

## REPORT TO THE MAYOR ON SECTION 52(d) OF THE MFMA FOR THE QUARTER ENDING 30 SEPTEMBER 2021

### 1. Purpose of the report

To report to the Mayor in terms of the legislative requirements and regulations of Section 11(4)(a), 52(d), 54(1)(f) and 66 of the Municipal Finance Management Act no 56 of 2003 (“MFMA”) as well as the relevant budget regulations.

### 2. Legislative compliance

<u>Reporting activity</u>	<u>Legislative requirements</u>	<u>Report to</u>	<u>Frequency</u>
Table in council a consolidated report of all withdrawals made from bank accounts during quarter	MFMA Section 11(4)(a)	Accounting Officer to Council	Quarterly, within 30 days after each quarter
Report to council on the implementation of the budget and financial state of affairs	MFMA Section 52(d)	Mayor to Council	Quarterly, within 30 days after each quarter
Budgetary control and early identification of financial problems.	MFMA Section 54	Mayor to Council	By 31 January 2022
Report on salary cost	Section 66 of the MFMA and Budget regulation 28	Accounting Officer to Council	Frequently

Section 11(4)(a) stipulates that the accounting officer must within 30 days after the end of each quarter table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that quarter.

Section 52(d) stipulates that the mayor of the municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of affairs of the municipality.

Section 54(1) stipulates that on the receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must

- a) consider the statement or 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 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

Section 66 stipulates that the accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council of all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure.

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### 3. Mayor's report

The spending of the capital budget and implementation plans reflects 21% as at the end of September 2021, or R 126 584 443 out of the R 591 142 300. The capital expenditure incurred for the month was R 46 403 404 compared to the anticipated capital expenditure of R 59 380 934, which should have been incurred in September 2021 to ensure that the capital budget is fully spent at the end of the year.

Total revenue is exceeded the budget by 7%, which is explained in 3.2 below.

Total operating expenditure is below the budget by 29%, which is explained in 3.2 below.

The financial situation is still sound. Refer to section 15, page **26 to 27** where a financial analysis with the focus on the Long-Term Financial Plan was performed.

#### 3.1 Resolutions

The proposed resolutions will be included in the recommendations at the end of this report.

#### 3.2 Executive summary

The quarterly report, the so called MFMA Section 52 report, is a monitoring tool for the approved service delivery and budget implementation plan, which can be divided into two parts namely the financial and non-financial key performance indicators.

##### 3.2.1 Financial performance

In this report where the revenue and expenditure deviations are discussed, the explanations, if any, are highlighted in Table SC1. Refer to page **46**.

Regarding the variances in revenue the following is highlighted:

- **Service charges:** A positive variance of 55% is recorded. The main reason for the positive variance is that the YTD actual billings included meter readings cycle resulting in the YTD budget being less than the YTD actual.
- **Investment revenue:** A negative variance of 81% is recorded. The investments are dependent on the working capital requirements of the municipality. The lower interest income in September 2021 was due to lower investments made than originally budgeted as well as lower interest rates, which resulted in lower interest for the month. Refer to section 9, page **20**.
- **Transfers and subsidies:** A negative variance of 7% is recorded. This is due to the recognition of revenue that was processed in September 2021. This includes revenue relating to the first disbursement of equitable share amounting to R 250 259 000 which was received and recognized as revenue, as this is an unconditional grant.
- **Other own revenue:** A positive variance of 152% is recorded. This is mainly due to Vat received from conditional grant.

Regarding the variances in respect of expenditure the following is highlighted:

- **Depreciation:** A negative variance of 100% is recorded. The depreciation run for the current financial year will only be run once the annual financial statements and the asset register for the year ended 30 June 2022 having been finalized and submitted for audit.
- **Inventory consumed and bulk purchases:** The positive variance of 324% is recorded. The main reason for the positive variance is that the YTD budget is less than the YTD actual.
- **Transfers and subsidies:** A positive variance of 18% is recorded. This is mainly due to CHDA Subsidies, CHDA admin fees and Corporate Development assistance which is included in the pro-rata budget and more expenditure incurred to date
- **Other expenditure:** A negative variance of 31% is recorded for the month of September 2021. The variance is mainly due to challenges experienced with the unfunded budget. The YTD budget is more than the YTD actual.
- **Capital expenditure:** The positive variance of 113% is due to moderate spending. See section 12 for more detailed explanations on pages **22 to 24**.

Service delivery and budget implementation plan

The financial performance indicators as prescribed by National Treasury is provided, refer to page **47** for Table SC2 – Financial Performance indicators.

Refer to page **29** for Table C1 Monthly Budget Statement Summary for the summary of operating revenue, operating expenditure and capital expenditure.

## Revenue by Source

The summarized performance of revenue by source against the approved service delivery and budget implementation plan for the quarter ended 30 September 2021 is as follows:

Description	Ref	2021/22			
		YearTD actual	YearTD budget	YTD variance	YTD variance
<b>R thousands</b>					%
<b>Revenue By Source</b>					
Property rates		-	-	-	
Service charges - electricity revenue		-	-	-	
Service charges - water revenue		71,525	43,765	27,760	63%
Service charges - sanitation revenue		15,826	12,750	3,076	24%
Service charges - refuse revenue		-	-	-	
Rental of facilities and equipment		-	-	-	0%
Interest earned - external investments		2,027	10,601	(8,574)	-81%
Interest earned - outstanding debtors		19,296	9,129	10,167	111%
Dividends received				-	
Fines, penalties and forfeits		-	-	-	-
Licences and permits		13	12	0	4%
Agency services		-	-	-	
Transfers and subsidies		255,300	273,321	(18,021)	-7%
Other revenue		16,269	5,000	11,269	225%
Gains		-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>380,255</b>	<b>354,579</b>	<b>25,677</b>	<b>7%</b>

## Operating expenditure by Vote

The summarized performance of operating expenditure by vote against the approved service delivery and budget implementation plan for the quarter ended 30 September 2021 is as follows:

Vote Description	2021/22			
	YearTD actual	YearTD budget	YTD variance	YTD variance
R thousands				%
<b>Expenditure by Vote</b>				
Vote 01 – Council	5,037	5,790	(753)	-13.0%
Vote 02 - Municipal Manager	26,224	15,013	11,210	74.7%
Vote 03 - Budget & Treasury	14,533	18,679	(4,146)	-22.2%
Vote 04 – Health & Community Services	12,172	13,010	(839)	-6.4%
Vote 05 - Corporate Services	38,370	24,431	13,939	57.1%
Vote 06 – Integrated, Planning & Economic Development	10,092	6,964	3,128	44.9%
Vote 07 - Technical Services	68,212	162,124	(93,913)	-57.9%
Vote 08 – Roadworks		432	432	0%
Vote 09 - Entity: Chis Hani Development Agency				
<b>Total Expenditure by Vote</b>	<b>175,070</b>	<b>246,012</b>	<b>(70,942)</b>	<b>-28.8%</b>



## Capital expenditure by Vote

The summarized performance of capital expenditure by vote against the approved service delivery and budget implementation plan for the quarter ended 30 September 2021 is as follows:

Vote Description	Ref				
		YearTD actual	YearTD budget	YTD variance	YTD variance
<b>R thousands</b>	1				%
<b>Multi-Year expenditure appropriation</b>	2				
Organizational Structure Votes		-	-	-	
Vote 01 - Council		-	-	-	
Vote 02 - Municipal Manager		-	-	-	
Vote 03 - Budget & Treasury		1,126	269	857	318%
Vote 04 – Health & Community Services		-	-	-	
Vote 05 - Corporate Services		-	1,818	(1,818)	-100%
Vote 06 – Integrated Planning & Economic Development		-	4,040	(4,040)	-100%
Vote 07 - Technical Services		125,458	53,253	72,205	136%
Vote 08 - Roadworks		-	-	-	
Vote 09 - Entity: Chis Hani Development Agency		-	-	-	
Vote 10 - Vote 10		-	-	-	
Vote 11 - Vote 11		-	-	-	
Vote 12 - Vote 12		-	-	-	
Vote 13 - Vote 13		-	-	-	
Vote 14 - Vote 14		-	-	-	
<b>Total Capital Multi-year expenditure</b>	4,7	<b>126,584</b>	<b>59,381</b>	<b>67,204</b>	<b>113%</b>

### 3.2.2 Non-financial performance

The Non-Financial Performance is included in a separate comprehensive report.

### 3.3 In-year budget statement tables

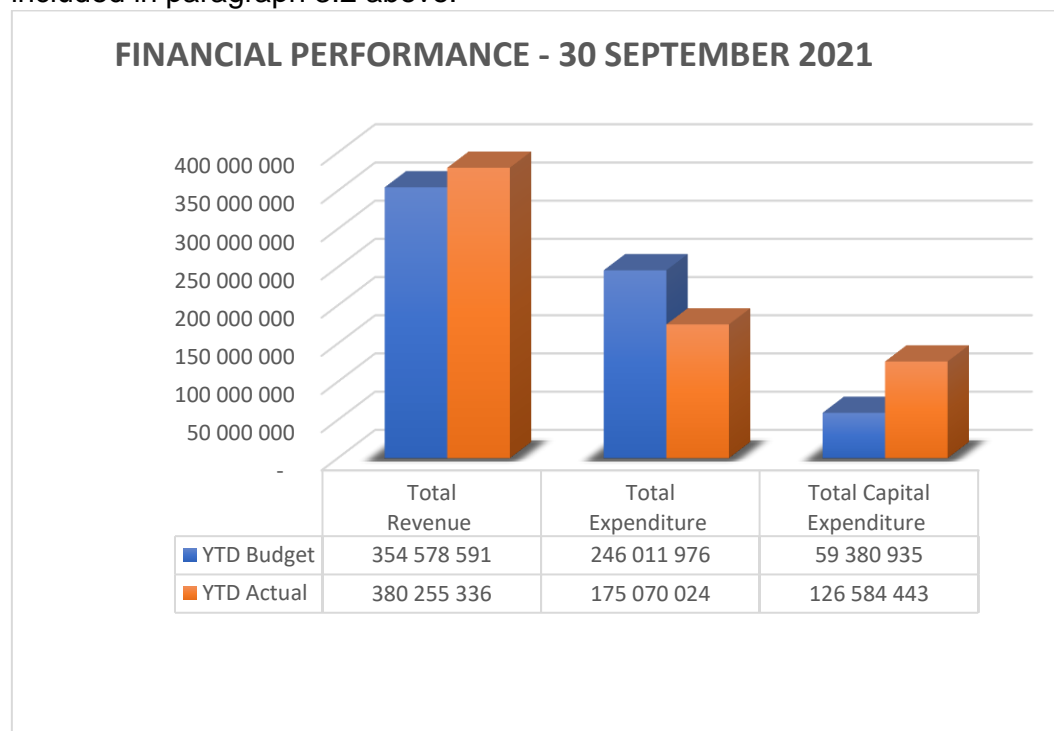
Although the numbers are populated, it does not consider certain accruals, and therefore is not 100% accurate as referred to above.

- (a) Table C1 Monthly Budget Statement Summary - Refer to page **29**;
- (b) Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Refer to pages **30 to 34**
- (c) Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Refer to pages **35 to 38**;

- (d) Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) - Refer to page **39**;
- (e) Table C5 Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) - Refer to pages **40 to 43**;
- (f) Table C6 Monthly Budget Statement - Financial Position - Refer to page **44**; and
- (g) Table C7 Monthly Budget Statement - Cash Flow - Refer to page **45**.

#### 4. Monthly summary of revenue and expenditure

The year to date actual revenue and expenditure for the month varies with the budget and a positive variance was recorded (see below). The reasons for the significant variances are included in paragraph 3.2 above.



#### 5. Cost savings disclosure

The cost containment regulations came into effect on 1 July 2019. The regulations require the municipality to monitor certain categories of expenditure with the objective to contain costs. The municipality is also required to report on the budget and actual expenditure relating to the regulated costs on a regular basis as outlined below:

COST CONTAINMENT IN YEAR REPORT						
MEASURES	Original Budget	Actual Expenditure Q1	Actual Expenditure Q2	Actual Expenditure Q3	Actual Expenditure Q4	Savings
Use of Consultants	17,409,615.00	8,133,148.65				9,276,466.35
Travel and substance	4,861,801.00	1,036,851.26				3,824,949.74
Sponsorships,Catering and events	2,130.00	0				2,130.00
Communication	2,374,908.00	718,196.27				1,656,711.73
Conferences,meeting and study tours	0	0				-
<b>Total</b>	<b>24,648,454.00</b>	<b>9,888,196.18</b>				<b>14,760,257.82</b>

## 6. Debtors report

As per supporting table SC3 - Refer to page 48 for detail.

### 6.1 Debtors as at 30 September 2021

The total gross debtors outstanding as at 30 September 2021, is **R2 528 billion**, which represents an increase of 1% from the previous month.

### 6.2 Debtors per category as at 30 September 2021

CATEGORY	30-Sep-21	31-Aug-21	MOVEMENT
GOVERNMENT	134,165,804.63	137,493,485.00	2%
BUSINESSES	86,950,678.29	85,956,620.00	-1%
HOUSEHOLD	2,288,721,461.52	2,250,783,461.00	-2%
OTHER	18,952,922.21	22,571,689.00	16%
<b>TOTAL</b>	<b>2,528,790,866.65</b>	<b>2,496,805,255.00</b>	<b>-1%</b>

### 6.3 Deposits

According to Paragraph 7.4.3 of our Credit Control, Debt Collection and Write-Off policy, "Security deposits either in cash or any other security acceptable to the Municipality will be required, the minimum deposit being the equivalent of amounts fixed from time to time by the Municipality."

The total deposits held for water are:

Service	Current Status
Water	R35 036.73

### 6.4 The status of interest charged on arrear debtors

Interest is calculated from the original due date of the debt, taking any payments into consideration.

All accounts must be paid on the due date as indicated on the account.

With the exception of 100% subsidised indigents, interest on arrears will accrue after due date if the account remains unpaid as at due date, irrespective of the reason for non-payment, unless the Chris Hani District Municipal council deems it inappropriate to charge interest due to specific circumstances that may prevail from time to time.

Interest on overdue accounts will be charged at the prevailing prime bank interest rate.

Interest on arrear debts for the period ending September 2021 is listed below;

<b>Interest per service</b>	<b>Charged Interest - Sept 2021</b>
Total Interest Water	110,948,098.67
Total Interest Basic Water	64,159,024.69
Total Interest Sanitation	70,966,786.43
<b>Grand Total</b>	<b>246,073,909.79</b>

## 6.5 Cash collection

This ratio is based on service charges and includes sundry debtors and is an indication of the total collections received versus the billings.

	202109						
	WATER	SANITATION	VAT	INDIGENT SUBSIDY	TOTAL	COLLECTION	PERCENTAGE
Lukhanji (401)	9,513,929.02	2,244,318.15	1,763,038.78		13,521,285.95	1,864,050.35	13.79
Inkwanca (402)	1,120,174.64	326,572.78	217,042.43		1,663,789.85	20,049.35	1.21
Sakhisizwe (405)	1,459,030.88	353,607.78	272,398.10		2,085,036.76	131,995.85	6.33
Tsolwana (407)	1,174,967.33	299,399.39	221,011.08		1,695,377.80	26,454.59	1.56
Emalahleni (408)	2,115,520.38	533,255.92	397,144.58		3,045,920.88	266,042.09	8.73
Engcobo (403)	347,560.71	85,429.73	64,943.12		497,933.56	113,816.41	22.86
Inxuba Yethemba (404)	6,454,914.06	1,358,634.40	1,171,883.80		8,985,432.26	86,343.03	0.96
Intsika Yethu(406)	833,813.36	232,949.76	160,004.54		1,226,767.66	312,832.52	25.50
	<b>23,019,910.38</b>	<b>5,434,167.91</b>	<b>4,267,466.43</b>	<b>-</b>	<b>32,721,544.72</b>	<b>2,821,584.19</b>	<b>8.62</b>

There has been regression in collection when comparing to the previous months this is due to that the debt collection programme (disconnection of services) focusing on Government Departments and Business customers was implemented late in the month of September.

Engcobo and Intsika Yethu were the most collected, while there was a slight improvement in the Emalahleni area due to the disconnection programme implemented. Least collected were Inxuba Yethemba and (EMLM) Molteno/Sterkstroom.

## 6.6 Meter reading cycle and date of accounts

Meter reading cycle runs from the first to the 15th day of each month and the billing date is the last 2 weeks of the month.

Monthly charges for services were raised from 27 to 30 September 2021. Accounts were sent via email to consumers who prefer to receive accounts by email and have provided the municipality with their email addresses.

Accounts are payable immediately on receipt of the account with a final payment date of 15 October 2021. Interest will be charged on debt 30 days and older.

## 6.7 Number of customers

Number of Accounts:	250 178
Number of Meters: Active	39 658
Inactive	25 961

## 6.8 Age analysis of debtors

DC13 Chris Hani - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September												
Description	NT Code	Budget Year 2021/22									Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr			
<b>Debtors Age Analysis By Income Source</b>												
Trade and Other Receivables from Exchange Transactions - Water	1200	33,965	35,047	36,781	35,057	40,405	105,109	27,286	1,585,269	1,898,919	1,793,126	
Receivables from Exchange Transactions - Waste Water Management	1500	7,379	7,212	7,150	6,556	6,596	6,508	6,490	581,458	629,349	607,608	
<b>Total By Income Source</b>	<b>2000</b>	<b>41,344</b>	<b>42,259</b>	<b>43,931</b>	<b>41,614</b>	<b>47,002</b>	<b>111,616</b>	<b>33,775</b>	<b>2,166,727</b>	<b>2,528,268</b>	<b>2,400,734</b>	
<b>2020/21 - totals only</b>										-	-	
<b>Debtors Age Analysis By Customer Group</b>												
Organs of State	2200	2,793	2,701	5,433	3,078	2,782	8,339	2,170	109,317	136,612	125,685	
Commercial	2300	2,532	2,019	2,760	1,907	1,818	6,591	1,406	67,265	86,298	78,988	
Households	2400	35,668	37,192	35,387	36,323	41,974	95,858	29,896	1,970,204	2,282,502	2,174,255	
Other	2500	352	346	351	306	428	829	303	19,941	22,855	21,806	
<b>Total By Customer Group</b>	<b>2600</b>	<b>41,344</b>	<b>42,259</b>	<b>43,931</b>	<b>41,614</b>	<b>47,002</b>	<b>111,616</b>	<b>33,775</b>	<b>2,166,727</b>	<b>2,528,268</b>	<b>2,400,734</b>	

## 6.9 Status of employees' arrears

municipal Officials - Top owing as at 30 September 2021					
Account Number	Consumer Name	Debt as @30 Sept 2021	Arrangements	Cash Payments	Comments
40411859	NTOZINI TM (10425)	76,755.96	-	-	Demand letters were issued, to date there has never been payments made.
40409495	JULISEN JR	75,034.68	-	-	Demand letters were issued, last payment was on the 26/10/2020.
40112205	LH BOBELO	57,767.43	1,100.00	-	There is an arrangement in place (Salary stop order)
40107827	MM NDZINDE	49,559.78	-	-	Demand letters were issued, to date there has never been payments made.
40102909	SP/F GCINA	49,272.10	-	-	Demand letters were issued, to date there has never been payments made.
40112425	AJ MAPUZI	44,892.78	500.00	300.00	There is an arrangement in place (Salary stop order) & pays cash monthly.
40408939	SETENI V	43,570.96	-	100.00	Demand letters were issued, the account is not paid on a monthly basis.
40416012	PRINSLOO AJ	42,404.34	600.00	-	There is an arrangement in place (Salary stop order)
40106448	YB/X DAKUSE	38,332.46	-	-	Demand letters issued. Participated in the debt incentive scheme paid 50% of the debt 30 Nov 2020, there was no payment thereafter.
40111524	JL JANKIE	34,176.64	1,100.00	-	There is an arrangement in place (Salary stop order)
40103819	PCK PUKWANA	32,131.27	-	-	Demand letters issued. Participated in the debt incentive scheme paid 50% of the debt 10 Nov 2020, there was no payment thereafter.
40103380	LM GENADE	30,612.27	-	-	Demand letters were issued, last payment was on the 26/09/2017.
40117280	L/ZP MXABANO	27,535.64	600.00	-	There is an arrangement in place (Salary stop order)
40110598	NE DYANTYI	26,617.08	-	-	Demand letters were issued, to date there has never been payments made.
40103438	PM/NF MAHLASELA	26,037.46	1,000.00	-	There is an arrangement in place (Salary stop order)
40106696	QK MOHAPI	24,836.39	500.00	-	There is an arrangement in place (Salary stop order)
40404575	MAZUNGULA K(10596)	23,116.09	300.00	-	There is an arrangement in place (Salary stop order)
40121014	S/BP DINEKA	22,148.09	400.00	-	There is an arrangement in place (Salary stop order)
40605123	CIKO NCEDISWA AGNES	21,734.07	-	-	Demand letters were issued, to date there has never been payments made.
40191123	T TELE	21,432.64	1,000.00	-	There is an arrangement in place (Salary stop order)
40120671	MA/BP GCALI	18,215.29	-	-	Account has a query. Awaiting for proof of divorce, the property belongs to the wife.
40116914	N MAGWASHU	14,481.89	500.00	-	There is an arrangement in place (Salary stop order)
40108358	LT MAPOLISA	13,401.44	800.00	-	There is an arrangement in place (Salary stop order)
40106864	L TYHALI	13,398.11	1,000.00	-	There is an arrangement in place (Salary stop order)
40416091	QATANA TS(10613)	12,871.71	300.00	-	There is an arrangement in place (Salary stop order)
40609060	VL/F LEROTHOLI	12,600.63	-	1,000.00	Demand letters were issued, paying cash for the account on a monthly basis.
40112333	VV MABI	12,568.95	800.00	-	There is an arrangement in place (Salary stop order)
40111697	ML MAGQAZA	12,164.56	-	-	The salary stop order has been cancelled
40404568	STUURMAN S	12,077.58	200.00	-	There is an arrangement in place (Salary stop order)
40118889	YT MANINJWA	11,822.75	-	-	Demand letters were issued, last payment was on the 04/09/2018.
40107532	GG/C VRIES	11,560.37	500.00	-	There is an arrangement in place (Salary stop order)
40103911	Z/KO SHASHA	11,044.66	600.00	-	There is an arrangement in place (Salary stop order)
40104564	BT SIGENU	10,278.13	-	-	Demand letters were issued, last paid 25 Aug 2021.
40106987	BL DIPPA	8,130.56	400.00	-	There is an arrangement in place (Salary stop order)
40103172	M/NP KOTO	7,776.88	-	3,000.00	Demand letters were issued, paying cash for the account on a monthly basis.
40401709	K FARAO	7,502.44	300.00	-	There is an arrangement in place (Salary stop order)
40112450	MAA/A MLUNGWANA	7,463.38	-	-	Demand letters were issued, paying cash for the account. The account is not paid on a monthly basis.
40410532	MANCAPA D (ATT B ZENZILE 10013)	6,995.16	300.00	-	There is an arrangement in place (Salary stop order)
40101694	MS DANYELA	6,802.76	300.00	-	There is an arrangement in place (Salary stop order) & pays cash monthly.
40129102	ME/PG STEFANS	6,537.21	-	-	Demand letters were issued, last payment was on the 24/05/2021.
40610686	TP XIPIU	4,774.98	400.00	-	There is an arrangement in place (Salary stop order)
40102507	TV MQAMELO	4,743.43	400.00	-	There is an arrangement in place (Salary stop order)
40121555	Z/VL MSHUMPELA	4,543.27	500.00	-	There is an arrangement in place (Salary stop order)
40236889	XY KWAZA	4,084.84	-	-	Demand letters were issued, last payment was on the 12/12/2020.
40106439	TR/GMB RITTLES	3,752.07	-	-	Demand letters were issued, last paid 25 Sept 2021.
40462543	ISAACS JC	3,021.52	300.00	-	There is an arrangement in place (Salary stop order)
40610165	PSX LIBALA	2,265.38	-	-	Demand letters were issued, paying cash for the account. The account is not paid on a monthly basis.
40610283	NV MTSHAKAZI	2,025.02	1,650.00	-	There is an arrangement in place (Salary stop order)
40610703	L DELUBOM	1,591.77	300.00	-	There is an arrangement in place (Salary stop order)
40610943	P LIBALA	1,129.62	-	-	Demand letters were issued, last paid 28 Sept 2021.
40103412	Z MAKHONZA	1,123.71	400.00	-	There is an arrangement in place (Salary stop order)
40611403	TM/TE NGWENDU	1,083.42	-	1,000.00	Paying cash for the account on a monthly basis.
40100711	L/S MAPEKULABADLA	897.25	-	300.00	Demand letters were issued, paying cash for the account on a monthly basis.
40603280	T NCOKAZI	772.34	-	200.00	Paying cash for the account on a monthly basis.
40112366	S/Y VELLEEM	468.87	-	585.42	Paying cash for the account on a monthly basis.
40611217	Z/A KUBONI	414.55	-	414.10	Paying cash for the account on a monthly basis.
40102639	MM/N SHASHA	343.68	-	1,056.96	There is an arrangement in place (Salary stop order)
40610766	BL/PP NGXANGANA	295.22	-	-	Paying cash for the account on a monthly basis.
40197633	M NONTENJA	111.92	-	500.00	Paying cash for the account on a monthly basis.
40103752	A NXUSANI	97.13	2,000.00	-	No payment has been made in this account.
80001286	S/C DAMBUZA	28.32	-	-	No payment has been made in this account
40105633	SB MATYELI	3.91	-	158.40	Paying cash for the account on a monthly basis.
<b>Its</b>		<b>1,023,234.81</b>	<b>19,050.00</b>	<b>8,614.88</b>	

## 6.10 Status on councilors' arrears

Councillors - Top owing as at 30 September 2021						
List	Account Nu	Consumer Name	Debt as @30 Sept 2021	Arrangements	Cash Payments	Comments
1	40418910	VENSKE RW	46,290.26	-	-	Demand letters were issued, to date there has never been payments made.
2	40238555	ML MXHONYWA	21,740.21	-	-	Demand letters were issued, to date there has never been payments made.
3	40105508	N/Z BOMELA	17,969.35	-	2,000.00	Demand letters were issued, the account is not paid on a monthly basis.
4	40115028	CZ/NC DELIWE	16,452.80	-	-	Demand letters were issued, last payment was on the 16/09/2019.
5	40800589	M ADONISI	15,232.16	-	-	Demand letters were issued, to date there has never been payments made.
6	40106272	S/OR MBOTSHANE	10,291.77	-	-	Demand letters issued. Participated in the debt incentive scheme paid 50% of the debt 28/08/2020, there was no payment thereafter.
7	40611497	TE BOBO	7,621.55	800.00	-	Salary deduction arrangement of R800.00
<b>Totals</b>			<b>135,598.10</b>	<b>800.00</b>	<b>2,000.00</b>	

## 6.11 Current Actions

### Review of age analysis report for accounts with overdue debt

- Run a full Age Analysis report
- Identify accounts with balances 30 days and more overdue.
- Assign responsibility for debt collect action to Credit Control Officer.

### Send reminders to identified customers with overdue accounts.

- Send first reminders to customers with accounts with overdue balances as per collection list
- Send second and final reminder to all customers who did not respond to first reminder.

### Initiate restriction / disconnection processes

- Prepare disconnection list of those who have not paid within specified period and forward to Manager for review.
- Forward disconnection list to Technical Services Department

### Municipal Officials and Councillors

- Revise Payment arrangements to acceptable payment period
- Enforce salaries deductions to non-responsive customers in terms of the Municipal Code of Conduct and Schedule 1 and 2 of the Municipal Systems Act No. 32 of 2000

## TOP 20 – OWING DEBTORS

<b>TOP 20 - OWING DEBTORS SEPTEMBER 2021</b>				
List	Account Number	Consumer Name	Total Debt as @ 30 Sept 2021	Reasons
1	40191901	WATER & SANITATION SERVICES	12,093,238.87	Municipal account under investigation
2	40461188	DEPTPUBLIC WORKS(CORR SERV)	6,536,405.93	Services were disconnected, Committed to settle on condition that interest is waived
3	40412244	SIZANI TP	5,394,504.04	Take on balance of R4m under dispute
4	40461219	TRANSNET SOC LTD T A	4,485,769.90	Abeyance account disputed, still under investigation
5	40600171	HEALTH DEPARTMENT	4,392,809.57	Committed to pay current accounts whilst awaiting for additional funding
6	40103972	QTN GOLF CLUB	3,233,041.50	Services disconnected, no payment received yet
7	40209714	HEWU HOSPITAL	3,182,067.36	Committed to pay current accounts whilst awaiting for additional funding
8	10019742	P DEPT PUBLIC WORKS	2,930,992.34	Demand letters sent
9	40195972	KOMANI HOSPITAAL	2,271,465.45	Committed to pay current accounts whilst awaiting for additional funding
10	40191397	DEPT OF PUBLIC WORKS	2,129,801.85	Services disconnected, account ownership dispute
11	40460830	KAREL THERON LAERSKOOL	1,946,545.09	Demand letters sent, disconnection of services to the district offices actioned
12	40196257	MUNICIPALITY	1,876,612.03	To consult the Municipality on the owing debt
13	40194661	LUKHANJI TOWN HALL	1,553,419.90	To consult the Municipality on the owing debt
14	40610797	MATTAM TRUST	1,414,507.06	Final demand letter sent, and disconnection implemented
15	40806527	INDWE HIGH SCHOOL HOSTEL	1,412,503.95	Awaiting dispute resolution
16	40800004	DCS DEPT OF CORRECTIONAL SERVICES	1,349,772.27	Services were disconnected, Committed to settle on condition that interest is waived
17	40237736	PROVINSIALE HOSPITAAL	1,302,987.99	Committed to pay current accounts whilst awaiting for additional funding
18	40458126	RIVERSIDE HOME OWNERS ASS	1,302,626.98	Demand letter sent
19	40201988	LUKHANJI PUBLIC PRIMARY	1,196,907.94	Demand letters sent, disconnection of services to the district offices actioned
20	40420010	MIDDELBURG HO"ERSKOOL	1,095,054.77	Demand letters sent, disconnection of services to the district offices actioned
<b>Total Debt</b>			<b>61,101,034.79</b>	

### Corrective action been taken:

The other remaining accounts do receive the necessary attention by the credit control section to collect outstanding debt. With the economy steadily re-opening the Revenue Department can actively commence the process of recovering monies from consumers. The municipality also needs to explore the provisions of Section 103 of the Municipal Systems Act for entering of agreements between the Municipality and employers to deduct municipal services debt.

### Status of debt of government departments (State)

Debt per service:

Departments	Water	Sanitation	Other	Grand Total
National	13,094,244.45	1,139,994.55	-	<b>14,234,239.00</b>
Provincial	55,003,278.80	2,994,004.31	-	<b>57,997,283.11</b>
Municipalities	51,985,219.81	9,949,062.71	-	<b>61,934,282.52</b>
<b>Total</b>	<b>120,082,743.06</b>	<b>14,083,061.57</b>	-	<b>134,165,804.63</b>

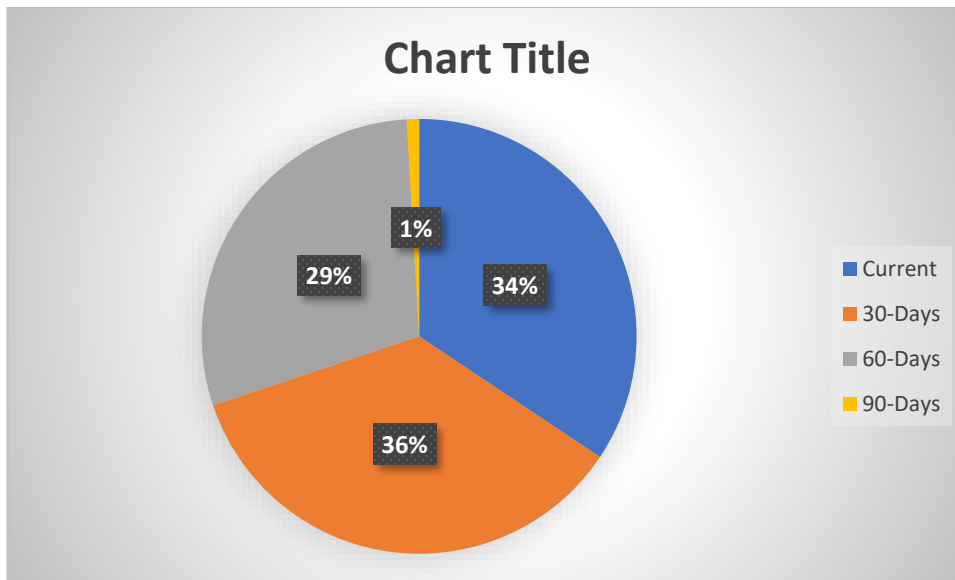




## 7. Creditors

As per supporting table SC4 - Refer to page 49 for detail.

The balance of creditors as at 30 September 2021 amounts to R 22 787 484. The creditors consist out of suppliers which are providing services within the municipal area. There are creditors are still outstanding for a period longer than 30 days amounting to R 6 867 811. Reason for creditors being long outstanding is due to cash flow projections.



Below is a list of the top 20 creditors as at 30 September 2021:

<b>No</b>	<b>Supp-Name</b>	<b>Total</b>
1	THE GALLO	1,061,265.63
2	INDLELA CONSULTANTS	891,250.00
3	QUMANCO TRADING	734,275.00
4	DICLA TRAINING AND PROJECTS (PTY) LTD	417,812.25
5	NOVUBU CONSTRUCTION CC	282,555.00
6	MARISWE(PTY)LTD	251,776.55
7	PURPLE PANSY 101/ SONDEZA AMANZI	203,159.00
8	SALUBRITY NATURALLY (PTY) LTD	173,250.00
9	LUNIKO LETHU INVESTMENT GROUP	165,000.00
10	SIBUYILE MOTORS	155,029.60
11	RAMATINI SERVICE AGENT_(PTY) LTD	154,999.78
12	EYAMAKHWANE	150,000.00
13	RBV TRADING ENTERPRISE	150,000.00
14	QAMATA TRADING AND PROJECTS (PTY) LTD	149,228.29
15	75 YEAR PLAN HOLDINGS	148,992.00
16	NON-SOSO CONSTRUCTION	140,000.00
17	ALOE OFFICE & BUSINESS EQUIPMENT	138,425.95
18	WORLD FOCUS 2277CC	120,000.00
19	MAKHWEMNTE TRADING CC	119,999.99
20	VALOTONE 94 CC	118,123.40
	<b>TOTAL</b>	<b>5,725,142.44</b>

## 8. Investments

September 2021								
Banking Institution	Rate	Account Number	Opening Balance	Contribution to Investment from Operating Account	Interest Received	Sub Total	Withdrawal from Investment to Cheque Acc 62002510693	Closing Balance
FNB	6.00%	620-044-994-81	R 16,020,490.30		R 21,477.45	<b>R 16,041,967.75</b>	R 14,685,689.73	R 1,356,278.02
FNB	6.00%	621-879-397-84	R 928,805.91	R 69,981,000.00	R3,139.48	<b>R 70,912,945.39</b>	R20,959,124.34	R 49,953,821.05
FNB	6.00%	621-879-365-32	R 18,153,810.38		R 33,989.71	<b>R 18,187,800.09</b>	R 10,939,900.33	R 7,247,899.76
FNB	6.00%	621-879-385-38	R 2,325,223.55		R 5,430.83	<b>R 2,330,654.38</b>		R 2,330,654.38
FNB	6.00%	621-906-525-21	R 146,051,626.54	R 20,469,765.20	R 325,208.74	<b>R 166,846,600.48</b>	R 48,737,796.95	R 118,108,803.53
FNB	6.00%	628-684-674-18	R 113,515,111.67	R 2,881,457.48	R 241,891.70	<b>R 116,638,460.85</b>	R 11,623,521.74	R 105,014,939.11
FNB	6.00%	622-684-603-63	R 744,397.41		R1,492.74	<b>R 745,890.15</b>	R230,240.00	R 515,650.15
			<b>R 297,739,465.76</b>	<b>R 93,332,222.68</b>	<b>R 632,630.65</b>	<b>R 391,704,319.09</b>	<b>R 107,176,273.09</b>	<b>R 284,528,046.00</b>

During the month of September 2021 call investments of **R 93 332 222** was made and call investments of **R 632 630** matured. The total amount invested at 30 September 2021 is **R 284 528 046**. The closing balance includes the interest earned and withdrawals made on the investment.

## 9. Allocation, grant receipts and expenditure

Refer to pages **51 to 53** for detail. The grants register has been reconciled and balanced as at the end of September 2021.

Below is a reconciliation of roll-over grants:

SUMMARY REPORT: ROLLOVER 2020/2021: 31 JULY 2021			
Grant Name	Unspent balance including interest	Pending rollovers	Pending repayment
Regional Bulk Infrastructure Grant	48 644 014	R48 644 014	
<b>Total</b>	<b>48 644 014</b>	<b>R48 644 014</b>	

Rollover application was submitted to Provincial Treasury and other relevant departments by 31 August 2021.

Below is a reconciliation of DORA Gazetted grants:

<u>Name of Grants</u>	<u>Name of organ of state</u>	<u>Funding source</u>	<u>Total receipts during the year</u>	<u>Expenditure to date</u>	<u>Total balance per grant register</u>
<b>Opex grants, subsidies and donations</b>			<b>(5,636,745)</b>	<b>5,493,063</b>	<b>143,682</b>
Finance Management Grant	DORA	FMG	(1,000,000)	313,954	(686,046)
Municipal Infrastructure Grant		MIG-PMU	(3,676,745)	3,676,745	0
Expanded Public Works Programme	DORA	EPWP	(960,000)	1,502,364	542,364
Local Government SETA Municipal Disaster Grant	DORA	LGSETA	-	-	-
<b>Capex grants, subsidies and donations</b>			<b>(221,677,255)</b>	<b>138,817,378</b>	<b>(82,859,877)</b>
Municipal Infrastructure Grant	DORA	MIG	(133,572,255)	100,795,864	(32,776,391)
Water Services Infrastructure Grant	DORA	WSIG	(17,566,000)	20,900,545	3,334,545
Regional Bulk Infrastructure Grant	DORA	RBIG	(68,229,000)	17,120,969	(51,108,031)
Rural Roads Asset Management	DORA	RRAMS	(2,310,000)	-	(2,310,000)
Total of credit balances			<b>(227,314,000)</b>	<b>78,034,430</b>	<b>14,432,570</b>
<b>Conditional and Unconditional Grants (Receivable)</b>	<b>DORA</b>	<b>FMG</b>	<b>-</b>	<b>313,954</b>	<b>313,954</b>

Finance Management Grant					
Expanded Public Works Programme	DORA	EPWP	-	1,502,364	1,502,364
Water Services Infrastructure Grant	DORA	WSIG	-	20,900,545	20,900,545
Municipal Infrastructure Grant	DORA	MIG	-	104,472,609	104,472,609
Regional Bulk Infrastructure Grant	DORA	RBIG		7,497,023	7,497,023
Rural Roads Asset Management	DORA	RRAMS		17,120,969	17,120,969
<b>Total of debit balances</b>			-	<b>151,807,464</b>	<b>151,807,464</b>
<b>Net balance</b>			<b>(227,314,000)</b>	<b>274,152,335</b>	<b>83,523,839</b>

The municipality has received an amount of R 250 259 000 in respect of equitable share which is an unconditional grant.

## 10. Councillor allowances and employee benefits

The prescribed schedule SC8 is completed and in order, to comply with section 66 of the MFMA. Refer to page **54 to 55**.

The total budgeted costs for EPWP funded from grants from 1 July 2021 until 30 June 2022 is amounting to R 3 838 000.

## 11. Variances to the service delivery and budget implementation plan

Capital expenditure for the month ended 30 September 2021 is R 126 584 443. This represents 21% of the capital budget. It is expected that the capital expenditure will gradually increase as the year progresses.

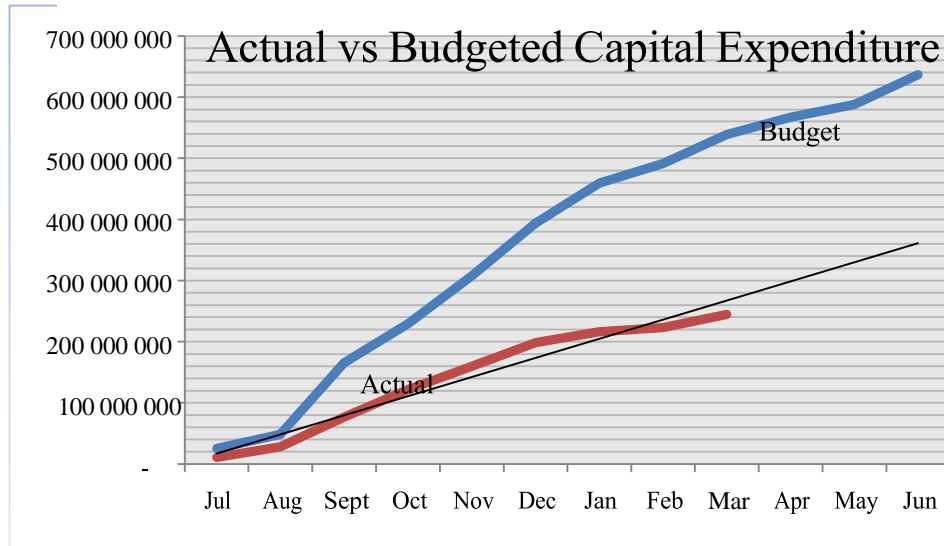
## 12. Capital expenditure performance

Refer to attachment 1.13 for SC 12 and detail of a capital summary per directorate and per funding source.

The year to date expenditure amounts to R 126 584 443. This represents 21% of the capital budget of R 591 142 300.

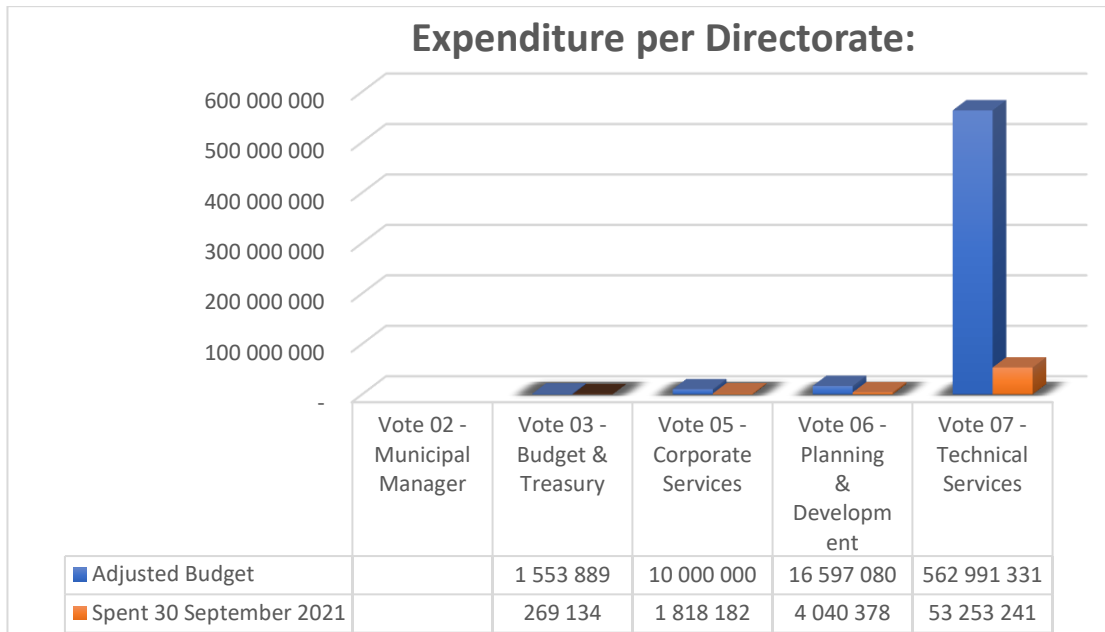
The total actual expenditure-to-date compared to the Capital Budget reflects the following information which is also highlighted in the graph below:

Pro-rata budget	R591 142 300
Actual Spent	R126 584 443
<u>Percentage of Pro Rata Budget under-spent</u>	79%

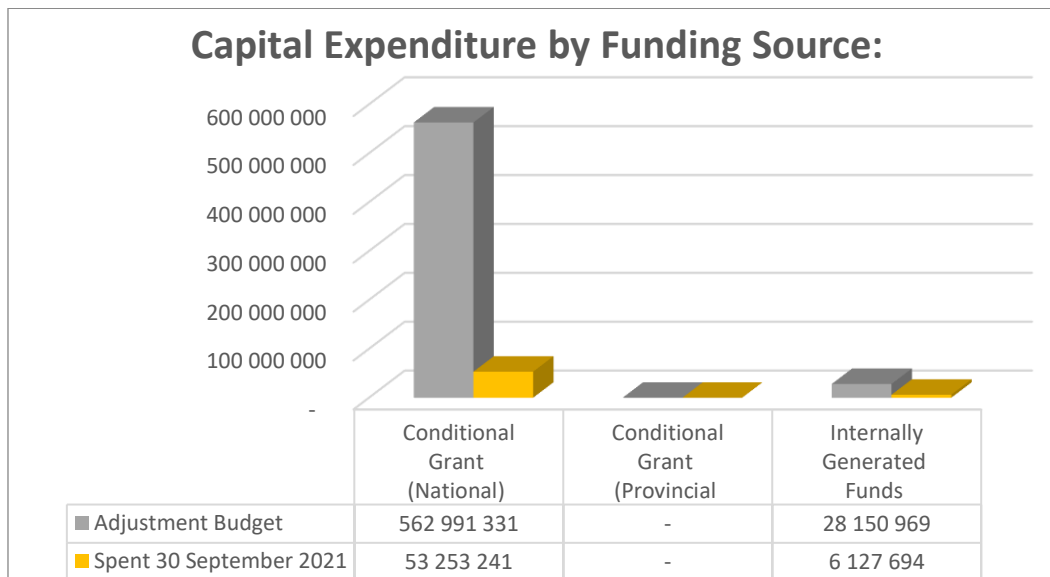


The capital expenditure incurred for the month was R 46 403 404 compared to the anticipated capital expenditure of R 59 380 934, which should have been incurred in September 2021 to ensure that the capital budget is fully spent at the end of the year.

Expenditure per Directorate:



Expenditure per Funding Source:





### 13. Supply Chain Management report

Below is a table that summarizes the Supply Chain Management process in terms of quotations and bids against the capital expenditure:

<b>SUMMARY: QUOTATIONS</b>	<b>31 AUGUST 2021</b>	<b>TOTAL</b>
<b>DAY TO DAY QUOTATIONS</b>	R 78 314,19	R 78 314,19
<b>FORMAL QUOTATIONS</b>	R 474 532,45	R 474 532,45
<b>TOTAL QUOTATIONS</b>	<b>R 552 846,64</b>	<b>R 552 846,64</b>

<b>BIDDING PROCESS</b>	<b>Total Adjustment Budget</b>	<b>Bids Awarded vs Capital Budget</b>	<b>Capital Spending Year-To-Date</b>	<b>Committed Amount</b>	<b>Orders Issued</b>
Bids awarded	0	0	0	0	0
Bids in the process	0	0	0	0	0
Bids behind schedule	0	0	0	0	0
Bids cancelled or removed from adjusted budget	0	0	0	0	0
Bids to be awarded	0	0	0	0	0

There were no tenders awarded and no tender was cancelled during September 2021.

There are currently 20 tenders in process of which 17 tenders closed. 17 bids are with BEC. There are 3 reports with BAC. This information reflects on our tender control plan on 17 September 2021.

### 14. Bank reconciliation

The bank reconciliation for 30 September 2021 has been completed.

Refer to pages 59 to 62 for cash flow reconciliation.

Cash book and bank balances are as follows:

Bank balance as at 30 September 2021	Call Account	Water Account	Equitable Share	CRR	Total
Cash Book Balance	R1,356,278.02	R587,405.76	R(53,009,453.07)	R118,108,803.53	R67,043,034.24
Bank Statement Balance	R3,032,911.49	R953,489.68	R1,356,278.02	R118,108,803.53	R123,451,482.72
Bank balance as of 30 September 2021	CALL NT	PROV	RBIG	Total	
Cash Book Balance	R7,247,899.76	R2,330,654.38	R105,014,939.11	R114,593,493.25	
Bank Statement Balance	R7,247,899.76	R2,330,654.38	R105,014,939.11	R114,593,493.25	
Bank balance as of 30 September 2021	EPWP	INFRA	Total		
Cash Book Balance	R515,650.15	R49,953,821.10	R50,469,471.25		
Bank Statement Balance	R515,650.15	R49,953,821.05	R50,469,471.20		
Total					
Cash Book	R232,105,998.74				
Bank Statement	R288,514,447.17				

The above table reflect the Cashbook balance of **R232 105 998.74** and Bank Balance of **R288 514 447.17**. The variance of **R56 408 448.43** is caused by the payment made in the cashbook but not go through the bank yet as of 30 September 2021

## 15. Financial analysis

Refer to supporting table SC2 monthly budget statement on page 47 where detailed calculations are included. Below are the historical results of these ratios since 2018, as well as for the current month. Caution must be taken when interpreting the current month's ratio, as it will not be as accurate as audited year-end results.

### Liquidity:

This ratio is used to assess the municipality's ability to pay back its short-term liabilities with its short-term assets.

		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	31-Jul-21	30-Aug-21	
Current Ratio	Current Assets	467,543,278	1,779,477,263	1,527,894,896	1,870,072,205	1,151,104,413	2,255,019,304	2,284,443
	Current Liabilities	277,669,587	1,661,936,577	1,324,189,684	1,590,521,659	1,664,034,826	1,521,575,816	1,568,267
		1.68	1.07	1.15	1.18	0.69	1.48	1.46

### Water distribution losses:

The purpose of this ratio is to determine the percentage loss of potential revenue from water service through kiloliters of water purchased but not sold because of losses

incurred through theft (illegal connections), non- or incorrect metering or wastage because of deteriorating water infrastructure.

		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	31-Jul-21	30-Aug-21	30-Sep-21
Water Distribution Losses		59%	15%	68%	31%			

### Debt coverage ratio:

This ratio is used to indicate the level of revenue, excluding operating grants, that is available to service its debt payments for the year.

		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	31-Jul-21	30-Aug-21	30-Sep-21
Debt Coverage Ratio	Total Operating Revenue -Operating Grants	(480,125,970)	(217,850,500)	(318,432,277)	(272,884,001)	(23,775,694)	(25,198,635)	4,237,932
	Debt service payments due within financial year	117,085	266,610	88,047	454,822	-	10,558	10,558
		-4101	-817	-3617	-600	#DIV/0!	-2387	401

### Outstanding services debtors to revenue:

This ratio is used to indicate the net service debtors outstanding as a percentage of the total annual service revenue.

		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	31-Jul-21	30-Aug-21	30-Sep-21
Outstanding services debtors to revenue	Total outstanding service debtors after impairment	115,747,259	238,173,251	315,327,009	383,543,146	761,727,371	797,236,327	828,698,998
	Annual revenue received for services	275,035,828	380,564,345	300,505,479	370,644,302	8,154,235	4,276,856	2,821,584
		42%	63%	105%	103%	9341%	18641%	29370%

Please note that the outstanding service debtors to revenue ratio for the period ended 30 September 2021 does not agree to supporting table SC2, as the total outstanding service debtors includes housing and other debtors which does not form part of service debtors.

### Cost coverage ratio:

The ratio indicates the municipality's ability to meet its monthly fixed operating commitments from cash and short-term investments, excluding conditional grants, i.e. how many months of cash is available to cover the fixed monthly commitments.

		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	31-Jul-21	30-Aug-21	30-Sep-21
Cost Coverage Ratio	Available cash-unsent conditional grants + short-term investments-ovdraft	195,702,088	113,235,110	(6,570,798)	122,447,847	508,414	859,292	96,088,800
	Monthly fixed operational expenditure	1,210,056,973	1,182,599,247	1,256,670,623	1,359,268,018	47,573,774	51,618,919	75,877,330
		0.16	0.10	-0.005	0.09	0.01	0.02	1.27

## 16. Municipal Manager quality certification

The signed quality certificate as required in terms of the Budget and Reporting Regulations for the budget statement is attached as page **75**.

## 17. Recommendations

- That the Mayor takes note and accept the report for the period ended 30 September 2021 as the first quarter report of 2021/22 financial year.
- That the Mayor takes note that the municipality achieved **21%** spending of its capital budget against the original budget of **R 591 142 300**.
- That the Mayor takes note that the municipality achieved **32%** spending of its operating revenue against the original budget of **R 1 200 195 775**.
- That the Mayor takes note that the municipality achieved **15%** spending of its operating expenditure against the original budget of **R 1 141 082 621**.

## 18. Approval of the report

\_\_\_\_\_  
A. MFECANE

\_\_\_\_\_  
DATE

SENIOR MANAGER: AFS, ASSETS & SYSTEMS

\_\_\_\_\_  
Z. NGODWANE

\_\_\_\_\_  
DATE

ACTING DEPUTY DIRECTOR: BUDGET & PLANNING

\_\_\_\_\_  
C. MAPEYI

\_\_\_\_\_  
DATE

CHIEF FINANCIAL OFFICER