

# **MANDENI MUNICIPALITY (KZN 291)**



## **MID- YEAR BUDGET AND PERFORMANCE ASSESSMENT (mSCOA) 2023/24 FINANCIAL YEAR**

**JULY– DECEMBER 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.*

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## **1.3 EXECUTIVE SUMMARY**

### **LEGAL REQUIREMENTS**

In terms of Section 72 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as the MFMA), the accounting officer of a municipality must by 25 January of each year-

- (a) Assess the performance of the municipality during the first half of the financial year, taking into account-
  - (i) the monthly statements referred to in section 71 for the first half of the financial year;
  - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
  - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
  - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- (b) submit a report on such assessment to:
  - (i) the mayor of the municipality;
  - (ii) the National Treasury; and
  - (iii) the relevant provincial treasury.

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

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

the approval of an adjustments budget;

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

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

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

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

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

### **1.3.1 DISCUSSION**

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

The discussion includes the 2023/24 Mid-Year Performance Report, it is imperatives to focus on mid-year performance reports simply because it will show the performance of the municipality in the first six months of the financial year, in terms of the delivery of services to communities, institutional governance. This report is also crucial for compliance legislation and for political oversight through the Office of the Political Head (Mayor) and other Government Sector Departments such as National and Provincial Treasuries, Provincial and National COGTA.

This report will further assist the Municipality to provide intervention strategies where challenges were encountered through the implementation of IDP and Budget for 2023/24 first half of Financial Year and it shall be further used for accountability to the communities of Mandeni in terms of progress on implementation of IDP.

**1.3.2 FINANCIAL PERFORMANCE**

**BUDGET SUMMARY**

The following table represents an executive summary for the 1<sup>st</sup> half of the financial year ended 31<sup>st</sup> December 2023:

KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment									
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
<b>R thousands</b>								%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>401,553</b>	<b>382,369</b>	<b>-</b>	<b>89,736</b>	<b>255,747</b>	<b>191,184</b>	<b>64,562</b>	<b>34%</b>	<b>382,369</b>
<b>Total Expenditure</b>	<b>340,534</b>	<b>402,121</b>	<b>-</b>	<b>51,795</b>	<b>194,007</b>	<b>201,300</b>	<b>(7,292)</b>	<b>-4%</b>	<b>402,121</b>
<b>Surplus/(Deficit)</b>	<b>61,019</b>	<b>(19,752)</b>	<b>-</b>	<b>37,941</b>	<b>61,740</b>	<b>(10,115)</b>	<b>71,855</b>	<b>-710%</b>	<b>(19,752)</b>
Transfers and subsidies - capital	45,387	48,381	-	5,817	16,468	24,191	(7,723)	-32%	48,381
Transfers and subsidies - capital	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>106,406</b>	<b>28,629</b>	<b>-</b>	<b>43,758</b>	<b>78,207</b>	<b>14,075</b>	<b>64,132</b>	<b>456%</b>	<b>28,629</b>
Share of surplus/ (deficit) of	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>106,406</b>	<b>28,629</b>	<b>-</b>	<b>43,758</b>	<b>78,207</b>	<b>14,075</b>	<b>64,132</b>	<b>456%</b>	<b>28,629</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>73,316</b>	<b>143,945</b>	<b>-</b>	<b>8,157</b>	<b>41,237</b>	<b>71,972</b>	<b>(30,735)</b>	<b>-43%</b>	<b>143,945</b>
Capital transfers recognised	12,628	55,598	-	6,181	19,560	27,799	(8,239)	-30%	55,598
Borrowing	0	-	-	-	-	-	-	-	-
Internally generated funds	<b>60,688</b>	<b>88,347</b>	<b>-</b>	<b>1,976</b>	<b>21,677</b>	<b>44,174</b>	<b>(22,496)</b>	<b>-51%</b>	<b>88,347</b>
<b>Total sources of operational &amp; cap</b>	<b>474,869</b>	<b>526,313</b>	<b>-</b>	<b>97,893</b>	<b>296,984</b>	<b>263,157</b>	<b>33,827</b>	<b>13%</b>	<b>143,945</b>

As can be seen from the table above, Actual surplus for the month ended 31<sup>st</sup> December 2023 is significantly more than the Budgeted Surplus. Monthly budget statement summary (Table C1), for the 1<sup>st</sup> half of the year, July- December 2023 (year to date actual), shows a surplus of R78.2 million against YTD budget of R14.1 million which reflects performance of more than 100%.

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

- During the verification of the 2023/24 Approved Budget mSCOA data string to the Council Approved Budget (A Schedule), based on assessment by Treasury it was noted that the municipality in some arears did not align the mSCOA data string to the Council Approved Budget. Hence, we were to revise these errors in the mSCOA data string and correct them as necessary during 2023/24 Adjustment Budget.
- The adjustment budget process must therefore be used to correct all the findings noted and ensure that adjustment budget presented to Council does not contain any errors, by further ensuring that B Schedule and the Adjustment Budget mSCOA data string are both produced from the financial system to eliminate any possibility of differences and misalignment.

**KZN 291 Mandeni Municipality 2023/24 Mid-Year Budget Assessment Report (S 72)**

**1.4 IN- YEAR BUDGET STATEMENT TABLES**

**Table 1**

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

<b>KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment</b>									
<b>Description</b>	<b>2022/23</b>	<b>Budget Year 2023/24</b>							
	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Monthly actual</b>	<b>YearTD actual</b>	<b>YearTD budget</b>	<b>YTD variance</b>	<b>YTD variance %</b>	<b>Full Year Forecast</b>
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	50,660	59,329	–	4,465	21,483	29,665	(8,182)	-28%	59,329
Service charges	61,434	63,657	–	4,651	37,046	31,829	5,217	16%	63,657
Investment revenue	20,010	–	–	–	–	–	–	–	–
Transfers and subsidies - Operati	20,010	10,500	–	2,385	14,070	5,250	8,820	168%	10,500
Other own revenue	249,438	248,882	–	78,236	183,148	124,441	58,707	47%	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>401,553</b>	<b>382,369</b>	<b>–</b>	<b>89,736</b>	<b>255,747</b>	<b>191,184</b>	<b>64,562</b>	<b>34%</b>	<b>382,369</b>
Employee costs	116,754	141,420	–	10,099	60,715	70,710	(9,995)	–	141,420
Remuneration of Councillors	14,325	15,460	–	1,278	7,841	7,730	111	–	15,460
Depreciation and amortisation	32,437	35,534	–	2,814	16,482	17,767	(1,285)	–	35,534
Interest	325	100	–	–	31	50	(19)	–	100
Inventory consumed and bulk purch	49,664	51,014	–	2,148	26,073	25,507	566	–	51,014
Transfers and subsidies	–	–	–	–	–	–	–	–	–
Other expenditure	127,029	158,592	–	35,456	82,865	79,535	3,330	4%	158,592
<b>Total Expenditure</b>	<b>340,534</b>	<b>402,121</b>	<b>–</b>	<b>51,795</b>	<b>194,007</b>	<b>201,300</b>	<b>(7,292)</b>	<b>-4%</b>	<b>402,121</b>
<b>Surplus/(Deficit)</b>	<b>61,019</b>	<b>(19,752)</b>	<b>–</b>	<b>37,941</b>	<b>61,740</b>	<b>(10,115)</b>	<b>71,855</b>	<b>-710%</b>	<b>(19,752)</b>
Transfers and subsidies - capital	45,387	48,381	–	5,817	16,468	24,191	(7,723)	-32%	48,381
Transfers and subsidies - capital	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>106,406</b>	<b>28,629</b>	<b>–</b>	<b>43,758</b>	<b>78,207</b>	<b>14,075</b>	<b>64,132</b>	<b>456%</b>	<b>28,629</b>
Share of surplus/ (deficit) of	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>106,406</b>	<b>28,629</b>	<b>–</b>	<b>43,758</b>	<b>78,207</b>	<b>14,075</b>	<b>64,132</b>	<b>456%</b>	<b>28,629</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>73,316</b>	<b>143,945</b>	<b>–</b>	<b>8,157</b>	<b>41,237</b>	<b>71,972</b>	<b>(30,735)</b>	<b>-43%</b>	<b>143,945</b>
Capital transfers recognised	12,628	55,598	–	6,181	19,560	27,799	(8,239)	-30%	55,598
Borrowing	0	–	–	–	–	–	–	–	–
Internally generated funds	60,688	88,347	–	1,976	21,677	44,174	(22,496)	-51%	88,347
<b>Total sources of capital funds</b>	<b>73,316</b>	<b>143,945</b>	<b>–</b>	<b>8,157</b>	<b>41,237</b>	<b>71,972</b>	<b>(30,735)</b>	<b>-43%</b>	<b>143,945</b>
<b>Financial position</b>									
Total current assets	288,947	177,849	–	–	424,529	–	–	–	177,849
Total non current assets	602,748	740,801	–	–	627,502	–	–	–	740,801
Total current liabilities	78,293	71,097	–	–	70,385	–	–	–	71,097
Total non current liabilities	17,730	22,795	–	–	17,730	–	–	–	22,795
Community wealth/Equity	795,672	824,758	–	–	963,916	–	–	–	824,758
<b>Cash flows</b>									
Net cash from (used) operating	(141,309)	74,381	–	(12,395)	116,197	45,266	(70,931)	-157%	74,381
Net cash from (used) investing	(376,184)	(165,536)	–	(9,381)	(47,423)	(82,768)	(35,346)	43%	(165,536)
Net cash from (used) financing	–	(30)	–	(14)	(118)	–	118	#DIV/0!	–
<b>Cash/cash equivalents at the mo</b>	<b>(434,506)</b>	<b>(299,165)</b>	<b>–</b>	<b>–</b>	<b>323,181</b>	<b>(245,481)</b>	<b>(568,662)</b>	<b>232%</b>	<b>–</b>
<b>Debtors &amp; creditors analysis</b>									
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	9,563	5,861	4,718	3,340	2,795	1,137	14,626	165,612	207,651
<b>Creditors Age Analysis</b>									
Total Creditors	123	–	–	–	–	–	–	–	123

**Table 2**

**Table C2 provides the statement of financial performance by standard classification**

KZN291 Mandeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment										
Description	Ref	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
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		<b>319,605</b>	<b>305,464</b>	<b>-</b>	<b>83,746</b>	<b>210,977</b>	<b>152,732</b>	58,245	38%	<b>305,464</b>
Executive and council		-	7,806	-	-	-	3,903	(3,903)	-100%	7,806
Finance and administration		319,605	297,658	-	83,746	210,977	148,829	62,148	42%	297,658
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>10,732</b>	<b>4,692</b>	<b>-</b>	<b>281</b>	<b>2,074</b>	<b>2,346</b>	(272)	-12%	<b>4,692</b>
Community and social services		5,497	4,692	-	281	2,074	2,346	(272)	-12%	4,692
Sport and recreation		5,234	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>46,274</b>	<b>54,327</b>	<b>-</b>	<b>6,616</b>	<b>20,891</b>	<b>27,163</b>	(6,272)	-23%	<b>54,327</b>
Planning and development		44,726	49,857	-	6,175	18,510	24,928	(6,418)	-26%	49,857
Road transport		1,548	4,470	-	441	2,381	2,235	146	7%	4,470
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>70,329</b>	<b>66,266</b>	<b>-</b>	<b>4,909</b>	<b>38,272</b>	<b>33,133</b>	<b>5,139</b>	16%	<b>66,266</b>
Energy sources		56,878	53,804	-	3,606	31,062	26,902	4,160	15%	53,804
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		13,451	12,463	-	1,304	7,210	6,231	979	16%	12,463
<b>Other</b>	4	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Functional</b>	2	<b>446,939</b>	<b>430,750</b>	<b>-</b>	<b>95,553</b>	<b>272,214</b>	<b>215,375</b>	<b>56,839</b>	<b>26%</b>	<b>430,750</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		<b>168,536</b>	<b>201,988</b>	<b>-</b>	<b>38,702</b>	<b>107,347</b>	<b>101,233</b>	6,114	6%	<b>201,988</b>
Executive and council		54,325	62,711	-	6,481	32,079	31,355	724	2%	62,711
Finance and administration		114,211	139,277	-	32,221	75,268	69,878	5,390	8%	139,277
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>34,639</b>	<b>42,477</b>	<b>-</b>	<b>3,769</b>	<b>20,837</b>	<b>21,238</b>	(402)	-2%	<b>42,477</b>
Community and social services		26,279	31,792	-	2,552	15,515	15,896	(381)	-2%	31,792
Sport and recreation		8,335	9,442	-	967	5,052	4,721	331	7%	9,442
Public safety		-	1,223	-	250	250	612	(362)	-59%	1,223
Housing		24	20	-	-	20	10	10	99%	20
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>65,567</b>	<b>81,845</b>	<b>-</b>	<b>6,281</b>	<b>31,250</b>	<b>40,922</b>	(9,672)	-24%	<b>81,845</b>
Planning and development		19,166	22,164	-	2,341	8,813	11,082	(2,269)	-20%	22,164
Road transport		43,242	55,750	-	3,595	20,637	27,875	(7,237)	-26%	55,750
Environmental protection		3,159	3,931	-	346	1,800	1,965	(166)	-8%	3,931
<b>Trading services</b>		<b>71,791</b>	<b>75,761</b>	<b>-</b>	<b>3,043</b>	<b>34,573</b>	<b>37,881</b>	<b>(3,308)</b>	-9%	<b>75,761</b>
Energy sources		60,265	55,216	-	2,307	29,478	27,608	1,870	7%	55,216
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2,487	2,948	-	211	1,257	1,474	(217)	-15%	2,948
Waste management		9,039	17,597	-	524	3,838	8,798	(4,960)	-56%	17,597
<b>Other</b>		<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>(25)</b>	<b>-100%</b>	<b>50</b>
<b>Total Expenditure - Functional</b>	3	<b>340,534</b>	<b>402,121</b>	<b>-</b>	<b>51,795</b>	<b>194,007</b>	<b>201,300</b>	<b>(7,292)</b>	<b>-4%</b>	<b>402,121</b>
<b>Surplus/ (Deficit) for the year</b>		<b>106,406</b>	<b>28,629</b>	<b>-</b>	<b>43,758</b>	<b>78,207</b>	<b>14,075</b>	<b>64,132</b>	<b>456%</b>	<b>28,629</b>

**KZN 291 Mandeni Municipality 2023/24 Mid-Year Budget Assessment Report (S 72)**

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

KZN291 Mandeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-										
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
<b>R thousands</b>										
<b>Revenue by Vote</b>										
Vote 1 - Executive and council	1	-	7,806	-	-	-	3,903	(3,903)	-100.0%	7,806
Vote 2 - Finance and administration		319,605	297,658	-	83,746	210,977	148,829	62,148	41.8%	297,658
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		5,497	4,692	-	281	2,074	2,346	(272)	-11.6%	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	-	6,175	18,510	24,928	(6,418)	-25.7%	49,857
Vote 9 - Road transport		1,548	4,470	-	441	2,381	2,235	146	6.5%	4,470
Vote 10 - Energy sources		56,878	53,804	-	3,606	31,062	26,902	4,160	15.5%	53,804
Vote 11 - Waste Management		13,451	12,463	-	1,304	7,210	6,231	979	15.7%	12,463
Vote 12 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>446,939</b>	<b>430,750</b>	<b>-</b>	<b>95,553</b>	<b>272,214</b>	<b>215,375</b>	<b>56,839</b>	<b>26.4%</b>	<b>430,750</b>
<b>Expenditure by Vote</b>										
Vote 1 - Executive and council	1	54,325	62,711	-	6,481	32,079	31,355	724	2.3%	62,711
Vote 2 - Finance and administration		114,211	139,277	-	32,221	75,268	69,878	5,390	7.7%	139,277
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		26,279	31,792	-	2,552	15,515	15,896	(381)	-2.4%	31,792
Vote 5 - Sport and Recreation		8,335	9,442	-	967	5,052	4,721	331	7.0%	9,442
Vote 6 - Public safety		-	1,223	-	250	250	612	(362)	-59.1%	1,223
Vote 7 - Housing		24	20	-	-	20	10	10	99.5%	20
Vote 8 - Planning and Development		19,166	22,214	-	2,341	8,813	11,107	(2,294)	-20.7%	22,214
Vote 9 - Road transport		45,730	58,698	-	3,806	21,894	29,349	(7,455)	-25.4%	58,698
Vote 10 - Energy sources		60,265	55,216	-	2,307	29,478	27,608	1,870	6.8%	55,216
Vote 11 - Waste Management		9,039	17,597	-	524	3,838	8,798	(4,960)	-56.4%	17,597
Vote 12 - Environmental Protection		3,159	3,931	-	346	1,800	1,965	(166)	-8.4%	3,931
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>340,534</b>	<b>402,121</b>	<b>-</b>	<b>51,795</b>	<b>194,007</b>	<b>201,300</b>	<b>(7,292)</b>	<b>-3.6%</b>	<b>402,121</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>106,406</b>	<b>28,629</b>	<b>-</b>	<b>43,758</b>	<b>78,207</b>	<b>14,075</b>	<b>64,132</b>	<b>455.6%</b>	<b>28,629</b>



## KZN 291 Mandeni Municipality 2023/24 Mid-Year Budget Assessment Report (S 72)

**Table 4** provides information on the planned revenue and operational expenditures against the actual results for the period ending 31<sup>st</sup> December 2023.

This report analyses each major component under following headings;

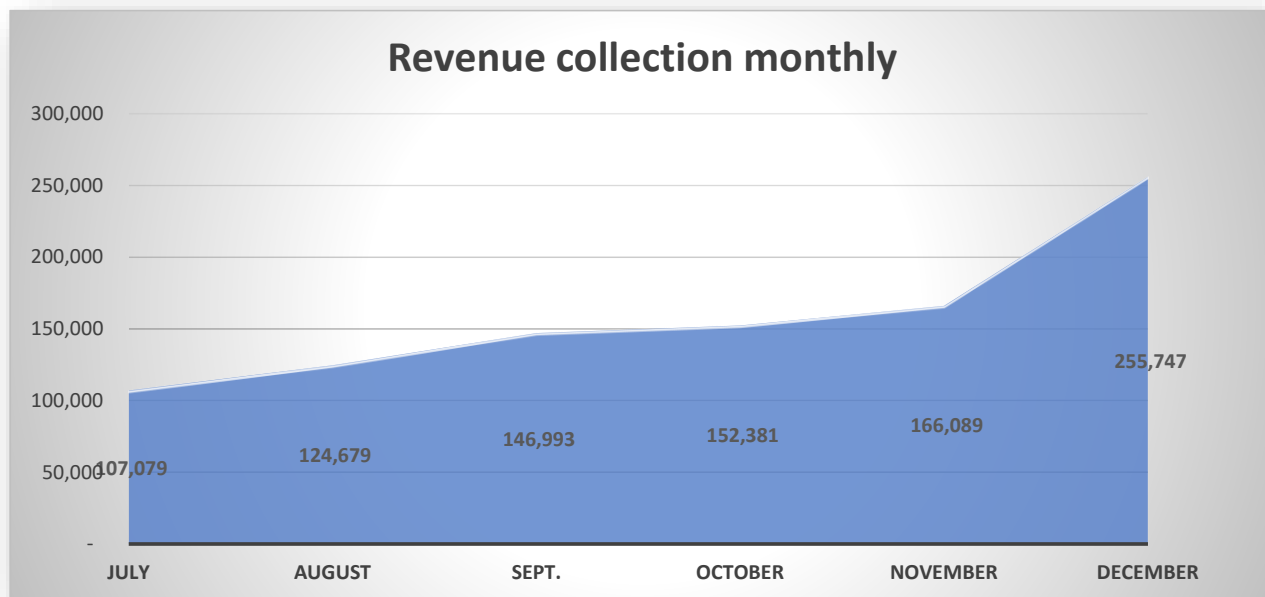
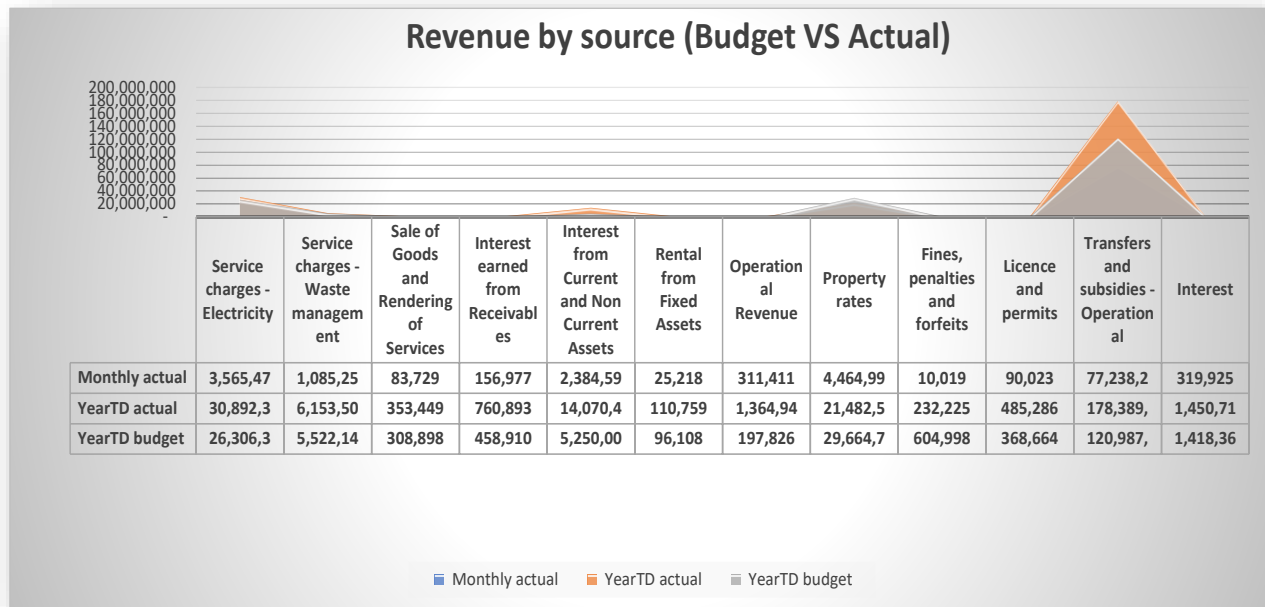
- Revenue by Source
- Operational Expenditure by Type, and

<b>KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment</b>										
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
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		49,864	52,613	–	3,565	30,892	26,306	4,586	17%	52,613
Service charges - Water		–	–	–	–	–	–	–	–	–
Service charges - Waste Water Management		–	–	–	–	–	–	–	–	–
Service charges - Waste management		11,570	11,044	–	1,085	6,154	5,522	631	11%	11,044
Sale of Goods and Rendering of Services		7,854	618	–	84	353	309	45	14%	618
Agency services		–	–	–	–	–	–	–	–	–
Interest		–	–	–	–	–	–	–	–	–
Interest earned from Receivables		1,229	918	–	157	761	459	302	66%	918
Interest from Current and Non Current Assets		20,010	10,500	–	2,385	14,070	5,250	8,820	168%	10,500
Dividends		–	–	–	–	–	–	–	–	–
Rent on Land		106	–	–	–	–	–	–	–	–
Rental from Fixed Assets		248	192	–	25	111	96	15	15%	192
Licence and permits		22	–	–	(14)	–	–	–	–	–
Operational Revenue		2,548	396	–	311	1,365	198	1,167	590%	396
<b>Non-Exchange Revenue</b>										
Property rates		50,660	59,329	–	4,465	21,483	29,665	(8,182)	-28%	59,329
Surcharges and Taxes		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		1,002	1,210	–	10	232	605	(373)	-62%	1,210
Licence and permits		525	737	–	104	485	369	117	32%	737
Transfers and subsidies - Operational		223,107	241,975	–	77,238	178,390	120,987	57,402	47%	241,975
Interest		2,628	2,837	–	320	1,451	1,418	32	2%	2,837
Fuel Levy		–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		–	–	–	–	–	–	–	–	–
Other Gains		30,181	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>401,553</b>	<b>382,369</b>	<b>–</b>	<b>89,736</b>	<b>255,747</b>	<b>191,184</b>	<b>64,562</b>	<b>34%</b>	<b>382,369</b>
<b>Expenditure By Type</b>										
Employee related costs		116,754	141,420	–	10,198	60,715	70,710	(9,995)	-14%	141,420
Remuneration of councillors		14,325	15,460	–	1,278	7,841	7,730	111	1%	15,460
Bulk purchases - electricity		45,293	43,603	–	1,327	24,609	21,801	2,808	13%	43,603
Inventory consumed		4,371	7,411	–	821	1,463	3,705	(2,242)	-61%	7,411
Debt impairment		–	37,303	–	18,652	18,652	18,651	0	0%	37,303
Depreciation and amortisation		32,437	35,534	–	2,814	16,482	17,767	(1,285)	-7%	35,534
Interest		325	100	–	–	31	50	(19)	-37%	100
Contracted services		62,194	64,092	–	7,915	30,749	32,046	(1,297)	-4%	64,092
Transfers and subsidies		–	–	–	–	–	–	–	–	–
Irrecoverable debts written off		15,022	7,500	–	3,750	3,750	3,750	(0)	0%	7,500
Operational costs		43,672	48,198	–	5,363	29,654	24,338	5,316	22%	48,198
Losses on Disposal of Assets		6,080	1,500	–	–	–	750	(750)	-100%	1,500
Other Losses		61	–	–	–	60	–	60	#DIV/0!	–
<b>Total Expenditure</b>		<b>340,534</b>	<b>402,121</b>	<b>–</b>	<b>52,117</b>	<b>194,007</b>	<b>201,300</b>	<b>(7,292)</b>	<b>-4%</b>	<b>402,121</b>
<b>Surplus/(Deficit)</b>		<b>61,019</b>	<b>(19,752)</b>	<b>–</b>	<b>37,619</b>	<b>61,740</b>	<b>(10,115)</b>	<b>71,855</b>	<b>(0)</b>	<b>(19,752)</b>
Transfers and subsidies - capital (monetary allocations)		45,387	48,381	–	5,817	16,468	24,191	(7,723)	(0)	48,381
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>106,406</b>	<b>28,629</b>	<b>–</b>	<b>43,436</b>	<b>78,207</b>	<b>14,075</b>			<b>28,629</b>
Income Tax		–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after income tax</b>		<b>106,406</b>	<b>28,629</b>	<b>–</b>	<b>43,436</b>	<b>78,207</b>	<b>14,075</b>			<b>28,629</b>
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Municipality		–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to Municipality</b>		<b>106,406</b>	<b>28,629</b>	<b>–</b>	<b>43,436</b>	<b>78,207</b>	<b>14,075</b>			<b>28,629</b>
Share of Surplus/Deficit attributable to Associated Entities		–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>		<b>106,406</b>	<b>28,629</b>	<b>–</b>	<b>43,436</b>	<b>78,207</b>	<b>14,075</b>			<b>28,629</b>

**Table 4.1**

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

The table below reflects trend of the revenue for the 1<sup>st</sup> half of the year.



**Revenue:**

- The Year to Date (YTD) total revenue earned is R 255.7 million for the period ending 31<sup>st</sup> December 2023 excluding capital conditional grant income. The YTD Budget is R 191,2 million; therefore, this reflects an over performance against the revenue projected by 34%, this is a reflection that the municipality has achieved its revenue performance budget.
- As can be seen from the table above that transfers recognized-operational are high is due to the municipality receiving both trenches of equitable share for R172.5 million has been received by the municipality which has set off an INEP rollover application of R624 thousand which was not approved by National Treasury. Therefore, the municipality is awaiting the last trench of R49.9 million as publicized on DORA. Also increase is due to operational grants which conditions have been met as they have been realized as revenue for FMG, EPWP and INEP.

**Exchange Revenue**

**Service Charges: Electricity**

- The actual revenue from Service Charges Electricity as @ 31<sup>st</sup> December 2023 is R30.9 million or 17 percent more than the budgeted income of R26.3 million.
- Variance of 17% is due expansion of Umngeni Water Plant. The plant increased its water generating capacity to circumvent the Hezelmere Dam shortfalls which came as a result of the KZN April 2022 and 2023 floods which resulted in a serious destruction of the Bulk Water Infrastructure particularly in Ethekwini and the Southern part of KwaDukuza. As expected, the increase in the demand for the generation and subsequent transmission resulted in a rapid increase of electricity consumption. Consequently, the Municipal Electricity Revenue then followed the same upsurge resulting in the over performance of the initially recognized budget.
- Based on performance reported as at mid-year this item will be increase during adjustment budget.

**Service Charges: Refuse**

- The actual revenue from Service Charges Refuse as @ 31<sup>st</sup> December 2023 is R6.2 million or 11 percent more than the budgeted income of R5.5 million. The variance is acceptable, the business refuse always increases during the more economic active months. As part of Revenue Enhancement Strategy, the Municipality provides an incentive for consumers who wish to settle their annual refuse collection debt within the 1<sup>st</sup> two months of the financial year. As result we receive a lot of requests for annual refuse billings in this regard. As the months progresses the revenue billed will subsequently match the budgeted figures.
- Budget allocated for this item will remain the same during adjustment budget.

### **Sale of Goods and rendering services**

- Sale of Goods and services amounts to R353 thousand in comparison with the year-to-date budget of R309 thousand, thus indicating an over performance by R45 thousand or 14 percent, variance is due to the level of demand in the sale of goods and rendering services. Based on performance for mid-year this item will be adjusted during an adjustment budget so as to ensure realistic estimates.

### **Interest earned from receivables.**

- Interest earned from receivables amounts to R761 thousand in comparison with the year-to-date budget of R459 thousand, thus indicating an over performance by R302 thousand or 66 percent, variance is based on the outstanding debt billed on refuse and electricity. Interest rate on outstanding debtors is 2% per annum. Based on performance for mid-year Interest on outstanding debtors appears that this line item was understated, and it will be adjusted an adjustment budget.

### **Interest from Current and Non-Current assets**

- Interest earned on external investments amounts to R14.1 million in comparison with the year-to-date budget of R5.3 million, thus indicating an over performance by R8.8 million or 168 percent, variance is based interest rate on the cash available from previous year cash backed reserves and additional grants received. Based on performance reported at mid-year, the municipality will increase budget during an adjustment budget to ensure realistic estimates and also to accommodate additional funds to be re invested so as to increase revenue sources of the municipality.
- Further to that the municipality has taken decision to redirect the interest generated from these investments towards service delivery which will also be considered during adjustment budget process.

### **Rental from fixed assets**

- Revenue from rental of facilities recognised amounts to R111 thousand in comparison with the year-to-date budget amount of R96 thousand thus indicating an over performance of R15 thousand or 15 percent. Variance is due to level of demand in rental of municipal facilities due (Municipal sports fields, municipal halls) when comparing to the projections. Based on mid-year performance this item appears that budget is understated and will be adjusted during an adjustment budget.

### **Operational Revenue**

- The majority of the Council own funded sources are budgeted under this category. The year-to-date performance in Operational Revenue amounts to R1.4 million more than anticipated YTD budget of R198 thousand, thus indicating an over performance of R1.2 million or 590 percent, variance is mainly due to the municipality receiving additional revenue which were not budgeted for during budgeted preparation process as there was no source to support this revenue.

## **KZN 291 Mandeni Municipality 2023/24 Mid-Year Budget Assessment Report (S 72)**

- Additional revenue received is Skills Development Levy of R618 thousand, Insurance Refund of 35 thousand and Sale of Property of R155 thousand.
- Based on performance reported at mid-year the municipality will increase budget during an adjustment budget to consider these additional revenues.

### **Non exchange revenue**

#### **Property Rates**

- The actual revenue from property rates as @ 31<sup>st</sup> December 2023 is R21.5 million or 28 percent less than the budgeted income of R21.5 million. The variance of 28%
- The said variance is as a result of outstanding Annual Billings that were placed on hold due to errors, omissions and objections received from Government Departments in the newly implemented valuation roll.
- A decision was then taken to suspend annual billings until such time that all matters were resolved, the Municipal Valuer has been working around the clock in resolving the matter and we are confident that we will bill in the Month of February 2024 after the publication of the Supplementary in line with the provisions of the MPRA.
- Property rates budget will remain the same as we anticipate that projected budget will be met at year end.

#### **Fines, Penalties and forfeits**

- Fines underperformed by 62 percent or R373 thousand, with an actual amount of R232 thousand variance against year-to-date budget projections of R605 thousand. This is mainly due to the culture of non-payment and adverse economic conditions. Revenue reported to date is on cash basis, as the municipality accounts for fines in terms of iGRAP 1 during year end. Furthermore, to that based on the audited AFS the budget allocated appears to be understated and it will be adjusted during an adjustment budget to ensure realistic budget estimates.

#### **Licences and permits**

- Licences and permits have over performed by 25 percent or R94 thousand with an actual amount of R463 thousand as compared to budget of R369 thousand, variance is due to the level of demand for issuing of licences and permits. Revenue reported has been received from issuing licences and permits by traffic department and trading licences for business within the municipality.
- Based on performance reported for mid-year, budget allocated will be adjusted during an adjustment budget.

#### **Transfers & subsidies**

- Transfers and subsidies recognised operational amounts to R178.4 million YTD Actual in comparison with the YTD budget of R120.9 million, thus indicating an over performance by R57.4 million or 47 percent, variance is mainly attributable to the municipality receiving the 2<sup>nd</sup> trench of the Equitable Share of R173 million and realisation of operational grants spent as conditions have been met for EPWP, FMG and Library Grant.

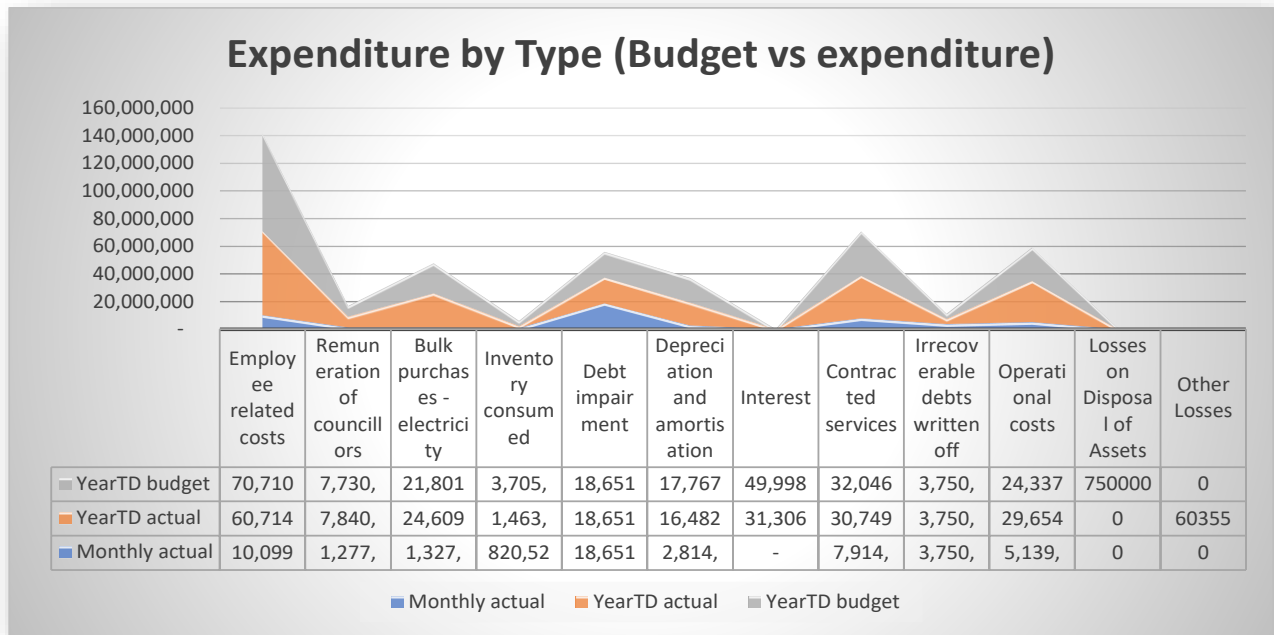
## **KZN 291 Mandeni Municipality 2023/24 Mid-Year Budget Assessment Report (S 72)**

- INEP Rollover application of R624 thousand was not approved by National Treasury, this balance has been set off from the second trench of Equitable Share. Total amount transferred to date for Equitable Share is R172.5 million, However the INEP funds that were set off have been transferred from INEP Call account to replace the amount set off, which has resulted in total transfers of R173,1 million for Equitable Share with a remaining balance of R57.7 million.
- Transfers and subsidies capital amounts to R16.5 million in comparison with the YTD budget of R24.2 million, thus indicating an over performance by R7.7 million variance is mainly attributable by expenditure in MIG. *(Detailed report on MIG expenditure has been provided below)*
- INEP and Massification grant have been transacting in accordance with GRAP 109, however during preparation of Annual Financial Statement for 2022/23 an accounting guideline was issued by Treasury as how should a municipality budget and transact in relation to these grants. During adjustment budgeted these grants will be adjusted and budgeted in accordance with GRAP11 to comply with the new treatment.
- Further to that it should be noted that the municipality has been affected with the changes tabled as part of mid-term budget policy which has financial implications. The adjusted DORA will be considered in the adjustment budget and implementation plan will be revised to align with these adjustments.
- The proposed Amendments as per the attached DORA Government Gazette No. 49550 issued on 24 October 2023 affect Mandeni Municipal Budget Allocation for 2023/24 as follows:
  - 1) Expanded Public Works Programme (EPWP) Grant is reduced from R2.6 million with R143 thousand will now be R2.4 million as per DORA Gazette.
  - 2) Municipal Infrastructure Grant (MIG) is reduced from R49.7 million with R3.3 million will now be R46.4 million as per DORA Gazette.
  - 3) MIG Ring-fenced funding for Sports Infrastructure- construction of Endlondlweni Sports Field is reduced from R8 million with R536 thousand will now be R7.5 million as per Gazette.

### **Interest earned from receivables.**

- Interest earned from receivables amounts to R1.5 million in comparison with the year-to-date budget of R1.4 million, thus indicating over performance by R32 thousand or 2 percent, variance is based on the outstanding debtors billed on property rates. Interest rate on outstanding debtors is 2% per annum. Based on performance reported for mid-year Interest on outstanding debtors appears to be realistic and it will remain the same during an adjustment budget.

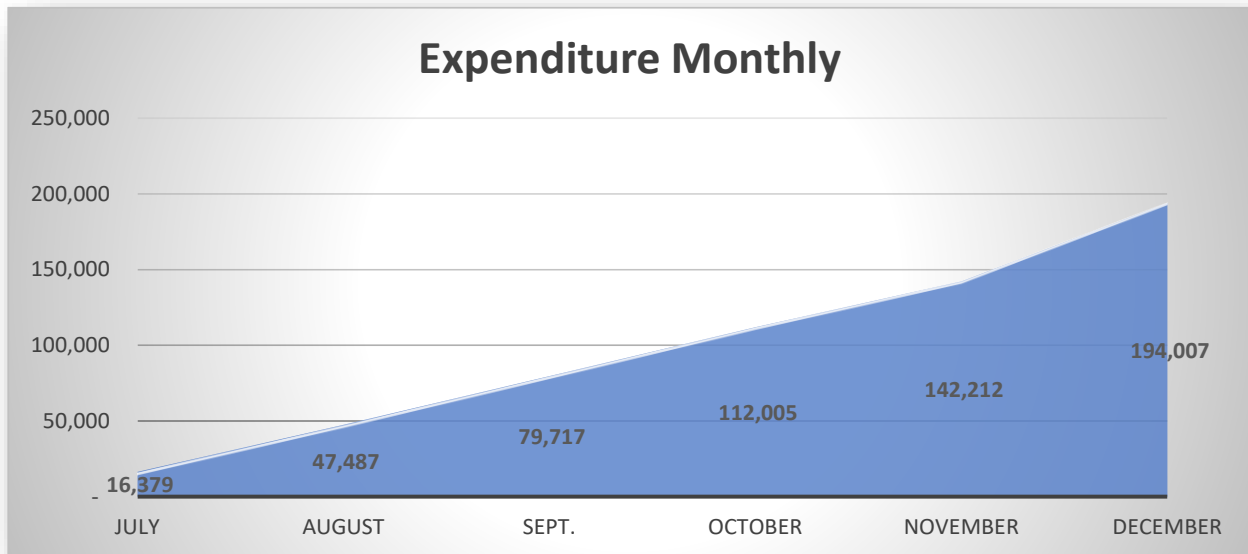
▪ **Total Operating Expenditure from (July- December 2023)**



**Table 4.4**

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

The table below reflects trend of expenditure for the 1<sup>st</sup> half of the financial year.



### **Operating Expenditure:**

- The total operational expenditure YTD Actual for the period ending 31<sup>st</sup> December 2023 amounted to R 194.0 million against the planned target of YTD budget is R 201.3 million. As at the end of December the operational expenditure budget has under spent by -4% or R7.3 million. Variance is significantly low and detailed expenditure analysis is below:

### **Employee Related Costs**

- Employee related costs YTD expenditure for the period ending 31<sup>st</sup> December 2023 amounted to R60.7 million while the YTD budget is R70.7 million, which has resulted in a underspending by 14%. Variance is due to positions that were prioritised in the budget which have not been filled. However, recruitment processes are still underway in ensuring that these positions are filled before year end.
- Further to variance is due to employee bonuses which are being paid to employees on their birth month not in November as it was previously done in the prior years.
- Another contributing factor to this variance is due to calculation of provision for leave and long service awards which are processed at year end upon receiving the actuarial calculation for Actuaries.
- Budget for this item will remain the same during adjustment budget to consider the items listed above.

### **Remuneration of Councilors**

- The expenditure on councilor allowances as at 31<sup>st</sup> December 2023 was under spent by R 111 thousand. The YTD Remuneration of Councilor's budget was R7.7 million whilst the actual expenditure incurred results in slightly over-spending of 1% YTD expenditure performance.
- Performance reported under Remuneration of Cllrs has considered the approval from COGTA in relation Cllrs Upper limits as per Gazette Notice No. 3807 dated 18 August 2023. Further to that backpack was considered when implementing this gazette.
- This item will not be adjusted during an adjustment budget as budget allocated will be sufficient up until year end.

### **Bulk Purchases - Electricity**

- The bulk purchases for Umngeni Water Board and Eskom Purchases reflects an overspending of 13 percent or R2.8 million from the year-to-date budget projections amounting to R21.8 million, variance is due to electricity bulk consumption by umngeni water and increased rate that was approved by NERSA.
- Performance reported in this line item has considered the expansion of Umngeni Water Plant. The plant increased its water generating capacity to circumvent the Hezelmere Dam shortfalls which came because of the KZN April 2022 floods which resulted in a serious destruction of the Bulk Water Infrastructure particularly in Ethekewini and the Southern part of KwaDukuza. As expected, the increase in the demand for the generation and subsequent transmission resulted in a rapid increase of electricity consumption.



- However, due to floods that were experienced during December 2023 within Ilembe District and performance reported during mid-year it appears that budget allocated for this item is understated, so as to ensure that the municipality does not incur an unauthorized expenditure this item will have to be increased during an adjustment budget.

### **Inventory Consumed**

- Inventory Consumed are reflecting an underperformance by 61 percent or R2.2 million from YTD budget of R3.7 million against the YTD Actual of R1.5 million, variance is due to the implementation of procurement plan, however it should be noted that there will be improvement during the 3<sup>rd</sup> quarter of this financial year as bulk of these projects will be implemented.
- Budget allocated for this item relates to materials procured by the municipality towards repairs and maintenance which are kept at stores for rendering of services, such as pothole patching materials, workshop stock etc.
- The municipality regularly reviews its repairs and maintenance plan so as to ensure that the infrastructure of the municipality is regularly monitored for its aging.
- Based on performance reported during mid-year and floods that severely affected the municipality budget will be adjusted during an adjustment budget based on the R&M Plan.

### **Debt Impairment**

- The provision for debt impairment actual of R18.7 million versus YTD budget of R18.7 million is within the budgeted projections. Debt impairment calculation has assumed the method below.
- Budget allocated within this item will remain the same during an adjustment budget.
- The assumption is that you exclude all debtors with credit balances when calculating the provision. Provision for Bad debt is therefore calculated using the collection rate of 65% for debt within 90 days and 20% for any debt older than 90 days for all categories except electricity. With Electricity the assumption is that 90% of the debt older than 90 days is still collectable. This line item will remain the same during an adjustment budget.

### **Depreciation and Asset Impairment**

- Depreciation and asset impairment are reflecting an under performance by -7 percent or R1.3 million against YTD actual of R16.5 million against the YTD budget of R17.8 million, variance is low but it is due to delays in acquiring capital assets that were planned to be procured and completion of projects that are still under work in progress as assets are depreciated when completed. However, budget will remain the same as the municipality anticipates meeting the projected budget.

### **Interest**

- Finance charges are reflecting an under performance by 37 percent or R19 thousand against YTD actual of R31 thousand. Expenditure incurred is due to interest paid to as per Eskom Invoices for late payment which results in fruitless and wasteful expenditure. However, the municipality has been engaging eskom in relation to this interest being charged whereas payments are always done timeously.
- Another contributing factor to finance charges is the reclassification of retirement benefit obligation interest costs in accordance with GRAP 25, this calculation will be done during year end after assessment by Actuarial Report has been completed for the year. Based on performance for 2023/24 for finance charges of R2.6 million this item appears to be under stated and it will be adjusted during an adjustment budget to avoid Unauthorized Expenditure.

### **Contracted Services**

- Contracted services expenditure is reflecting an underspending of -4 percent or R1.3 million from YTD budget of R32.0 million against the YTD actual of R30.8 million, variance is within the projected budget as planned projects have been implemented as per the approved procurement plan.
- Based on performance reported for mid-year and disasters that the municipality has experienced during December 2023, this line item will be adjusted during an adjustment budget, as other projects relate to contracted services such as hiring of plant and equipment.

### **Irrecoverable debts written off**

- Irrecoverable debts written off is within the projected budget of R3,8 million, this is due to result of Indigents and untraceable debtors which have been written off within the 1<sup>st</sup> half of this financial year. The municipality has been in the process of data cleansing, and we have discovered deceased accounts, liquidated companies etc.
- Budget allocated within this item will remain the same during an adjustment budget.

### **Operational Cost**

- Other expenditure has overspent by 23 percent or R5.5 million from YTD budget of R24.3 million against the YTD actual of R29.9 million, variance is due to activities that that took place in the 1st half of the financial year and the decision the municipality took on implementation of cost cutting measures so as to improve the municipal cash flows. Most of other expenditure items will take place during the second half of the year.

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

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

### **Losses on Disposal of Assets**

Losses on disposal of assets reflects no performance in the 1st half of this financial year. This is because the planned auction to dispose assets has been scheduled to the 3<sup>rd</sup> quarter because audit was completed in December, the municipality planned that auction would be undertaken after the audit.

The municipality through its supply chain management appointed Five Star Trading Enterprise T/A Auction 24 to conduct auction on its behalf, the main trigger for the auction was the Council Resolution C21 of 31 August 2023 and C65 of December 2023. The auction will be held by no later than the end of February 2024.

Budget allocated for this item will remain the same during an adjustment budget.

### **Other Losses**

Losses of R60 thousand reported as at mid-year is due to write off of Inventory items. This item was not budgeted for initially this will then be adjusted during an adjustment budget and consider actual reported in prior year audited AFS 2022/23.

**Table 5  
Table C5 Monthly Budget Statement – Capital Expenditure**

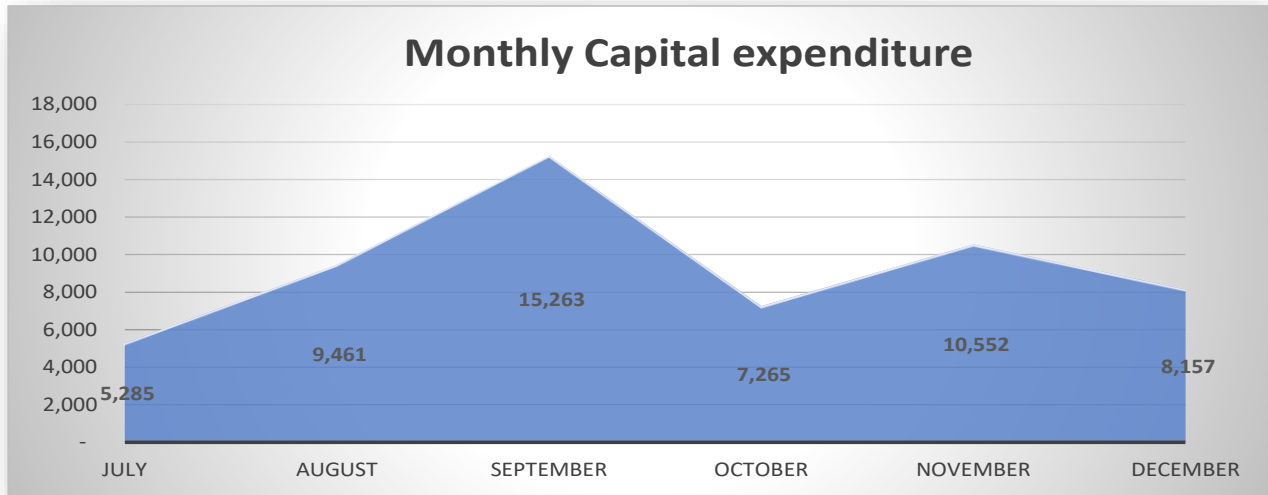
KZN291 Mandeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment										
Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Executive and council		–	1,843	–	–	93	922	(829)	-90%	1,843
Vote 2 - Finance and administration		34,353	21,225	–	629	5,997	10,613	(4,615)	-43%	21,225
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		21,438	2,304	–	43	506	1,152	(646)	-56%	2,304
Vote 5 - Sport and Recreation		(4,264)	15,205	–	138	1,364	7,602	(6,239)	-82%	15,205
Vote 6 - Public safety		–	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		11,028	16,435	–	1,175	6,492	8,217	(1,725)	-21%	16,435
Vote 9 - Road transport		4,857	79,374	–	5,658	21,328	39,456	(18,128)	-46%	79,374
Vote 10 - Energy sources		5,903	2,957	–	513	593	1,709	(1,116)	-65%	2,957
Vote 11 - Waste Management		–	4,602	–	–	4,864	2,301	2,563	111%	4,602
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Capital single-year expenditure</b>	4	73,316	143,945	–	8,157	41,237	71,972	(30,735)	-43%	143,945
<b>Total Capital Expenditure</b>		<b>73,316</b>	<b>143,945</b>	<b>–</b>	<b>8,157</b>	<b>41,237</b>	<b>71,972</b>	<b>(30,735)</b>	<b>-43%</b>	<b>143,945</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>34,353</b>	<b>23,069</b>	<b>–</b>	<b>629</b>	<b>6,090</b>	<b>11,534</b>	<b>(5,444)</b>	<b>-47%</b>	<b>23,069</b>
Executive and council		–	1,843	–	–	93	922	(829)	-90%	1,843
Finance and administration		34,353	21,225	–	629	5,997	10,613	(4,615)	-43%	21,225
Internal audit		–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		<b>17,174</b>	<b>17,509</b>	<b>–</b>	<b>181</b>	<b>1,870</b>	<b>8,755</b>	<b>(6,885)</b>	<b>-79%</b>	<b>17,509</b>
Community and social services		21,438	2,304	–	43	506	1,152	(646)	-56%	2,304
Sport and recreation		(4,264)	15,205	–	138	1,364	7,602	(6,239)	-82%	15,205
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		<b>15,885</b>	<b>95,809</b>	<b>–</b>	<b>6,833</b>	<b>27,821</b>	<b>47,674</b>	<b>(19,853)</b>	<b>-42%</b>	<b>95,809</b>
Planning and development		11,028	16,435	–	1,175	6,492	8,217	(1,725)	-21%	16,435
Road transport		4,857	79,374	–	5,658	21,328	39,456	(18,128)	-46%	79,374
Environmental protection		–	–	–	–	–	–	–	–	–
<b>Trading services</b>		<b>5,903</b>	<b>7,558</b>	<b>–</b>	<b>513</b>	<b>5,457</b>	<b>4,010</b>	<b>1,447</b>	<b>36%</b>	<b>7,558</b>
Energy sources		5,903	2,957	–	513	593	1,709	(1,116)	-65%	2,957
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	4,602	–	–	4,864	2,301	2,563	111%	4,602
<b>Other</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>73,316</b>	<b>143,945</b>	<b>–</b>	<b>8,157</b>	<b>41,237</b>	<b>71,972</b>	<b>(30,735)</b>	<b>-43%</b>	<b>143,945</b>
<b>Funded by:</b>										
National Government		12,628	55,119	–	6,181	19,469	27,560	(8,091)	-29%	55,119
Provincial Government		–	478	–	–	91	239	(148)	-62%	478
District Municipality		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>		<b>12,628</b>	<b>55,598</b>	<b>–</b>	<b>6,181</b>	<b>19,560</b>	<b>27,799</b>	<b>(8,239)</b>	<b>-30%</b>	<b>55,598</b>
<b>Borrowing</b>	6	<b>0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>		<b>60,688</b>	<b>88,347</b>	<b>–</b>	<b>1,976</b>	<b>21,677</b>	<b>44,174</b>	<b>(22,496)</b>	<b>-51%</b>	<b>88,347</b>
<b>Total Capital Funding</b>		<b>73,316</b>	<b>143,945</b>	<b>–</b>	<b>8,157</b>	<b>41,237</b>	<b>71,972</b>	<b>(30,735)</b>	<b>-43%</b>	<b>143,945</b>

**Capital Expenditure from July – December 2023:**

The YTD capital expenditure budget is R71.9 million against YTD actual Capital expenditure amounted to R 41.2 million resulting in an under performance of (43%) on capital expenditure. Variance in capital expenditure were due to different reason (detail report on the progress on all capital projects has been provided below).

The table below reflects trend of expenditure for the period ended 31<sup>st</sup> December of the financial year.

**Table 7**



- Capital grants funded by National Government actual is R19.5 million versus YTD Budget of R27.6 million, expenditure reported has been underspent by (29%). Variance is due to bulk of machinery and equipment that were procured under MIG funding which were delivered before December. However, the municipality will ensure that grant is fully spent by year end.
- Capital grants funded by Provincial Government actual is R91 thousand versus YT Budget of R239 thousand variance of (62%) reflects and under expenditure on this grant. However, it should be noted that the variance reported has been committed toward procuring library vehicle which is awaiting delivery so as ensure that budget is fully spent at year end.
- Capital grants funded Internally actual is R21.7 million versus YTD Budget of R44.2 million variance of 43% reflects and under expenditure on this item. However, it should be noted that there are ongoing projects which are in progress in relation to this funding such as
- DLTC Establishment and Upgrading of municipal offices roofing which will ensure that there is improvement in expenditure reported at year end. Further to that bulk of projects that were prioritized are rehabilitation of roads in all wards within Mandeni. Panel of Contractors has been finalized we are undertaking the appointment of services providers from the panel.

## **SINGLE YEAR EPENDITURE APPROPRIATION**

**Vote 1 Executive Council** have underspent by (90%) as at December 2023, variance is due to planned procurement of fleet for the department. Process of procuring this fleet was done through transversal contract. However, dealership did not stock available for delivery, commitment and order has been issued and dealership has confirmed delivery of this fleet for the month of February 2024. Budget will remain the same as it is anticipated that payment will be proceed during 3<sup>rd</sup> quarter of the financial year.

**Vote 2 Finance & Administration** have underspent by (43%) as at December 2023, variance is due to planned procurement of fleet for finance and Corporate Services. Due to condition of municipal fleet resolution was taken that this financial year municipality will prioritize to replace the old fleet. Process of procuring this fleet was done through transversal contract. However, dealership did not stock available for delivery, commitment and order has been issued and dealership has confirmed delivery of this fleet for the month of February 2024. Budget will remain the same as it is anticipated that payment will be proceed during 3<sup>rd</sup> quarter of the financial year.

**Vote 4 Community and Social Services** have underspent by (56%) as at December 2023, variance is due to planned procurement of fleet for Public Safety Office, Community Parks and Library. Due to condition of municipal fleet resolution was taken that this financial year municipality will prioritize to replace the old fleet. Process of procuring this fleet was done through transversal contract. However, dealership did not stock available for delivery, commitment and order has been issued and dealership has confirmed delivery of this fleet for the month of February 2024. Budget will remain the same as it is anticipated that payment will be proceed during 3<sup>rd</sup> quarter of the financial year.

**Vote 5 Sports & Recreation** have underspent by (82%) as at December 2023, budget allocated prioritised Endlondlweni Sports Field which was approved as per MIG Implementation Plan. However, there were delays in approving WULA for this project. WULA has been approved in December, therefore the municipality has started with the SCM processes. The municipality has planned to finalise appointment processes of a contractor in February which will allow the project to start. Budget will remain the same as this project is linked to MIG funding.

**Vote 8 Planning and Development** have underspent by (21%) as at December 2023, budget allocated prioritised construction of mini factories, project is currently in progress however the pace is moving slowly for construction. The municipality is engaging service provide on performance assessment to try and improve progress on this project. Further to that there are 2 projects which are still under Work In progress funded internally DLTC establishment, Upgrade of roof for municipal building, and Extension of workshop which have been affected by weather conditions which resulted in delays. However, it is anticipated that there will be improvement before year end.

**Vote 9 Road Transport** have underspent by (41%) as at December 2023, budget allocated prioritised rehabilitation of roads within Mandeni. These roads have been funded from different sources, MIG, Disaster Relief Grant and Internally generated funds. Due to number of roads that were prioritised in the current year's budget the municipality took as resolution of forming panel of roads which will assist in fast tracking process of appointment.

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Response on this tender was very high as 256 contractors submitted for this panel. Due to the volume of response receive SCM process took over 3 months to finalise. Bulk of Contractors have been appointed to start with these projects, however, there have been further delays due to Inclement weather conditions and stoppage of works due to socio-economic issues with time loss of 6 weeks. The municipality is regularly monitoring these challenges so as to ensure that projects are completed, and expenditure is improved.

**Vote 10 Energy Sources** have underspent by (65%) as at December 2023, budget allocated prioritised Khenana Highmast, project is currently in progress however the pace is moving slowly for installation due shortage of equipment. The municipality is engaging service provide on performance assessment to try and improve progress on this project.

**Vote 11 Waste Management** have overspent by (21%) as at December 2023, budget allocated prioritised procurement of two specialized trucks which were procured through MIG funding. These trucks were delivered and are in use.

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

The Technical Services Department is currently implementing the following projects as per the Municipality's Integrated Development Plan (IDP):

### **4.1 Projects under The Municipal Infrastructure Grant (MIG) Funding:**

2023/24 Financial Year MIG Allocation	<b>R46 392 000.00</b>
<b>Less:</b> Total Expenditure	R 15 966 425.27
Balance	R 30 425 574.73
Expenditure of as a %	<b>34.42%</b>

#### Projects under Construction Stage

- a) Installation of High Mast Phase 2
- b) Hlomendlini Sports-field: Ward 04
- c) Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili ward 15 (Amajuba Road)
- d) Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili Ward 13 Phase 2 and Ward 14 White City Section (Phumla, Indumiso and Malandela).

- e) Nyoni Taxi Route Phase 4
- f) Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili, Ward 13 Phase 1 (Mthombothi, Mbabala, Umgakla and Sondeza)
- g) Specialised Vehicles, Waste Management (TLB, 2 Cage Trucks) – **Delivered and reported in November 2023.**

Projects in Planning Stage

- h) Endlondlweni Ward 10 Sportsfield - Presented to BSC.
- i) Upgrade of Machibini Link Road in Isithebe in Ward 10 and Ward 12
- j) The Rehabilitation of Bumbanani Road in Sundumbili: Ward 13, 14 & 15 - Phase1

**Not yet registered with MIG**

- k) Upgrade of Rural Gravel Roads in Mandeni, Phase 5 - Ward 8
- l) Rehabilitation of Quartz Road and Portion of Platinum Road in Ward 4
- m) Construction of a Sportsfield in Ward 2, Mandeni
- n) Construction of a Soccer Field and Combo Court in Khenana Township, Ward 10
- o) Construction of a Sportsfield in Ward 1, Mandeni

**4.2. Projects under Municipal Internal Funding**

Projects under Construction

- a) Repair and Renovation of Civic Centre Roof in Mandeni
- b) New Protection Services Centre DLTC
- c) Extension of Mechanical Workshop and Construction of New Offices

Projects in Tender Stage

- d) P415-459 Ward 3 Streetlights

Projects in Planning Stage

- e) Upgrade of Link Road between Masomonce Bus Route (Ward 10) and Enembe/Isithebe Link Road (Ward 12).



**4.3. Projects under the Integrated National Electrification Programme (INEP)**

2023/24 Financial Year Allocation	<b>R 7 384 000.00</b>
<b>Less:</b> Total Expenditure	R 4 289 779,11
Balance	R 3 094 220,89
Expenditure as a %	<b>58,1%</b>

Projects under Construction

- a) Dendethu Phase2/Wetane - 108HH (38)
- b) Khovothi Electrification 105 HH
- c) Emhlangeni Electrification 100 HH

Projects under Planning Stage

- d) Mandeni Sub-station - Bulk

**4.4. Projects under the Massification Grant**

Total Allocation	<b>R 5 000 000.00</b>
<b>Less:</b> Total Expenditure	R 3 884 153,65
Balance	R 1 115 846,35
Expenditure of as a %	<b>77.7%</b>

Projects under Construction

- e) Mantshangula Mhlubulweni Electrification Project
- f) Khenana Phase 5 Electrification Project

**4.5. Projects under the Disaster Management Grant**

Total Allocation	<b>R17 023 000.00</b>
<b>Less:</b> Total Expenditure	R 2 990 417.94
Balance	R 14 032 582.06
Expenditure of as a %	<b>17.57%</b>

Projects under Construction -

- a) Novas Farm 2 (Ward 04)
- b) D2022 Road (Ward 14)
- c) Efelethu Road (Ward 3)
- d) D1293 Road (Ward 12)

**5. PROGRESS ON PROJECTS AND EXPENDITURE**

**5.1 Municipal Infrastructure Grant**

Projects under Construction Stage

**a) Installation of High Mast Lights in Mandeni, Phase 2 (Ward 3, 5, 9, 11 and 12x2)**

<b>CATEGORY</b>	<b>APPROVED BUDGET</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 1 067 105.27	R 1 022 364.28
<b>Construction Cost</b> <b>(V.O : R 367 004.50)</b>	R 5 413 316.30	R 4 777 901,42
<b>TOTALS (Incl. Vat)</b>	R 6 480 421.57	R 5 800 265,7

**Project Details**

**Name of Consultant:** Africoast JBFE Project Manager  
**Name of Contractor:** R Busisiwe (Pty) Ltd  
**Project Commencement Date:** January 2023  
**Contractual Completion Date:** July 2023  
**Revised Completion date:** September 2023 (To be revised)

**Project Scope**

- 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.

**Current Status Overall Construction progress 98%:** All overhead support infrastructure and underground infrastructure has been installed. All 6 High masts have been erected, and the Light fittings have been installed. Consultant to book an outage for energizing.

**b) Construction of Hlomendlini Sportfield, Ward 4**

<b>CATEGORY</b>	<b>APPROVED BUDGET</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 846 700.02	R 1 317 689.56
<b>Construction Cost</b>	R 8 041 369.71	R 3 143 894.63
<b>Sub-Total (MIG Funds)</b>	R 8 888 069.73	R 4 461 584.19
<b>Sub-total (Internal Funds) Not Yet Approved</b>	R 1 547 441.12	R0.00
<b>TOTALS (Incl Vat)</b>	R 10 435 510.85	R 4 461 584.19

**Project Details**

**Name of Consultant:** SRK Consulting  
**Name of Contractor:** Zithinzuzo Trading Enterprise cc  
**Project Commencement Date:** March 2023

**Contractual Completion Date:** March 2024

**Revised Completion date:** N/A

**Project Scope**

- Site Establishment. Setting out of works.
- Bulk earthworks to the various elements of infrastructure on site.
- 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.

**Current Status Overall Construction Progress 49%:** Site establishment and setting out of works is 100% completed, topsoil removal 100%, fencing 90%, commencement of guardhouse and ablution block with bulk earthworks currently is approximately 85%.

**Challenges:** Delay in the commencement of works due to Contractor meeting Contractual Obligations and the Appointment of an ECO as per WULA conditions. 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. With regards to the delays and issues relating to the guardhouse and ablution along with the full compliance with the Town Planning regulations has since been resolved, a meeting to conclude on this matter took place on Thursday, 7<sup>th</sup> December 2023.

**c) Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili ward 15 (Amajuba Road)**

<b>CATEGORY</b>	<b>APPROVED BUDGET</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 1 485 206.26	R 1 323 892.55
<b>Construction Cost</b>	R 10 555 885.48	R 2 938 611.70
<b>TOTALS (Incl Vat)</b>	R 12 041 091.74	R 4 262 504.25

**Project Details**

<b>Name of Consultant:</b>	Libeko (Pty) Ltd
<b>Name of Contractor:</b>	Nangu-U-Mzamo Retailers
<b>Project Commencement Date:</b>	August 2023
<b>Contractual Completion Date:</b>	February 2024
<b>Revised Completion date:</b>	N/A

**Project Scope**

- Site Establishment: Establishment of offices, tools, plant, etc.
- Site clearance: removal of topsoil, cutting of trees and bushes, where required.
- Overhaul: Hauling of gravel selected layer material.
- Installation of Subsoil drainage.
- Concrete pipe installation: Installation of prefabricated culverts with associated catch pits and headwalls.
- Concrete kerb-channel: Installation of precast kerb and cast in situ channel.
- Roadbed preparation.
- Hauling and Processing of G7, G6, G5 and G2 quality gravel materials.
- In-situ Recycling (First Phase) and (Second Phase);
- Stabilization.
- Milling and stockpiling of existing surface on strategic sections with minimal degree of surface failure;
- Patching and repairing edge breaks.
- Priming;
- Asphalt Wearing coarse: Lay and process Asphalt from commercial source.
- Construction of speed humps;
- Gabions: Installation of gabions.
- Plantable Interlocking TB300;
- Installation of Concrete Bollards.
- Road Signs: Installation of road signs;
- Road Marking.
- Landscaping and Planting; and
- Finishing the road and road reserve.

**Current Status Overall Construction progress 27%:** Site establishment, setting out of works, Roadbed preparation, G7 Layer, In-situ Recycling, Milling and Stockpiling, Patching and repairing edge breaks are all a 100% completed. G5 Layer is 60% and Site Clearance being 50%.

**Challenges:** 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 amount of R 1 041 525.73 incl. vat more than the amount approved by COGTA i.e Notification of Registration Amount (NOR). Contractor's progress on-site has been seen to be slow with a request been made to them to relook at they site personnel. Recent inclement weather conditions have caused delays and sub-contracting issues.

**d) Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili Ward 13 Phase 2 and Ward 14 White City Section (Phumla, Indumiso and Mandela).**

<b>CATEGORY</b>	<b>APPROVED BUDGET</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 2 352 795.17	R 1 887 177.57
<b>Construction Cost</b>	R 16 257 859.82	R 3 735 708.50
<b>TOTALS (Incl Vat)</b>	R 18 610 654.99	R 5 622 886.07

**Project Details**

**Name of Consultant:** Singh Govender & Associates cc  
**Name of Contractor:** MVI-SSSS Trading Enterprise cc  
**Project Commencement Date:** August 2023  
**Contractual Completion Date:** April 2024  
**Revised Completion date:** N/A

**Project Scope**

- Site Establishment: Establishment of offices, tools, plant, etc.
- General requirements for construction activities: Employment of Local Labour and CLO.
- Site clearance: removal of topsoil, cutting of trees and bushes, where required.
- The implementation of Traffic Accommodation facilities.

- Milling of the existing road asphalt to spoil.
- Excavation of the existing road layerworks to stockpile and spoil.
- Subgrade treatment: 300mm undercut to spoil and replace with G7 backfill at unsuitable founding conditions.
- Rip and recompact Roadbed (Subgrade) in preparation for layerworks.
- Installation of cable ducts — and protection to existing services where necessary.
- Import G5 and G2 material from commercial sources for layerworks.
- Construction of a 150mm Subbase layer with G5 material obtained from commercial sources.
- Construction of a 150mm Base layer with G2 material obtained from commercial sources.
- Pre-pulverising cement stabilising of the existing Base layer for areas with minimal degree of surface failures.
- Construction of concrete V-Drains and Kerbing and Channelling.
- Construction of a 40mm Asphalt layer- Mix D, obtained from commercial sources.
- Construction of speed humps.
- Construction of Stormwater pipelines utilising 600mmØ and 450mmØ concrete pipes. The installation of Sub-soil drains for subsurface drainage.
- Construction of Side Inlet Manholes along the roadways. Installation of Guardrails.
- Installation of Gabions.
- Installation of Retaining walls.
- Installation of Road Signs and painting of Road Markings.
- Clearing of the road reserve

**Current Status Overall Construction progress 30%:** Site establishment 100%, Setting Out of works is 55%, Site Clearance 65% and Roadbed preparation 16%.

**Challenges:** 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 amount of R 5 479 308.70 incl. vat more than the amount approved by COGTA i.e Notification of Registration Amount (NOR). Recent inclement weather conditions. Furthermore, we have experienced very unsuitable in-situ material as a result of high moisture level including seepage due to fluctuation in subsurface ground water levels.

**e) Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili, Ward 13 Phase 1 (Mthombothi, Mbabala, Umgakla and Sondeza)**

<b>CATEGORY</b>	<b>APPROVED BUDGET</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 1 532 598.83	R 956 008.13
<b>Construction Cost</b>	R 12 148 430.66	R 1 785 986.24
<b>TOTALS (Incl Vat)</b>	R 13 681 029.49	R 2 741 994.37

**Project Details**

**Name of Consultant:** DLV Project Managers and Engineers

**Name of Contractor:** Bheka Phezulu Investments and Sales

**Project Commencement Date:** October 2023

**Contractual Completion Date:** April 2024

**Revised Completion date:** N/A

**Project Scope**

- Site establishment
- Site clearance
- Mass Earthworks
- Road Bed Preparation
- Clearing Existing Stormwater Infrastructure
- New Stormwater Infrastructure
- New Pavement Layerworks (Construction of 150mm G7 subgrade layer, Construction of stabilized 125mm C4 lower – subbase layer and Construction of stabilized 125mm C4 base)
- Asphalt Road Surfacing
- Kerbs and Channels
- Road Restraint Systems
- Road Signs
- Road Marking
- Finishing



**Current Status Overall Construction progress 32%:** Site establishment 100%, Mass earthworks 25%, Roadbed preparation 16%, Stormwater 15%

**Challenges:** Delay in the commencement of works due to community dissatisfaction about labour and CLO recruitment. An Award Adjustment Application has been submitted to COGTA for approval as the project was appointed for an amount of R 667 565.79 incl. vat more than the amount approved by COGTA i.e. Notification of Registration Amount (NOR). Recent inclement weather conditions caused delays.

**5.2. Municipal Internal Funding:**

Projects under Construction Stage

**a) Repair and Renovation of Civic Centre Roof in Mandeni**

<b>CATEGORY</b>	<b>APPROVED BUDGET</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 1 600 000.00	R 1 445 043.84
<b>Construction Cost</b>	R10 993 497.45	R 6 993 535.34
<b>TOTALS (Incl Vat)</b>	R 12 593 497.45	R 8 438 579.18

**Project Details**

**Name of Consultant:** LZM Africa Holdings  
**Name of Contractor:** Uhlanga Trading Enterprise  
**Project Commencement Date:** October 2022  
**Contractual Completion Date:** July 2023  
**Revised Completion date:** February 2024

**Project Scope**

The scope of works includes the following activities

- Replacement of Existing roof
- Replacing existing ceiling
- Treatment of Rising damp by Specialists
- Installation of Energy 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.

**Current Status Overall Construction progress 79%:** Site Establishment 100%, Relocation of staff 100%, Stripping of Existing Roof 100% and Installation of New Trusses 100%, installation of roof tiles 80%, Electrical work 95%, Ceiling 90%.

External Paint 95% for the first Phase of works. Contractor to complete electrical works, painting, tiling, ceiling and smoke and fire detection system, doors installation and carpentry works for Phase 1.

**Challenges:** Anticipated delay with regards to the commencement of Phase 2 due to the Relocation of the Mandeni Library service. Further delays have been encountered 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 on the 13<sup>th</sup> of November 2023 and practical completion in February 2024.

**b) New Protection Services Centre DLTC**

<b>CATEGORY</b>	<b>APPROVED BUDGET</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 2 114 723.00	R 1 615 369.85
<b>Construction Cost</b>	R 14 017 239.00	R 9 765 842.71
<b>TOTALS (Incl Vat)</b>	R 16 131 962.00	R 11 381 212.56

**Project Details**

**Name of Consultant:** Nzamakhuze Holdings  
**Name of Contractor:** Mlombomvu Projects  
**Project Commencement Date:** January 2023  
**Contractual Completion Date:** July 2023  
**Revised Completion date:** 15 December 2023

**Project Scope**

- Site establishment
- Site clearance
- Fencing (450m Approximately) and installation of Vehicular Gates
- Excavation for foundation
- Construction of brickworks for super structure
- Installation of roof sheeting including finishing off remaining works
- Plaster and Paint works for internal walls
- Electrical connections and Plumbing works
- Building Electrical and Mechanical Works (Fire and HVAC)
- Portable water pipeline supply will be connected on the district Municipality main water pipeline.
- Rainwater collection system
- Parking and related pavement earthworks and layer works
- Stormwater Drainage Works and Installation of Jojo Tanks
- Road marking
- Installation of Sewer Reticulation
- Finishes
- Fully furnished kitchen
- Cleaning, removal of building rubble and reinstatement of lawns

**Current Status Overall Construction progress 91%:** Site Establishment 100%, Excavation for foundation 100%, Construction of brickworks for super structure 100%, Installation of roof sheeting including finishing off remaining works (suspended ceiling) 100%, Installation of Sewer Reticulation 100%, Parking and related pavement earthworks 92%, layer works 92%, Concrete Drains 78%, Plaster 100% and Paint works for internal walls 100%, Plumbing works 100%, Building Electrical and Mechanical Works (Fire and HVAC) 90%, Stormwater Drainage Works 95%, Portable water pipeline supply will be connected on the district Municipality main water pipeline 100%, Rainwater collection system 0%, Installation of Jojo Tanks 0%, Road marking 0%, Fencing (450m Approximately) and installation of Vehicular Gates 0%, Finishes 0%, Fully furnished kitchen 0%. Cleaning, removal of building rubble and reinstatement of lawns 0%.

The contractor submitted the letter for the request of extension of time number two and they were granted up until 15 November 2023 to complete the works.

**Challenges:** The project is behind the schedule and the contractor has failed to complete the project despite being granted the extension of time. This has been caused by poor management skills.

**c) Extension of Mechanical Workshop and Construction of New Offices**

<b>CATEGORY</b>	<b>APPROVED BUDGET</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 1 947 107.22	R 1 626 287.83
<b>Construction Cost</b>	R 16 996 962.19	R 5 337 527.34
<b>TOTALS (Incl Vat)</b>	R 18 914 069.41	R 6 963 815.17

**Project Details**

**Name of Consultant:** Ukwakha Consulting Engineers  
**Name of Contractor:** Bheka Phezulu Investment and Sales  
**Project Commencement Date:** July 2023  
**Contractual Completion Date:** March 2023  
**Revised Completion date:** N/A

**Project Scope**

- Site establishment
- Site clearance, demolition of existing pavement
- Demolition of an existing building
- Earthworks
- Construction of the new 146m<sup>2</sup> Mechanical workshop
- Demolition & Modification of the existing workshop storage
- Modification, Repairing and plumbing of the Existing Toilets & Change room
- Construction of the new 100.70m<sup>2</sup> Office Block
- Construction of the new canteen
- Extension of the existing storage rooms by 114m<sup>2</sup>
- Fiberglass Roof Sheet IBR 3.6m Clear - Covered Walkway
- Construction of new pavement around the site
- Stormwater drainage installation

- Installation of electrical, mechanical, and associated works
- Renovation of the Male and Female Ablution and change rooms
- Construction of New Slabs

**Current Status Overall Construction progress 46%:** Site Establishment 100%, Site clearance 40%, demolition of existing pavement 56%, Demolition of an existing building and Construction of the new 100.70m<sup>2</sup> Office Block 0%, Earthworks 35%, Construction of the new 146m<sup>2</sup> Mechanical workshop 35%, Construction of the new canteen 85%, Extension of the existing storage rooms by 114m<sup>2</sup> 35%, Fiberglass Roof Sheet IBR 3.6m Clear - Covered Walkway 0%, Construction of new pavement around the site 0%, Stormwater drainage installation 0%, Installation of electrical, mechanical and associated works 25%, Renovation of the Male and Female Ablution and change rooms 85%, Construction of New Slab for the vehicle wash bay 0%

**Challenges:** There contractor is slightly behind the programme.

Projects under Planning Stage

**d) Upgrade of Link Road between Masomonce Bus Route (Ward 10) and Enembe/Isithebe Link Roads (Ward 12)**

**Project Scope:** The new scope of work to prioritize the Storm-water, retaining wall, sidewalk and fixing the damage sections of the road.

**Current status:** Awaiting the objection period for the panel of contractor

**5.3. Department of Energy: Integrated National Electrification Programme (INEP) Projects**

Projects under Construction

**a) Dendethu Phase2/Wetane - 108+38 Connections**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R541 761.49	R 290 962.51
<b>Construction Cost</b>	R2 034 054.94	R 2 014 748.60
<b>TOTAL (excl vat)</b>	R2 575 816.43	R 2 305 711.11

**Project Details**

**Name of Consultant:** Veritas  
**Name of Contractor:** Afriletrical  
**Project Commencement Date:** 07 October 2022  
**Completion Date:** 07 December 2022  
**Revised Completion Date:** April 2023

**Current Status:** Overall Construction progress is 100%. All 146 households have been energized. The project close off stage is not yet reached due to the contractors negligence and not ordering house labels on time. Currently awaiting delivery of the house labels by Eskom and removal of 40% of the illegal connections.

**Challenges:** Contractor not cooperating with the clients/consultant, contractor not on site to remove the illegal connections. This project is experiencing delays due to the inefficiency and unwillingness to comply and perform duties effectively by the contractor i.e. installation of house labels, installation of orange locks and the removal of illegal connections. Superintendent to escalate the matter to the municipal manager.

**b) Emhlangeni Electrification Project - 100 HH**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 407 183.93	R 463 817.67
<b>Construction Cost</b>	R 2 908 456.61	R 2 394 374.91
<b>TOTAL (excl. vat)</b>	R 3 315 640.54	R 2 858 192.58
<b>Electrical Reticulation Vote</b>		R 165 897,05

**Project Details**

**Name of Consultant:** PSMT Consulting Engineers

**Name of Contractor:** R Busisiwe (Pty) Ltd

**Project Commencement Date:** May 2023

**Completion Date:** July 2023

**Revised Completion Date:** N/A

**Current Status:** Overall Construction progress is 95% complete. There are 100 dry connections that have been achieved. Outage booking is currently in progress for energizing the dry connection. Transformers will be installed upon the confirmation of the outage.

**Challenges:** The project has a dependency as per Eskom’s Network Planning Report, which is a line upgrade from MV Oak line to MV Chickadee line. This upgrade calls for break-and-build in the same servitude because of space constraints. The break-and-build requires the line to be dead, this then necessitates the booking of outages from the commencement of the project to do the upgrade as there are no connections to be added in the network before the line has been upgraded.

**c) Okhovothe Electrification Project**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R210 983.83	R128 424.94
<b>Construction Cost</b>	R 899 998.72	R 498 874.33
<b>TOTAL</b>	R1 363 717.39	R 627 299.27

**Project Details**

**Name of Consultant:** BVI Engineers  
**Name of Contractor:** Onombuthu (Pty) Ltd  
**Project Commencement Date:** May 2023  
**Completion Date:** August 2023  
**Revised Completion Date:** Nil

**Current Status:** Overall Construction progress is at 98% with installation of house labels being the only outstanding item to be done. 105 dry connections awaiting Eskom to be energized. Contractor to commission and energize 105 dry connections.

**Challenges:** None at this point.

**d) Mandeni Substation Project**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 11,826,735.62	R 4 289 779,11
<b>Construction Cost</b>	R0	R0
<b>TOTAL</b>	R 7 384 000.00	R 4 289 779,11

**Project Details**

**Name of Consultant:** ZLM Engineers  
**Name of Contractor:** N/A  
**Project Commencement Date:** 12 May 2023  
**Completion Date:** TBC



**Revised Completion Date:** Nil

**Current Status:** The project is currently at a preliminary design stage.

**Challenges:** None

**5.4. Projects under Massification Grant**

**e) Khenana Phase 5 Electrification Project**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 0.00	R 0.00
<b>Construction Cost</b>	R 1 783 633.26	R 1 414 425,3
<b>TOTAL</b>	R1 783 633.26	R 1 414 425,3

**Project Details**

**Name of Consultant:** Veritas Engineers

**Name of Contractor:** Godide Engineering Services (Pty) Ltd

**Project Commencement Date:** July 2023

**Completion Date:** September 2023

**Revised Completion Date:** Nil

**Current Status:** - Awarded to Godide Engineering Services (Pty) Ltd. Construction on site have been completed, commissioning and energizing is currently underway. Awaiting Eskom to issue MEMOS and then book outage to energize households that are outage dependent.

**Challenges:** Delays from Eskom in capturing SLDs and issuing the MEMOS.

**f) Mantshangula Mhlubulweni Electrification Project**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 635 000.28	R 444 791,68
<b>Construction Cost</b>	R 3 906 727.96	R 2 024 936,67
<b>TOTAL</b>	R 4 541 728.24	R 2 469 728,35

**Project Details**

**Name of Consultant:** PSMT Engineers  
**Name of Contractor:** R. Busisiwe (Pty) Ltd  
**Project Commencement Date:** 06/11/2023  
**Completion Date:** 06/03/2024  
**Revised Completion Date:** Nil

**Current Status:** Appointment letter has been signed by the appointed contractor, kick-off meeting was held on the 10th of October 2023. Project launch was held on the 20th of October 2023. Expected start date for physical construction is the 6th of November 2023 and the anticipated completion date is the 6 of March 2024. Contractor busy with excavation and pole planting on site and progress percentage is 26,5%.

**Challenges:** The project has been stopped as of 17 November 2023 by Macambini Traditional Council, project resumed on the 8<sup>th</sup> of December 2023.

**5.5 Projects under Disaster Recovery Grant**

**a) Gravelling of Novas Farm 2 (Ward 04)**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 631 643.21	R 489 973.73
<b>Construction Cost</b>	R 3 665 502.91	R 305 193.60
<b>TOTAL</b>	R 4 297 146.12	R 795 167.33

**Project Details**

**Name of Consultant:** Libeko (Pty) Ltd  
**Name of Contractor:** Msebe Contracting and Trading cc  
**Project Commencement Date:** December 2023  
**Contractual Completion Date:** February 2024  
**Revised Completion date:** N/A

**Project Scope**

- Establishment on site.
- Clearing & grubbing.
- Site clearance: removal of topsoil, cutting of trees and bushes, where required.
- Bulk Earthworks: Cut to fill, cut to spoil, etc.
- Preparation of Roadbed and removal of unsuitable material.
- Gravel selected layer: Preparation and process G7 material.
- Gravel wearing coarse: Preparation and process G5 material
- Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls
- Installation of subsoil
- Installation of signages
- Cleaning of road reserve

**Current Status Overall Construction progress 5%:** Establishment 5%

**Challenges:** None

**b) The Rehabilitation of D2022 Road (Ward 14)**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 443 870.98	R 315 297.83
<b>Construction Cost</b>	R 2 657 657.41	R 0
<b>TOTAL</b>	R 3 101 528.39	R 315 297.83

**Project Details**

**Name of Consultant:** Libeko (Pty) Ltd  
**Name of Contractor:** Musa and Sons Trading Enterprise Pty Ltd  
**Project Commencement Date:** December 2023  
**Contractual Completion Date:** February 2024  
**Revised Completion date:** N/A

**Project Scope**

- Establishment on site.
- Clearing & grubbing.
- Site clearance: removal of topsoil, cutting of trees and bushes, where required.
- Overhaul: Hauling of gravel selected layer material from commercial source.
- Bulk Earthworks: Cut to fill, cut to spoil, etc.
- Preparation of Roadbed and removal of unsuitable material.
- Gravel selected layer: Preparation and process G7 material.
- Chemical stabilization: Preparation and process
- Installation of kerbing and channelling
- Crushed Stone Base: Preparation and process G2 material
- Prime Coat: preparation and application.
- 40mm Asphalt Wearing coarse
- Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls
- Installation of subsoil
- Road Marking
- Installation of signages
- Cleaning of road reserve

**Current Status Overall Construction progress 0%:**

**Challenges:** The contractor had delays with establishing the site camp due to cash flow.

**c) Gravelling of Efaletu Road (Ward 3)**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 699 015.99	R 468 449.18
<b>Construction Cost</b>	R 3 905 945.04	R 386 491.00
<b>TOTAL</b>	R 4 604 961.03	R 854 940.18

**Project Details**

**Name of Consultant:** Libeko (Pty) Ltd  
**Name of Contractor:** Humble Frank Multi Service  
**Project Commencement Date:** December 2023  
**Contractual Completion Date:** February 2024  
**Revised Completion date:** N/A

**Project Scope**

- Establishment on site.
- Clearing & grubbing.
- Site clearance: removal of topsoil, cutting of trees and bushes, where required.
- Overhaul: Hauling of gravel selected layer material from commercial source.
- Purchase of G5 Material: from the Commercial Source.
- Bulk Earthworks: Cut to fill, cut to spoil, etc.
- Preparation of Roadbed and removal of unsuitable material.
- Gravel selected layer: Preparation and process G7 material.
- Gravel Wearing coarse: Preparation and process G5 material
- Installation of Gabions
- Excavation and preparation of side drains
- Installation of subsoil
- Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls
- Installation of signages
- Cleaning of road reserve

**Current Status Overall Construction progress 5%:** Site Establishment 5%

**Challenges:** None

**d) Gravelling of D1293 Road (Ward 12)**

<b>CATEGORY</b>	<b>TENDER AMOUNT</b>	<b>EXPENDITURE</b>
<b>Professional Fees</b>	R 788 939.30	R 483 703.92
<b>Construction Cost</b>	R 4 653 370.55	R 541 308.68
<b>TOTAL</b>	R 5 442 309.85	R 1 025 012.6

**Project Details**

**Name of Consultant:** Libeko (Pty) Ltd  
**Name of Contractor:** Sukoluhle Trading Enterprise  
**Project Commencement Date:** December 2023  
**Contractual Completion Date:** February 2024  
**Revised Completion date:** N/A

**Project Scope**

- Establishment on site.
- Clearing & grubbing.
- Site clearance: removal of topsoil, cutting of trees and bushes, where required.
- Overhaul: Hauling of gravel selected layer material from commercial source.
- Bulk Earthworks: Cut to fill, cut to spoil, etc.
- Preparation of Roadbed and removal of unsuitable material.
- Gravel Wearing Coarse: Preparation and process G5 material.
- Gravel Subbase Coarse: Preparation and process G7 material
- Side Drainage: Excavation and preparation of side drains.
- Construction of stone pitching.
- Installation of gabion wall and mattresses on stormwater inlet/outlet infrastructure
- Cross drains: Laying of prefabricated culverts with associated catch pits and headwalls
- Installation of subsoil
- Installation of signages
- Cleaning of road reserve

**Current Status Overall Construction progress 5%:** Site Establishment 5%

**Challenges:** None

## **6 IMPLICATIONS**

### **6.1 FINANCIAL**

All projects being implemented will have to be funded in terms of the approved municipal budget. Funding is either through grant funding or municipal revenue funding.

### **6.2 LEGAL**

All procurement will be done in terms of the Municipal Supply Chain Management Policy or any other relevant policy of council and implementation will be in terms of all relevant legislation or regulations applicable.

### **6.3 PUBLIC RELATIONS**

Project Steering Committees (PSC's) are established through the Office of the Speaker to address community consultation on all projects. The PSC's meet regularly to attend to issues relating to the community affected by the projects. Further, community liaison officers from the project areas are employed on the projects to assist with community consultation.

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**PROJECTS STATUS QUO / PROGRESS REPORT AS AT 31 DECEMBER 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.	<b>Consultant</b> Iqhina Consulting Engineers  <b>Contractor</b> <b>TBA</b>	R2 000 000.00	Planning stage	<b>TBA</b>	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.	<b>Consultant:</b> BVI Consulting  <b>Contractor:</b> 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
			<p>- 25m high-mast pole including concrete base as detailed in the electrical bill of quantities.</p> <p>- 8 x 400w LED luminaires per mast using an 8-way spigot.</p>					
11	Construction of Hlomendlini Sportfield, Ward 4	4	<p>Site Establishment. Setting out of works. Bulk earthworks to the various elements of infrastructure on site. 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.</p>	<p><b>Consultant:</b> SRK Consulting</p> <p><b>Contractor:</b> Zithinzuzo Trading Enterprise cc</p>	R8,041,369.71	Project is 49% complete	March 2024	<p>There were delays with the contractor meeting contractual obligations, appointment of the ECO who ensures that the WULA conditions are adhered to on site.</p> <p>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. Issues relating to the access to the site and other town planning challenges have been resolved and the</p>

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No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
								contractor is expected to continue after the builders shutdown i.e January 2024
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.	<b>Consultant:</b> Africoast JBFE Project Manager  <b>Contractor:</b> R Busisiwe (Pty) LTD	R5,046,311.80	Project is 95% complete.	January 2024	All overhead support infrastructure and underground infrastructure has been installed. All 6 High masts have been erected, light fittings have been delivered and installation of the light fittings is currently underway.
13	Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili, Ward 13 Phase 1	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 Signs. Road Marking. Finishing of road reserve.	<b>Consultant:</b> DLV Project Managers & Engineers (Pty) Ltd  <b>Contractor:</b> Bheka Phezulu Investments and Sales	R12,748,334.78	Project is 32 % complete.		Project has commenced however there was a bit of a delay at the start due to disputes regarding labour and CLO recruitment, but it was later resolved. Other additional labour was recruited and the

**KZN 291 Mandeni Municipality 2023/24 Mid-Year Budget Assessment Report (S 72)**

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
								new CLO was appointed.
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.	<b>Consultant:</b> Singh Govender Associates  <b>Contractor:</b> MVI-SSSS Trading Enterprise	R16,257,859.82	Project is 30% complete.	<b>April 2024</b>	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). Furthermore, we have experienced very unsuitable in-situ material as a result of high moisture level including seepage due to fluctuation in

**KZN 291 Mandeni Municipality 2023/24 Mid-Year Budget Assessment Report (S 72)**

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
								subsurface ground water levels.
15	Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili, Ward 15		Establishment on site. Clearing & grubbing. Traffic accommodation facilities. Milling and stockpiling of existing surface on strategic 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.	<b>Consultant:</b> Libeko (Pty) Ltd  <b>Contractor:</b> Nangu-u-Mzamo Retailers	R10,555,885.48	Project is 35% complete.	February 2024	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 1 041 525.73 incl vat more than the amount approved by COGTA i.e Notification of Registration Amount (NOR). The Project delays that were experienced as a result of subcontracting of works process has been resolved.

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**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	<b>Consultant:</b> BVI Engineers  <b>Contractor:</b> Onombuthu Pty LTD	R1,152,933.57	The project has 105 dry connections ready to be energized. 100% construction progress, energizing currently underway.	January 2024	Delays are due to inexperience of the contractor and the negligence of consultant, not ordering material on time. Further to the above mentioned, Eskom have delayed the project further by not providing the consultant with KCTs to allow for the energization of the households. KCTs were only made available to the consultant on the 6 <sup>th</sup> of December 2023. Installation of stand numbers is currently underway and the energizing of households.

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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	<b>Consultant:</b> Veritas Engineers  <b>Contractor:</b> Afrilectrical Consulting Engineers	R2,034,054.94	The project is 99% complete.	February 2023	Contractor not cooperating with the clients/consultant, contractor not on site to remove the illegal connections. This project is experiencing delays due to the inefficiency and unwillingness to comply and perform duties effectively by the contractor. The matter has been escalated to the municipal manager to engage with the contractor. Awaiting MMs meeting with the contractor to find a way forward.
18	Emhlangeni Electrification	5	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to	<b>Consultant:</b> PSMT Consulting Engineers	R2,908,456.61	Project is 100% complete.	January 2023	The project has a dependency as per Eskom's Network Planning Report, which is a line upgrade from MV

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No	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			electricity to 100 households' connections	<b>Contractor:</b> R Busisiwe (Pty) LTD				Oak line to MV Chickadee line. This upgrade calls for break-and-build in the same servitude because of space constraints. The break-and-build requires the line to be dead, this then necessitates the booking of outages from the commencement of the project to do the upgrade as there are no connections to be added in the network before the line has been upgraded. Eskom to rectify the issue of an incorrect prefix that they issued and to provide a date for an outage.

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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
19	Construction of DLTC and DMC Administration Offices - Phase 1	3	Construction of a Drivers Licence Testing centre administration offices and Testing Ground	<b>Consultant:</b> Nzamakhuze Holdings  <b>Contractor:</b> Mlombomvu Projects CC	R14,017,239.00	Project is 91% Complete.	July 2023  EOT – 15 December 2023	The contractor is progressing very slow they did not finish the work with the granted extension of time which ended on 15 December 2023.
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 saving Components and the replacement of all existing Electrical Components and Wiring. Upon Replacement of Existing Roofs,	<b>Consultant:</b> LZM Africa Holdings  <b>Contractor:</b> Uhlanga Trading Enterprise	R10,993,497.45	Project is 79% complete	February 2024	Anticipated delay with regards to the commencement of Phase 2 due to the Relocation of the Mandeni Library service. Further delays have been encountered 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 which will then give us a



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			<p>The networking and Security cabling will be exposed to damages therefore re-routing and the installation of cable trays is recommendable.</p> <p>Damaged Walls with visible rising damp has to restored and re-painted.</p>					<p>projected completion date of February 2024.</p>
21	Construction of Mechanical Workshop	3	<p>Demolition of existing pavement and structures, earthworks, construction of a Mechanical workshop, construction of a new office block, paving front of the workshop, construction of a drainage channel, installation of water and sewer, installation of electrical,</p>	<p><b>Consultant:</b> Ukwakha Consulting Engineers</p> <p><b>Contractor:</b> Bheka Phezulu Investments and Sales</p>	R16,996,962.19	Project is 46% complete		<p>The work did not progress very well in December 2023 due to inclement weather conditions.</p>

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			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.					
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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 infrastructure to electricity to 100 households' connections	<b>Consultant:</b> Veritas Engineers  <b>Contractor:</b> Godide Engineering Services (Pty)	R1,783,633.26	Project is 99% complete.	January 2024	Construction on site have been completed, meter delivery delayed by 6 weeks. Meters have been delivered and installed, delays from Eskom in providing KCTs and to capture SLDs. Eskom has still not captured the SLDs and as a result we can't book

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No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
								an outage. KCTs were only provided by Eskom on the 7 <sup>th</sup> of December 2023.
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	<b>Consultant:</b> PSMT Consulting Engineers  <b>Contractor:</b> R Busisiwe (PTY) LTD	R 3,906,727.96	Excavation, planting of MV and LV poles, stringing of LV bundle conductor and MV Fox conductor.	March 2024	Appointment letter has been signed by the appointed contractor, kick-off meeting was held on the 10th of October 2023. Project launch was held on the 20th of October 2023. Expected start date for physical construction is the 6th of November 2023 and the anticipated completion date is the 6 of March 2024. On the 17 <sup>th</sup> of November 2023, A week after the contractor had commenced with construction on site, the project was stopped by

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No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
								the traditional council. This delayed the project by two weeks, the construction on site resumed on site on the 8 <sup>th</sup> of December 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. (c) Site clearance: removal of topsoil, cutting of trees and bushes, where required. (d) Overhaul: Hauling of gravel selected	<b>Consultant:</b> <b>Libeko (Pty) Ltd</b>  <b>Contractor:</b> Msebe Contracting and Trading cc	R3,665,502.91	Project is 5% complete	February 2024	The Contractor was appointed on 30 November 2023. The project was launched and site handover was done. The contractor will resume with the construction work in January 2024.

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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) Gravel wearing coarse: Preparation and process G5 material (j) Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls					

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No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(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 layer material from commercial source. (e) Purchase of G5 Material: from the Commercial Source.	<b>Consultant:</b> Libeko (Pty) Ltd  <b>Contractor:</b> Musa and Sons Trading Enterprise Pty Ltd	R2,657,657.41	Project is 0% complete	February 2024	The Contractor was appointed on 5 December 2023. The project was launched and site handover was done. The contractor will resume with the construction work in January 2024.

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No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(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 (l) Prime Coat: preparation and application. (m) 40mm Asphalt Wearing coarse					

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No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(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 Efalethu Road (Ward 3)	3	(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	<b>Consultant:</b> Libeko (Pty) Ltd  <b>Contractor:</b> Humble Frank Multi Service	R3,905,945.04	Project is 5% complete	February 2024	The Contractor was appointed on 30 November 2023. The project was launched and site handover was done. The contractor will resume with the construction work in January 2024.



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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) Gravel Wearing coarse: Preparation and process G5 material (j) Installation of Gabions (k) Excavation and preparation of side drains					

**KZN 291 Mandeni Municipality 2023/24 Mid-Year Budget Assessment Report (S 72)**

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(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. (d) Overhaul: Hauling of gravel selected	<b>Consultant:</b> Libeko (Pty) Ltd  <b>Contractor:</b> Sukoluhle Trading Enterprise	R4,653,370.55	Project is 5% complete	February 2023	The Contractor was appointed on 30 November 2023. The project was launched and site handover was done. The contractor will resume with the construction work in January 2024.

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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 Wearing coarse: Preparation and process G5 material. (i) Gravel Subbase coarse: Preparation and process G7 material (j) Side Drainage: Excavation and preparation of side drains.					

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No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(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 31<sup>st</sup> December 2023**

<b>KZN291 Mandeni - Table C6 Monthly Budget Statement - Financial Position - Mid-Year</b>						
Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		254,613	116,789	–	323,181	116,789
Trade and other receivables from exchange transactions		53,837	8,376	–	53,193	8,376
Receivables from non-exchange transactions		(67,991)	21,324	–	(87,702)	21,324
Current portion of non-current receivables		–	–	–	–	–
Inventory		42,752	739	–	43,029	739
VAT		5,511	30,621	–	2,566	30,621
Other current assets		225	–	–	225	–
<b>Total current assets</b>		<b>288,947</b>	<b>177,849</b>	<b>–</b>	<b>334,492</b>	<b>177,849</b>
<b>Non current assets</b>						
Investments		–	–	–	–	–
Investment property		60,544	88,164	–	60,544	88,164
Property, plant and equipment		541,873	652,214	–	566,654	652,214
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		331	423	–	304	423
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
<b>Total non current assets</b>		<b>602,748</b>	<b>740,801</b>	<b>–</b>	<b>627,502</b>	<b>740,801</b>
<b>TOTAL ASSETS</b>		<b>891,695</b>	<b>918,651</b>	<b>–</b>	<b>961,994</b>	<b>918,651</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Financial liabilities		4,762	–	–	4,762	–
Consumer deposits		216	245	–	212	245
Trade and other payables from exchange transactions		41,741	35,888	–	19,330	35,888
Trade and other payables from non-exchange transactions		25,789	20,275	–	40,876	20,275
Provision		3,815	4,872	–	3,815	4,872
VAT		1,969	9,818	–	1,712	9,818
Other current liabilities		–	–	–	–	–
<b>Total current liabilities</b>		<b>78,293</b>	<b>71,097</b>	<b>–</b>	<b>70,708</b>	<b>71,097</b>
<b>Non current liabilities</b>						
Financial liabilities		–	–	–	–	–
Provision		–	–	–	–	–
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		17,730	22,795	–	17,730	22,795
<b>Total non current liabilities</b>		<b>17,730</b>	<b>22,795</b>	<b>–</b>	<b>17,730</b>	<b>22,795</b>
<b>TOTAL LIABILITIES</b>		<b>96,023</b>	<b>93,892</b>	<b>–</b>	<b>88,437</b>	<b>93,892</b>
<b>NET ASSETS</b>	2	<b>795,672</b>	<b>824,758</b>	<b>–</b>	<b>873,557</b>	<b>824,758</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		593,000	822,568	–	670,885	822,568
Reserves and funds		202,672	2,191	–	202,672	2,191
Other		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>795,672</b>	<b>824,758</b>	<b>–</b>	<b>873,557</b>	<b>824,758</b>

## **FINANCIAL RATIOS AND NORMS**

**Current ratio:** The municipality's current assets are 4 (four) times that of current liabilities. **4:73**

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 4:73 is favorable as it is above the norm of 1:1 normally set for municipalities. This indicates that there is sufficient cash to meet creditor obligations.

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

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

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

**Outstanding debtors:** billing far exceeds the collection on outstanding debt at the rate of 87 percent.

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

**Cost coverage:** on average the municipality has sustained its existence for the period of **9 months** without any grant funding.

**Debtors collection rate:** as at mid-year is **87%**

**1.4.4 PERFORMANCE INDICATOR**

**Table 7**

Table C7 below display the Cash Flow Statement for the month ending 31<sup>st</sup> December 2023

KZN291 Mandeni - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment										
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
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		(31,470)	26,698	-	4,812	14,709	13,349	1,360	10%	26,698
Service charges		(61,026)	62,465	-	4,826	36,983	31,233	5,750	18%	62,465
Other revenue		12,199	18,972	-	2,434	16,367	9,486	6,881	73%	18,972
Transfers and Subsidies - Operational		334,785	249,359	-	76,317	185,294	124,679	60,615	49%	249,359
Transfers and Subsidies - Capital		(88,617)	48,381	-	-	31,550	24,191	7,359	30%	48,381
Interest		23,867	10,500	-	2,861	14,070	5,250	8,820	168%	10,500
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(22,044)	(341,895)	-	(101,732)	(192,565)	(162,872)	29,693	-18%	(341,895)
Finance charges		-	(100)	-	-	(31)	(50)	(19)	38%	(100)
Transfers and Subsidies		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACT</b>		<b>167,695</b>	<b>74,381</b>	<b>-</b>	<b>(10,482)</b>	<b>106,378</b>	<b>45,266</b>	<b>(61,111)</b>	<b>-135%</b>	<b>74,381</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investment		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(376,184)	(165,536)	-	(9,381)	(47,423)	(82,768)	(35,346)	43%	(165,536)
<b>NET CASH FROM/(USED) INVESTING ACTI</b>		<b>(376,184)</b>	<b>(165,536)</b>	<b>-</b>	<b>(9,381)</b>	<b>(47,423)</b>	<b>(82,768)</b>	<b>(35,346)</b>	<b>43%</b>	<b>(165,536)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	(30)	-	(14)	(118)	(15)	(103)	684%	(30)
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTI</b>		<b>-</b>	<b>(30)</b>	<b>-</b>	<b>(14)</b>	<b>(118)</b>	<b>(15)</b>	<b>103</b>	<b>-684%</b>	<b>(30)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HEL</b>		<b>(208,489)</b>	<b>(91,186)</b>	<b>-</b>	<b>(19,876)</b>	<b>58,838</b>	<b>(37,517)</b>			<b>(91,186)</b>
Cash/cash equivalents at beginning:		82,988	207,979	-	-	254,524	207,979			254,524
Cash/cash equivalents at month/year end:		(125,502)	116,794	-	-	313,362	170,462			163,338

Cash and cash equivalent at the beginning of 2023/24 financial year is R254.5 million as per audited AFS and cash and cash equivalent at the end of 31<sup>st</sup> December 2023 is R313.4 million.

Table C7 shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

## **REVENUE**

- Property rates collection rate to date is 49.5% or R14.7 million of the billed revenue as at December 2023. The collection rate is above the budgeted rate of 45% the municipality will remain the same during an adjustment budget.  
Further to that the municipality is implementing strategies as per credit control and debt collection policy which has ensured that there is improved collection.
- Service Charges: electricity is 65% or R33.9 million of billed revenue as at December 2023 collection rate is within the limits of budgeted collection rate. Collection rate budgeted will be met at year end, budget will remain the same during adjustment budget.
- Service Charges: refuse is 27% or R3.0 million of billed revenue as at December 2023, collection rate is below the budgeted collection rate of 45%, however estimated collection rate will be met at year end, budget will remain the same during adjustment budget.
- Other Revenue collected to date is R2.5million, which is due to collection of rentals of properties, licenses and permits and other sources of revenue. Further to that Other Revenue has also included VAT refunds received for the current financial year an amount of R13.8 million. Based on performance reported for Other revenue and VAT Refunds these items will be increase during an adjustment budget.
- Government Operating received to date as at December 2023 is R185.2 million per grants received as publicized in DORA of R172.5 million. Equitable Share received to date is R172.5 million, FMG Grant of R1.9 million, EPWP Grant of R1.8 million, INEP of R4.3 million, EDTEA Grant of R990 thousand and Library Grant of R3.9 million.
- Government Capital: received to date is R31.6 million from MIG of R31.0 million and Library Grant (capex) R550 thousand, this is in accordance with the approved business plan.
- Grant will be adjusted to align with the revised gazette and approved rollovers will be considered during an adjustment budget.
- Interest on investment has collected more that 100% or R14.0 million as at December 2023, variance is due to cash backed reserves of previous years and grants received in the current year. Based on performance reported at mid-year interest will be increased during an adjustment budget.

## **PAYMENTS**

- Suppliers and employees for cash outflows of R141.9 million does not corresponds with table A4 as it has also considered VAT in other line items and payments for prior year creditors of R17.8 million as per the 2022/23 audited AFS which were paid in this current financial year.
- Further to that suppliers and employees cash flow have included INEP payments of R4.3 million and Massification Grant of R3.4 million as we adhere to GRAP 109 as the municipality serves as an agent. However, during an adjustment budget these Grant will be adjusted in accordance with GRAP 11 as per accounting guideline.



- Finance charges are reflecting an under performed by 38 percent or R19 thousand against YTD actual of R50 thousand variance is due to interest paid to eskom for late payment which is part of fruitlets and wasteful expenditure.
- Capital Assets of R47.4 million does not corresponds with table A5 due to VAT of R6.2 million as payment are paid with VAT to suppliers.
- Increase or decrease in consumer deposit year to date is R118 thousand which is more than 100 per cent performance. Based on the performance reported this item will be adjusted during an adjustment budget.

## **PART 2 – SUPPORTING DOCUMENTATION**

**2.1 DEBTOR’S ANALYSIS**

**Table 8**

KZN291 Mandeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment											
Description	NT Code	Budget Year 2023/24									
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
<b>R thousands</b>											
<b>Debtors Age Analysis By Income Source</b>											
Trade and Other Receivables from Exchange Transac	1200	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transac	1300	4,031	787	392	148	97	100	427	2,370	8,351	3,141
Receivables from Non-exchange Transactions - Prop	1400	3,921	3,002	3,186	2,024	710	(86)	8,315	58,250	79,322	69,213
Receivables from Exchange Transactions - Waste Wa	1500	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Ma	1600	1,139	959	886	869	775	813	5,259	52,578	63,279	60,295
Receivables from Exchange Transactions - Property R	1700	8	4	4	6	10	10	50	244	336	320
Interest on Arrear Debtor Accounts	1810	453	838	314	291	957	309	2,038	29,584	34,785	33,180
Recoverable unauthorised, irregular, fruitless and wast	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-	21,514	21,514	21,514
<b>Total By Income Source</b>	<b>2000</b>	<b>9,552</b>	<b>5,591</b>	<b>4,783</b>	<b>3,339</b>	<b>2,550</b>	<b>1,146</b>	<b>16,089</b>	<b>164,540</b>	<b>207,588</b>	<b>187,662</b>
<b>2022/23 - totals only</b>										-	-
<b>Debtors Age Analysis By Customer Group</b>											
Organs of State	2200	510	275	258	(87)	(868)	(23)	1,243	20,937	22,245	21,201
Commercial	2300	5,999	2,407	1,542	664	621	96	2,759	17,816	31,904	21,957
Households	2400	2,921	2,786	2,866	2,644	2,681	958	11,179	123,480	149,515	140,942
Other	2500	122	124	116	117	116	115	907	2,307	3,923	3,562
<b>Total By Customer Group</b>	<b>2600</b>	<b>9,552</b>	<b>5,591</b>	<b>4,783</b>	<b>3,339</b>	<b>2,550</b>	<b>1,146</b>	<b>16,089</b>	<b>164,540</b>	<b>207,588</b>	<b>187,662</b>

The total Consumer debtors outstanding as 31<sup>st</sup> December 2023 is **R 207 587 753.00**

- Debt book indicates 13% increase from to 30 June 2022 to 31 December 2023, the debt book is very high.
- Debtors collection rate at December 2023 is 87%
- We are however maintaining and ensuring the collection of the current debt but our biggest challenge is the historic debt. We have since appointed three Debt Collectors to follow up on outstanding debtors, Debt collectors are operating Debt pack while telephoning Debtors, printing section 29 and Final demands, we will soon be moving to legal in order to further our collection measured on consumers that are resistant to pay nor respond to our Debt collectors.
- Our Debt collectors have embarked on an exercise where different households are being visited in order to assess the state affordability of each household, this exercise is aimed at assisting the Municipality to classify its debt book in terms of collectability or non-collectability of the debt, the program is ongoing.
- There is a challenge of high level of debt that calls for reassessments of the debtors, impairments.
- It is quite a challenge to collect satisfactory revenue from Sundumbili since we do not have any leverage to restrict in order to encourage regular payments from consumers thereon. I.e. Eskom is licensed to supply electricity.
- The high debt is mainly due to non-payment by Household in Sundumbili.
- Interventions have been made which are expected that they will change the current status, as the municipality is placing every effort in ensuring that we collect and recover the outstanding debt.

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

### **Auditor General's matter of emphasis**

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

### **2023/24 Debt Collection**

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

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

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

**Table 8.1**

<b>ACCOUNTS WITH LETTERS OF FINAL DEMAND FOR PAYMENT SENT OUT</b>					
<b>ACC. NO.</b>	<b>TOWN</b>	<b>ERF NO</b>	<b>DEBTORS NAME</b>	<b>DEBT TYPE</b>	<b>AMOUNT R</b>
001001792	SUNDUMBILI A	179	MR MNGOMEZULU	REFUSE	45104.59
001001862	SUNDUMBILI A	186	MR DLAMINI	REFUSE	46787.29
'001002100	SUNDUMBILI A	21	MS ZULU	REFUSE/RATES	44963.50
001002242	SUNDUMBILI A	224	MR XULU	REFUSE	44963.50
001002400	SUNDUMBILI A	24	MR ZULU	RATES/REFUSE	59066.82
001001742	SUNDUMBILI A	174	MR MTHETHWA	REFUSE	42682.01
001019000	SUNDUMBILI A	190	MS MKHWANAZI	RATES/REFUSE	44690.32
001001400	SUNDUMBILI A	14	MR MASONDO	RATES/REFUSE	18127.62
001001372	SUNDUMBILI A	137	MR NGEMA	REFUSE	35612.60
001063100	SUNDUMBILI A	631	MR MADELA	RATES/REFUSE	75422.37
001064500	SUNDUMBILI A	645	MS ZUNGU	RATES/REFUSE	11974.16
001065000	SUNDUMBILI A	650	MS NTSHANGASE	RATES/REFUSE	60381.80
0010656	SUNDUMBILI A	656	MR MANQELE	RATES/REFUSE	35557.03
001069300	SUNDUMBILI A	693	MR WILLIAMSON	RATES/REFUSE	18974.94
001069900	SUNDUMBILI A	699	MS NGOBESE	RATES/REFUSE	6605.40
001071300	SUNDUMBILI A	713	MR SANGWENI	RATES/REFUSE	14117.18
001070800	SUNDUMBILI A	708	MR BELE	RATES/REFUSE	28990.62
001071200	SUNDUMBILI A	712	KKLK PROPERTY INV.	RATES/REFUSE	57362.71
001073500	SUNDUMBILI A	735	MS MBINGLA	RATES/REFUSE	11285.54
001073600	SUNDUMBILI A	736	MR SIBIYA	RATES/REFUSE	736.00
<b>TOTAL</b>					<b>602951.50</b>

**Table 8.2**

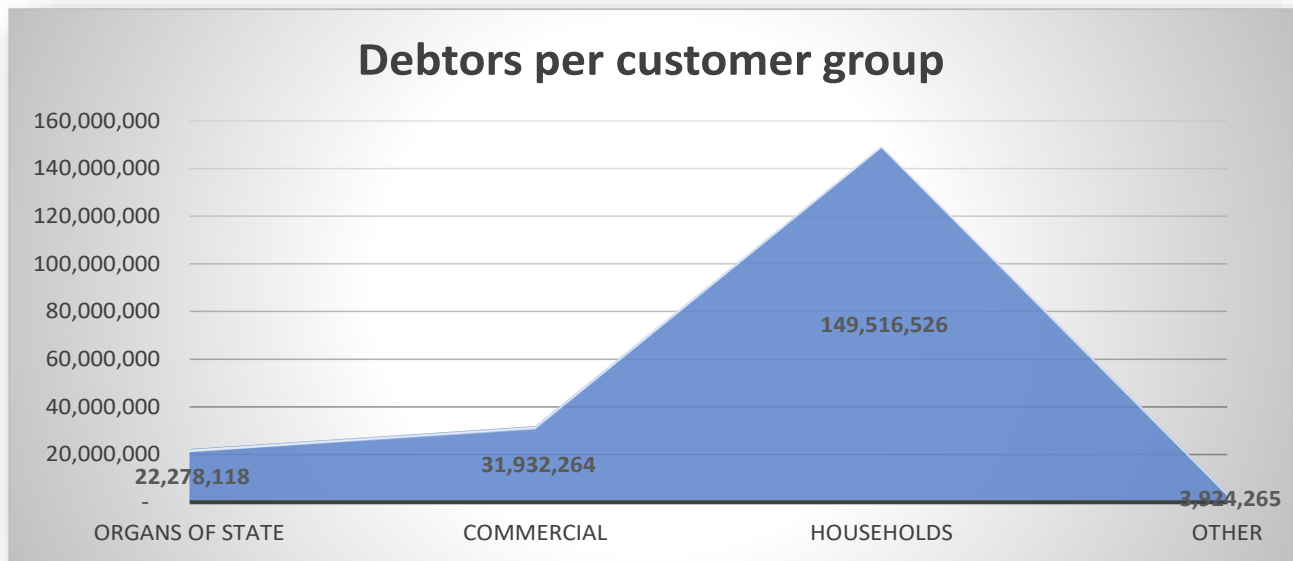
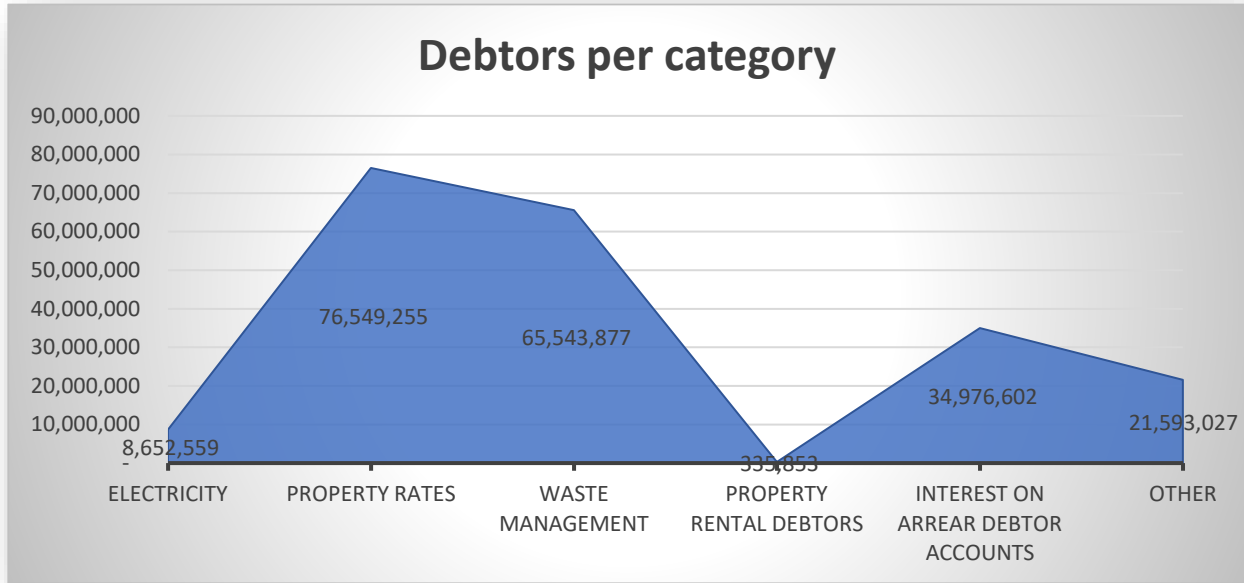
<b>ARRANGEMENTS</b>					
<b>ACC. NO.</b>	<b>TOWN</b>	<b>ERF. NO</b>	<b>DEBTORS NAME</b>	<b>DEBT TYPE</b>	<b>AMOUNT R</b>
009801201	MANDINI EXT. 001	278	MR NGCOBO	RATES/REFUSE	25691.63
001095000	SUNDUMBILI A	950	MR MASONDO	RATES	5274.92
009500781	MANDINI EXT. 007	994	MR SIBIYA S S	RATES/ELEC	148054.26
009701331	MANDII EXT. 005	776	MR THABETHE	RATES/REFUSE	7340.09
002145600	SUDUMBILI B	1456	MR MTHEMBU	RATES/REFUSE	17022.34
009900602	MANDINI EXT.090	60	MS BAKER	RATES/REFUSE	1044.92
002136900	SUNDUMBILI B	1369	MR VILAKAZI	RATES/REFUSE	57463.51
001022500	SUNDUMBILI A	225	MR MBATHA	RATES/REFUSE	13291.65
001072500	SUNDUMBILI A	725	MR SHANGE	RATES/REFUSE	30769.90
002242500	SUNDUMBILI B	2425	MR MDLULI	RATES	59615.99
'001077100	SUNDUMBILI A	771	MR MTHEMBU	RATES/REFUSE	4054.03
001107800	SUNDUMBILI A	1078	MR SKOSANA	RATES/REFUSE	2608.28
002160000	SUNDUMBILI B	1600	MR SHANGE	RATES/ REFUSE	26001.05
002067800	SUNDUMBILI B	678	MS MPUNGOSE	RATES/REFUSE	33635.77
001073600	SUNDUMBILI A	736	MR SIBIYA	RATES/REFUSE	20423.27
009903601	MANDINI EXT. 002	360	MR MWANDLA	RATES/REFUSE	25438.31
<b>TOTAL</b>					<b>27,512.83</b>

**Table 8.3**

<b>DISCONNECTIONS</b>					
<b>ACCOUNT N</b>	<b>TOWN</b>	<b>ERF NO</b>	<b>DEBTORS NAME</b>	<b>DEBT TYPE</b>	<b>AMOUNT R</b>
002600432	MANDINI	1426 EX	ASSOCIATED SPINNE	RATES/ELEC	-
008400851	MANDINI	835	ELASTICO	RATES/ELEC	5740.56
009600501	MANDINI	699	MR EUSHEN	RATES/ELEC	110731.65
008800681	MANDINI	98	MR GETKATE	RATES/ELEC	11961.42
003000102	MANDINI	307	MR MBUYISA	RATES/ELEC	12613.04
002800131	MANDINI	448 EXT	MR MVULA	RATES/ELEC	9306.72
002300031	MANDINI	746 EXT	MR MCHUNU X S	ELECTRICITY	826.74
009907461	MANDINI	746 EXT	MR MCHUNU X S	RATES/ELEC	2931.55
002601032	MANDINI	805 EXT	MR BUTHELEZI	ELECT.	
8000421	MANDINI	805 EXT	MR BUTHELEZI	RATES/ELEC	5417.09
008801301	MANDINI	77	MR PIETERS	RATES/ELEC	3544.51
002701212	MANDINI	28	MS NTULI	RATES/ELEC	23576.91
008903411	MANDINI	469 EXT	MR RADEBE L P	RATES/ELEC	77075.95
002900232	MANDINI	911 EXT	MR RADEBE	RATES/ELEC	70265.19
002700941	MANDINI	46 EXT.	MR KUBHEKA	RATES/ELEC	392.29
002701091	MANDINI	405 EXT	MS HORSLEY-DALIL	RATES/ELEC	25076.81
009300771	MANDINI	786/02	MR FOURIE	RATES/ELEC	3335.43
002800902	MANDENI	786/10	MR GOPAL	RATES/ELEC	5946.89
<b>TOTAL</b>					<b>168,323.59</b>

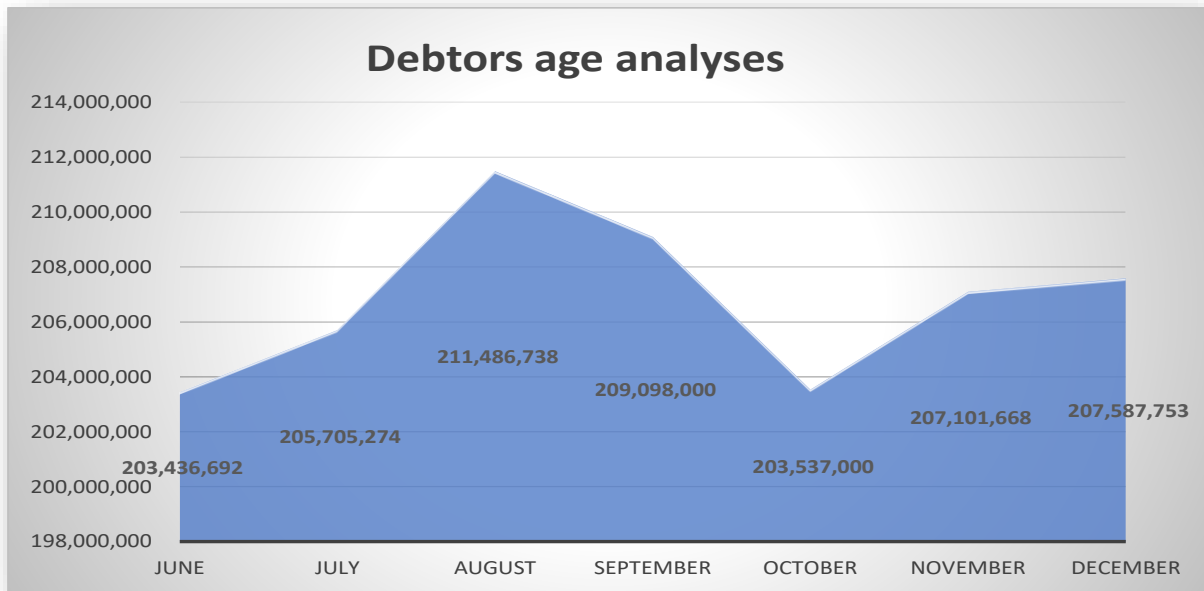
**Table 8.4**

▪ **Debtors outstanding per category**



The municipal debtors have increased from R205.7 million to R 208.5 million that is from July until 31 December 2023. This increase is dominated by Household debtors of 66% and it is followed by business of 19% and Organ of state is 14% compared to another debtors' type.

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



The information presented in the chart above show an increase in the outstanding debtor’s balances from 1<sup>st</sup> July 2023 of R 205.7 million when compared to the current period as at 31<sup>st</sup> December 2022, bringing the total outstanding debtors balance to R 207.6 million.

**Councilors and Employees in Arrear**

- Debt outstanding on Councilors as at December 2023 is R226,657.21
- Staff Accounts in arrears as at 31<sup>st</sup> December 2023 is R71,011.67

Debt outstanding on Councilors as at December 2023 is R226,657.21, it should be noted that we have since issued letters of demand to all affected Councilors in line with Regulation 9 of the 2023 Regulations on the Code of Conduct for Councilors which is aligned to Item 14 of the Actual Code of Conduct for Councilors as per Schedule 7 of the Local Government Municipal Structures Act No. 117 of 1998 as amended, as well as Council Resolution C141 of 29 June 2023.

Debt outstanding on Staff Accounts as at December 2023 is R71,011.67, deductions in this regard are ensured on a monthly basis.

**2.2 CREDITORS ANALYSIS**

**Table 9**

KZN291 Mandeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment										
Description	NT Code	Budget Year 2023/24								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120	121 - 150	151 - 180	181 Days -	Over 1 Year	
R thousands										
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement dedu	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	123	-	-	-	-	-	-	-	123
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123</b>

- Creditors as at 31<sup>st</sup> December 2023 amounts to **R123 thousand**
- 95% of the creditors are on current as per our age analysis, we ensure that creditors are paid within 30 days as stipulated by the MFMA.



**2.3 INVESTMENT PORTFOLIO ANALYSIS \_ DECEMBER 2023**

**Table 10**

The following information presents the short-term investments balances broken down per investment type as at 31<sup>st</sup> December 2023

KZN291 Mandeni - Supporting Table SC5 Monthly Budget Statement - investment por									
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Interest Rate <sup>3</sup>	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands									
Municipality									
		Yrs/Months							
call 1-internal grant		12months	CALL ACCOUNT	2.45	3,629	2,511	(41,831)	76,317	40,626
Call account 2 -HOUSING		12months	CALL ACCOUNT	2.45	2,046	72	-	-	2,117
Call account 3-MIG		12months	CALL ACCOUNT	2.45	17,691	604	(5,714)	-	12,582
Call account 5-TMT		12months	CALL ACCOUNT	2.45	458	15	(0)	6	479
Call account 6-INEP		12months	CALL ACCOUNT	2.45	2,110	60	(944)	-	1,226
Call account 7-AR		12months	CALL ACCOUNT	2.45	2,164	80	(587)	-	1,657
Call account 8- Title Deed		12months	CALL ACCOUNT	2.45	5,722	205	-	-	5,927
Call account 9-Disaster Recovery		12months	CALL ACCOUNT	6.7	15,837	569	(1,233)	-	15,173
NEDBANK		549 DAYS	INVESTMENT	8.8	65,000	2,837	(65,000)	-	2,837
NEDBANK		336 DAYS	INVESTMENT	10.27	100,000	5,008	-	-	105,008
NEDBANK		332 DAYS	INVESTMENT	9.8	50,000	2,054	-	-	52,054
NEDBANK		1 month	INVESTMENT	9	-	54	-	73,620	73,675
<b>Municipality sub-total</b>					<b>264,657</b>	<b>14,070</b>	<b>(115,309)</b>	<b>149,943</b>	<b>313,362</b>
<b>Entities</b>									
									-
									-
									-
									-
									-
<b>Entities sub-total</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>				<b>264,657</b>	<b>14,070</b>	<b>(115,309)</b>	<b>149,943</b>	<b>313,362</b>

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

Closing balance for call investment deposits as at 31<sup>st</sup> December 2023 is R313.4 million with an interest generated during the 1<sup>st</sup> half of the year of R14.1 million.

The municipality has opened an external money market investment account with Nedbank and invested an amount of R223.6 million from its cash backed reserves of previous years. The municipality took a decision to increase its revenue source by re-investing its cash back reserves from institutions which offered better interest rates. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality’s revenue base.

**2.4 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE**  
**Table 13**

KZN291 Mandeni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment										
Description	Ref	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
<b>R thousands</b>										
<b>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		<b>223,616</b>	<b>244,496</b>	<b>-</b>	<b>76,941</b>	<b>182,941</b>	<b>122,248</b>	<b>60,693</b>	<b>49.6%</b>	<b>241,943</b>
EPWP Incentive	-	2,372	2,553	-	-	1,788	1,277	512	40.1%	-
Finance Management	-	1,850	1,850	-	-	1,850	925	925	100.0%	1,850
Integrated National Electrification Program	-	6,576	7,384	-	-	4,300	3,692	608	16.5%	7,384
Local Government Equitable Share	-	212,818	230,823	-	76,941	173,117	115,412	57,706	50.0%	230,823
Municipal Infrastructure Grant	-	-	1,886	-	-	1,886	943	943	100.0%	1,886
	3									
Other transfers and grants [insert description]										
<b>Provincial Government:</b>		<b>3,317</b>	<b>4,863</b>	<b>-</b>	<b>-</b>	<b>4,863</b>	<b>2,432</b>	<b>2,927</b>	<b>120.4%</b>	<b>4,863</b>
Community Library Services Grant	-	3,078	1,477	-	-	1,477	739	739	100.0%	1,477
Provincialization of Government			2,396			2,396	1,198	1,198	100.0%	2,396
Non-revenue electricity			990			990	495	495	100.0%	990
Massification Grant	4	239	-							
Other transfers and grants [insert description]										
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Total Operating Transfers and Grants</b>	<b>5</b>	<b>226,933</b>	<b>249,359</b>	<b>-</b>	<b>76,941</b>	<b>187,804</b>	<b>124,679</b>	<b>3,438</b>	<b>2.8%</b>	<b>246,806</b>
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>41,511</b>	<b>48,381</b>	<b>-</b>	<b>-</b>	<b>29,664</b>	<b>24,191</b>	<b>5,198</b>	<b>21.5%</b>	<b>48,381</b>
Municipal Infrastructure Grant (MIG)	-	40,044	47,831	-	-	29,114	23,916	5,198	21.7%	47,831
Disaster Relief Grant	-	1,467	-	-	-	-	-	-		
Other capital transfers [insert description]										
<b>Provincial Government:</b>		<b>-</b>	<b>550</b>	<b>-</b>	<b>-</b>	<b>550</b>	<b>275</b>	<b>275</b>	<b>100.0%</b>	<b>550</b>
Provincialization of Libraries	-	-	550	-	-	550	275	275	100.0%	550
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Total Capital Transfers and Grants</b>	<b>5</b>	<b>41,511</b>	<b>48,381</b>	<b>-</b>	<b>-</b>	<b>29,664</b>	<b>24,191</b>	<b>5,473</b>	<b>22.6%</b>	<b>48,381</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>5</b>	<b>268,444</b>	<b>297,740</b>	<b>-</b>	<b>76,941</b>	<b>217,468</b>	<b>148,870</b>	<b>8,911</b>	<b>6.0%</b>	<b>295,187</b>

**Grant Receipts Analysis:**

**The total operational YTD grant receipts** as at 31<sup>st</sup> December 2023 is R 187.8 million, which has been allocated as follows:

- Equitable Share received to date is R173.1 million, with a remaining last trench of R57.7 million which will be received during the 3<sup>rd</sup> quarter as per DORA schedule. An amount of R624 thousand that was not fully spent in the 2022/23 financial year of which a rollover was submitted to National Treasury has not been approved and funds have been set off from second trench of equitable share. However funds have been transferred from INEP call to Call 1.
- FMG of R1.9 million has been fully received as publicized on DORA.
- EPWP received to date is R1.8 million with the remaining last trench of R524 thousand will be received in the 3<sup>rd</sup> quarter as per payment schedule. Further it should be noted that this grant will be reduced during and adjustment budget so as to align the revised DORA.
- Library Grant of R4.4 million has been received from Department of Arts and culture as publicized on DORA which has been split between operating of R3.8 million and capital budget of R550 thousand as per the approved support plan.
- INEP received to date is R4.3 million with a remaining last trench of R3.1 million which will be received in the 3<sup>rd</sup> quarter. An amount of R624 thousand that was not fully spent in the 2022/23 financial year of which a rollover was submitted to National Treasury has not been approved and funds have been set off from second trench of equitable share.

**The total capital YTD grant receipts** as at 31<sup>st</sup> December 2023 is R 29.7 million which has been allocated as follows:

- MIG receipt of R 29.1 million has been received during the 1<sup>st</sup> half of the financial year, with a remaining balance of R15.2 million as publicized in DORA. Further to that it should be noted that MIG grant will be reduced during an adjustment budget to align with the revised allocation of R46.4 million, also implementation plan and projects will be revised and aligned with the adjusted budget.
- Library receipts of R550 thousand have been received from Department of Arts & Culture as per gazette.

**Table 12: Transfers and Grant Expenditure**

KZN291 Mandeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment										
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
<b>R thousands</b>										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>223,616</b>	<b>244,496</b>	<b>-</b>	<b>56,311</b>	<b>167,654</b>	<b>122,248</b>	<b>45,406</b>	<b>37.1%</b>	<b>265,155</b>
Expanded Public Works Programme Integra	-	2,372	2,553	-	341	1,670	1,277	393	30.8%	1,670
Integrated National Electrification Program	-	6,576	7,384	-	492	4,290	3,692	598	16.2%	1,791
Local Government Financial Management G	-	1,850	1,850	-	71	1,244	925	319	34.5%	1,244
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	-	-	1,886	-	256	1,184	943	241	25.6%	1,184
Local Government Equitable Share	-	212,818	230,823	-	55,150	159,266	115,412	43,855	38.0%	259,266
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		<b>18,634</b>	<b>4,863</b>	<b>-</b>	<b>253</b>	<b>5,174</b>	<b>739</b>	<b>4,436</b>	<b>600.6%</b>	<b>5,174</b>
Community Library Services Grant	-	3,078	1,477	-	253	1,815	739	1,076	-	1,815
Provincialization of Government	-	-	2,396	-	-	-	-	-	-	-
Non-revenue electricity	-	-	990	-	-	-	-	-	-	-
Massification Grant	-	239	-	-	-	3,359	-	3,359	#DIV/0!	3,359
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]	-	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Transfers Public Corporations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]	-	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants</b>		<b>265,217</b>	<b>249,359</b>	<b>-</b>	<b>57,917</b>	<b>172,828</b>	<b>122,986</b>	<b>49,842</b>	<b>40.5%</b>	<b>11,120</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>41,511</b>	<b>47,831</b>	<b>-</b>	<b>7,171</b>	<b>17,872</b>	<b>23,916</b>	<b>(6,043)</b>	<b>-25.3%</b>	<b>50,384</b>
Disaster Relief Grant	-	1,467	-	-	1,354	1,524	-	-	-	2,553
Municipal Infrastructure Grant	-	40,044	47,831	-	5,817	16,349	23,916	(7,567)	-31.6%	47,831
0	-	-	-	-	-	-	-	-	-	-
0	-	-	-	-	-	-	-	-	-	-
Other capital transfers [insert description]	-	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		<b>-</b>	<b>550</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>275</b>	<b>(171)</b>	<b>-62.0%</b>	<b>5,413</b>
<b>KwaZulu-Natal</b>		<b>-</b>	<b>550</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>275</b>	<b>(171)</b>	<b>-62.0%</b>	<b>5,413</b>
0	-	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
0	-	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
0	-	-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>41,511</b>	<b>48,381</b>	<b>-</b>	<b>7,171</b>	<b>17,977</b>	<b>24,191</b>	<b>(6,214)</b>	<b>-25.7%</b>	<b>55,797</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>306,727</b>	<b>297,740</b>	<b>-</b>	<b>65,088</b>	<b>190,805</b>	<b>147,177</b>	<b>43,628</b>	<b>29.6%</b>	<b>66,917</b>

**Grant Expenditure Analysis:**

The total operational YTD grant expenditure as at 31<sup>st</sup> December 2023 is R 190.8 million which has been split between conditional and unconditional grants. Conditional Grants YTD expenditure as 31<sup>st</sup> December is R11.1 million (64%) with a remaining unspent of R12.9 million which we anticipate it will be fully spent by year end.

- FMG expenditure year to date is R1.2 million at (67%) with the remaining unspent balance of R605 thousand. FMG expenditure for mid-year is on track as we are implementing projects approved as per FMG support plan, grant will be fully spent by year end.
- EPWP expenditure year to date is R1.7 million at (65%) with the remaining unspent balance of R883 thousand. Expenditure towards this grant has exceeded projected budget as per mid-year performance, this is due to wages paid towards epwp beneficiaries which is in accordance with EPWP MOU. Further to that it should be noted that the municipality have co-funded this project with a budget of R1 million as the municipality has a commitment with the epwp beneficiaries based on their contract, budget allocated by Department of Public Works is not sufficient to cover the full year and PPE.
- Library expenditure to date is R1.9 million at (43%) with the remaining unspent balance of R2.5 million. Library Expenditure is reflecting an underspending as at midyear, however there are commitments that have been made on this grant which will ensure that grant is fully spent by year end.
- INEP expenditure to date is R4.3 million at (58%) with a remaining balance of R3.0 million for allocated DORA. Further to that it should be noted that budget allocated towards Installation of Mandeni Bulk Substation, which is still in progress it is anticipated that grant allocated will be fully spent at year end.
- Massification Grant Rollover of R4.8 million that was approved by COGTA has been spent at R3.3 million at (70%) with a remaining unspent of R1.4 million which will be fully spent by year end.
- MIG operational expenditure (PMU) to date is R1.2 million (63%) with a remaining balance of R702 thousand. Expenditure reported to date has exceeded the budgeted projection, however it is anticipated that grant will be fully spent by year end.

**The total capital YTD grant expenditure** as at 31<sup>st</sup> December 2023 is R 17.9 million which has been split as follows:

- MIG capital expenditure to date is R16.3 million (34%) with the remaining unspent balance of R31.5 million. Performance reported as at mid-year is below the set limit of 50% of the approved implementation plan; the municipality has then developed MIG acceleration plan which will assist in ensuring that there is improvement in terms of spending before year end. Challenges that we experienced in relation to this grant have been outlined under capital expenditure.
- Disaster Relief Grant of R15.6 million has been approved by Treasury. Expenditure reported to date is R1.5 million at 9.8% with a remaining unspent of R14.0 million. Delays have been due to weather and floods which were experienced in December; however, it is anticipated that grant will be fully spent by year end.
- Library capital Expenditure to date is R104 thousand (19%) with the remaining unspent balance of R446 thousand. Variance is due to commitment to procure fleet for library which has not been delivered due to stock unavailability. However, the dealership has confirmed that these items will be delivered in 3<sup>rd</sup> quarter.

**3.COUNCILORS AND BOARD MEMBER ALLOWNCES AND EMPLOYEE BENEFITS**

**Table 13**

KZN291 Mandeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment										
Summary of Employee and Councillor remuneration	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	1	A	B	C					%	D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		12,098	12,989	-	1,088	6,747	6,494	252	4%	12,989
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		543	636	-	43	271	318	(47)	-15%	636
Cellphone Allowance		1,502	1,591	-	134	735	796	(61)	-8%	1,591
Housing Allowances		182	244	-	13	88	122	(34)	-28%	244
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>14,325</b>	<b>15,460</b>	<b>-</b>	<b>1,278</b>	<b>7,841</b>	<b>7,730</b>	<b>111</b>	<b>1%</b>	<b>15,460</b>
<b>% increase</b>	4		<b>7.9%</b>							<b>7.9%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		4,204	5,602	-	316	1,814	2,801	(987)	-35%	5,602
Pension and UIF Contributions		1	11	-	-	0	5	(5)	-94%	11
Medical Aid Contributions		-	-	-	-	15	-	15	#DIV/0!	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		583	476	-	-	-	238	(238)	-100%	476
Motor Vehicle Allowance		645	773	-	60	313	386	(73)	-19%	773
Cellphone Allowance		182	186	-	24	118	93	25	27%	186
Housing Allowances		256	265	-	9	45	132	(87)	-66%	265
Other benefits and allowances		1	1	-	34	103	1	102	13370%	1
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	1,443	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>7,316</b>	<b>7,314</b>	<b>-</b>	<b>443</b>	<b>2,409</b>	<b>3,657</b>	<b>(1,248)</b>	<b>-34%</b>	<b>7,314</b>
<b>% increase</b>	4		<b>0.0%</b>							<b>0.0%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		74,961	89,913	-	6,883	40,562	44,957	(4,395)	-10%	89,913
Pension and UIF Contributions		12,303	14,704	-	1,114	6,609	7,352	(743)	-10%	14,704
Medical Aid Contributions		5,426	5,886	-	451	2,938	2,943	(5)	0%	5,886
Overtime		2,388	1,716	-	223	1,182	858	324	38%	1,716
Performance Bonus		6,078	6,209	-	413	2,832	3,104	(272)	-9%	6,209
Motor Vehicle Allowance		4,672	5,239	-	378	2,409	2,619	(210)	-8%	5,239
Cellphone Allowance		530	526	-	50	312	263	49	19%	526
Housing Allowances		306	345	-	25	164	172	(9)	-5%	345
Other benefits and allowances		828	765	-	88	480	383	98	25%	765
Payments in lieu of leave		2,636	2,591	-	-	684	1,295	(611)	-47%	2,591
Long service awards		962	1,341	-	33	134	671	(536)	-80%	1,341
Post-retirement benefit obligations	2	(1,651)	4,872	-	-	-	2,436	(2,436)	-100%	4,872
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>109,438</b>	<b>134,106</b>	<b>-</b>	<b>9,656</b>	<b>58,306</b>	<b>67,053</b>	<b>(8,747)</b>	<b>-13%</b>	<b>134,106</b>
<b>% increase</b>	4		<b>22.5%</b>							<b>22.5%</b>
<b>Total Parent Municipality</b>		<b>131,079</b>	<b>156,880</b>	<b>-</b>	<b>11,377</b>	<b>68,556</b>	<b>78,440</b>	<b>(9,885)</b>	<b>-13%</b>	<b>156,880</b>
<b>% increase</b>	4		<b>19.7%</b>							<b>19.7%</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>TOTAL SALARY, ALLOWANCES &amp;</b>		<b>131,079</b>	<b>156,880</b>	<b>-</b>	<b>11,377</b>	<b>68,556</b>	<b>78,440</b>	<b>(9,885)</b>	<b>-13%</b>	<b>156,880</b>
<b>% increase</b>	4		<b>19.7%</b>							<b>19.7%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>116,754</b>	<b>141,420</b>	<b>-</b>	<b>10,099</b>	<b>60,715</b>	<b>70,710</b>	<b>(9,995)</b>	<b>-14%</b>	<b>141,420</b>

## **4. EXPENDITURE MANAGEMENT**

### **4.1 LEGAL FRAMEWORK**

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

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

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

## **5. COST CONTAINMENT MEASURES**

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

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

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



**7. ASSET MANAGEMENT MID-YEAR REPORT**

**7.1 OVERVIEW SUMMARY**

As at 31 December 2023 the total value of all assets as per the Fixed Asset Register is sitting at **R 909 850 638.48** and the net book value is sitting at **R 626 914 257.44**

**7.2 NEW ACQUISITIONS**

The acquisition of moveable non-current assets amounted to **R 11 116 545.02** for the first half of 2023-2024. The following assets per asset type were purchased from 1st of July 2023 up to 31 December 2023.

ASSET TYPE	DEPARTMENT	ASSET COST
COMPUTER EQUIPMENT	CORPORATE SERVICES	519 154.00
FURNITURE AND OFFICE EQUIPMENT	OFFICE OF THE MUNICIPAL MANAGER	32 500.00
MACHINERY AND EQUIPMENT	TECHNICAL SERVICES	8 135 957.96
TRANSPORT ASSET	TECHNICAL SERVICES	2 428 933.06
		<b>11 116 545.02</b>

• **Construction Work-in-Progress**

During the period up to 31<sup>st</sup> December 2023, the following progress payments were made. The total payments per project for the six months period ending 31<sup>st</sup> December 2023 amounted to **R29 532 530.74** excluding VAT. The breakdown of cumulative expenditure per project is as follows.

PROJECT NAME	CONTRACTOR/CONSULTANT	AMOUNT
INYONI ROADS PHASE 4	BVI CONSULTING ENGINEERS KWAZULU-NATAL	225 000.00
MANDENI DLTC	MLOMBOMVU PROJECTS	4 286 810.19
HLOMENDLINI SPORTSFIELD	ZITHUNZUZO TRADING ENTERPRISE	1 041 165.79
CONSTRUCTION OF MECHANICAL WORKSHOP	BHEKA PHEZULU INVESTMENTS AND SALES	5 268 908.03
ROOFING OF MAIN OFFICES	UHLANGA TRADING ENTERPRISE	2 415 967.84
REHABILITATION OF AMAJUBA ROAD IN WARD 15	NANG-U-MZAMO RETAILERS	2 973 892.21
INSTALLATION OF HIGHMAST - PHASE 2	R BUSISIWE	200 452.92
REHABILITATION OF PHUMULA, INDUMISO & MALANDELA ROAD	MVI-SSSS TRADING ENTERPRISE	3 781 189.45
REHABILITATION OF MTHOMBOI, MBABALA, UMGAKLA & SO	BHEKA PHEZULU INVESTMENTS AND SALES	2 709 869.66
CONSTRUCTION OF MINI FACTORIES	FDKL ENGINEERING CONSULTANTS (PTY) LTD	370 216.00
WARD 10 SPORTSFIELD	UKWAKHA CONSULTING ENGINEERS	239 622.33
REHABILITATION OF D2022 ROAD: WARD 14	LIBEKO (PTY)LTD	17 650.03
REHABILITATION OF D1293 ROAD: WARD 12	SUKOLUHLE TARDING ENTERPRISE	534 272.31
REHABILITATION OF IFALETHU GRAVEL ROAD : WARD 3	HUMBLE FRANK MULTISERVICE	491 577.10
REHABILITATION OF NOVAS FARM GRAVEL ROAD : WARD 4	MSEBE CONTRACTING AND TRADING	331 710.84
STREETLIGHTING OF P459 AND P415	A-M CONSULTING ENGINEERS (PTY) LTD	79 461.81
REVAMPING OF SIBUSISWE HALL	HUMBLE FRANK MULTISERVICE	71 063.11
FENCING OF SIBUSISWE HALL	PHELECON CONSTRUCTION	412 863.82
REGRAVELLING OF EZIHLABATHINI WARD 2	MINATHI CONSULTING	174 542.04
CONSTRUCTION OF KWAMOYA TO KWAGINA WARD 9	MINATHI CONSULTING	126 318.06
REGRAVELLING OF NDOVELA ROAD WARD 18	HI TECH CONSULTING ENGINEERS AND PROJEC	106 413.63
RE-GRAVLLING OF EMATHUNENI ROAD WARD 5	HI TECH CONSULTING ENGINEERS AND PROJEC	117 778.76
REGRAVELLING OF SWIDI CHURCH WARD 16	HI TECH CONSULTING ENGINEERS AND PROJEC	127 838.40
REGRASSING OF NGCEDOMHLOPHE SPORTS PRECINCT	AKHA HOLDINGS	926 848.19
REGRAVELLING TRIBAL COURT TO KWANXUMALO WARD 11	MABALENGWE ENGINEERS	259 519.19
REGRAVELLING ROAD TO EMATSHAMHLOPHE WARD 8	MABALENGWE ENGINEERS	241 675.79
REGRAVELLING ZAVUTHA TO VUSIMUZI SCHOOL WARD 16	MABALENGWE ENGINEERS	241 463.16
REHABILITATION OF INTERNAL ROADS IN WARD 14 CHAPPIES	NGEJA CONSULTING ENGINEERS	467 235.89
UPGRADE OF GRAVEL ROAD WANGU AREA WARD 8	SIYAZENZELA CONSULTING (PTY) LTD	119 356.70
UPGRADE OF GRAVEL ROAD NGULULE AREA WARD 8	SIYAZENZELA CONSULTING (PTY) LTD	311 921.01
EMTHALENI WARD 2 SPORTSFIELD	SANOQWABE CONSULTANTS	217 909.10
CONSTRUCTION OF DISTRIBUTORS LEADING TO HLANZENI W	SANOQWABE CONSULTANTS	236 391.30
REGRAVELLING OF INDUNA USITHOLE RD TO THEMBAHLIHE S	SANOQWABE CONSULTANTS	202 913.04
REGRAVELLING OF ESIKHOVENI ROAD WARD 8	SANOQWABE CONSULTANTS	202 913.04
<b>GRAND TOTAL</b>		<b>29 532 530.74</b>

The total additions of all assets for the 6 months period ending 31<sup>st</sup> December 2023 amounted to **R 40 649 075.76**. A detailed listing of all acquisitions and additions to the fixed assets register is contained in the attached **Annexure A**.

**7.3 DEPRECIATION**

Cumulative depreciation as at 31<sup>st</sup> December 2023 per the system generated report amounts to **R 16 482 495.78** The breakdown per asset type is as follows.

<b>ASSET TYPE</b>	<b>DEPRECIATION</b>
COMMUNITY ASSET	2 053 890.60
COMPUTER EQUIPMENT	430 222.08
ELECTRICAL INFRASTRUCTURE	547 439.88
FURNITURE AND OFFICE EQUIPMENT	329 667.34
INTANGIBLE ASSET	26 231.16
INVESTMENT PROPERTY	-
LAND	-
MACHINERY AND EQUIPMENT	868 365.50
BUILDINGS	439 335.68
ROADS INFRASTRUCTURE	8 390 347.42
STORM WATER INFRASTRUCTURE	1 256 833.44
TRANSPORT ASSET	2 140 162.68
<b>GRAND TOTAL</b>	<b>16 482 495.78</b>

**7.4 INSURANCE CLAIMS REPORT**

**REPORTED CLAIMS**

The following seven (7) claims were reported during the six months ending in December 2023;

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

**FINALIZED CLAIMS**

The following claims five (5) were concluded and finalized during the six months period ending 31 December 2023;

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

**OUTSANDING CLAIMS**

The following claims remain outstanding as at 31 December 2023;

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

**7.6 PHYSICAL ASSET VERIFICATIONS**

**ACTIVITIES**

During the first and the second quarter of the financial year ending 31 December 2023 the following sites were visited;

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

Activities undertaken during physical asset verification includes the following;

- Issuing of notice to all staff advising them of the physical asset verification for the first quarter.
- Updating of locations and the custodian’s information per office.
- Physically verifying all movable assets in the civic centre and public safety offices using the scanner.
- Ensuring that movable assets are bar-coded and assigning new barcodes assets if required.
- Indicating the condition of each asset  
1.Very good, 2. Good. 3. Fair, 4 Poor, 5. Very Poor
- Printing of inventory sheets per location, conducting quality assurance of information from each inventory list and obtaining a sign-off from the occupant or appointed responsible person for controlling the asset.
- Following up and resolving discrepancies as identified during the asset verification process.
- Obtaining a Site or Departmental sign-off Certificate per site from the Asset Controllers on completion of the verification process.
- Uploading of scanning results onto the AMS360 system and approving the project.
- Ensuring that the verification system (AMS360) integrates.

## **ASSET DISPOSALS**

The municipality through its supply chain management appointed Five Star Trading Enterprise T/A Auction 24 to conduct auction on its behalf, the main trigger for the auction was the Council Resolution C21 of 31 August 2023 and C65 of December 2023. The auction will be held by no later than the end of February 2024.

## **8. REPORTING (ANNUAL FINANCIAL STATEMENTS)**

The municipality has planned to start preparing its Annual Financial Statements internally, by issuing interim AFS as at 31<sup>st</sup> December 2023 which will be issued in January 2024. This will further ensure that annual financial statement is reviewed and reconciled to their line items to ensure completeness and accuracy. This will further assist in reducing material misstatements at year end, as errors will be identified earlier and corrected.

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

## **9. Municipal Manager's Quality Certificate**

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

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

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

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

Municipal manager of Mandeni Municipality (KZN 291)

Signature: \_\_\_\_\_

Date: **31 January 2024**