMBILI A	650	MS NTSHANGASE	RATES/REFUSE	59,558.35
0010656	SUNDUMBILI A	656	MR MANQELE	RATES/REFUSE	34,819.75
001069300	SUNDUMBILI A	693	MR WILLIAMSON	RATES/REFUSE	18,295.19
001069900	SUNDUMBILI A	699	MS NGOBESE	RATES/REFUSE	5,481.97
001071300	SUNDUMBILI A	713	MR SANGWENI	RATES/REFUSE	13,452.78
001070800	SUNDUMBILI A	708	MR BELE	RATES/REFUSE	27,397.14
001071200	SUNDUMBILI A	712	KCLK PROPERTY INV.	RATES/REFUSE	54,408.39
001073500	SUNDUMBILI A	735	MS MBINGLA	RATES/REFUSE	10,094.16
001073600	SUNDUMBILI A	736	MR SIBIYA	RATES/REFUSE	18,932.47
TOTAL					752,807.00

ARRANGEMENTS					
ACC. NO.	TOWN	ERF. NO	DEBTORS NAME	DEBT TYPE	AMOUNT
001070700	SUNDUMBILI A	707	MRS GCALEKA	RATES/REFUSE	-
009801201	MANDINI EXT. O	278	MR NGCOBO	RATES/REFUSE	23,299.29
009909161	MANDINI EXT. O	916	MR KANNI	ELEC/REFUSE	2,860.72
001095000	SUNDUMBILI A	950	MR MASONDO	RATES	7,792.96
002700821	MANDINI EXT. O	994	MR SIBIYA S S	ELECTRICITY	-
009500781	MANDINI EXT. O	994	MR SIBIYA S S	RATES/ELEC	144,141.68
009701331	MANDII EXT. 00	776	MR THABETHE	RATES/REFUSE	3,651.13
002145600	SUDUMBILI B	1456	MR MTHEMBU	RATES/REFUSE	15,847.95
009900602	MANDINI EXT. O	60	MS BAKER	RATES/REFUSE	-
002136900	SUNDUMBILI B	1369	MR VILAKAZI	RATES/REFUSE	56,160.95
001022500	SUNDUMBILI A	225	MR MBATHA	RATES/REFUSE	12,651.77
001072500	SUNDUMBILI A	725	MR SHANGE	RATES/REFUSE	28,743.84
002037500	SUNDUMBILI B	375	Ms SHANGE	RATES/REFUSE	11,694.55
002242500	SUNDUMBILI B	2425	MR MDLULI	RATES	58,170.94
001077100	SUNDUMBILI A	771	MR MTHEMBU	RATES/REFUSE	3,180.23
001107800	SUNDUMBILI A	1078	MR SKOSANA	RATES/REFUSE	994.54
002160000	SUNDUMBILI B	1600	MR SHANGE	RATES/ REFUSE	24,723.44
002067800	SUNDUMBILI B	678	MS MPUNGOSE	RATES/REFUSE	32,411.09
001073600	SUNDUMBILI A	736	MR SIBIYA	RATES/REFUSE	18,932.47
009903601	MANDINI EXT. O	360	MR MWANDLA	RATES/REFUSE	23,471.32
TOTAL					468,728.87

DISCONNECTIONS					
ACCOUNT NO.	TOWN	ERF NO	DEBTORS NAME	DEBT TYPE	AMOUNT
002600432	MANDINI	1426 EX	ASSOCIATED SPINNE	RATES/ELEC	-
004001952	MANDINI	744 EXT	BASIC BEST PROP	ELECTRICITY	109.85
008400851	MANDINI	835	ELASTICO	RATES/ELEC	7,016.45
009600501	MANDINI	699	MR EUSHEN	RATES/ELEC	102,463.54
008800681	MANDINI	98	MR GETKATE	RATES/ELEC	9,485.83
002400241	MANDINI	444 EXT	A E C	RATES/ELEC	1,211.05
009903071	MANDINI	307	MR MBUYISA	RATES/ELEC	7,626.15
002800131	MANDINI	448 EXT	MR MVULA	RATES/ELEC	7,573.06
002300031	MANDINI	746 EXT	MR MCHUNU X S	ELECTRICITY	875.96
009907461	MANDINI	746 EXT	MR MCHUNU X S	RATES/ELEC	3,946.56
002601032	MANDINI	805 EXT	MR BUTHELEZI	ELECT.	-
008000421	MANDINI	805 EXT	MR BUTHELEZI	RATES/ELEC	4,515.64
008801301	MANDINI	77	MR PIETERS	RATES/ELEC	4,525.72
002701212	MANDINI	28	MS NTULI	RATES/ELEC	24,914.99
008903411	MANDINI	469 EXT	MR RADEBE L P	RATES/ELEC	74,426.27
002900232	MANDINI	911 EXT	MR RADEBE	RATES/ELEC	70,091.48
002700941	MANDINI	46 EXT.	MR KUBHEKA	RATES/ELEC	339.19
009909161	MANDINI	916 EXT	MR KANNI	RATES/ELEC	2,373.77
002701091	MANDINI	405 EXT	MS HORSLEY-DALIL	RATES/ELEC	24,984.29
009300771	MANDINI	786/02	MR FOURIE	RATES/ELEC	2,675.57
002800902	MANDENI	786/10	MR GOPAL	RATES/ELEC	5,875.56
TOTAL					355,030.93

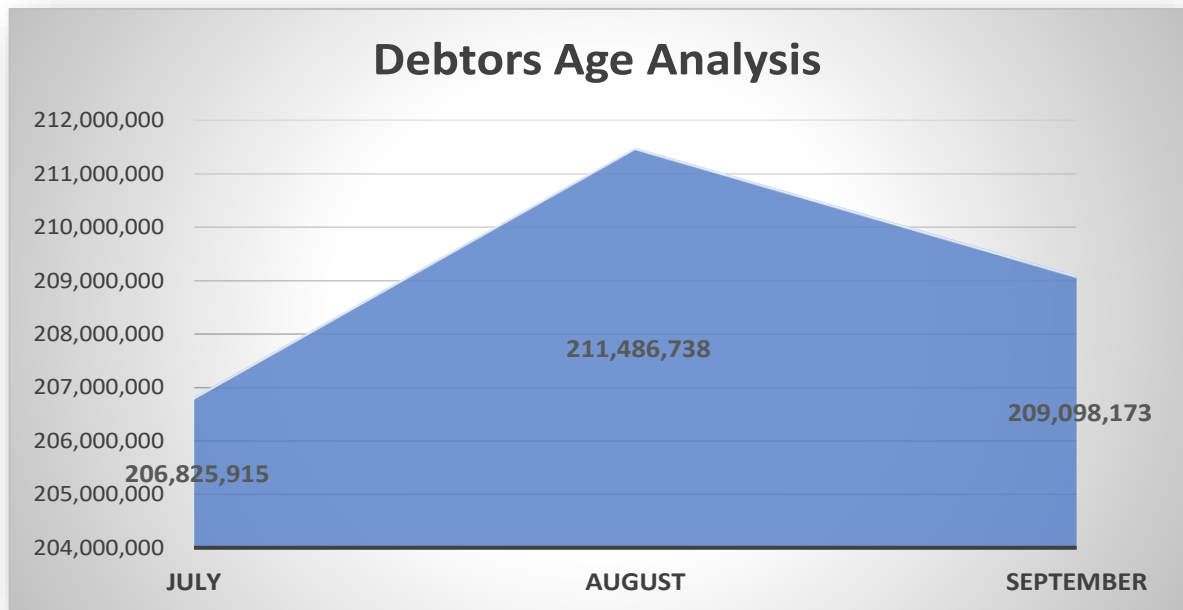
Table 8.1

- **Debtors outstanding per category.**



The municipal debtors have increased from R205.8 million to R 209.1 million that is from July until 30th September 2023. This increase is between Household debtors of 70% and it is followed by business Commercial of 17% and Organ of state is 12% compared to another debtors' type.

- **Total Outstanding Debtors Age Analysis**



Councilors and Employees in Arrear

- Debt outstanding on Councilors as at September 2023 is R 204,917.
- Staff Accounts in arrears as at September 2023 is R 45,160.

However, it should be noted that both Councilors and Staff have made 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												
Description R thousands	NT Code	Budget Year 2023/24									Prior year totals for	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120	121 - 150	151 - 180	181 Days -	Over 1 Year	Total		
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement dedu	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	2	2	2
Total By Customer Type	1000	-	-	-	-	-	-	-	-	2	2	2

- Creditors as at 30th September 2023 amounts to **R2 thousand**
- 95% of the creditors are on current as per our age analysis, we ensure that creditors are paid within 28 days as stipulated by the MFMA.

2.3 BANK RECONCILIATION _ SEPTEMBER 2023

		Mandeni Municipality	
BANK RECONCILIATION STATEMENT FOR SEPTEMBER 2023			
Main Account :52940480587			
Opening FNB Bank Balance as on 1 SEPTEMBER 2023		4,186,516.32	4,186,516.32
PLUS: Deposits Banked		12,948,577.29	
PLUS: Interest received		33,532.09	
PLUS: Transfers In		28,578,552.41	
PLUS:Interest received From Call 1		339,263.30	
PLUS:Unpaid		9,400.70	
PLUS: MATURED INVESTMENTS		-	
PLUS: SARS REFUND		1,093,373.74	
PLUS: GRANTS RECEIVED		16,161,400.95	
Total Deposits		59,164,100.48	59,164,100.48
Less:Total payments	-	53,904,097.59	53,904,097.59
LESS: EFT Payments	-	37,063,906.29	
LESS: Bank Charges	-	22,471.18	
LESS: Cheques Paid Out	-	-	
LESS: Transfers Out	-	16,000,000.00	
LESS: NEW INVESTMENTS	-	-	
LESS: Debit Orders	-	817,720.12	
Closing FNB Bank Balance as on 30 September 2023			9,446,519.21
Cashbook Reconciliation for 30 September 2023			
Cashbook Balance as on 1 September 2023-D0001/IA09567/F0001/X049/R0099/001/FIN		1,608,500,684.16	
Less:Cashbook Balance as on 1 September 2023-D0001/IA09850/F0001/X049/R0099/001/FIN	-	1,604,477,382.82	
PLUS: Deposits Banked for September 2023		13,080,590.39	
LESS: EFT Payments for September 2023	-	36,271,605.94	
Plus :September 2023 outstanding (reconciled)		-	
Less: Bank Charges to date	-	1,185,369.58	
PLUS: Grant received		16,161,400.95	
Less : New investment		-	
Less: Payments not yet paid during September 2023		-	
PLUS: Interest received to date		390,191.06	
PLUS:Interest received From Call 1-September 2023		339,263.30	
PLUS MATURED INVESTMENT		-	
PLUS :SARS REFUND		1,093,373.74	
PLUS :TRANSFER IN		28,578,952.41	
LESS:TRANSFER OUT	-	16,000,000.00	
LESS: Debit Orders for September 2023	-	817,720.12	
Closing Cashbook Balance as on 30 September 2023		9,392,377.55	9,392,377.55
			54,157.04
Reconciling Items	Amount		
ADD: Journal Debits - on Cashbook not on Bank Statement		54,157.04	
Corrections to be made		-	
ADJUSTED MONTH END CASHBOOK BALANCE- 30 September 2023			9,446,534.59
MONTH END BALANCE PER BANK STATEMENT-30 September 2023			9,446,519.21
DIFFERENCE			15.38

2.4 INVESTMENT PORTFOLIO ANALYSIS _ SEPTEMBER 2023**Table 10**

The following information presents the short-term investments balances broken down per investment type as at 30th September 2023

KZN291 Mandeni - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 Sep										
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Interest Rate ³	Expiry date of investment	Opening balance	Interest to be realised	Partial / Prematur e Withdraw	Investme nt Top Up	Closing Balance
R thousands		Yrs/Months								
Municipality										
call 1-internal grant		12 MONTHS	CALL ACCOUNT	2.45		63,129	1,405	(26,396)	-	38,138
Call account 2 -HOUSING		12 MONTHS	CALL ACCOUNT	2.45		2,009	36	-	-	2,045
Call account 3-MIG		12 MONTHS	CALL ACCOUNT	2.45		13,670	232	(2,950)	16,000	26,952
Call account 5-TMT		12 MONTHS	CALL ACCOUNT	2.45		412	7	(0)	16	435
Call account 6-INEP		12 MONTHS	CALL ACCOUNT	2.45		2,301	39	(1,129)	-	1,211
Call account 7-AR		12 MONTHS	CALL ACCOUNT	2.45		2,641	49	(0)	-	2,689
Call account 8- Title Deed		12 MONTHS	CALL ACCOUNT	2.45		5,621	101	-	-	5,722
Call account 9-Disaster Recovery		12 MONTHS	CALL ACCOUNT	6.7		15,845	286	-	-	16,130
NEDBANK		549 DAYS	INVESTMENT	8.8	28 December 2023	65,000	-	-	-	65,000
NEDBANK		336 DAYS	INVESTMENT	10.27	07 July 2024	100,000	-	-	-	100,000
NEDBANK		332 DAYS	INVESTMENT	9.8	28 July 2024	50,000	-	-	-	50,000
										-
Municipality sub-total						320,627	2,155	(30,475)	16,016	308,323
Entities										
										-
										-
										-
										-
										-
Entities sub-total						-	-	-	-	-
TOTAL INVESTMENTS AND INTER	2					320,627		(30,475)	16,016	308,323

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 2023 is R308.3 million with a cumulative interest generated as at 30th September 2023 of R7.2 million and accrued interest for investment which have not matured of R4.6 million.

The municipality has re-invested additional money market investment accounts with Nedbank and invested an amount of R215 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	Budget Year 2023/24								
		2022/23	Budget Year 2023/24							
		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:		221,835	244,496	-	-	102,351	61,124	1	0.0%	241,943
EPWP Incentive	-	2,435	2,553	-	-	639	638	1	0.1%	-
Finance Management	-	165	1,850	-	-	1,850	463			1,850
Integrated National Electrification Program	-	6,416	7,384	-	-	1,800	1,846			7,384
Local Government Equitable Share	-	212,818	230,823	-	-	96,176	57,706			230,823
Municipal Infrastructure Grant	-	-	1,886	-	-	1,886	471			1,886
	3									
Other transfers and grants [insert description]										
Provincial Government:		50,633	16,546	-	-	990	4,879	(3,889)	-79.7%	990
KwaZulu-Natal_Infrastructure_Infrastructure EDTEA Grant	-	50,633	15,556 990	-	-	990	3,889 990	(3,889)	-100.0%	990
	4									
Other transfers and grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-		-
Other grant providers: [insert description]		-	-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	272,468	261,042	-	-	103,341	66,003	(3,888)	-5.9%	242,933
Capital Transfers and Grants										
National Government:		42,232	47,831	-	16,000	29,114	11,958	17,156	143.5%	47,831
Municipal Infrastructure Grant (MIG)	-	42,232	47,831	-	16,000	29,114	11,958	17,156	143.5%	47,831
		-	-	-	-	-	-	-		-
Other capital transfers [insert description]										
Provincial Government:		3,708	5,413	-	-	-	1,353	(1,353)	-100.0%	5,413
KwaZulu-Natal_Capacity Building and Other	-	3,708	5,413	-	-	-	1,353	(1,353)	-100.0%	5,413
District Municipality: [insert description]		-	-	-	-	-	-	-		-
Other grant providers: [insert description]		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	45,940	53,244	-	16,000	29,114	13,311	15,803	118.7%	53,244
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	318,408	314,286	-	16,000	132,455	79,314	11,915	15.0%	296,177

Grant Receipts Analysis:

The total operational YTD grant receipts as of 30th September 2023 is R 103.3 million, which has been allocated as follows:

- Equitable Share of R96.2 million has been received as the 1st trench in the month of July, next trenches will be transferred in November 2023 and March 2024 as per DORA.
- FMG of R1.9 million has been fully received as publicized in DORA.
- EPWP of R639 thousand has been received as 1st trench publicized in DORA, with a remaining transfer of R1.9 million.
- Library Grant the municipality has not received any funds from the Department of Arts and Culture.
- INEP received to date is R1.8 million as 1st trench publicized in DORA, remaining balance of R5.5 million. The municipality is still waiting for feedback by NT on the INEP rollover application of R624 thousand which was not fully spent in 2022/23 financial year.
- EDTEA grant of R990 thousand has been fully received as publicized in DORA.
- Department of Human Settlement -Title deed Grant of R4.8 million which was not fully spent in the last financial year, the municipality is still waiting for feedback on rollover application.

The total capital YTD grant receipts as at 30th September 2023 is R 31.0 million which has been allocated as follows:

- MIG grant of R31.0 million has been received as 1st trench publicized in DORA, remaining balance is R18.7 million.

Table 12: Transfers and Grant Expenditure

KZN291 Mandeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter										
Description	Ref	2022/23	Budget Year 2023/24							
		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:		221,835	244,396	-	26,794	90,460	61,124	29,336	48.0%	11,120
EPWP Incentive	-	2,435	2,553	-	339	881	638	243	38.1%	-
Finance Management	-	165	1,850	-	318	971	1,846	(875)	-47.4%	7,384
Integrated National Electrification Program	-	6,416	7,284	-	1,129	1,129	463	666	144.0%	1,850
Local Government Equitable Share	-	212,818	230,823	-	24,839	86,879	57,706	29,173	50.6%	-
Municipal Infrastructure Grant	-	-	1,886	-	169	600	471	128	27.3%	1,886
Other transfers and grants [insert description]										
Provincial Government:		44,861	20,969	-	-	2,865	3,889	(1,024)	-26.3%	-
KwaZulu-Natal_Infrastructure_Infrastructure_RECEIPTS	-		5,413			926		926	#DIV/0!	
KwaZulu-Natal Massification grant	-	44,861	15,556	-	-	-	3,889	(3,889)	-100.0%	-
Other transfers and grants [insert description]						1,939		1,939	#DIV/0!	
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Other Transfers Public Corporations		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		266,695	265,365	-	26,794	93,325	65,013	28,312	43.5%	11,120
Capital expenditure of Transfers and Grants										
National Government:		40,583	47,831	-	2,402	4,026	11,958	(7,932)	-66.3%	50,384
Integrated National Electrification Program	-	-	-	-	-	-	-	-	-	2,553
Municipal Infrastructure Grant	-	40,583	47,831	-	2,402	4,026	11,958	(7,932)	-66.3%	47,831
Other capital transfers [insert description]										
Provincial Government:		3,064	-	-	-	-	-	-	-	-
KwaZulu-Natal		3,064	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		43,647	47,831	-	2,402	4,026	11,958	(7,932)	-66.3%	50,384
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		310,343	313,196	-	29,195	97,351	76,971	20,380	26.5%	61,504

Grant Expenditure Analysis:

The total operational YTD grant expenditure as at 30th September 2023 is R93.3 million which has been split between conditional and unconditional grants. Conditional Grants YTD expenditure as 30th September 2023 is R86.9 million and Equitable share as unconditional Grant expenditure as at 30th September 2023, YTD R6.4 million.

- FMG expenditure year to date is R971 thousand at 52 percent.
- EPWP expenditure year to date is R881 thousand at 35 percent.
- Library expenditure to date is R926 thousand at 21 percent.
- INEP expenditure to date is R1.1million at 15 percent. *Detailed explanation of the grants has been provided below under service delivery performance and progress on spending of grants.*
- EDTEA Grant there is no expenditure reported for first quarter.
- Massification expenditure to date is R1.9 million at 41 percent. However, it should be noted that the grant was transferred to the municipality in December 2022 and there was an agreement between the transferring department that these funds will rollover in the next financial year up until December 2023.
- MIG operational expenditure (PMU) to date is R599 thousand at 9 percent%.

The total capital YTD grant expenditure as at 30th September 2023 is R 4.0 million which has been split as follows:

- MIG capital expenditure to date is R4.0 million at 9 per cent.
- There is no expenditure incurred for Disaster Relief grant for 1st quarter. However, grant was received by the municipality in April 2023 and there was an agreement with the transferring department that these funds will rollover in the next financial year.
- Library capital expenditure to date is R nil for first quarter of this financial year.

3.COUNCILORS AND BOARD MEMBER ALLOWNCES AND EMPLOYEE BENEFITS

Table 13

KZN291 Mandeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter										
Description	Ref	2022/23	Budget Year 2023/24							
		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:		221,835	244,396	-	26,794	90,460	61,124	29,336	48.0%	11,120
EPWP Incentive	-	2,435	2,553	-	339	881	638	243	38.1%	-
Finance Management	-	165	1,850	-	318	971	1,846	(875)	-47.4%	7,384
Integrated National Electrification Program	-	6,416	7,284	-	1,129	1,129	463	666	144.0%	1,850
Local Government Equitable Share	-	212,818	230,823	-	24,839	86,879	57,706	29,173	50.6%	-
Municipal Infrastructure Grant	-	-	1,886	-	169	600	471	128	27.3%	1,886
Other transfers and grants [insert description]										
Provincial Government:		44,861	15,556	-	-	-	3,889	(3,889)	-100.0%	-
KwaZulu-Natal_Infrastructure_Infrastructure RECEIPTS										
KwaZulu-Natal	-	44,861	15,556	-	-	-	3,889	(3,889)	-100.0%	-
Other transfers and grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Other Transfers Public Corporations		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		266,695	259,952	-	26,794	90,460	65,013	25,447	39.1%	11,120
Capital expenditure of Transfers and Grants										
National Government:		40,583	47,831	-	2,402	4,026	11,958	(7,932)	-66.3%	50,384
Integrated National Electrification Program	-	-	-	-	-	-	-	-	-	2,553
Municipal Infrastructure Grant	-	40,583	47,831	-	2,402	4,026	11,958	(7,932)	-66.3%	47,831
Other capital transfers [insert description]										
Provincial Government:		3,064	5,413	-	411	926	1,353	(427)	-31.5%	5,413
KwaZulu-Natal	-	3,064	5,413	-	411	926	1,353	(427)	-31.5%	5,413
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		43,647	53,244	-	2,812	4,952	13,311	(8,359)	-62.8%	55,797
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		310,343	313,196	-	29,606	95,412	78,324	17,088	21.8%	66,917

3. EXPENDITURE MANAGEMENT

3.1 LEGAL FRAMEWORK

As part of the First Quarter 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 gives 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 October 2023**