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# **ADDITIONAL ITEMS**

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# C O N T E N T S

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1.	ADDITIONAL ITEMS	
2.	<u>FINANCE SERVICES DEPARTMENT.</u>	
2.1	SCM QUARTERLY REPORTING	01-18
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**FINANCE SERVICES  
DEPARTMENT**

**SCM QUARTERLY REPORTING**

**FOR CONSIDERATION**



# FINANCIAL SERVICES

## INTEROFFICE MEMORANDUM FINANCE SECTION

ABAQULUSI MUNICIPALITY CORPORATE SERVICE			
FILE NO: 311/P			
DATE RECEIVED		16 JAN 2023	FO-ATTENTION
MM	MAYOR	SPEAK	
DIR. MAYOR	DIR. CORP	CFO	
DIR. TECH	DIR. COM	DIR. DE'V	

78980

<b>ENQUIRIES</b>	:	<b>CHIEF FINANCIAL OFFICER</b>
<b>REFERENCE</b>	:	
<b>TELEPHONE</b>	:	<b>034 9822133X2336</b>
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<b>EMAIL</b>	:	<u><a href="mailto:cfo@abaqulusi.gov.za">cfo@abaqulusi.gov.za</a></u>
<b>DATE</b>	:	<b>11 JANUARY 2023</b>

**TO** : **EXCO**

**SUBJECT** : **SCM QUARTERLY REPORTING**

**1. PURPOSE**

The purpose of this memo is to submit the SCM quarterly report for the quarter ending the 31 December 2022.

**2. DELIBERATION**

In terms of section 6(1) (3) of the Municipal SCM Regulation, the Accounting Officer must, within 10 days of the end of each quarter submit a report on the implementation of the supply chain management policy to the mayor of the municipality as the case may be.

**3. INSTITUTION/S CONSULTED**

Finance

**4. FINANCIAL IMPLICATIONS**

- As per the attached report.

**5. CONSTITUTION AND LEGAL FACTOR**

- Approving this report ensures compliance to the legislative requirements

**6. RECOMMENDATIONS**

- That EXCO notes the amount of Irregular expenditure, fruitless and wasteful expenditure, tenders awarded and regulation 36 for quarter ending 31<sup>st</sup> of December 2022.
- The above to be investigated by Internal Audit and MPAC. Thereafter, a report should be submitted to Finance portfolio.

pp [Signature]  
**PREPARED BY SCM MANAGER**

11/01/2023  
**DATE**

**COMMENTS BY CHIEF FINANCIAL OFFICER  
SUPPORTED/~~NOT SUPPORTED~~**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
**CHIEF FINANCIAL OFFICER**

11/01/2023  
**DATE**

**COMMENTS BY MUNICIPAL MANAGER  
APPROVED/~~NOT APPROVED~~**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
**MUNICIPAL MANAGER**

13/01/2023  
**DATE**

# ABAQULUSI MUNICIPALITY



## QUARTERLY REPORT TO EXCO IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY

*(As per Section 6(1) (3) of the Municipal SCM Regulations)*

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## 1. Introduction

In terms of clause 6(1) (3) of the Municipal Supply Chain Management Regulations, 2005, which deals with the Oversight role of a Council of a municipality or board of directors of municipal entity:

- (1) *The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.*
- (3) *The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality or the board of directors of the municipal entity, as the case may be.*

## 2. SCM Policy & Procedures

### 2.1 Adoption of Policy by Council

*The SCM Policy was adopted by Council on 31 March 2022*

### 2.2 SCM Procedures

*The SCM Procedure Manual was last reviewed in June 2021 to align it to mSCOA.*

### 2.3 Delegations

*SCM delegations are in place as per the last approved Council delegations.*

### 2.4 Infrastructure Procurement

*Council adopted the Infrastructure Procurement and Delivery Management Policy to improve procurement processes.*

## 3. Functioning of the SCM Unit

### 3.1 SCM Structure:

*An approved Structure is in place and some positions are not filled.*

### 3.2 Declaration of Interest:

*All SCM Personnel declared their interests for the 2022/2023 financial year.*

### 3.3 Code of Conduct for SCM Practitioners:

*All SCM Personnel signed the Code of Conduct at the beginning of the 2022/2023 financial year.*

3.4 Training of SCM Personnel:

*All SCM Personnel been trained and workshopped in all SCM related documents.*

**4. Functioning of Bid Committees**

- 4.1 Bid Committees have been constituted in line with Regulations 27, 28 & 29.
- 4.2 Infrastructure Committees aligned with Infrastructure Delivery Management System (IDMS).
- 4.3 Bid Committee Terms of Reference in place.
- 4.4 15 Bid Committee Meetings held during the reporting period (October – December).

5. Reporting Items

5.1 Deviations

5.1.1 Section 114 (Approval of tenders not recommended)

Date of Award	Bid No.	Description of Goods/Services/Works	Award Value	BEC Recommendation	BAC Recommendation	Reason for Deviation	Notifications		
							AG	PT	NT
None									

5.1.2 Regulation 32 (Procurement of goods and services under contracts secured by other organs of State)

Date of Award	Contract Description	Award Value	Service Provider	Name of Contract Owner (Department / Municipality)	Consent obtained from Organ of State and Service Provider		Reason for Deviation	PT Decision
					Yes	No		
None								Approved / Not Approved

5.1.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)

Description of Goods/Services/Works	Date of Award	Awarded To	Award Value	Reason for Deviation	Date reported to Council

09

## 5.2 Unauthorised, Irregular, Fruitless & Wasteful Expenditure

- i) *Template as per MFMA Circular 68 to be utilised*
- ii) *Submission of Register to PT*
- iii) *Report as per KZN Municipal Circular 04 of 2018/19*

## 5.3 Central Suppliers Database (CSD)

- i) *Access / challenges*
  1. *Provincial Treasury workshopped SCM in loading orders on CSD but still we are experiencing numerous errors when we tried to do it ourselves.*

## 5.4 Procurement Plan Implementation

- i) *The format of the Abaqulusi Procurement Plan is as per Circular 62 (Annexure B)*
- ii) *Report on implementation as per KZN Municipal Circular 04 of 2018/19*

## 5.5 Bids Awarded >R100K

Bid No.	Bid Description	Award Value	Award Date	Date Contract Signed	Contract Start Date	Contract Duration
8/2/1/331	Provision of hygiene services for period of 36 months	R245 594.78	08/11/2022	08/11/2022	08/11/2022	36 months
8/2/1/481	Panel of advancing service delivery through use of additional funding instrument for the period of 36 months.	On Rates	15/11/2022	15/11/2022	15/11/2022	36 months
8/2/1/402	Provision of Traffic management.	R4 699 569.50	24/11/2022	24/11/2022	24/11/2022	36 months
8/2/1/482	Supply and delivery of 35 desktop and 2 Laptop computers.	R488 800.00	24/11/2022	24/11/2022	24/11/2022	Once off
8/2/1/486	Water service provider Technical Support.	R3 065 555.00	24/11/2022	24/11/2022	24/11/2022	36 months
8/2/1/487	The review of Spacial Development Frameworks (SDF) and to develop a strategic environment assessment (SEA)	R744 600.00	24/11/2022	24/11/2022	24/11/2022	36 months

## 5.6 Municipal Bid Appeals

- i) *Bids appealed*
  - 1 – *By Contour Technology for Multi utility online vending*
- ii) *Appeal status*  
*Not yet finalized by MBAT*

## 5.7 Contract Management

### 5.7.1 Contracts Register Statistics

No. of Current Contracts	No. of Contracts about to expire in <6 months	No. of Expired Contracts but still in use
60	0	5 1. Contour Technology (Vending software) 2. Munic Contractors (Connection and disconnection of water and electricity meters) 3. Fidelity Cash Solutions (Cash in transit) 4. Ado Research (Supply of prepayment vending machines) 5. Lexis Nexis (provision of the system to access the deeds offices)

### 5.7.2 Variations

#### i) Variations within 15% or 20%

Contract No.	Contract Description	Contract Value	Reasons for Variation	Amount
None				

#### ii) Variations above 15% or 20% (Comply with MFMA S116(3))

Contract No. & Description	Contract Value	Reasons for Variation	Amount	Date Tabled at Council	Date of Notice to Community
NONE					

### 5.7.3 Supplier Performance Management

Contract no. & Description	Name of Contractor	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating
			Yes	No	
Bid 8/2/1/68: Provision of Banking services	ABSA Bank	December 2022	Yes		
Bid 8/2/1/82: Provision of Insurance Services	Marsh Pty Ltd	December 2022	Yes		Good
Bid 8/2/1/205 :Refuse Removal in Vryheid Central	Liana Consulting	December 2022	Yes		Good
: Municipal Finance Support	Munsoft	December 2022	Yes		Good
Bid 8/2/1/376:	Umhlaba Geomatic	December 2022	Yes		Good

Valuation Roll					
Bid 8/2/1/1: Leasing of photocopier and fax machines	ITEC Newcastle	December 2022	Yes		
Bid 8/2/1/288: Cash in Transit	Fidelity	December 2022	Yes		
8/2/1/443: Professional Service provider for fixed assets register management	Dashing Dynamics Solutions Pty Ltd	December 2022	Yes		
8/2/1/443: Professional service provider for annual financial statements	Munsoft Pty Ltd	December 2022	Yes		
8/2/1/443: Professional service provider for vat review	PK Consultants	December 2022	Yes		
8/2/1/443: Professional service provider for Financial support and capacity building	Inspired Financial Management Solutions Pty Ltd	December 2022	Yes		
8/2/1/436 Supply and delivery of pothole patching items for the period of 36 months.	Essen Trading	December 2022	Yes		
8/2/1/203 Reading of water meters and other related services for the period of 36 months.	Mthombongash I PTY LTD	December 2022	Yes		
8/2/1/2 Provision of General and VIP protection security for the period of 36 months.	Qomkufa Security	December 2022	Yes		
8/2/1/449 Verge maintenance services for the period of 36 months.	Msuftu Transport	December 2022	Yes		
8/2/1/444 Request for proposals of Wall To Wall Land Use Scheme for the 36 months.	E-Plan Town & Regional Planners	December 2022	Yes		Good
8/2/1/204 Refuse removal at EMondlo and Eastern towns for the Period of 36 months.	Magnacorp115cc	December 2022	Yes		Good
8/2/1/454	Golden Rewards	December 2022	Yes		Good

Tarring of KwaBalele Bhekumthetho road	1850				
8/2/1/469 Upgrade of Mhlanga road	VMT Civils	December 2022	Yes		
8/2/1/465 Upgrading of extension 16 Sasco road phase 2	Mela Okuhle Trading Enterprise	December 2022	Yes		
8/2/1/466 Mpongoza access road phase 3&4 in ward 4	Andile Khize Trading Enterprise	December 2022	Yes		
8/2/1/467 Paving of Bhekuzulu access road phase 2	Amatawutawu General Trading	December 2022	Yes		
8/2/1/470 Construction of president street phase 1	Yimpie projects cc	December 2022	Yes		
8/2/1/475 Provision of Fleet management, vehicles and earthmoving equipment and related services	Fleet Horizon Solutions Pty Ltd	December 2022	Yes		
8/2/1/462 Monitoring, repair and maintenance of municipal alarm system	Link Up Security	December 2022	Yes		
8/2/1/463 monitoring of Gates, Access Doors and Software	Link Up Security	December 2022	Yes		

## 5.8 Logistics / Inventory Management

- i) Policy
- ii) Cycle counts
- iii) Challenges
- iv) Other activities

## 5.9 Unsolicited Bids

Description of Goods/services	Amount	Date Submitted to Council	Supported		Date submitted to Provincial Treasury	Supported	
			Yes	No		Yes	No
NONE							



5.10 E-Tender Portal

- i) We have access to the E-tender portal and are utilising this function.
- ii) Bids published on the E-tender portal during the quarter – 18

6. Preferential Procurement Policy Framework Act (PPPFA), Regs2017

6.1 Contracts with Pre-Qualification (Regulation 4)

Contract Description	Pre-Qualification Criteria	Award Value	Date of Award
Provision of hygiene services	Bidders to score a minimum of 70% on functionality.	R245 596.78	08 November 2022
Provision of Traffic Management	Bidders to score a minimum of 70% on functionality.	R4 699 596.50	24 November 2022
The review of special development frameworks and to develop a strategic environment assessment	Bidders to score a minimum of 70% on functionality.	R744 600.00	24 November 2022

6.2 Contracts with Objective Criteria (Section 2(1) (f) PPPF Act)

Contract Description	Objective Criteria	Award Value	Date of Award
None			

6.3 Contracts above R30 million (Contract Participation Goals) (Regulation 4)

Contract Description	Sub-Contracting Criteria	Award Value	Amount Sub-Contracted	Date of Award
NONE				

7. Local Content Procurement

Contract Description	Designated Sector	% Designated	Award Value	Date of Award	Reporting to DTI
SOME ORDERS SELECTED FROM THE EXISTING PANEL					

## 8. Risk Management

### 8.1 Fraud Prevention Plan

*A Fraud Prevention Plan is in place.*

### 8.2 Internal Audit Findings

Finding Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation
NONE			

### 8.3 Provincial Treasury Assessment Findings

Finding Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation
NONE			

### 8.4 Auditor General Findings

Findings Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation
Suppliers did not submit a declaration of interest (MBD 4)	Update the irregular expenditure register. SCM Manager to confirm compliance with SCM Regulations before approving the order.	30 June 2022	In Progress
No rotation of suppliers awarded through a panel	Update the irregular expenditure register. Update policy to include process for rotation of suppliers.	30 June 2022	In Progress
Reason for deviations not justifiable	The municipality will appoint a panel of service providers through a process of competitive bidding for services which are normally required on an emergency basis. Review regulation 36 and 32 SCM deviations and indicate and any irregular expenditure to be included in the irregular register. Deviations which are not justifiable will be subjected to investigation and disciplinary action to be taken by the Disciplinary Board. These actions must be undertaken for current and prior year. Prior year Irregular expenditure register to be updated, restated as at 30 June 2021, reviewed and tested to ensure completeness of the disclosure. Current year irregular expenditure	30 June 2022	In Progress

	register to be updated with current year movements reviewed and tested for completeness.		
Performance of service providers not monitored monthly	Performance of contractor's form must be sent to the relevant departments monthly. To update the External Service Provider Assessment Form to include assessment date and minutes of the engagement with the supplier need to be filed as proof of assessment and engagement with the service provider regarding the assessment.	30 June 2022	In Progress
Competitive bidding process not followed for transactions above R200 000	Update the irregular expenditure register. SCM Manager to confirm compliance with SCM Regulations before approving the order.	30 June 2022	In Progress
Written price quotations not obtained from at least three different prospective providers	Update the irregular expenditure register. SCM Manager to confirm compliance with SCM Regulations before approving the order.	30 June 2022	In Progress
Suppliers whose tax status was not in order or cleared by SARS	SCM Manager to monitor implementation of the compliance checklist before making the order. Expenditure manager must also monitor the implementation of the compliance checklist before making the payment. Conduct voucher audit of SCM transactions to confirm implementation of the SCM Compliance Checklist. Internal Audit to assist MPAC in conducting investigations of identified irregular expenditure. Prior year Irregular expenditure register to be updated, restated as at 30 June 2021, reviewed and tested to ensure completeness of the disclosure. Current year irregular expenditure register to be updated with current year movements reviewed and tested for completeness.	30 June 2022	In Progress

## 9. Conclusion

Whilst we have experienced challenges – unplanned down times from etenders for instance – SCM have, holistically, performed well this quarter.

Annexure B  
Municipality:  
Register for Irregular Expenditure  
Period Ended: October - December 2022

Date identified	Reason for irregular	Date payment made	Supplier	Official Responsible	Amount		Amount transferred to debt for recovery	Amount approved by Council as valid expenditure	Amount still under investigation (Closing Balance)	Was there a need to comply with	Council Resolution No.	Has the investigation started? (Yes/No)	if Yes, provide the date it started	Status of investigation on going/com	DP (Y/N)	CC (Y/N)	DR (Y/N)
					Current Year	Prior Years											
1/10/2022	month to month	6/10/2022	Bidvest Steiner Newcastle		6,580				6,580.42								
1/10/2022	month to month	12/10/2022	Fidelity Cash Solutions		69,039				69,039.04								
1/11/2022	month to month	2/11/2022	Ado research labs		49,182				49,184.93								
1/11/2022	month to month	10/11/2022	Fidelity Cash Solutions		53,037				53,036.55								
1/11/2022	month to month	30/11/2022	Municipal Incorp		525,720				525,719.63								
1/12/2022	month to month	2/12/2022	Fidelity Cash Solutions		17,222				17,221.60								
					708,779				708,779								

Prepared by: 

Date: 11.01.2023

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

DP - Backpay Process  
CC - Council Charges  
DR - Debt being recovered

Annexure C  
Municipality:  
Register for Fruitless and wasteful Expenditure  
Period Ended: October - December 2022

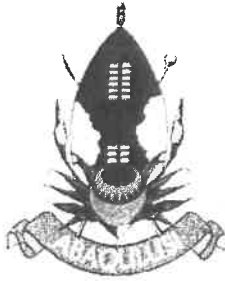
Date identified	Date reported to Mayor	Nature of fruitless and wasteful expenditure	Date payment made	Payment no./EFT no./Cheque No.	Supplier	Official Responsible	Amount	Amount transferred to debt for recovery	Amount approved by Council as valid expenditure	Amount still under investigation (Closing Balance)	Resolution No.	Has the Investigator met the standard?	If Yes, provide the date it is fruitful	Status of Investigator on Job	DP (V/N)	CC (V/N)	DR (V/N)
1/10/2022		Interest	3/10/2022	EF133227-000	Delca Systems Eskom		30,004			30003.73							
1/10/2022		Interest	5/10/2022	EF133356-000	Eskom		22,337			22337.03							
1/10/2022		Interest	5/10/2022	EF133407-000	Eskom		16,743			16743.18							
1/10/2022		Interest	14/10/2022	EF133291-000	Eskom		242,939			242938.97							
1/10/2022		Interest	14/10/2022	EF133289-000	Eskom		18			18.41							
1/10/2022		Interest	14/10/2022	EF133290-000	Eskom		24			23.77							
1/10/2022		Interest	20/10/2022	EF133555-000	Eskom		57			57.20							
1/10/2022		Interest	20/10/2022	EF133364-000	Eskom		943			942.54							
1/10/2022		Interest	28/10/2022	EF133358-000	Eskom		576			576.16							
1/11/2022		Interest	31/10/2022	EF133346-000	Eskom		-22,337			-22337.03							
1/11/2022		Interest	8/11/2022	EF133386-000	Eskom		22,337			22337.03							
1/11/2022		Interest	8/11/2022	EF133485-000	Eskom		6,092			6091.92							
1/11/2022		Interest	8/11/2022	EF133485-000	Eskom		192			192.09							
1/11/2022		Interest	8/11/2022	EF133550-000	Eskom		6,435			6434.64							
1/12/2022		Interest	8/12/2022	EF133559-000	Eskom		114,877			114877.32							
1/12/2022		Interest	8/12/2022	EF133549-000	Eskom		191,229			191229.34							
1/12/2022		Interest	9/12/2022	EF133551-000	Eskom		383			382.70							
1/12/2022		Interest	13/12/2022	EF133569-000	Eskom		48,458			48457.56							
1/12/2022		Interest	13/12/2022	EF133621-000	Eskom		2,567			2566.64							
1/12/2022		Interest	22/12/2022		Eskom		470			470.35							
							309,513			309512.80							
							309,513			309512.80							
							1,304,247.60			1304247.60							

Prepared by:  Name: M.P.E. Mthembu  
 Approved by: \_\_\_\_\_ Date: 11.01.2023  
 Signature: \_\_\_\_\_ Municipal Manager

DP – Disciplinary Process  
 CC – Criminal Charges  
 DR – Debt being recovered

**SECTION 72 REPORT DECEMBER  
2022**

**FOR CONSIDERATION**



# FINANCIAL SERVICES

## INTEROFFICE MEMORANDUM FINANCIAL SECTION

ABAQULUSI MUNICIPALITY CORPORATE SERVICE			
FILE NO: 411313			
DATE RECEIVED		16 JAN 2023	FO-ATTENTION
MM	MAYOR	SPEAK	
DEP. MAYOR	DIR. CORP	CFO	
DIR. TECH	DIR. COM	DIR. DEV	

78979

<b>ENQUIRIES</b>	:	<b>CHIEF FINANCIAL OFFICER</b>
<b>REFERENCE</b>	:	<b>9/1/1/7</b>
<b>TELEPHONE</b>	:	<b>034 9822133X2235</b>
<b>FAX.</b>	:	<b>086 645 2165</b>
<b>EMAIL</b>	:	<b><a href="mailto:finance@abaqulusi.gov.za">finance@abaqulusi.gov.za</a></b>
<b>DATE</b>	:	<b>WEDNESDAY, 11 JANUARY 2023</b>

**TO** : **EXCO**

**SUBJECT** : **SECTION 72 REPORT – DECEMBER 2022**

### 1. PURPOSE

To comply with Section 72 of the MFMA, by the provision of a statement of Performance to EXCO & Council containing certain financial and performance particulars to achieve MFMA compliance.

### 2. DELIBERATION

Strategic Objective: "To ensure sound and sustainable management of the budgeting and reporting practices of the municipality by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act."

Section 72 of the MFMA requires that:

The Accounting Officer of a municipality must by no later than the 25th of January submit to the Mayor of the municipality, and the relevant National & Provincial Treasury, a statement in the prescribed format on the state of the municipality's performance reflecting certain particulars for the six months (July to December) taking into account the monthly statements referred to as the Section 71 reports for the first half of the financial year, the municipality's service delivery performance, the service delivery targets and performance indicators set in the service delivery and budget implementation plan. The past year's annual report and progress on resolving problems identified in the annual report.

The Accounting Officer must as part of the review make recommendations as to whether an adjustment budget is necessary and recommend revised projections for revenue and expenditure to the extent that this may be necessary.

**3. INSTITUTION/S CONSULTED**

National and Provincial Treasury  
Finance

**4. FINANCIAL IMPLICATIONS**

This interim report indicates various financial risks:

- Achievement of the operating revenue budget
- Achievement of the operating expenditure budget
- Achievement of the capital expenditure budget



**5. RECOMMENDATIONS**

- 5.1 That EXCO approves and submits to Council for adoption the Mid-year budget & performance assessment report that is submitted in terms of Section 72 of MFMA; and
- 5.2 That EXCO approves and recommends to Council that an Adjustment Budget be prepared revising the projections of revenue and expenditure as necessary for 2022/2023

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**CHIEF FINANCIAL OFFICER**

13.01.2023  
**DATE**

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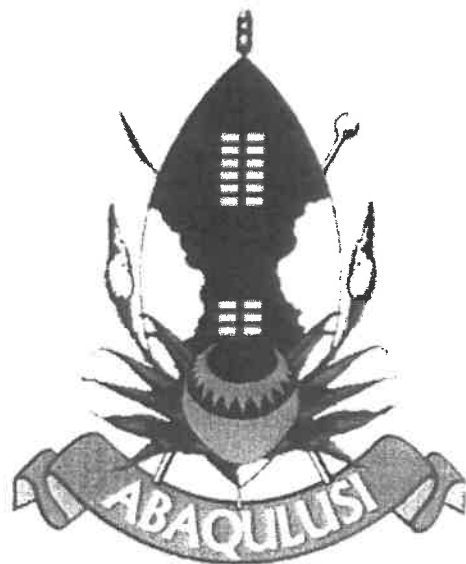
**SUPPORTED/NOT SUPPORTED  
APPROVED/NOT APPROVED**

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**MUNICIPAL MANAGER**

13/01/2023  
**DATE**

**MID-YEAR BUDGET & PERFORMANCE  
ASSESSMENT REPORT  
DECEMBER 2022**



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- Quality Certificate

## INTRODUCTION

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium-term planning and policy choices on service delivery.

This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No 56 of 2003, Section 72: and
- The Municipal Budget and Reporting Regulations, 35.

### Section 72 - Mid-year budget and performance assessment

- (1) 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.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1) (b) of this section.
- (3) The accounting officer must, as part of the review-
  - (a) make recommendations as to whether an adjustment budget is necessary; and
  - (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary

Section 33 of the MBRR states:

*“A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.”*

The objective of these Regulations is to ensure sound and sustainable management of the budgeting and reporting practices of the municipality by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

Provincial Treasury will undertake an assessment of the 2022/23 Mid-Year Budget & Performance Assessment Report and intends visiting the municipality to engage on the report in terms of Provincial Treasury’s oversight and monitoring role. For the visit the relevant role players of the municipality must be present which includes the Municipal Manager, CFO, Directors, the Manager responsible for Budgeting, planning and any technical experts on infrastructure. The municipality is also encouraged to invite the Budget Steering Committee or Finance Committee Chairperson as the councilor responsible for financial matters to be part of the presentation as per the guide attached to the Provincial Treasury Circular. The feedback report is required to be tabled back to Council and proof that it was tabled must be submitted to Provincial Treasury.

## MAYOR'S REPORT

2022/2023 Mid-Year Budget & Performance Assessment Report presentation by his worship the Mayor, Councillor MC Maphisa, at Abaqulusi Council Chambers, during January 2023

Mr Speaker, I wish to present an assessment of the Mid-Year Budget & Performance for the 2022/2023 budget year. This document is prepared in terms of the Municipal Budget and Reporting Regulations. It serves as a mechanism which seeks to review the progress made in realizing the targets the municipality set itself at the beginning of the financial year.

With the tabling and approval of the 2022/2023 budget, a strong focus was placed on Service Delivery and fighting poverty.

The overview of financial performance, challenges and risks for the period 1 July to 31 December 2022 are:

- Total operating revenue received to date is R379,2 million which is 3% less than the budgeted target of R391,7 million.
- The collection rate has fluctuated during the 1<sup>st</sup> 6 months of the financial year from 66% in July to 133% in September and only 56% in December, averaging 84% for the 6 months. This is a decrease of 2% when compared to the 1<sup>st</sup> 6 months of the previous financial year. This is continuing to have a negative effect on the cashflow of the municipality because in previous financial years the norm has been 90%.
- When comparing the billed service rates and comparing to the previous financial year:
  - Electricity in 2021/22 was 6% below targeted budget and in 2022/23 the billed amount is 3% below than the estimated budget.
  - Water in 2021/22 was 16% above targeted budget and in 2022/23 the actual is 29% below the estimated budget.
  - Sanitation in 2021/22 was 16% above targeted budget and in 2022/23 is 4% above the estimated budget
  - Refuse in 2021/22 was 2% above than the estimated budget and in 2022/23 is 13% below the estimated budget
- An analysis of the losses was carried out during the 1<sup>st</sup> half of 2022/23 and a report was submitted identifying the areas and during the Adjustment Budget these areas will be addressed. In total for the 6 months the electricity losses have unfortunately increased percentage wise to 26% compared to 22,69% in the previous financial year, in rand value the loss in 2021/22 was R18,4 million for the 6 months and for the 2022/23 also amounts to R42,5 million. Water losses have decreased from 71,78% to 55% which is due to faulty, broken and stolen water meters being replaced.
- Operating expenditure is less than budget with expenditure to date of R304,9 million compared to a budget of R350,2 million.
- Whilst the municipality has collected/billed more revenue (R379,2 million) and only spent R304,9 million which can be seen as good news from a financial perspective, the challenge remains in ensuring expenditure is further reduced as much as possible on nice-to-have but not to the detriment of service delivery, but to stabilize the cash flow position of the municipality and to ensure all outstanding payments to creditors are paid.

Mr Speaker, based on the findings of this report, adjustments need to be made in the adjustment budget. I recommend to Council that an adjustment budget be tabled to address the variances as well as the additional grant funding the municipality will be receiving.

## RESOLUTIONS

### It is resolved and noted

- That, in compliance with Section 72 of the MFMA, the financial results regarding the operating and capital budgets for the first half of the 2022/2023 financial year, and supporting documents as required by National Treasury, is submitted to Council; and
- In order to comply, this report be submitted to the National Treasury and the relevant Provincial Treasury ***within five days*** of tabling of the report in the council, in both a Council approved document and in electronic format; and
- It is recommended that an adjustment budget be prepared to recommend revised projections for revenue and expenditure where necessary

## EXECUTIVE SUMMARY

This report is a summary of the main budget issues arising from the monitoring process. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

The following categories provide a consolidated overview of the implementation of the budget of the municipality.

### **Operating Revenue**

It should be noted that the figures for property rates and service charges relates to billed income and not cash collected.

The following table is a summary of the 2022/2023 budget classified by main revenue source



**Abaqulusi Local Municipality - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**  
 Budget Year 2022/23

Vote Description R thousands	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>Revenue by Source</b>								
Property rates	99 099	99 099	8 247	50 255	49 550	705	1%	99 099
Service charges - electricity revenue	205 946	205 946	16 261	100 075	102 973	(2 898)	-3%	205 946
Service charges - water revenue	59 124	59 124	4 558	21 083	29 562	(8 479)	-29%	59 124
Service charges - sanitation revenue	34 920	34 920	3 095	18 112	17 460	652	4%	34 920
Service charges - refuse revenue	27 149	27 149	1 797	11 803	13 574	(1 771)	-13%	27 149
Rental of facilities and equipment	8 634	8 634	75	534	4 317	(3 783)	-88%	8 634
Interest earned - external investments	1 620	1 620	11	528	810	(282)	-35%	1 620
Interest earned - outstanding debtors	64 834	64 834	1 071	6 543	32 417	(25 874)	-80%	64 834
Dividends received	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	5 253	5 253	1 867	10 150	2 627	7 524	286%	5 253
Licences and permits	7 110	7 110	210	1 370	3 555	(2 185)	-61%	7 110
Agency services	-	-	-	-	-	-	-	-
Transfers and subsidies	200 369	200 369	63 323	156 726	133 579	23 146	17%	200 369
Other revenue	1 487	1 487	30	2 058	744	1 314	177%	1 487
Gains	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>715 544</b>	<b>715 544</b>	<b>100 546</b>	<b>379 237</b>	<b>391 167</b>	<b>(11 930)</b>	<b>-3%</b>	<b>715 544</b>

Revenue generated from property rates and service charges forms a significant percentage of the revenue source of the municipality. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the municipality.

The approved operating revenue budget amounts to R715,5 million. For the period under review the planned SDBIP target is R391,1 million and the actual revenue collected to date is R379,2 million. When comparing the planned against the actual revenue there is a 3% under performance shown. This is mainly due to the 1<sup>st</sup> and 2<sup>nd</sup> tranche of Equitable Share having been received as well as 60% of the MIG and 100% of the INEP grants. The full grant funding for Arts & Culture (Museum) and the Finance Management Grant has been received. The estimation of the expected revenue will be addressed in the Adjustment Budget.

**Reasons for major variances between planned and actual revenue collected:**

- revenue billed for rates is 1% above the planned projection and in the previous year the projection was 22,7% more than the planned projection, the payment rate is 20,81% less than the planned projection
- revenue billed for electricity sales is 3% less than the planned projection and in the previous financial year the sales were 2,6% more than the planned projection, the payment rate is 3,4% less than the planned projection
- revenue billed for water sales is 29% below the planned projection compared to the 16% above the planned projection in the previous financial year, the payment rate is 58,29% less than the planned projection
- revenue billed for sanitation sales is 4% above the planned projection compared to 16% above the planned projection in the previous financial year, the payment rate is 39,93% less than the planned projection
- revenue billed for refuse sales is 13% below the planned projection compared to 15,98% above the planned projection in the previous financial year, the payment rate is 31,93% less than the planned projection
- overall billed revenue from the 4 trading services is 7,7% (R12,5 million) less than the projected budget, however the payment rate is 16% (R34,1 million) less than planned projection which is a fair indication that the community is struggling to pay for services
- the collection of fines is less than the planned projection
- revenue from service charges for free services has not been impacted as severely as in the past as all indigent applications had to reapply for the 2022/2023 financial year including Eskom consumers
- revenue from investments is less than budget, this is due to no additional revenue being available to invest
- Revenue from Community Services department is less than was budgeted for

- It must also be noted that the half year income reflects the second tranche of the equitable share which must be carried over into next quarter. This inflates the six-month Income figure as shown above
- The impact of load shedding is impacting on the revenue of the municipality and consumers are consuming less electricity with more and more consumers migrating to solar and gas

The municipality is still expected to deliver services in an area which is growing with fewer funds to do so.  
 The major operating revenue variances against budget to date are:

- Property rates including penalties and collection charges – R705 thousand more than budget
- Service charges – R12,4 million less than budget
- Government Grants and subsidies – Operating – no additional equitable share allocated by National Treasury to local municipalities, the 1<sup>st</sup> and 2<sup>nd</sup> tranche of the equitable share was received
- Government Grants and subsidies – Capital – no additional funding allocated
- Other Income – R1,3 million more than budget

The 2022/23 Evaluation Report was used during the preparation of the report

Abaqulusi Local Municipality - Table C1 Monthly Budget Statement Summary - M06 December

Description R thousands	Budget Year 2022/23									
	2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>Financial Performance</b>										
Property rates	102 034	99 099	99 099	8 247	50 255	49 550	705	1%	99 099	
Service charges	309 397	327 138	327 138	25 712	151 074	163 569	(12 495)	-8%	327 138	
Investment revenue	1 265	1 620	1 620	11	528	810	(282)	-35%	1 620	
Transfers and subsidies	187 263	200 369	200 369	63 323	156 726	133 579	23 146	17%	200 369	
Other own revenue	29 649	87 318	87 318	3 253	20 654	43 659	(23 005)	-53%	87 318	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>629 608</b>	<b>715 544</b>	<b>715 544</b>	<b>100 546</b>	<b>379 237</b>	<b>391 167</b>	<b>(11 930)</b>	<b>-3%</b>	<b>715 544</b>	
Employee costs	177 132	192 166	192 166	22 922	98 293	96 082	2 210	2%	192 166	
Remuneration of Councilors	17 865	19 806	19 806	1 485	8 882	9 903	(1 021)	-10%	19 806	
Depreciation & asset impairment	118 678	32 695	32 695	-	-	16 347	(16 347)	-100%	32 695	
Finance charges	255	-	-	-	-	-	-	-	-	
Inventory consumed and bulk purchases	263 455	292 666	292 666	25 433	128 053	146 333	(18 280)	-14%	292 666	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Other expenditure	215 531	163 211	163 211	12 400	69 674	81 605	(11 931)	-16%	163 211	
<b>Total Expenditure</b>	<b>792 915</b>	<b>700 544</b>	<b>700 544</b>	<b>62 239</b>	<b>304 903</b>	<b>350 271</b>	<b>(45 368)</b>	<b>-13%</b>	<b>700 544</b>	
<b>Surplus/(Deficit)</b>	<b>(163 308)</b>	<b>15 000</b>	<b>15 000</b>	<b>38 307</b>	<b>74 334</b>	<b>40 896</b>	<b>33 438</b>	<b>82%</b>	<b>15 000</b>	
Transfers and subsidies - capital (monetary allocations)	32 308	40 904	40 904	-	17 120	27 578	(10 458)	-38%	40 904	
(National / Provincial and District)										
Transfers and subsidies - capital (monetary allocations)										
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(130 999)</b>	<b>55 904</b>	<b>55 904</b>	<b>38 307</b>	<b>91 454</b>	<b>68 474</b>	<b>22 980</b>	<b>34%</b>	<b>55 904</b>	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	

Surplus/ (Deficit) for the year	(130 999)	55 904	55 904	38 307	91 454	68 474	22 980	34%	55 904
<b>Capital expenditure &amp; funds sources Capital expenditure</b>									
Capital transfers recognised	12 434	55 904	55 904	2 681	19 661	37 778	(18 117)	-48%	55 904
Internally generated funds	8 766	40 904	40 904	2 681	17 485	28 278	(10 793)	38%	40 904
<b>Total sources of capital funds</b>	4 184	15 000	15 000	-	2 176	9 500	(7 324)	-77%	15 000
	12 950	55 904	55 904	2 681	19 661	37 778	(18 117)	-48%	55 904
<b>Financial position</b>									
Total current assets	324 808	329 015	329 015		368 871				329 015
Total non current assets	1 371 596	1 357 608	1 357 608		1 391 257				1 357 608
Total current liabilities	346 267	157 225	157 225		315 062				157 225
Total non current liabilities	92 952	50 338	50 338		92 952				50 338
Community wealth/Equity	1 257 185	1 479 060	1 479 060		1 352 114				1 479 060
<b>Cash flows</b>									
Net cash from (used) operating	187 751	54 943	54 943	21 051	58 933	67 409	8 476	13%	54 943
Net cash from (used) investing	(38 885)	(72 464)	(72 464)	(2 787)	(23 487)	(46 058)	(22 571)	49%	(72 464)
Net cash from (used) financing	836	-	-	22	309	-	(309)	-	-
<b>Cash/cash equivalents at the month/year end</b>	173 427	19 644	19 644	-	64 787	58 516	(6 270)	-11%	11 510
<b>Debtors &amp; creditors analysis</b>									
Debtors Age Analysis Total by Income Source	33 544	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total
Creditors Age Analysis Total Creditors	16 743	15 331	13 830	10 246	10 131	9 751	35 666	242 057	370 556
		3 881	87	6 073	86	8	1 158	556	28 592

## Operating Expenditure

The following table is a summary of the 2022/23 budget classified by main expenditure source

## Expenditure by source

**Abaqulusi Local Municipality - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

Vote Description R thousands	Budget Year 2022/23							
	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>Expenditure by Type</b>								
Employee related costs	192 166	192 166	22 922	98 293	96 082	2 210	2%	192 166
Remuneration of councillors	19 806	19 806	1 485	8 882	9 903	(1 021)	-10%	19 806
Debt impairment	7 053	7 053	-	-	3 526	(3 526)	-100%	7 053
Depreciation & asset impairment	32 695	32 695	-	-	16 347	(16 347)	-100%	32 695
Finance charges	-	-	-	-	-	-	-	-
Bulk purchases - electricity	261 400	261 400	24 167	115 265	130 700	(15 515)	-13%	261 400
Inventory consumed	31 266	31 266	1 266	12 788	15 633	(2 845)	-18%	31 266
Contracted services	112 062	112 062	9 497	48 043	56 031	(7 988)	-14%	112 062
Transfers and subsidies	-	-	-	-	-	-	-	-
Other expenditure	44 096	44 096	2 903	21 631	22 048	(417)	-5%	44 096
Losses	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>700 544</b>	<b>700 544</b>	<b>62 239</b>	<b>304 903</b>	<b>350 271</b>	<b>(45 368)</b>	<b>-13%</b>	<b>700 544</b>

The approved operating expenditure budget amounts to R700,5 million, including the non-cash items. For the period under review the planned SDBIP target is R350,2 million and the actual expenditure to date is R304,9 million. When comparing the planned against the actual expenditure there is only a 13% (R45,3 million) underspending. This is due to the non-cash items of depreciation and debt impairment only being realized at year end.

**Reasons for major expenditure variance variances against budget are:**

- Employee costs – R 2,2 million more than budget. Overtime costs is more than in the previous financial year with expenditure for the year to date of R8,062,763.36 (eight million & sixty-two thousand, seven hundred & sixty-three rand) which is R1,2 million more than the previous financial year and the projected amount for the year is R16 million.
- Repairs and Maintenance (Inventory consumed) – R2,8 million less than budget, despite the extensive and ongoing repairs to water and sanitation infrastructure as well as theft of cable
- Bulk purchases – to date Eskom has been paid R115,2 million
- General expenses – R21,6 million has been spent to date
- Contract payments – R48 million has been spent to date
- The Directors and Managers are playing their oversight on their budgets and monitoring their spending as advised monthly by the Finance Department, the only major concern is the lack of adhering to the cost containment measures and this is going to result in Finance again having to block non-essential projects to try and limit spending. This will hamper service delivery in the second half of the year and result in no additional funding being made available. The municipality has implemented a budget funding plan that was approved by National Treasury as the 2022/23 budget when assessed by Provincial Treasury was found to be unfunded. During the adjustment budget the budget funding plan that has been adopted and approved will be fully implemented which will result in no additional funding being available for departments.
- During the 2021/22 financial year departments carried out work without official orders being obtained prior to work commencing and invoices were submitted at year end. During the 2<sup>nd</sup> half of the 2022/23 no invoices will be paid unless accompanied by an official order and all relevant supporting information indicating that the funds are available.

The following table gives a breakdown of Councillors and staff remuneration

**Abaqulusi Local Municipality - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December**

Summary of Employee and Councillor remuneration R	Ref	Budget Year 2022/23									
		2021/22	Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C							D
<b>Councillors (Political Office Bearers Plus Other)</b>											
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-	-
Medical Aid Contributions		7	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-	-
Cell phone Allowance		1 975	2 174	2 174	30	159	1 087	(928)	-85%	2 174	
Housing Allowances		-	-	-	-	-	-	-	-	-	-
Other benefits and allowances		15 863	17 633	17 633	1 455	8 723	8 816	(93)	-1%	17 633	
<b>Sub Total - Councillors</b>		<b>17 865</b>	<b>19 806</b>	<b>19 806</b>	<b>1 485</b>	<b>8 882</b>	<b>9 903</b>	<b>(1 021)</b>	<b>-10%</b>	<b>19 806</b>	
% increase	4		10.9%	10.9%						10.9%	
<b>Senior Managers of the Municipality</b>											
Basic Salaries and Wages		5 550	8 098	8 098	698	4 205	4 049	156	4%	8 098	
Pension and UIF Contributions		1	12	12	-	-	6	(6)	-100%	12	
Medical Aid Contributions		-	-	-	-	-	-	-	-	-	
Overtime		-	-	-	-	-	-	-	-	-	
Performance Bonus		-	-	-	-	-	-	-	-	-	
Motor Vehicle Allowance		-	206	206	-	-	103	(103)	-100%	206	
Cell phone Allowance		1 358	-	-	-	-	-	-	-	-	
Housing Allowances		159	202	202	13	78	101	(23)	-23%	202	
Other benefits and allowances		-	-	-	-	-	-	-	-	-	
Payments in lieu of leave		0	-	-	-	-	-	-	-	-	
Long service awards		85	-	-	-	-	-	-	-	-	
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-	
<b>Sub Total - Senior Managers of Municipality</b>		<b>7 153</b>	<b>8 518</b>	<b>8 518</b>	<b>711</b>	<b>4 283</b>	<b>4 259</b>	<b>24</b>	<b>1%</b>	<b>8 518</b>	
% increase	4		19.1%	19.1%						19.1%	
<b>Other Municipal Staff</b>											
Basic Salaries and Wages		94 084	122 695	122 695	11 368	62 422	61 348	1 074	2%	122 695	
Pension and UIF Contributions		19 304	19 231	19 231	1 597	9 599	9 615	(17)	0%	19 231	
Medical Aid Contributions		8 410	11 556	11 556	870	5 293	5 778	(485)	-8%	11 556	
Overtime		16 611	10 894	10 894	1 219	7 771	5 447	2 324	43%	10 894	
Performance Bonus		7 599	8 740	8 740	6 854	6 927	4 370	2 558	59%	8 740	



Motor Vehicle Allowance	9 835	2 708	2 708	-	27	1 354	(1 326)	-98%	2 708
Cell phone Allowance	1 265	1 539	1 539	110	658	769	(111)	-14%	1 539
Housing Allowances	533	-	-	29	169	-	169	-	-
Other benefits and allowances	2 779	2 791	2 791	164	1 093	1 396	(302)	-22%	2 791
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	1 994	1 153	1 153	-	50	576	(526)	-91%	1 153
Post-retirement benefit obligations	7 563	2 340	2 340	-	-	1 170	(1 170)	-100%	2 340
Sub Total - Other Municipal Staff	189 978	183 647	183 647	22 211	94 010	91 823	2 186	2%	183 647
% increase		8.0%	8.0%						8.0%
Total Parent Municipality	194 996	211 972	211 972	24 407	107 175	105 985	1 190	1%	211 972

## Capital Expenditure

The capital budget increased from R44,9 million (2021/2022) to R55,9 million in 2022/2023

The following table is a summary of the 2022/2023 capital budget classified by department

**Abaqulusi Local Municipality - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December**  
Budget Year 2022/23

Vote Description R thousands	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>Single Year expenditure appropriation</b>								
Vote 1 - VOTE1	500	500	-	2 037	500	1 537	307%	500
Vote 2 - Finance & Administration	7 000	7 000	-	139	4 500	(4 361)	-97%	7 000
Vote 3 - Community & Social Services	-	-	-	744	-	744	-	-
Vote 4 - Energy Sources	2 425	2 425	115	746	2 425	(1 679)	-69%	2 425
Vote 5 - Housing	-	-	-	-	-	-	-	-
Vote 6 - Internal Audit	-	-	-	-	-	-	-	-
Vote 7 - Other	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development	-	-	-	-	-	-	-	-
Vote 9 - Public Safety	-	-	-	-	-	-	-	-
Vote 10 - Road Transport	45 979	45 979	2 566	15 995	30 353	(14 357)	-47%	45 979
Vote 11 - Sport and Recreation	-	-	-	-	-	-	-	-
Vote 12 - Waste Management	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management	-	-	-	-	-	-	-	-
Vote 14 - Water Management	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	<b>55 904</b>	<b>55 904</b>	<b>2 681</b>	<b>19 661</b>	<b>37 778</b>	<b>(18 117)</b>	<b>-48%</b>	<b>55 904</b>
<b>Total Capital Expenditure</b>	<b>55 904</b>	<b>55 904</b>	<b>2 681</b>	<b>19 661</b>	<b>37 778</b>	<b>(18 117)</b>	<b>-48%</b>	<b>55 904</b>

The approved capital budget amounts to R55,9 million. For the period under review the planned SDBIP target is R37,7 million and the actual expenditure to date is R19,6 million. When comparing the planned against the actual expenditure, an under performance is shown.

Capital from own funding was budgeted to start in the 3<sup>rd</sup> quarter depending on the cashflow constraints that the municipality is currently experiencing and in terms of the budget funding plan.

**Capital funding by source**

**Abaqulusi Local Municipality - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December**

Vote Description		Budget Year 2022/23							
R thousands		Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>Funded by:</b>									
National Government Provincial Government District Municipality Transfers and subsidies - capital (monetary allocations)		40 904	40 904	2 681	17 485	28 278	(10 793)	-38%	40 904
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-
Transfers recognised - capital Borrowing		-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-
		40 904	40 904	2 681	17 485	28 278	(10 793)	-38%	40 904
		15 000	15 000	-	2 176	9 500	(7 324)	-77%	15 000

Borrowings – own resources need to be accumulated before capital projects are embarked upon. Due to the current cashflow position of the municipality there are no borrowings.

## Cash flow statement

This statement reflects the actual cash that was received and spent by the municipality

**Abaqulusi Local Municipality - Table C7 Monthly Budget Statement - Cash Flow - M06 December**

Description R thousands	Budget Year 2022/23									
	Ref 1	2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		88 348	83 243	83 243	5 754	45 003	41 622	3 381	8%	83 243
Service charges		311 856	360 943	360 943	20 180	142 730	180 472	(37 742)	-21%	360 943
Other revenue		7 314	12 600	(1 240)	11 892	6 300	5 592	5 592	89%	12 600
Transfers and Subsidies		180 804	200 369	200 369	62 498	151 876	133 579	18 296	14%	200 369
- Capital interest		44 251	58 464	58 464	-	24 938	38 976	(14 038)	-36%	58 464
Dividends		724	1 620	1 620	-	290	810	(520)	-64%	1 620
Payments		-	-	-	-	-	-	-	5%	-
Suppliers and employees		(445 545)	(662 296)	(662 296)	(66)	(317)	(334 350)	(16 555)	-	(662 296)
Finance charges		-	-	-	141	795	-	-	-	-
Transfers and		-	-	-	-	-	-	-	-	-
Grants		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>187 751</b>	<b>54 943</b>	<b>54 943</b>	<b>21 051</b>	<b>58 933</b>	<b>67 409</b>	<b>8 476</b>	<b>13%</b>	<b>54 943</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	1 000	1 000	-	-	500	(500)	100%	1 000
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	50%	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments		-	-	-	-	-	-	-	-	-
Capital assets		(38 885)	(73 464)	(73 464)	(2 787)	(23 487)	(46 558)	(23 071)	-	(73 464)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(38 885)</b>	<b>(73 464)</b>	<b>(73 464)</b>	<b>(2 787)</b>	<b>(23 487)</b>	<b>(46 058)</b>	<b>(22 571)</b>	<b>49%</b>	<b>(72 464)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments		836	-	-	22	309	-	309	-	-
Repayment of borrowing		-	-	-	-	-	-	-	-	-

NET CASH FROM/(USED) FINANCING ACTIVITIES	836	-	-	-	22	309	-	(309)	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>149 702</b>	<b>(17 521)</b>	<b>(17 521)</b>	<b>(17 521)</b>	<b>18 286</b>	<b>35 755</b>	<b>21 351</b>	<b>(309)</b>	<b>-</b>
Cash/cash equivalents at beginning: Cash/cash equivalents at month/year end:	23 725	37 165	37 165	37 165		29 031	37 165		29 031
	173 427	19 644	19 644	19 644		64 787	58 516		11 510
									(17 521)

## Supporting documentation

### Financial Position

**Abaqulusi Local Municipality - Table C6 Monthly Budget Statement - Financial Position - M06 December**

Description R thousands	Ref 1	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		5 656	8 384	8 384	1 242	8 384
Call investment deposits		23 375	11 260	11 260	20 326	11 260
Consumer debtors		87 852	277 541	277 541	125 281	277 541
Other debtors		188 764	19 996	19 996	203 892	19 996
Current portion of long-term receivables		-	-	-	-	-
Inventory		19 160	11 834	11 834	18 129	11 834
<b>Total current assets</b>		<b>324 808</b>	<b>329 015</b>	<b>329 015</b>	<b>368 871</b>	<b>329 015</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		99 933	70 605	70 605	99 933	70 605
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1 267 487	1 283 007	1 283 007	1 287 148	1 283 007
Biological		-	-	-	-	-
Intangible		322	141	141	322	141
Other non-current assets		3 855	3 855	3 855	3 855	3 855
<b>Total non current assets</b>		<b>1 371 596</b>	<b>1 357 608</b>	<b>1 357 608</b>	<b>1 391 257</b>	<b>1 357 608</b>
<b>TOTAL ASSETS</b>		<b>1 696 404</b>	<b>1 686 623</b>	<b>1 686 623</b>	<b>1 760 128</b>	<b>1 686 623</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		16 928	16 192	16 192	17 237	16 192
Trade and other payables		324 588	99 625	99 625	293 074	99 625
Provisions		4 751	41 408	41 408	4 751	41 408
<b>Total current liabilities</b>		<b>346 267</b>	<b>157 225</b>	<b>157 225</b>	<b>315 062</b>	<b>157 225</b>
<b>Non current liabilities</b>						
Borrowing		-	-	-	-	-
Provisions		92 952	50 338	50 338	92 952	50 338
<b>Total non current liabilities</b>		<b>92 952</b>	<b>50 338</b>	<b>50 338</b>	<b>92 952</b>	<b>50 338</b>
<b>TOTAL LIABILITIES</b>		<b>439 219</b>	<b>207 563</b>	<b>207 563</b>	<b>408 014</b>	<b>207 563</b>
<b>NET ASSETS</b>	2	<b>1 257 185</b>	<b>1 479 060</b>	<b>1 479 060</b>	<b>1 352 114</b>	<b>1 479 060</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		1 257 185	1 479 060	1 479 060	1 352 114	1 479 060
Reserves		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>1 257 185</b>	<b>1 479 060</b>	<b>1 479 060</b>	<b>1 352 114</b>	<b>1 479 060</b>

### Debtor's age analysis

The total outstanding debt owed to the Abaqulusi Municipality as at 31 December 2022 is R370,5 million.

As at the end of December 2022 an amount of R307,8 million is outstanding for longer than 90 days.

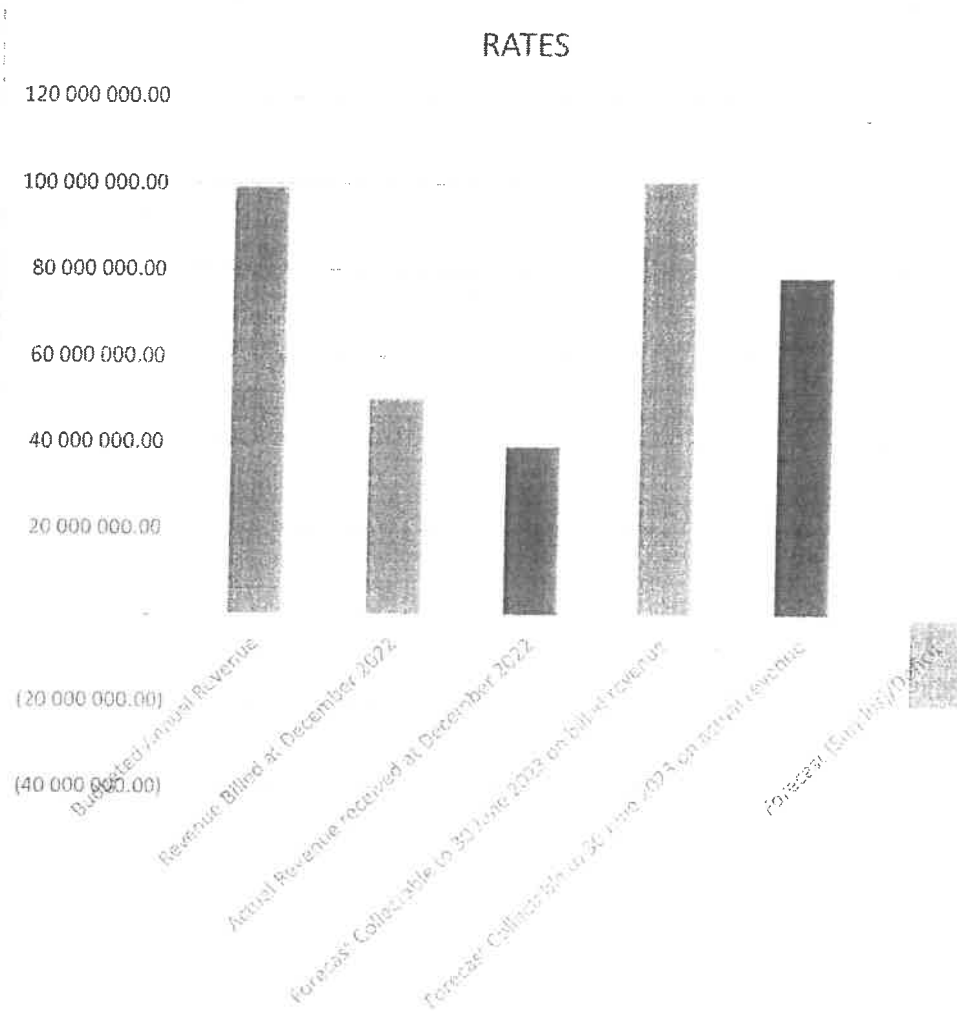
### Abaqulusi Local Municipality - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2022/23							Total over 90 days		
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr		Over 1 Yr Total	
<b>R thousands</b>											
<b>Debtors Age Analysis by Income Source</b>											
Trade and Other Receivables from Exchange Transactions - Water	1200	5 242	3 331	2 758	2 493	2 004	3 286	8 356	41 126	68 596	57 265
Trade and Other Receivables from Exchange Transactions - Electricity	1300	13 280	3 321	2 263	1 170	1 113	532	1 696	14 498	37 874	19 010
Receivables from Non-exchange Transactions - Property Rates	1400	6 504	2 634	2 722	1 760	2 382	1 611	7 644	73 611	98 867	87 007
Receivables from Exchange Transactions - Waste Water Management	1500	3 200	1 903	1 621	1 485	1 437	1 374	5 591	43 734	60 345	53 621
Receivables from Exchange Transactions - Waste Management	1600	2 687	1 717	1 487	1 404	1 345	1 293	5 202	33 231	48 367	42 476
Interest on Arrear Debtor Accounts	1700	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1810	1 904	1 715	1 778	1 588	1 533	1 410	6 105	27 364	43 396	37 999
Other	1820	-	-	-	-	-	-	-	-	-	-
<b>Total by Income Source</b>	1900	729	709	1 202	346	316	246	1 072	8 493	13 111	10 472
<b>2022/23 - totals only</b>	2000	33 544	15 331	13 830	10 246	10 131	9 751	35 666	242 057	370 556	307 851
<b>Debtors Age Analysis by Customer Group</b>											
Organs of State	2200	4 745	2 605	1 852	1 709	1 326	1 159	4 932	45 987	64 327	55 124
Commercial	2300	14 678	4 520	5 216	2 371	2 590	2 722	6 216	24 421	62 733	38 319
Households	2400	14 122	8 206	6 762	6 166	6 214	5 870	24 518	171 638	243 496	214 407
Other	2500	-	-	-	-	-	-	-	-	-	-
<b>Total by Customer Group</b>	2600	33 544	15 331	13 830	10 246	10 131	9 751	35 666	242 057	370 556	307 851

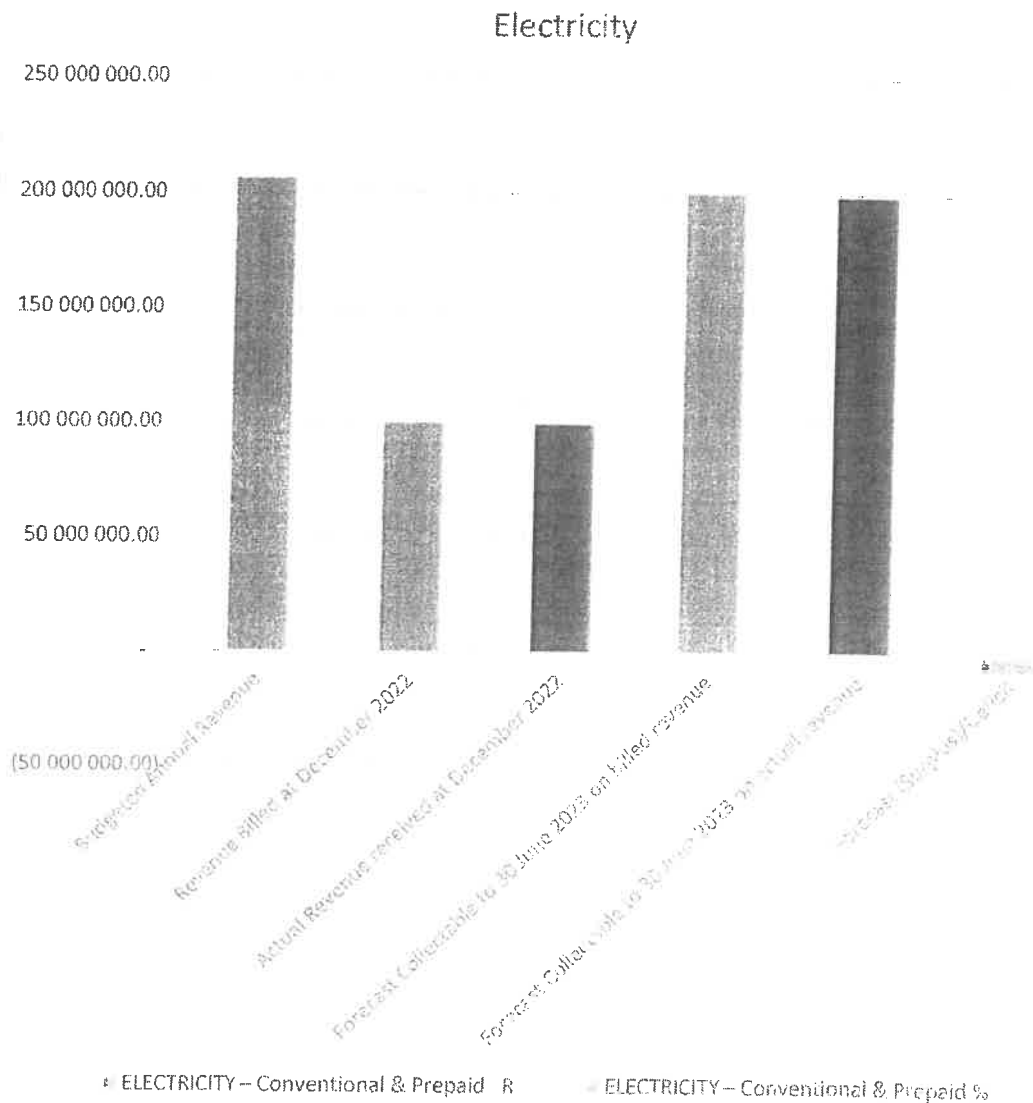


**REVENUE PER SOURCE**

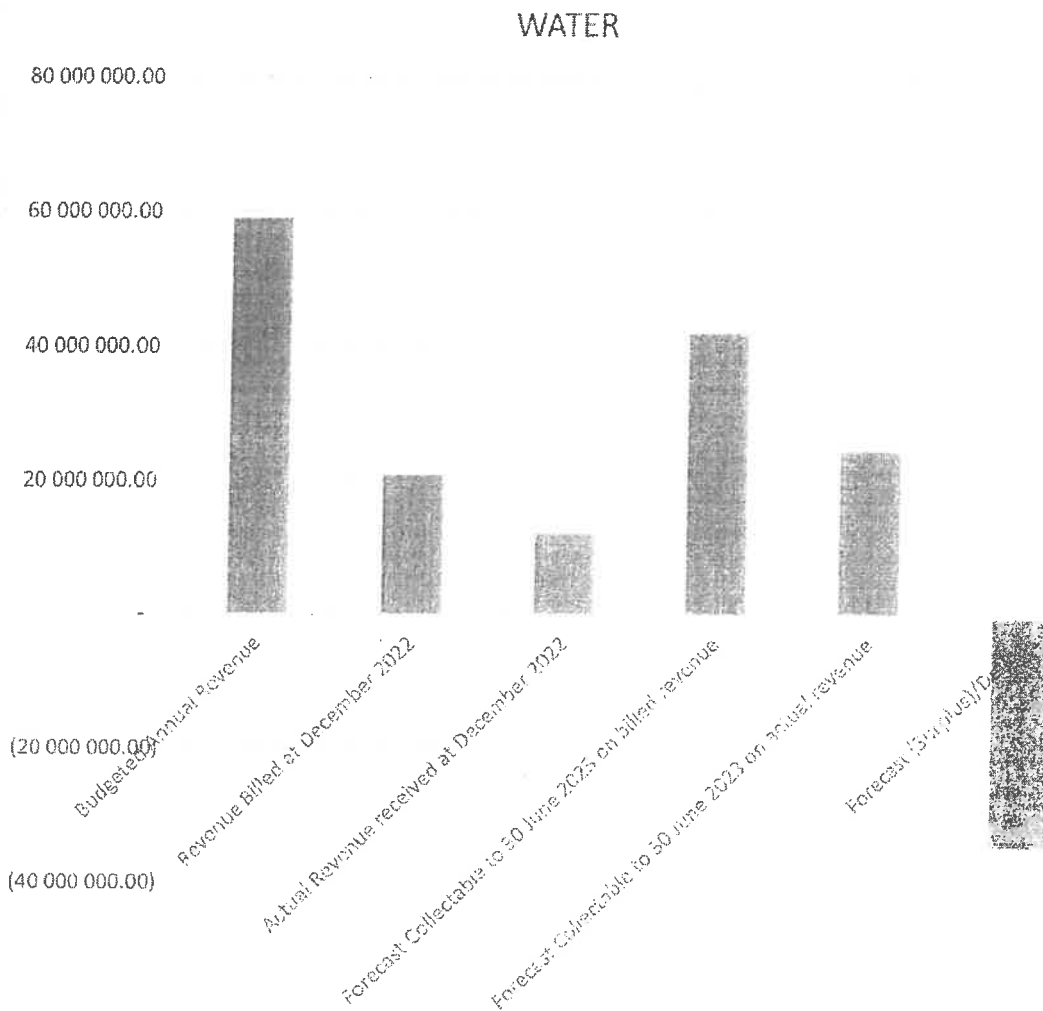
RATES		
	R	%
Budgeted Annual Revenue	99 098 836.00	100%
Revenue Billed at December 2022	50 254 945.98	50.71%
Actual Revenue received at December 2022	39 239 493.15	39.60%
Forecast Collectable to 30 June 2023 on billed revenue	100 509 891.96	101.42%
Forecast Collectable to 30 June 2023 on actual revenue	78 478 986.30	79.19%
Forecast (Surplus)/Deficit	<b>-20 619 849.70</b>	<b>-20.81%</b>



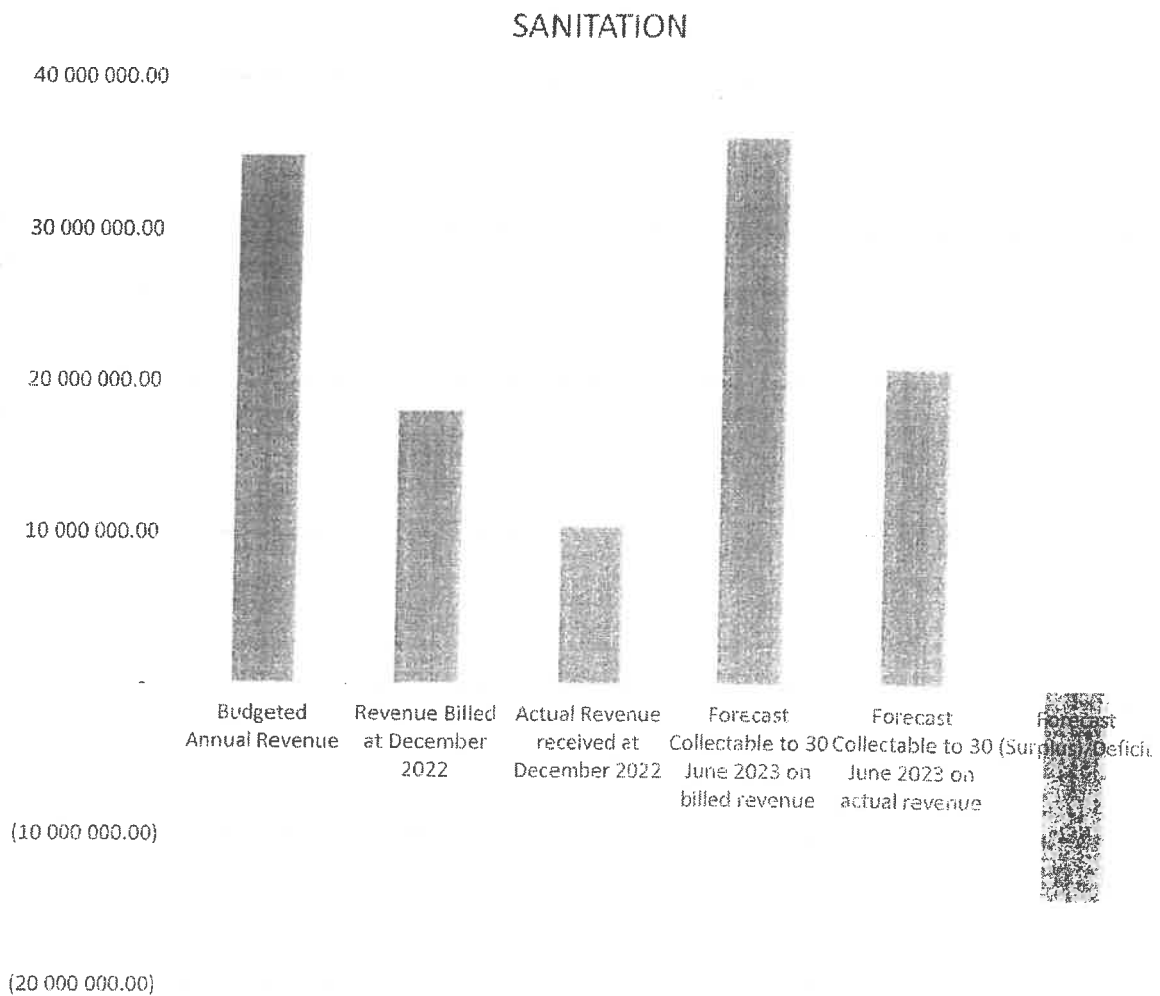
ELECTRICITY – Conventional & Prepaid		
	R	%
Budgeted Annual Revenue	205 945 700.00	100%
Revenue Billed at December 2022	100 075 343.55	48.59%
Actual Revenue received at December 2022	99 467 014.94	48.30%
Forecast Collectable to 30 June 2023 on billed revenue	200 150 687.10	97.19%
Forecast Collectable to 30 June 2023 on actual revenue	198 934 029.88	96.60%
Forecast (Surplus)/Deficit	-7 011 670.12	-3.40%



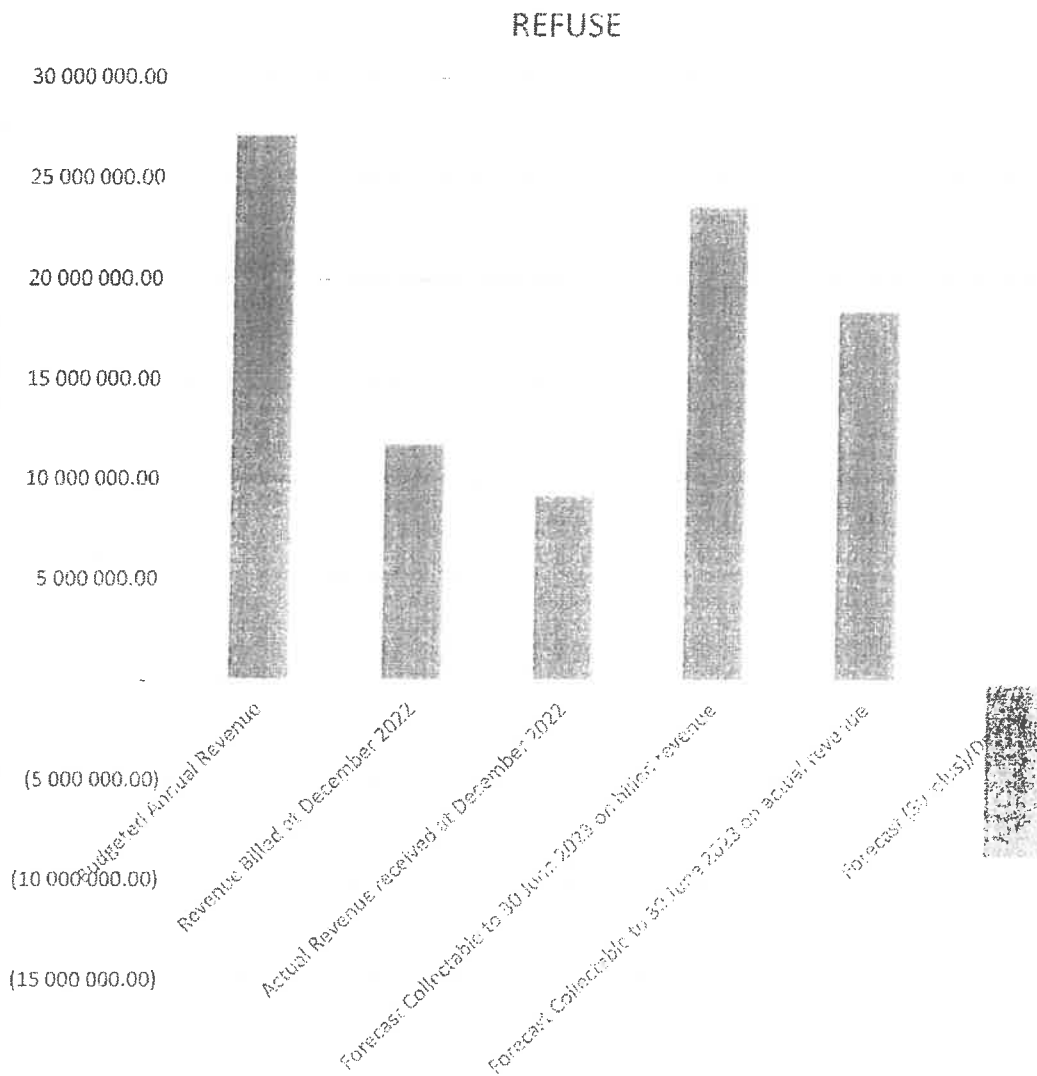
WATER		
	R	%
Budgeted Annual Revenue	59 123 550.00	100%
Revenue Billed at December 2022	21 083 038.48	35.66%
Actual Revenue received at December 2022	12 331 634.98	20.86%
Forecast Collectable to 30 June 2023 on billed revenue	42 166 076.96	71.32%
Forecast Collectable to 30 June 2023 on actual revenue	24 663 269.96	41.71%
Forecast (Surplus)/Deficit	<b>-34 460 280.04</b>	<b>-58.29%</b>



SANITATION		
	R	%
Budgeted Annual Revenue	34 919 852.00	100%
Revenue Billed at December 2022	18 112 331.90	51.87%
Actual Revenue received at December 2022	10 488 114.26	30.03%
Forecast Collectable to 30 June 2023 on billed revenue	36 224 663.80	103.74%
Forecast Collectable to 30 June 2023 on actual revenue	20 976 228.52	60.07%
Forecast (Surplus)/Deficit	<b>-13 943 623.48</b>	<b>-39.93%</b>

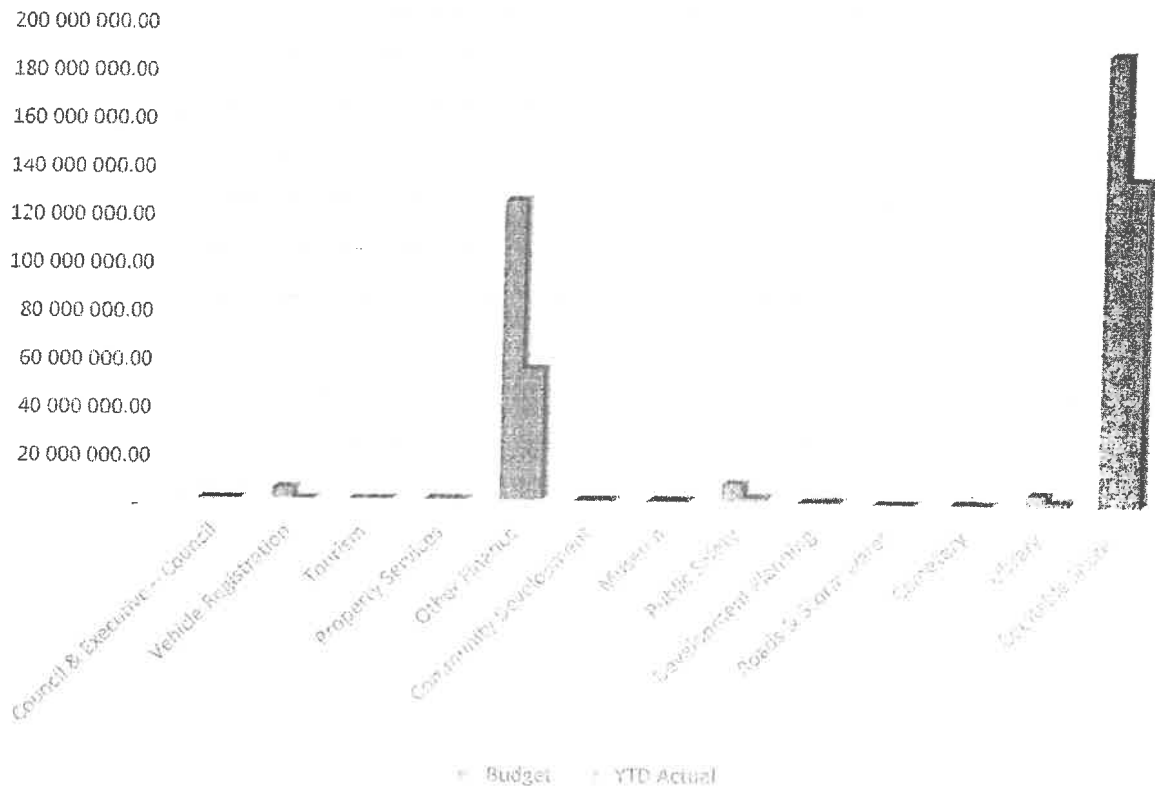


REFUSE		
	R	%
Budgeted Annual Revenue	27 148 851.00	100%
Revenue Billed at December 2022	11 803 402.53	43.48%
Actual Revenue received at December 2022	9 239 630.91	34.03%
Forecast Collectable to 30 June 2023 on billed revenue	23 606 805.06	86.95%
Forecast Collectable to 30 June 2023 on actual revenue	18 479 261.82	68.07%
Forecast (Surplus)/Deficit	<b>-8 669 589.18</b>	<b>-31.93%</b>



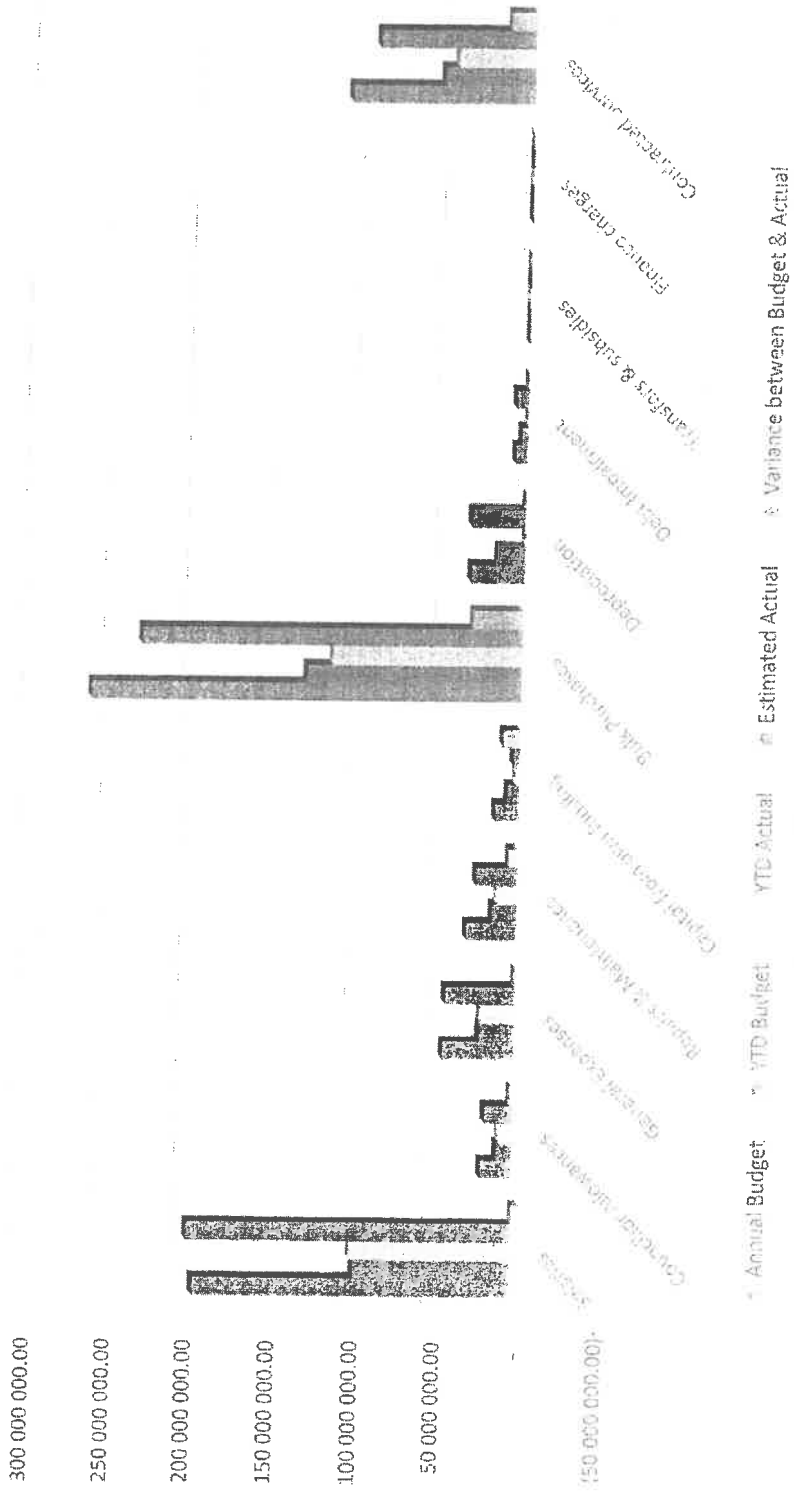
OTHER OPERATING INCOME				
	Budget	YTD Actual	Est Actual 30 June 2023	%
Council & Executive – Council	-	-	-	
Vehicle Registration	4 600 000.00	-	-	0.00%
Tourism	-	-	-	
Property Services	400 000.00	143 886.84	287 773.68	35.97%
Other Finance	124 550 202.00	54 948 024.81	109 896 049.62	44.12%
Community Development	233 600.00	387 910.55	775 821.10	166.06%
Museum	235 000.00	235 000.00	235 000.00	100.00%
Public Safety	7 500 000.00	1 519 069.00	3 038 138.00	20.25%
Development Planning	131 500.00	201 275.24	402 550.48	153.06%
Roads & Storm water	-	1 800.00	3 600.00	100.00%
Cemetery	300 000.00	126 776.61	253 553.22	42.26%
Library	4 766 500.00	1 844 071.23	3 688 142.46	38.69%
Equitable Share	187 494 000.00	135 620 000.00	187 494 000.00	72.33%

### REVENUE



OPERATING EXPENDITURE						
	Annual Budget	YTD Budget	YTD Actual	Estimated Actual	Variance between Budget & Actual	
Salaries	192 165 705.00	96 082 852.50	98 292 755.37	196 585 510.74	-4 419 805.74	
Councillor Allowances	19 806 294.00	9 903 147.00	8 882 365.83	17 764 731.66	2 041 562.34	
General Expenses	44 095 964.00	22 047 982.00	21 630 354.28	43 260 708.56	835 255.44	
Repairs & Maintenance	31 266 200.00	15 633 100.00	12 788 398.03	25 576 796.06	5 689 403.94	
Capital from own funding	15 000 000.00	7 500 000.00	2 150 000.00	4 300 000.00	10 700 000.00	
Bulk Purchases	261 400 171.00	130 700 085.50	115 265 326.67	230 530 653.34	30 869 517.66	
Depreciation	32 694 802.00	16 347 401.00	-	32 694 802.00	-	
Debt Impairment	7 052 763.00	3 526 381.50	-	7 052 763.00	-	
Transfers & subsidies	-	-	-	-	-	
Finance charges	-	-	-	-	-	
Contracted Services	112 062 242.00	56 031 121.00	48 043 364.57	96 086 729.14	15 975 512.86	
<b>Total</b>	<b>715 544 141.00</b>	<b>357 772 070.50</b>	<b>307 052 564.75</b>	<b>653 852 694.50</b>	<b>61 691 446.50</b>	

Chart Title





CAPITAL BUDGET FROM EXTERNAL FUNDING					
	Annual Budget	YTD Budget	YTD Actual	Forecast Outturn	Forecast Variance
<u>MIG Funding</u>	42,083,000.00	21,041,500.00	20,796,935.86	42,083,000.00	-
<u>Department of Energy</u>	18,485,000.00	9,242,500.00	7,899,471.35	18,485,000.00	-

S4

The fact that the municipality is experiencing on-going cash flow challenges is highlighted and needs to be taken into account when approval is considered for specific initiatives. Departments continue to bypass the CFO for financial input for certain projects and this is impacting on the reprioritizing of funds during the Adjustment Budget due to the shortfall.

Below is a table indicating the revenue and expenditure of the Trading Services (Water, Energy, Waste Water and Waste Management)

Trading Services

1 July 2022 to 31 December 2022	Water	Waste Water	Energy	Waste Management	Total
<b>Revenue</b>					
Revenue from exchange transactions (Revenue billed)	21 083 038.48	18 112 331.90	100 075 343.55	11 803 402.53	151 074 116.46
<b>Total segment revenue</b>	<b>21 083 038.48</b>	<b>18 112 331.90</b>	<b>100 075 343.55</b>	<b>11 803 402.53</b>	<b>151 074 116.46</b>
Unallocated revenue					
<b>Entity's revenue billed</b>	<b>21 083 038.48</b>	<b>18 112 331.90</b>	<b>100 075 343.55</b>	<b>11 803 402.53</b>	<b>151 074 116.46</b>
<b>Actual revenue received from consumers billed</b>	<b>12 331 634.98</b>	<b>10 488 114.26</b>	<b>70 126 368.98</b>	<b>9 239 630.91</b>	<b>102 185 749.13</b>
<b>Actual revenue received from prepaid electricity</b>			<b>29 340 645.96</b>		<b>29 340 645.96</b>
			<b>99 467 014.94</b>		<b>131 526 395.09</b>
<b>Revenue outstanding from consumers</b>	<b>8 751 403.50</b>	<b>7 624 217.64</b>	<b>608 328.61</b>	<b>2 563 771.62</b>	<b>19 547 721.37</b>
<b>Expenditure</b>					
Employee Costs	7 866 665.22	8 547 102.69	11 864 560.95	2 602 693.61	30 881 022.47
Contracted services	7 798 242.17	375 055.00	7 954 869.32	5 588 314.21	21 716 480.70
General expenses	-	-	113 592 326.67	-	113 592 326.67
Inventory consumed	3 396 834.45	995 500.00	5 220 263.67	-	9 612 598.12
<b>Total segment expenditure</b>	<b>19 061 741.84</b>	<b>9 917 657.69</b>	<b>138 632 020.61</b>	<b>8 191 007.82</b>	<b>175 802 427.96</b>

55

Unallocated expenses

Entity's surplus deficit for the period

-6 730 106.86	570 456.57	-68 505 651.63	1 048 623.09	-73 616 678.83	
	-35%	5.44%	-28%	11.35%	-25%

Profit/(loss)

56

## Other Financial Issues

This executive report continues to highlight the performance achievement of the Finance Department during the first half of the financial year, taking into account:

- i. The targets set in the service delivery and business delivery

The main strategic goals during the 2022/2023 as set out in the business plan and reported in the performance report were for the following:

- The optimization of revenue collection by using incentives to encourage payments, increasing the number of payment methods, increasing the billing coverage and vigorously implementing the credit control policy and bylaws through effective implementation of the existing legal processes.
- Increasing the number of paying consumers by improving better communication and better relationships with consumers.
- Reduction of costs through reduction in physical and bulk losses.
- Improve service delivery to community through best practices.
- Reduction and/or control of expenditures mainly through the control of overhead costs by utilizing effective systems (blocking votes on the financial system)
- Alignment of structure with organizational strategy.
- Counteract wasteful water and electricity practices through education and awareness campaigns.
- Raising the level of awareness of consumers about hygiene and environmental health in compliance with regulatory requirements.
- Continual development of the required strategic skills from managerial levels to lower levels.
- Identify and manage operational and financial risks within the existing regulatory framework/environment.
- Manage and maintain an effective and efficient network system within the total Abaqulusi area.

**Indigent Statistics**

- a) Number of indigents – 3 243 average per month
- b) Free Electricity – 1 357 consumers receiving 50 kwh per month
- c) Cost to date – R611,550 and estimate for year – R1,223,100
- d) Free Water – 3 243 consumers receiving 6 kl per month
- e) Cost to date – R931,234.36 and estimate for year – R1,862,468.72 including Basic Charge
- f) Free Refuse – 3 243 consumers who do not pay for refuse removal
- g) Cost to date – R2,341,211.04 and estimate for year – R4,662,422.08
- h) Free Sanitation – 3 243 consumers, cost to date R2,620,356.47 and estimate for year – R5,240,712.94
- i) Free Rates – 2 968 consumers with house values less than R 100,000 who do not pay rates
- j) Cost to date – R936,022.81 and the estimate for the year – R1,872,045.62
- k) Free Electricity in Eskom areas – 772 consumers receiving 50 kwh per month
- l) Cost to date paid to Eskom for Free Basic Electricity – R768,898.14 and estimate for year – R1,537,796.28
- m) To date the cost for services for indigents amounts to R8,209,272.82 and the estimated cost for the year is expected to be R16,418,545.64. The information is based on the number of indigent consumers as at 31 December 2022 but could increase due to more consumers applying for indigent status

**INDIGENT STATS**

SERVICE	NO OF CONSUMERS	EXPENDITURE TO DATE	EST EXPENDITURE FOR 12 MONTHS
RATES - HOUSE VALUED AT LESS THAN R100000	2968	936 022.81	1 872 045.62
ELECTRICITY - 50 KWH - OWN LICENCED AREA	1357	611 550.00	1 223 100.00
ELECTRICITY - 50 KWH - ESKOM LICENCED AREA	772	768 898.14	1 537 796.28
WATER - 6KL	3243	931 234.36	1 862 468.72
SANITATION	3243	2 620 356.47	5 240 712.94
REFUSE	3243	2 341 211.04	4 682 422.08
<b>TOTAL COST</b>		<b>8 209 272.82</b>	<b>16 418 545.64</b>

## **Financial Statements – 2021/2022**

The financial statements were completed in time as per National Treasury dates and submitted to the Auditor-General by the 31<sup>st</sup> of August 2022. The financial statements have been audited and the municipality received an unqualified audit opinion.

## **Assets**

The asset register is currently being prepared into the correct segments for uploading to the Munsoft system during 2022/2023.

## **Investments**

Council has an investment portfolio of R 20,9 million; the Council's obligations are as follows:

- At least one month's operating expenditure
- Consumer deposits
- Unspent grants

The Council currently has insufficient resources to cover its monthly expenses

**Abaqulusi Municipality Investment Register**  
**INVESTMENT REGISTER 1 July 2022 to 31 December 2022**  
 MAIN SUMMARY

INSTITUTION	BALANCE AT MOVEMENTS BALANCE AT INTEREST												
	2022/07/01	2022/12/31	EARNED	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER				
Bank													
NEDBANK	3 977 476.42	0.00	4 094 635.27	117 158.85	16 187.72	17 976.90	18 134.74	20 706.45	20 640.78	23 512.26			
ABSA CALL	2 268.72	0.00	2 298.43	29.71	3.26	3.84	4.83	5.06	6.41	6.31			
ABSA CALL	243.11	0.00	243.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
NEDBANK	3 851.09	0.00	3 964.33	113.24	15.68	17.36	17.44	20.15	19.98	22.63			
STANDARD BANK	70 473.17	0.00	72 362.77	1 889.60	0.00	0.00	0.00	0.00	0.00	1 889.60			
NEDBANK	4 187.53	0.00	4 310.77	123.24	17.02	18.91	19.02	21.70	21.79	24.80			
NEDBANK	751 427.80	0.00	773 561.79	22 133.99	3 058.17	3 396.36	3 426.06	3 811.89	3 999.52	4 441.99			
STANDARD BANK	4 584.40	0.00	4 662.88	78.48	0.00	0.00	0.00	0.00	0.00	78.48			
NEDBANK	7 373 321.00	0.00	7 590 506.32	217 185.32	30 008.44	33 325.00	33 617.68	38 384.82	38 263.38	43 586.00			
ABSA LIQUIDITY PLUS	11 187 248.65	-3 253 169.54	8 405 126.84	71 047.73	52 362.76	133 387.57	117 968.16	67 409.74	65 543.38	34 376.12			
	23 375 081.89	-3 253 169.54	20 951 672.51	1829 760.16	101 653.05	188 125.94	173 187.93	130 359.81	128 495.24	107 938.19			

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**Water losses**

MONTH	Purification Plants					Total Purified
	Klipfontien/ Bloemveld	Mondlo	Hlobane	Coronation	Louwsburg	
July-22	356 000.00	219 000.00	24 881.00	42 590.00	5 778.00	648 249.00
August-22	398 200.00	243 000.00	21 712.00	38 344.00	5 517.00	706 773.00
September-22	363 600.00	183 000.00	22 417.00	16 474.00	8 289.00	593 780.00
October-22	432 780.00	241 000.00	20 504.00	18 353.00	8 955.00	721 592.00
November-22	409 000.00	232 000.00	21 459.00	13 159.00	5 240.00	680 858.00
December-22	336 230.00	192 000.00	22 395.00	12 791.00	8 782.00	572 198.00
<b>TOTAL :2022/2023</b>	<b>2 295 810.00</b>	<b>1 310 000.00</b>	<b>133 368.00</b>	<b>141 711.00</b>	<b>42 561.00</b>	<b>3 923 450.00</b>

MONTH	Water Sales					Total Sales	Total losses	% Losses
	Klipfontien/ Bloemveld	Mondlo	Hlobane	Coronation	Louwsburg			
July-22	224 514.00	138 286.00	350.00	50.00		363 200.00	285 049.00	44%
August-22	170 520.00	56 320.00	5 776.00	33.00		363 200.00	343 573.00	49%
September-22	176 348.00	82 854.00	5 425.00			264 627.00	329 153.00	55%
October-22	202 754.00	81 220.00	6 092.00			290 066.00	431 526.00	60%
November-22	173 680.00	101 753.00	6 767.00			282 200.00	398 658.00	59%
December-22	203 415.00	108 856.00	5 968.00			318 239.00	253 959.00	44%
<b>TOTAL :2022/2023</b>	<b>1 151 231.00</b>	<b>569 289.00</b>	<b>30 378.00</b>	<b>83.00</b>	<b>-</b>	<b>1 750 981.00</b>	<b>2 172 469.00</b>	<b>55%</b>

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**Electricity losses**

Month	Total sales	Total purchased	Difference between sales & purchases	% Losses
July-22	9 608 839.00	12 116 882.00	2 508 043.00	20.70
August-22	8 721 858.80	12 652 703.73	3 930 844.93	31.07
September-22	8 466 574.80	10 047 383.36	1 580 808.56	15.73
October-22	8 730 121.60	10 327 487.72	1 597 366.12	15.47
November-22	7 817 733.80	10 120 220.12	2 302 486.32	22.75
December-22	8 002 646.10	9 102 753.88	1 100 107.78	12.09
<b>TOTAL :2022/2023</b>	<b>51 347 774.10</b>	<b>64 367 430.81</b>	<b>13 019 656.71</b>	<b>20.23</b>

Month	Total sales – Vryheid	Total purchased	Difference between sales & purchases	% Losses
July-22	8 493 955.60	9 134 964.00	641 008.40	7.02
August-22	7 768 924.00	9 574 760.40	1 805 836.40	18.86
September-22	7 449 721.90	7 704 824.16	255 102.26	3.31
October-22	7 653 232.60	8 037 547.92	384 315.32	4.78
November-22	6 846 924.50	7 870 572.72	1 023 648.22	13.01
December-22	7 053 473.80	7 083 594.48	30 120.68	0.43
	-			
<b>TOTAL :2022/2023</b>	<b>45 266 232.40</b>	<b>49 406 263.68</b>	<b>4 140 031.28</b>	<b>3.95</b>

Month	Total sales – Emondlo	Total purchased	Difference between sales & purchases	% Losses
July-22	1 019 651.80	1 943 184.20	923 532.40	47.53
August-22	831 275.00	1 958 414.21	1 127 139.21	57.55
September-22	900 535.60	1 513 080.20	612 544.60	40.48
October-22	971 987.60	1 575 336.20	603 348.60	38.30
November-22	872 145.40	1 568 991.20	696 845.80	44.41
December-22	863 176.20	1 452 574.60	589 398.40	40.58
<b>TOTAL :2022/2023</b>	<b>5 458 771.60</b>	<b>10 011 580.61</b>	<b>4 552 809.01</b>	<b>45.48</b>

Month	Total sales – Hlobane	Total purchased	Difference between sales & purchases	% Losses
July-22	55 171.60	626 248.80	571 077.20	91.19
August-22	80 870.60	672 748.12	591 877.52	87.98
September-22	85 459.40	460 221.00	374 761.60	81.43
October-22	76 362.80	443 346.60	366 983.80	82.78
November-22	63 065.60	372 202.20	309 136.60	83.06
December-22	61 746.20	307 033.80	245 287.60	79.89
<b>TOTAL :2022/2023</b>	<b>422 676.20</b>	<b>2 881 800.52</b>	<b>2 459 124.32</b>	<b>85.33</b>

Month	Total sales – Coronation	Total purchased	Difference between sales & purchases	% Losses
July-22	40 060.00	412 485.00	372 425.00	90.29
August-22	40 789.20	446 781.00	405 991.80	90.87
September-22	30 857.90	369 258.00	338 400.10	91.64
October-22	28 538.60	271 257.00	242 718.40	89.48
November-22	35 598.30	308 454.00	272 855.70	88.46
December-22	24 249.90	259 551.00	235 301.10	90.66
<b>TOTAL :2022/2023</b>	200 093.90	2 067 786.00	1 867 692.10	96.76

## 2022/2023 Electricity Statistics per intake

<b>VRYHEID</b>				
Total purchased	Total sales	Difference between sales & purchases	% Losses	Value @ R3.27 Per Kwh
KWH	KWH	KWH		Rand Value
49 406 263.68	45 266 232.40	4 140 031.28	14%	13 537 902.29

<b>Mondlo</b>				
Total purchased	Total sales	Difference between sales & purchases	% Losses	Value @ R3.27 Per Kwh
KWH	KWH	KWH		Rand Value
10 011 580.61	5 458 771.60	4 552 809.01	54%	14 887 685.46

<b>Hlobane</b>				
Total purchased	Total sales	Difference between sales & purchases	% Losses	Value @ R3.27 Per Kwh
KWH	KWH	KWH		Rand Value
2 881 800.52	422 676.20	2 459 124.32	87%	8 041 336.53

<b>Coronation</b>				
Total purchased	Total sales	Difference between sales & purchases	% Losses	Value @ R3.27 Per Kwh
KWH	KWH	KWH		Rand Value
2 067 786.00	200 093.90	1 867 692.10	97%	6 107 353.17

<b>Total of all areas</b>				
Total purchased	Total sales	Difference between sales & purchases	% Losses	Value @ R3.27 Per Kwh
KWH	KWH	KWH		Rand Value
64 367 430.81	51 347 774.10	13 019 656.71	26%	42 574 277.44

**Other**

The collection target that was reached in the second quarter was 76% which is 15% less in comparison with the first quarter (91%) and 10% less than the collection rate at the same time last year.

The number of paying consumers has decreased from the first quarter to the second quarter. The impact of load shedding is resulting in more consumers converting to solar.

**Payment per Type of Service**

Payment Period July to December  
 Total Payments (Including Reversals) -175 290 740.60

Type of Service	Total Settlements	Billing	Payment Rate (Movement)
RATES GENERAL	-39 239 493.15	49 702 035.69	79%
ELECTRICITY	-51 659 830.82	55 856 335.21	92%
DEMAND/BASIC CHARGES	-18 466 538.16	19 484 373.63	95%
WATER CONSUMP	-9 601 225.41	20 569 777.46	47%
AVAIL WATER	-2 730 409.57	4 855 172.64	56%
AVAIL SEWER	-7 945 393.44	12 812 579.90	62%
ADD SEWERAGE	-2 542 720.82	2 829 272.48	90%
REFUSE	-9 239 630.91	14 412 751.56	64%
INTEREST	-759 877.84	10 010 950.41	8%
ADJUSTMENTS	-10 007.24	-	
V.A.T.	-14 706 294.90	18 664 923.19	79%
DEPOSIT ELEC	-334 375.97	-	
DEPOSIT WATER	-57 067.87	-	
SERVICE CHARGE	-2 021.89	-	
OLD DEBT	-100.00	-	
PENALTIES LATE PAYMENT	-757 360.23	-	
COLL. FEES	-531.95	-	
LEGAL FEES	-12 170.88	-	
SUNDRY CHARGE	-14 439.66	3 000.00	578%
INDIGENT SUPPOR	-53 039.46	253 776.60	26%
PAYMENT ADVANCED	-17 158 210.43	-	
<b>Total</b>	<b>-175 290 740.60</b>	<b>209 454 948.77</b>	<b>84%</b>

**Payment per Ward**

Ward	Total Settlements	Billing	Payment Rate (Billing)
000001 WARD 1	-985 204.40	4 970 409.31	20%
000002 WARD 2	-337 823.81	1 023 102.86	33%
000003 WARD 3	-91 653.91	453 382.98	20%
000004 WARD 4	-223 948.64	1 161 105.13	19%
000005 WARD 5	-250 536.68	1 060 376.39	24%
000006 WARD 6	-1 614 864.99	7 034 323.78	23%
000007 WARD 7	-2 200 150.72	4 696 292.53	47%
000008 WARD 8	-76 637 934.15	82 726 900.61	93%
000009 WARD 9	-25 003 161.91	26 840 310.02	93%
000010 WARD 10	-3 510 897.49	5 909 485.08	59%
000011 WARD 11	-1 650 081.57	2 809 672.41	59%
000012 WARD 12	-4 284 061.40	12 908 229.29	33%
000013 WARD 13	-7 499 387.43	10 520 166.46	71%
000014 WARD 14	-131 118.96	258 250.53	51%
000015 WARD 15	-160 377.79	322 284.96	50%
000016 WARD 16	-504 796.46	831 269.64	61%
000017 WARD 17	-77 841.02	188 365.37	41%
000018 WARD 18	-2 595 726.10	5 020 745.09	52%
000019 WARD 19	-60 066.95	119 491.95	50%
000020 WARD 20	-2 854 246.58	6 185 677.72	46%
000021 WARD 21	-150 858.22	507 084.83	30%
000022 WARD 22	-29 196 259.42	33 908 021.83	86%
PAYMENT ADVANCED	-15 269 742.00	-	0%
<b>Total</b>	<b>-175 290 740.60</b>	<b>209 454 948.77</b>	<b>84%</b>

Payment report per account type

Account Type	Total Settlements	Billing	Payment Rate (Billing)
VACANT LAND	-90 729.13	168 984.16	54%
AGRICULTURE	-1 415 658.86	2 976 997.81	48%
BUSINESS AND CO	-5 020 057.88	5 727 699.63	88%
INDUSTRIAL	-1 583 871.31	1 805 529.14	88%
MUNICIPAL	-32 567.32	123 634.08	26%
PUBLIC BENEFIT	-260 401.26	360 867.22	72%
PLACE OF WORSHI	-103 822.05	123 871.22	84%
PUBLIC SERICE	-	1 140.30	0%
PUBLIC SERICE P	-17 064 074.40	17 297 158.87	99%
RESIDENTIAL	-9 256 837.05	15 883 150.68	58%
STAFF	-905 942.48	1 106 421.34	82%
AGRICULTURAL	-	87.08	0%
AGRICULTURAL	-5 655 155.92	10 082 786.44	56%
BUSINESS	-54 889 817.56	59 612 977.49	92%
CHURCH	-605 968.13	812 588.70	75%
MDV DEV X 13	-	480 421.04	0%
MUNICIPAL	-5 971 569.59	15 088 845.85	40%
NON RATEBLE	-65 357.90	196 346.13	33%
PENSIONER	-154 078.07	180 517.58	85%
PUBLIC SERVICE	-1 945 621.07	2 797 113.04	70%
RESIDENTIAL	-42 070 439.51	59 312 826.45	71%
SCHOOL	-4 148 192.27	4 552 682.26	91%
SECTIONAL TITLE	-3 215 081.72	3 530 964.50	91%
SPECIAL CONSENT	-3 443 187.81	3 633 983.26	95%
SPECIALISED NON	-70 741.52	107 544.93	66%
SPORTS CLUBS	-391 828.87	320 242.27	122%
STATE OWNED	-	263.37	0%
TELKOM	-147 283.90	142 889.48	103%
TLC RENTAL	-27 761.04	75 706.67	37%
TRANSNET	-676 847.58	881 882.91	77%
VACANT LAND	-808 104.40	2 068 824.87	39%
PAYMENT ADVANCED	-15 269 742.00	-	0%
<b>Total</b>	<b>-175 290 740.60</b>	<b>209 454 948.77</b>	<b>84%</b>

### Annual Report

The Annual Report contains the Annual Financial Statements, together with Audit report and the actions which the municipality will take to resolve the matters raised by the Auditor-General.

### Cost Containment Register

The municipality adopted and implemented the cost containment measures from the 1<sup>st</sup> of July 2022 and the municipality must disclose the cost containment measures applied in the in-year reports and annual cost savings must be disclosed in the annual report.

Use of Consultants – during the period under review Consultants were appointed for MIG projects. No needs assessment was done. The municipality will be preparing a reduction of consultant's policy as requested by the Auditor-General during the audit for adoption with the Adjustment Budget.

Travel & Subsistence including the attendance of conferences, seminars and workshops – a list is attached of all Councillors and Employees and the meetings they attended. The cost containment is monitored by the Municipal Manager

Temporary appointments, contractual appointments, unemployed graduates and experiential learners – all appointments were done in terms of the HR policy

Acting allowances – all acting was in accordance with the HR and Cost Containment policies

Overtime – this was paid in accordance with the SALGBC Collective Agreements and exemption granted where necessary. Overtime is limited to 40 hours per month unless approved by the Municipal Manager. The overtime report is tabled monthly as part of the Section 71 report and overtime has reduced compared to the previous financial year

Catering, refreshments & entertainment – the policy has been adhered to

Sponsorships & events – the policy has been adhered to

Municipal workshops, retreats, strategic sessions and internal training – the policy has been adhered to

Projects/program launches – there were project/program launches during the period 1 July to 31 December 2022

Telephone costs – private calls are recovered from employees



Uniforms and clothing – the policy has been adhered to

**INSTITUTION/S CONSULTED**

This report must be communicated to ward committees once it is approved.

**IMPLICATIONS**

➤ **Finances**

This report incorporates the financial status for the period ended 31 December 2022.

The implication of approval of this report is compliance to legislative requirements (Section 72 of the MFMA).

➤ **Communication**

In compliance to legislative requirements (Section 72 of the MFMA) this document is provided to all stakeholders by placing it on the Abaqulusi Municipality website and to the ward committees.

➤ **Conclusion**

This report meets with the requirements of the MFMA, Section 72 by submitting the 'In-Year report' to Council on the implementation of the budget and the financial status of the municipality.

**RECOMMENDATIONS**

- That Council notes the Mid-year budget & performance assessment report that is submitted in terms of Section 72 of MFMA; and
- Council recommends that an Adjustment Budget be prepared revising the projections of revenue and expenditure as necessary for 2022/2023

\_\_\_\_\_  
**MPE MTHEMBU**  
**CHIEF FINANCIAL OFFICER**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**SUPPORTED/NOT SUPPORTED**  
**APPROVED/NOT APPROVED**  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**ZG DHLAMINI**  
**MUNICIPAL MANAGER**

\_\_\_\_\_  
**DATE**



Our Ref.: 9/1/17

Your Ref.

Enquiries: M Mthembu

 57, VRYHEID 3100

c/o, Mark & High Street

(034) 982-2133



Fax: (034) 982-1939

E-mail: [finance@abaqulusi.gov.za](mailto:finance@abaqulusi.gov.za)

## QUALITY CERTIFICATE

I, ZG Dhlamini, Municipal Manager of ABAQULUSI MUNICIPALITY, hereby certify that:  
(mark as appropriate)

- The monthly budget statement
- Quarterly report on the implementation of the budget and financial state of affairs to the municipality
- Mid-year budget and performance assessment

For the half year ending December of 2022 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**MUNICIPAL MANAGER**

**ABAQULUSI MUNICIPALITY**

**KZN263**

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_



## QUALITY CERTIFICATE

I, MC Maphisa, Mayor of ABAQULUSI MUNICIPALITY, hereby certify that: (mark as appropriate)

- The monthly budget statement
- Quarterly report on the implementation of the budget and financial state of affairs to the municipality
- Mid-year budget and performance assessment

For the half year ending December of 2022 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**MAYOR**

**ABAQULUSI MUNICIPALITY**

**KZN263**

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_



## CONFIRMATION CERTIFICATE

I, MPE Mthembu, the Chief Financial Officer of (**ABAQULUSI MUNICIPALITY,**) have checked the Report and done the Review Session with my Department. The POE's are categorised according to the index. *(Marked as appropriate)*

The December Monthly Report

Quarterly Report on the implementation of the  
Financial State of affairs to the Municipality

Mid-year Performance Assessment

Medium Term Report

I hereby confirm that the above is a true reflection of the Finance Section and in full compliance with Schedule 2 of the Municipal Systems Act.

\_\_\_\_\_  
**MPE MTHEMBU**  
**CHIEF FINANCIAL OFFICER**

\_\_\_\_\_  
**DATE**

**ABAQULUSI MUNICIPALITY**

**KZN263**