



**2021/2022 FINANCIAL YEAR**

**FIRST QUARTER OF BUDGET  
AND PERFORMANCE  
ASSESSMENT REPORT**

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## **ABBREVIATIONS & ACRONYMS**

|          |                                                                     |
|----------|---------------------------------------------------------------------|
| AFS      | Annual Financial Statements                                         |
| BSC      | Budget Steering Committee                                           |
| BTO      | Budget & Treasury Office (Finance)                                  |
| CFO      | Chief Financial Officer                                             |
| DORA     | Division of Revenue Act                                             |
| DORB     | Division of Revenue Bill                                            |
| COGTA    | Co-operative Governance & Traditional Affairs                       |
| EXCO     | Executive Committee                                                 |
| FMG      | Financial Management Grant                                          |
| GDP      | Gross Domestic Product                                              |
| GRAP     | Generally, Recognised Accounting Practice                           |
| HIV/AIDS | Human Immune Deficiency Virus / Acquired Immune Deficiency Syndrome |
| IDP      | Integrated Development Plan                                         |
| IT       | Information Technology                                              |
| NDW      | Ndwedwe Municipality                                                |
| MANCO    | Management Committee                                                |
| MBRR     | Municipal Budget and Reporting Regulations                          |
| MFMA     | Municipal Finance Management Act 2003 (Act No. 56 of 2003)          |
| MIG      | Municipal Infrastructure Grant                                      |
| MM       | Municipal Manager (Accounting Officer)                              |
| MPCCs    | Multi-Purpose Community Centre's                                    |
| MPRA     | Municipal Property Rates Act 2004 (Act No. 6 of 2004)               |
| MSA      | Municipal Systems Act 2000 (Act No. 32 of 2000)                     |
| MSIG     | Municipal Systems Improvement Grant                                 |
| MTREF    | Medium Term Revenue & Expenditure Forecast                          |
| MV       | Market Value                                                        |
| NT       | National Treasury                                                   |
| PPP      | Public-Private Partnerships                                         |
| PSI      | Public Service Infrastructure                                       |
| PT       | Provincial Treasury                                                 |
| HOD      | Head of Department                                                  |
| SALGA    | South African Local Government Association                          |
| SDBIP    | Service Delivery & Budget Implementation Plan                       |
| VAT      | Value-Added Tax                                                     |

## **PART 1**

### **1.1 MAYORS REPORT**

This report is tabled in terms of section 52 of the MFMA that requires that as the mayor of this municipality:

(a) **I** must provide general political guidance over the fiscal and financial affairs of the municipality.

(b) **IN** providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities.

(c) **MUST** take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget.

(d) **MUST**, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality: and

(e) **MUST** exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

***In fulfilling these duties honourable Councillors, I present to you the first quarter budget and performance assessment report for the period ending 30 September 2021 for 2021/2022 financial year for you to play your oversight role.***

## **1.2 RESOLUTIONS**

Hereunder are the resolutions in terms of the Municipal Budget and Reporting Regulations which are required to be considered by Council.

1.**THAT** the September 2021/2022 Section 71(1) Monthly Budget Assessment Statement in the C Schedule format as per No. 32141 GOVERNMENT GAZETTE, 17 APRIL 2009 be noted and approved in terms of Section 52(d) of the MFMA

2.**THAT** the report be submitted to National Treasury, Provincial Treasury, and other organs of state as per the requirement of No. 32141 GOVERNMENT GAZETTE, 17 APRIL 2009.

## 1.3 EXECUTIVE SUMMARY

### OPERATING BUDGET

The operating budget as reflected in Table C1 of the Budget Statement Tables can be summarised as follows:

**Table 1:** Monthly Budget Statement Summary as at 30 September 2021

| KZN293 Ndwedwe - Monthly Budget Statement Summary as at 30 September 2021                     |                 |                     |                 |                 |               |               |               |              |                    |
|-----------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|-----------------|---------------|---------------|---------------|--------------|--------------------|
| Description                                                                                   | 2020/21         | Budget Year 2021/22 |                 |                 |               |               |               |              |                    |
|                                                                                               | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual  | YearTD actual | YearTD budget | YTD variance  | YTD variance | Full Year Forecast |
| Total Revenue (excluding capital transfers and contributions)                                 | 220 881         | 200 155             | –               | 2 071           | 90 321        | 50 039        | 40 282        | 81%          | 200 155            |
| Total Expenditure                                                                             | 217 108         | 200 076             | –               | 18 481          | 40 078        | 50 019        | (9 941)       | -20%         | 200 076            |
|                                                                                               |                 |                     |                 |                 |               |               |               |              |                    |
| <b>Surplus/(Deficit)</b>                                                                      | <b>3 774</b>    | <b>79</b>           | <b>–</b>        | <b>(16 410)</b> | <b>50 243</b> | <b>20</b>     | <b>50 223</b> | <b>3</b>     | <b>79</b>          |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 29 266          | 31 331              | –               | 5 762           | 10 306        | 7 833         | 2 473         | 0            | 31 331             |
| Transfers and subsidies - capital (in-kind - all)                                             | 1 527           | –                   | –               | –               | –             | –             | –             | –            | –                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>                          | <b>34 567</b>   | <b>31 410</b>       | <b>–</b>        | <b>(10 647)</b> | <b>60 548</b> | <b>7 852</b>  |               |              | <b>31 410</b>      |
| Total Capital Expenditure - Functional Classification                                         | 81 506          | 82 662              | –               | 5 850           | 14 045        | 20 665        | (6 620)       | (0)          | 82 662             |

The above table shows that as at the first quarter of 2021/2022 financial year, the municipality performance shows an over collections/billing in revenue of R40.3 million and the reasons for this variance will follow below.

On the other hand, the actual expenditure of the municipality for the first quarter of the 2021/2022 financial year has shown a negative variance of R9.9 million and the reasons for this variance will be discussed in detail later in this report.

The municipality has shown an under spending of R6.6 million in capital expenditure as at the end of 30 September 2021 and the reasons for this under spending will also follow later in this report.

**Table 2: Financial Performance (Revenue) for the first quarter of 2021/2022 financial year**

| KZN293 Ndwedwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September |                 |                     |                 |                |               |               |               |              |                    |
|----------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|---------------|--------------|--------------------|
| Description                                                                                                          | 2020/21         | Budget Year 2021/22 |                 |                |               |               |               |              |                    |
|                                                                                                                      | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance  | YTD variance | Full Year Forecast |
| R thousands                                                                                                          |                 |                     |                 |                |               |               |               | %            |                    |
| <b>Revenue By Source</b>                                                                                             |                 |                     |                 |                |               |               |               |              |                    |
| Property rates                                                                                                       | 18 136          | 18 837              | –               | 299            | 15 950        | 4 709         | 11 241        | 239%         | 18 837             |
| Service charges - refuse revenue                                                                                     | 37              | 100                 | –               | 42             | 125           | 25            | 100           | 401%         | 100                |
| Rental of facilities and equipment                                                                                   | 525             | 533                 | –               | 54             | 149           | 133           | 15            | 12%          | 533                |
| Interest earned - external investments                                                                               | 5 548           | 6 500               | –               | 684            | 1 294         | 1 625         | (331)         | -20%         | 6 500              |
| Interest earned - outstanding debtors                                                                                | 1 029           | 942                 | –               | 93             | 268           | 235           | 33            | 14%          | 942                |
| Licences and permits                                                                                                 | 2               | 2                   | –               | 0              | 0             | 0             | 0             | 27%          | 2                  |
| Transfers and subsidies                                                                                              | 194 474         | 172 688             | –               | 870            | 72 227        | 43 172        | 29 055        | 67%          | 172 688            |
| Other revenue                                                                                                        | 1 130           | 554                 | –               | 28             | 307           | 138           | 169           | 122%         | 553                |
| Gains                                                                                                                | –               | –                   | –               | –              | –             | –             | –             |              | –                  |
| <b>Total Revenue (excluding capital transfers and contributions)</b>                                                 | <b>220 881</b>  | <b>200 155</b>      | <b>–</b>        | <b>2 071</b>   | <b>90 321</b> | <b>50 039</b> | <b>40 282</b> | <b>81%</b>   | <b>200 155</b>     |

The above table state that the first quarter budgeted operating revenue for 2021/2022 financial year was R50.0 million. The actual revenue recognised as at 30 September 2021 amounts to R90.3 million which implies that the municipality have realised a favourable variance of approximately R40.3 million in revenue as at the end of the first quarter.

The reasons for the variances will be discussed with reference to table C4 of the budget statement tables, and is explained as follows:

*The council to note that only material variance will be discussed in this report and it a variance of R200 thousands and above.*

### **Property rates**

- Property rates shows an over-recognition of R11.2 million as at the end of 30 September 2021.
- This variance is because of the annual billing done to those customers qualify for it in terms of property rates policy. The variance is anticipated to reduce as the year progress since the anticipated target will drastically increase while the billing will reduce drastically as the bulk of the billing has already done.

### **Interest earned - external investments**

- Interest earned - external investments has recorded an under recognition of R331 thousands as of 30 September 2021.
- This variance is due low interest rates the financial institutions is offering now, but it is anticipated that the variance will reduce as the year progress through better interest rates anticipated soon as well as the increases of the invested amount that have just been deposited by the government department in a form of grants.

### **Transfers and subsidies**

- Transfers and subsidies show over recognition of R29.1 million as at 30 September 2021.
- This positive variance is because of grants being received in advance than anticipated as a result it is anticipated that this variance will reduce as the year progresses.

### **Other revenue**

- Other revenue revealed an over collection of R169 thousands as of 30 September 2021.
- This variance arose because of insurance refund received early than anticipated. It is anticipated that the variance will reduce as the year progress.

**Table 3: Financial Performance (Expenditure) for the first quarter of 2021/2022 financial year**

| KZN293 Ndwedwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September |                 |                     |                 |                |               |               |                |              |                    |
|----------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|----------------|--------------|--------------------|
| Description                                                                                                          | 2020/21         | Budget Year 2021/22 |                 |                |               |               |                |              |                    |
|                                                                                                                      | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance   | YTD variance | Full Year Forecast |
| R thousands                                                                                                          |                 |                     |                 |                |               |               |                | %            |                    |
| <b>Expenditure By Type</b>                                                                                           |                 |                     |                 |                |               |               |                |              |                    |
| Employee related costs                                                                                               | 61 177          | 71 170              | –               | 4 901          | 14 451        | 17 792        | (3 342)        | -19%         | 71 170             |
| Remuneration of councillors                                                                                          | 14 217          | 16 247              | –               | 1 147          | 3 479         | 4 062         | (582)          | -14%         | 16 247             |
| Debt impairment                                                                                                      | 1 584           | 3 000               | –               | 526            | 526           | 750           | (224)          | -30%         | 3 000              |
| Depreciation & asset impairment                                                                                      | 27 552          | 23 496              | –               | 5 080          | 5 080         | 5 874         | (794)          | -14%         | 23 496             |
| Finance charges                                                                                                      | 3               | –                   | –               | 0              | 0             | –             | 0              | #DIV/0!      | –                  |
| Inventory consumed                                                                                                   | 624             | 1 290               | –               | 75             | 325           | 323           | 3              | 1%           | 1 290              |
| Contracted services                                                                                                  | 61 656          | 46 577              | –               | 3 990          | 9 057         | 11 644        | (2 587)        | -22%         | 46 577             |
| Transfers and subsidies                                                                                              | 15 086          | 3 200               | –               | 485            | 805           | 800           | 5              | 1%           | 3 200              |
| Other expenditure                                                                                                    | 34 981          | 35 097              | –               | 2 274          | 6 354         | 8 774         | (2 420)        | -28%         | 35 097             |
| Losses                                                                                                               | 226             | –                   | –               | –              | –             | –             | –              |              | –                  |
| <b>Total Expenditure</b>                                                                                             | <b>217 108</b>  | <b>200 076</b>      | <b>–</b>        | <b>18 481</b>  | <b>40 078</b> | <b>50 019</b> | <b>(9 941)</b> | <b>-20%</b>  | <b>200 076</b>     |

The above table indicates that first quarter budgeted operating expenditure for the 2021/2022 financial year was R50.0 million and the actual expenditure recognised as at 30 September 2021 was R40.1 million which implies that the municipality has realised a negative variance or savings of approximately R8.9 million in operational expenditure as at the end of the first quarter.

The reasons for the variances will also be discussed with reference to table C4 of the budget statement tables, and is explained as follows:

*The council to note that only material variance will be discussed in this report and it a variance of R200 thousands and above.*

***The employee related costs***

- The employee related costs show a negative variance or savings of almost R3.3 million as at the end of the September 2021.
- Delays in filling the budgeted posts as well as resignation of employees remain the main contributing factors into this variance.
- The anticipated increment which was expected to be implemented by the 1 July 2021 has also contributed into this variance.
- Hence is it anticipated that once all budget posts are filled and the increment is implemented the variance will reduce.

***Remuneration of councillors:***

- Remuneration of councillors shows a negative variance of R582 thousands as at the end of September 2021.
- This variance is in relation to anticipated increase for Councillor's remuneration which is normal implement between December and January every year hence it is anticipated that the variance will be eliminated once the remuneration increase is effected.

***Debt Impairment:***

- Debt impairment revealed a negative variance of R224 thousands as of 30 September 2021.
- This variance is because of the account customs that qualify to be impaired in line with creditors control policy.

- The current payment situation indicates that they might be more accounts that might require to be impaired hence the variance is anticipated to reduce as the year progress.

***Depreciation & asset impairment:***

- Depreciation & asset impairment revealed a negative variance of R0.8 million as at the end of September 2021.
- This variance is due to asset impairment which yet to be tested and captured onto the financial system as a result it is anticipated that once the impairment is tested and captured on the system the variance will reduce.

***Contracted services***

- Contracted services show a negative variance of R2.6 million as of 30 September 2021.
- The programme or activities that are yet to take place in line with procurement plan are the main reason for this variance.
- As a result, is anticipated that once those programmes are implemented the variance will reduce.

***Other expenditure:***

- Contracted services show a negative variance of R2.4 million as of 30 September 2021.
- The programme or activities that are yet to take place in line with procurement plan are the main reason for this variance.
- As a result, is anticipated that once those programmes are implemented the variance will reduce.

## CAPITAL BUDGET

Reference is made to Part One – (C Schedule Table C5) for a detailed breakdown of amounts pertaining to the capital budget, per Department.

The municipality has the following seven Departments for the purposes of budget reporting:

- Executive and Council
- Municipal Manager
- Corporate Services
- Budget and Treasury Office
- Economic Development and Planning
- Community Services
- Technical Services

The municipality approved an original budget of R82.7 million as a capital budget in the current financial year with most of the funding being allocated towards road infrastructure projects and community services projects such as sport field and community halls as well as to plant and machinery.

The reference for capital expenditure report is based on Table C5 which is a prescribed format required by National Treasury and it is categorised by municipal vote and standard classification.

The Capital Budget is funded by the following funding sources:

- **Government Grants (MIG)**
- **Internally generated funds**

**Table 4: Capital Budget Funding Summary**

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September |                 |                     |                 |                |               |               |              |              |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| Vote Description                                                                                                                                 | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |              |                    |
|                                                                                                                                                  | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands                                                                                                                                      |                 |                     |                 |                |               |               |              | %            |                    |
| <u>Funded by:</u>                                                                                                                                |                 |                     |                 |                |               |               |              |              |                    |
| National Government                                                                                                                              | 26 089          | 31 331              | -               | 3 686          | 9 213         | 7 833         | 1 381        | 18%          | 31 331             |
| Provincial Government                                                                                                                            | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| District Municipality                                                                                                                            | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| Transfers recognised - capital                                                                                                                   | 26 089          | 31 331              | -               | 3 686          | 9 213         | 7 833         | 1 381        | 18%          | 31 331             |
|                                                                                                                                                  |                 |                     |                 |                |               |               |              |              |                    |
| Borrowing                                                                                                                                        | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| Internally generated funds                                                                                                                       | 55 416          | 51 331              | -               | 2 164          | 4 832         | 12 833        | (8 001)      | -62%         | 51 331             |
| Total Capital Funding                                                                                                                            | 81 506          | 82 662              | -               | 5 850          | 14 045        | 20 665        | (6 620)      | -32%         | 82 662             |

- The above table illustrate the funding sources for capital expenditure. Based on this report. As at 30 September 2021 the municipality was anticipating to spend R7.8 million and this was over achieved R1.4 million.
- The early that anticipated awarding of the contract remain the main reason for this good performance.
- On the other hand, the internal funded projects are showing 62% negative variance. The most contributing factor to this variance is the budget related to the purchase of municipal plant with the procurement underway, hence it is anticipated that once the procurement is concluded the variance will reduce.

**Table 5: Capital Expenditure per Standard Classification**

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September |                 |                     |                 |                |               |               |                |              |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|----------------|--------------|--------------------|
| Vote Description                                                                                                                                 | 2020/21         | Budget Year 2021/22 |                 |                |               |               |                |              |                    |
|                                                                                                                                                  | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance   | YTD variance | Full Year Forecast |
| R thousands                                                                                                                                      |                 |                     |                 |                |               |               |                | %            |                    |
| <u>Multi-Year expenditure appropriation</u>                                                                                                      |                 |                     |                 |                |               |               |                |              |                    |
| <u>Capital Expenditure - Functional Classification</u>                                                                                           |                 |                     |                 |                |               |               |                |              |                    |
| <b>Governance and administration</b>                                                                                                             | 13 113          | 10 671              | -               | 25             | 25            | 2 668         | (2 642)        | -99%         | 10 671             |
| Executive and council                                                                                                                            | 2 911           | 3 011               | -               | -              | -             | 753           | (753)          | -100%        | 3 011              |
| Finance and administration                                                                                                                       | 10 202          | 7 660               | -               | 25             | 25            | 1 915         | (1 890)        | -99%         | 7 660              |
| Internal audit                                                                                                                                   | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| <b>Community and public safety</b>                                                                                                               | 3 774           | 3 550               | -               | -              | -             | 888           | (888)          | -100%        | 3 550              |
| Community and social services                                                                                                                    | 3 774           | 3 550               | -               | -              | -             | 888           | (888)          | -100%        | 3 550              |
| Sport and recreation                                                                                                                             | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| Public safety                                                                                                                                    | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| Housing                                                                                                                                          | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| Health                                                                                                                                           | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| <b>Economic and environmental services</b>                                                                                                       | 64 619          | 68 441              | -               | 5 824          | 14 020        | 17 110        | (3 090)        | -18%         | 68 441             |
| Planning and development                                                                                                                         | 27 617          | 36 787              | -               | 2 279          | 7 724         | 9 197         | (1 473)        | -16%         | 36 787             |
| Road transport                                                                                                                                   | 37 001          | 31 654              | -               | 3 545          | 6 296         | 7 914         | (1 617)        | -20%         | 31 654             |
| Environmental protection                                                                                                                         | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| <b>Trading services</b>                                                                                                                          | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| Energy sources                                                                                                                                   | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| Water management                                                                                                                                 | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| Waste water management                                                                                                                           | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| Waste management                                                                                                                                 | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| <b>Other</b>                                                                                                                                     | -               | -                   | -               | -              | -             | -             | -              |              | -                  |
| <b>Total Capital Expenditure - Functional Classification</b>                                                                                     | <b>81 506</b>   | <b>82 662</b>       | <b>-</b>        | <b>5 850</b>   | <b>14 045</b> | <b>20 665</b> | <b>(6 620)</b> | <b>-32%</b>  | <b>82 662</b>      |

The above table provides a budget versus expenditure as per the standard classification Table C5 of the monthly budget statement. Based on this table, as of 30 September 2021 the council has spent R14.0 million against the year-to-date budget of R20.7 million which implies that the municipality has realised a negative variance of approximately R6.6 million as at the end of under review period.

The reasons for the variances will also be discussed with reference to Table C5 of the Budget Statement Tables, and is explained as follows:

#### ***Governance and Administration – Executive and council***

Governance and Administration – Executive and council includes the following departments.

- **Municipal Manager** with a budget of R170 thousands for the purchase of Computer equipment and furniture and office equipment.
- As at 30 September 2021 the department has not recorded any expenditure however, the process for the procurement of printers and aircons has already begun as a result it is anticipated that by the end of the second quarter the expenditure will be recorded which will subsequently reduce the variance.
- **Council General** with a budget of R2.8 million for the purchase of the car for newly elected Mayor, Deputy Mayor and Speaker vehicle as well as the laptop for new Councillors.
- This process for this procurement has not started however it will commence soon after the elections hence the variance will be eliminated once the procurement is done, and the expenditure incurred.

### ***Governance and Administration – Finance & Administration***

Governance and Administration – Finance & Administration includes the following Departments:

- **Finance Department** with an annual budget of R300 thousands to purchase Furniture and equipment and computers equipment.
- As at 30 September 2021 the department was expected to spend R75 thousands however, the department has recorded no expenditure.
- **Corporate Services Department** with a budget of R7.4 million, to procure the following capital items:
  - ❖ Furniture and Office Equipment,
  - ❖ Computer Equipment,
  - ❖ Refurbishment of municipal parking
  - ❖ Replacement of Municipal Fleet
  - ❖ Broadband Infrastructure
  - ❖ Vehicles Fire Extinguishers
- As at 30 September 2021 the department was expected to spend R1.84 million however it has managed to spend R25 thousands which implies that the department has realised a negative variance of R1.82 million.

- This variance is attributed to the rolling over of the 2020/2021 fleet budget in case we failed to finalise the procurement in 2020/2021 financial year since there were delays in finalising the process.
- Hence the variance will be minimised during the adjustment budget period where a bulk of the budget will be removed.

### ***Community and public safety***

- Community & Social Services include the budget related to **Community Services Department** with a budget of R3.6 million to procure the following items:
  - ❖ Furniture and Office Equipment, Park home, Wheelie bin, Licencing Office Equipment, Upgrade of licencing office, Modification of Vehicle into fire vehicle, Buy Back Structure (Phase One) and Computer Equipment.
- As at the end of the first quarter, the department was expected to spend R888 thousands however, the department recorded zero expenditure. The procurement of some items as listed above has begun with the awarding expected in due course hence it is anticipated that once the procurement is finalised and the expenditure incurred the variance will be eliminated.

### ***Economic & Environmental Services***

In terms of Functional classification, the almost R74million budget reflected under Economic & Environmental Services is from the following departments:

- **Planning and development (Economic Development and Planning)** with an annual budget of R1.2 million for the procurement of the following capital items:
  - ❖ Computer Equipment, Machinery and Equipment (Corridor Development Tractor implementation) and Furniture and Office Equipment.
  - ❖ As at 30 September 2021 the, department has recorded zero expenditure however in the pipeline is the procurement of printers and aircons for the department with the expenditure expected before the end of the second quarter hence the variance is anticipated to reduce once the procurement is finalised.
- **Technical Services** with an annual budget of R67.2 million.

- As of 30 September 2021, the department was expected to spend R16.8 million and it has managed to spend R14.0 million as a result the negative variance of R2.8 million has been realised as at the end of the first quarter.
- This variance is attributed to the delays in appointment of the phase two office building service provider as well as the purchases of the yellow plan and other projects which are yet to kick off. However, the Council can be assured that this process will be finalised soon which will ensure that the variance is minimised.

#### **1.4 IN-YEAR BUDGET STATEMENT TABLES**

The following tables are included as part of the 2021/2022 Budget and Performance Assessment:

- C1 - S71 Monthly Budget Statement Summary
- C2 - Monthly Budget Statement; Financial Performance (Standard Classification)
- C3 - Monthly Budget Statement; Financial Performance (Revenue and Expenditure by municipal vote)
- C4 - Monthly Budget Statement; Financial Performance (Revenue and Expenditure)
- C5 - Monthly Budget Statement; Capital Expenditure (Municipal vote, Standard classification and Funding)
- C6 - Consolidated Monthly Budget Statement; Financial Position
- C7 - Consolidated Monthly Budget Statement; Cash Flow

## PART 2

### 2.1 DEBTORS ANALYSIS

**Table 6: Debtors Analysis**

| KZN293 Ndwedwe - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September |                     |            |               |             |             |             |              |               |               |                    |
|-----------------------------------------------------------------------------------------------|---------------------|------------|---------------|-------------|-------------|-------------|--------------|---------------|---------------|--------------------|
| Description                                                                                   | Budget Year 2021/22 |            |               |             |             |             |              |               |               |                    |
| R thousands                                                                                   | 0-30 Days           | 31-60 Days | 61-90 Days    | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr      | Total         | Total over 90 days |
| <b>Debtors Age Analysis By Income Source</b>                                                  |                     |            |               |             |             |             |              |               |               |                    |
| Trade and Other Receivables from Exchange Transactions - Water                                | -                   | -          | -             | -           | -           | -           | -            | -             | -             | -                  |
| Trade and Other Receivables from Exchange Transactions - Electricity                          | -                   | -          | -             | -           | -           | -           | -            | -             | -             | -                  |
| Receivables from Non-exchange Transactions - Property Rates                                   | 569                 | -          | 15 292        | 241         | 240         | 240         | 2 000        | 20 010        | 38 593        | 22 732             |
| Receivables from Exchange Transactions - Waste Water Management                               | -                   | -          | -             | -           | -           | -           | -            | -             | -             | -                  |
| Receivables from Exchange Transactions - Waste Management                                     | 96                  | -          | 48            | 4           | 4           | 4           | 15           | -             | 170           | 27                 |
| Receivables from Exchange Transactions - Property Rental Debtors                              | 79                  | -          | 29            | 29          | 20          | 16          | 38           | 122           | 333           | 225                |
| Interest on Arrear Debtor Accounts                                                            | 186                 | -          | 82            | 79          | 88          | 171         | 512          | 4 110         | 5 228         | 4 960              |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure                       | -                   | -          | -             | -           | -           | -           | -            | -             | -             | -                  |
| Other                                                                                         | (49)                | (3)        | (18)          | (17)        | (50)        | (94)        | (224)        | (2 175)       | (2 628)       | (2 559)            |
| <b>Total By Income Source</b>                                                                 | <b>882</b>          | <b>(3)</b> | <b>15 432</b> | <b>337</b>  | <b>302</b>  | <b>337</b>  | <b>2 342</b> | <b>22 066</b> | <b>41 696</b> | <b>25 384</b>      |
| <b>2020/21 - totals only</b>                                                                  |                     |            |               |             |             |             |              |               | -             | -                  |
| <b>Debtors Age Analysis By Customer Group</b>                                                 |                     |            |               |             |             |             |              |               |               |                    |
| Organs of State                                                                               | 29                  | -          | 14 505        | 6           | 16          | 27          | 64           | 8 759         | 23 407        | 8 872              |
| Commercial                                                                                    | 472                 | (2)        | 209           | 206         | 205         | 256         | 1 655        | 9 855         | 12 855        | 12 176             |
| Households                                                                                    | 40                  | -          | 20            | 20          | 20          | 32          | 155          | 2 770         | 3 057         | 2 997              |
| Other                                                                                         | 341                 | (0)        | 698           | 104         | 62          | 23          | 468          | 682           | 2 377         | 1 339              |
| <b>Total By Customer Group</b>                                                                | <b>882</b>          | <b>(3)</b> | <b>15 432</b> | <b>337</b>  | <b>302</b>  | <b>337</b>  | <b>2 342</b> | <b>22 066</b> | <b>41 696</b> | <b>25 384</b>      |

- The above table reflects the municipal debtors by income sources as well as by customer group and based the above table it can be noted that the municipality is sitting with an outstanding debtor of R41.7 million as at the end of the first quarter of 2021/2022 financial year.
- Property rates with R38.6 million remain the main debtors of the municipality for the infrastructure owned by National Public Works Department followed by the interest charged on outstanding debtors with R5.2 million outstanding debts.
- Government department and commercial customer group are leading the list of debtors of the municipality followed by households and other debtors.
- Department of Public Works is yet to make payment for their properties hence the outstanding balance is high, it is anticipated that once the department has made the payment the balance will reduce.

## 2.2 CREDITORS ANALYSIS

**Table 7: Creditors Analysis**

| KZN293 Ndwedwe - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September |                     |              |              |                |                |                |                   |             |              |                                           |
|-------------------------------------------------------------------------------------------------|---------------------|--------------|--------------|----------------|----------------|----------------|-------------------|-------------|--------------|-------------------------------------------|
| Description                                                                                     | Budget Year 2021/22 |              |              |                |                |                |                   |             |              | Prior year totals for chart (same period) |
|                                                                                                 | 0 - 30 Days         | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days  | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | Total        |                                           |
| R thousands                                                                                     |                     |              |              |                |                |                |                   |             |              |                                           |
| Creditors Age Analysis By Customer Type                                                         |                     |              |              |                |                |                |                   |             |              |                                           |
| Bulk Electricity                                                                                | -                   | -            | -            | -              | -              | -              | -                 | -           | -            | -                                         |
| Bulk Water                                                                                      | -                   | -            | -            | -              | -              | -              | -                 | -           | -            | -                                         |
| PAYE deductions                                                                                 | -                   | -            | -            | -              | -              | -              | -                 | -           | -            | -                                         |
| VAT (output less input)                                                                         | -                   | -            | -            | -              | -              | -              | -                 | -           | -            | -                                         |
| Pensions / Retirement deductions                                                                | -                   | -            | -            | -              | -              | -              | -                 | -           | -            | -                                         |
| Loan repayments                                                                                 | -                   | -            | -            | -              | -              | -              | -                 | -           | -            | -                                         |
| Trade Creditors                                                                                 | 292                 | 16           | (0)          | (1 541)        | 1 358          | 180            | (72)              | 486         | 718          | 718                                       |
| Auditor General                                                                                 | -                   | -            | -            | -              | -              | -              | -                 | -           | -            | -                                         |
| Other                                                                                           | 2 966               | -            | -            | 135            | (178)          | -              | (21)              | (32)        | 2 870        | 2 870                                     |
| <b>Total By Customer Type</b>                                                                   | <b>3 258</b>        | <b>16</b>    | <b>(0)</b>   | <b>(1 406)</b> | <b>1 180</b>   | <b>180</b>     | <b>(92)</b>       | <b>453</b>  | <b>3 589</b> | <b>3 589</b>                              |

- The above table reflects the creditors owed by the municipality by customer type. As per the above table it is indicated that the municipality is owing the creditors an amount close to R3.6 million as at the end of the first quarter.
- The invoices submitted but disputed by the creditors section which requires modification or additional information remain the main contributing factor to this amount owed by the municipality.
- As a result, it is anticipated that once those disputes are resolved the balance will reduce to almost par.

## 2.3 INVESTMENT PORTFOLIO ANALYSIS

The table below provides an analysis of the investments held by the municipality.

**Table 8:** Investment Portfolio as at 30 September 2021.

| KZN293 Ndwedwe - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September |                         |                     |                            |                    |                            |                                          |                      |                    |
|-------------------------------------------------------------------------------------------------------|-------------------------|---------------------|----------------------------|--------------------|----------------------------|------------------------------------------|----------------------|--------------------|
| Investments by maturity<br>Name of institution & investment ID                                        | Period of<br>Investment | Type of Investment  | Interest Rate <sup>a</sup> | Opening<br>balance | Interest to be<br>realised | Partial /<br>Premature<br>Withdrawal (4) | Investment<br>Top Up | Closing<br>Balance |
| R thousands                                                                                           | Yrs/Months              |                     |                            |                    |                            |                                          |                      |                    |
| <b>Municipality</b>                                                                                   |                         |                     |                            |                    |                            |                                          |                      |                    |
| ABSA CALL ACCOUNT 9123945833                                                                          | Months                  | CALL ACCOUNT        |                            | 1 255              | 47                         | (6)                                      | 10 000               | 11 297             |
| ABSA CALL ACCOUNT 93445892694                                                                         | Months                  | CALL ACCOUNT        |                            | 3 380              | 20                         |                                          |                      | 3 400              |
| ABSA FIXED DEPOSIT 2068130142                                                                         | Months                  | FIXED DEPOSIT       |                            | 7 723              | 72                         |                                          |                      | 7 794              |
| ABSA FIXED DEPOSIT 2073633680                                                                         | Months                  | FIXED DEPOSIT       |                            | 8 093              | 75                         |                                          |                      | 8 168              |
| ABSA FIXED DEPOSIT 2075383437                                                                         | Months                  | FIXED DEPOSIT       |                            | 7 237              | 67                         |                                          |                      | 7 304              |
|                                                                                                       |                         |                     |                            |                    |                            |                                          |                      | -                  |
| FNB CALL ACCOUNT 62087920635                                                                          | Months                  | CALL ACCOUNT        |                            | 4 890              | 58                         | (4 000)                                  | 5 000                | 5 948              |
|                                                                                                       |                         |                     |                            |                    |                            |                                          |                      | -                  |
| STD CALL ACCOUNT 058681019 001                                                                        | Months                  | CALL ACCOUNT        | 0.062                      | 2 089              | 203                        | (6 500)                                  | 17 000               | 12 791             |
| STD RETAIL CALL ACCOUNT 058681019-011                                                                 | Months                  | RETAIL CALL ACCOUNT | 0.063                      | 4 184              | 37                         |                                          |                      | 4 221              |
| STD FIXED DEPOSIT 058681019 013                                                                       | Months                  | FIXED DEPOSIT       |                            | 7 368              |                            |                                          |                      | 7 368              |
| STD RETAIL CALL ACCOUNT 058681019-030                                                                 | Months                  | RETAIL CALL ACCOUNT |                            | 336                | 3                          |                                          |                      | 339                |
| STD CALL ACCOUNT 058681019-033                                                                        | Months                  | CALL ACCOUNT        |                            | 3 273              | 29                         |                                          |                      | 3 302              |
|                                                                                                       |                         |                     |                            |                    |                            |                                          |                      | -                  |
| INVESTEC BANK CALL ACCOUNT 1100 463139 502                                                            | Months                  | CALL ACCOUNT        | 0.05                       | 703                | 21                         | (4 000)                                  | 5 000                | 1 724              |
| INVESTEC BANK FIXED DEPOSIT 1100 463139 451                                                           | Months                  | FIXED DEPOSIT       | 0.072                      | 14 671             | 138                        |                                          |                      | 14 809             |
| INVESTEC BANK FIXED DEPOSIT 1100 463139 452                                                           | Months                  | FIXED DEPOSIT       | 0.072                      | 13 933             | 131                        |                                          |                      | 14 064             |
| INVESTEC BANK CALL ACCOUNT '1100463139620                                                             | Months                  | CALL ACCOUNT        |                            | 15 310             | 141                        |                                          |                      | 15 451             |
|                                                                                                       |                         |                     |                            |                    |                            |                                          |                      | -                  |
| NEDBANK CALL ACCOUNT '37881149922001                                                                  | Months                  | CALL ACCOUNT        | 0.06                       | 96                 | 175                        | (8 500)                                  | 25 000               | 16 771             |
| NEDBANK FIXED DEPOSIT '37881149922002                                                                 | Months                  | FIXED DEPOSIT       |                            | 61                 | 1                          |                                          |                      | 62                 |
| <b>TOTAL INVESTMENTS AND INTEREST</b>                                                                 |                         |                     |                            | <b>94 601</b>      | <b>1 218</b>               | <b>(23 006)</b>                          | <b>62 000</b>        | <b>134 813</b>     |

- As at 30 September 2021, the municipality had R134.8 million in the investment portfolio which includes R1.2 million of interest earned from investments.
- The council to note that most of this investment have the commitment which means there are not all available for spending for any expenditure other than those that are covered within the approved budget.
- The council also to be reminded that, it is important that the municipality can sustain itself for a period of at least three months should there be no revenue received by the municipality for that period. Hence the good investment is encouraged to ensure the municipality is within the norm of cash coverage of 3 months or more.

## 2.4 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

**Table 9:** Allocation and Grant Receipts and Expenditure

| KZN293 Ndwedwe - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 September |                 |                     |                 |                |               |               |              |              |                    |
|---------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| Description                                                                                                   | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |              |                    |
|                                                                                                               | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands                                                                                                   |                 |                     |                 |                |               |               |              | %            |                    |
| <b>RECEIPTS:</b>                                                                                              |                 |                     |                 |                |               |               |              |              |                    |
|                                                                                                               |                 |                     |                 |                |               |               |              |              |                    |
| <b>Operating Transfers and Grants</b>                                                                         |                 |                     |                 |                |               |               |              |              |                    |
| <b>National Government:</b>                                                                                   | -               | 170 778             | -               | -              | 72 506        | 170 778       | (96 463)     | -56.5%       | 170 778            |
| Local Government Equitable Share                                                                              |                 | 165 366             |                 |                | 68 903        | 165 366       | (96 463)     | -58.3%       | 165 366            |
| Finance Management                                                                                            |                 | 3 000               |                 |                | 3 000         | 3 000         |              |              | 3 000              |
| EPWP Incentive                                                                                                |                 | 2 412               |                 |                | 603           | 2 412         |              |              | 2 412              |
| Municipal Disaster Relief Grant                                                                               |                 |                     |                 |                |               |               |              |              |                    |
| <b>Provincial Government:</b>                                                                                 | -               | 1 910               | -               | -              | -             | 1 910         | (1 910)      | -100.0%      | 1 910              |
| Provincialisation of libraries                                                                                |                 | 935                 |                 |                |               | 935           | (935)        | -100.0%      | 935                |
| Schemes Support Programme                                                                                     |                 |                     |                 |                |               |               |              |              |                    |
| Community Library Services Grant                                                                              |                 | 975                 |                 |                |               | 975           | (975)        | -100.0%      | 975                |
| Co-operative Governance and Traditional Affairs                                                               |                 |                     |                 |                |               |               | -            |              |                    |
| Sport and Recreation                                                                                          |                 |                     |                 |                |               |               | -            |              |                    |
| <b>District Municipality:</b>                                                                                 | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| <i>[insert description]</i>                                                                                   |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Other grant providers:</b>                                                                                 | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| <i>[insert description]</i>                                                                                   |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Total Operating Transfers and Grants</b>                                                                   | -               | 172 688             | -               | -              | 72 506        | 172 688       | (98 373)     | -57.0%       | 172 688            |
|                                                                                                               |                 |                     |                 |                |               |               |              |              |                    |
| <b>Capital Transfers and Grants</b>                                                                           |                 |                     |                 |                |               |               |              |              |                    |
| <b>National Government:</b>                                                                                   | -               | 40 431              | -               | 10 042         | 24 442        | 40 431        | (15 989)     | -39.5%       | 40 431             |
| Municipal Infrastructure Grant (MIG)                                                                          |                 | 31 331              |                 | 10 042         | 20 042        | 31 331        | (11 289)     | -36.0%       | 31 331             |
| Integrated National Electrification Programme                                                                 |                 | 9 100               |                 |                | 4 400         | 9 100         | (4 700)      |              | 9 100              |
| Neighbourhood Development Partnership                                                                         |                 |                     |                 |                |               |               |              |              |                    |
| <b>Provincial Government:</b>                                                                                 | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| <i>[insert description]</i>                                                                                   |                 |                     |                 |                |               |               | -            |              |                    |
| <b>District Municipality:</b>                                                                                 | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| <i>[insert description]</i>                                                                                   |                 |                     |                 |                |               |               | -            |              |                    |
|                                                                                                               |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Other grant providers:</b>                                                                                 | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| <i>[insert description]</i>                                                                                   |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Total Capital Transfers and Grants</b>                                                                     | -               | 40 431              | -               | 10 042         | 24 442        | 40 431        | (15 989)     | -39.5%       | 40 431             |
|                                                                                                               |                 |                     |                 |                |               |               |              |              |                    |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>                                                               | -               | 213 119             | -               | 10 042         | 96 948        | 213 119       | (114 362)    | -53.7%       | 213 119            |

| KZN293 Ndwedwe - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September |                 |                     |                 |                |               |               |              |              |                    |
|---------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| Description                                                                                                         | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |              |                    |
|                                                                                                                     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands                                                                                                         |                 |                     |                 |                |               |               |              | %            |                    |
| <b>EXPENDITURE</b>                                                                                                  |                 |                     |                 |                |               |               |              |              |                    |
|                                                                                                                     |                 |                     |                 |                |               |               |              |              |                    |
| <b>Operating expenditure of Transfers and Grants</b>                                                                |                 |                     |                 |                |               |               |              |              |                    |
| <b>National Government:</b>                                                                                         | -               | 170 778             | -               | 660            | 71 664        | 170 778       | (99 114)     | -58.0%       | 170 778            |
| Local Government Equitable Share                                                                                    |                 | 165 366             |                 |                | 68 903        | 165 366       | (96 463)     | -58.3%       | 165 366            |
| Finance Management                                                                                                  |                 | 3 000               |                 | 399            | 2 183         | 3 000         | (817)        | -27.2%       | 3 000              |
| EPWP Incentive                                                                                                      |                 | 2 412               |                 | 261            | 578           | 2 412         | (1 834)      | -76.0%       | 2 412              |
| Municipal Disaster Relief Grant                                                                                     |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Provincial Government:</b>                                                                                       | -               | 1 910               | -               | 300            | 654           | 1 910         | (1 256)      | -65.8%       | 1 910              |
| Provincialisation of libraries                                                                                      |                 | 935                 |                 | 300            | 654           | 935           | (281)        | -30.1%       | 935                |
| Community Library Services Grant                                                                                    |                 |                     |                 |                |               |               | -            |              |                    |
| Co-operative Governance and Traditional Affairs                                                                     |                 | 975                 |                 |                |               | 975           | (975)        | -100.0%      | 975                |
| Sport and Recreation                                                                                                |                 |                     |                 |                |               |               | -            |              |                    |
| Other transfers and grants [insert description]                                                                     |                 |                     |                 |                |               |               | -            |              |                    |
| <b>District Municipality:</b>                                                                                       | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                                |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Other grant providers:</b>                                                                                       | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                                |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Total operating expenditure of Transfers and Grants:</b>                                                         | -               | 172 688             | -               | 961            | 72 318        | 172 688       | (100 370)    | -58.1%       | 172 688            |
|                                                                                                                     |                 |                     |                 |                |               |               |              |              |                    |
| <b>Capital expenditure of Transfers and Grants</b>                                                                  |                 |                     |                 |                |               |               |              |              |                    |
| <b>National Government:</b>                                                                                         | -               | 40 431              | -               | 6 162          | 10 706        | 40 431        | (29 725)     | -73.5%       | 40 431             |
| Municipal Infrastructure Grant (MIG)                                                                                |                 | 31 331              |                 | 5 762          | 10 306        | 31 331        | (21 025)     | -67.1%       | 31 331             |
| Integrated National Electrification Programme                                                                       |                 | 9 100               |                 | 400            | 400           | 9 100         | (8 700)      | -95.6%       | 9 100              |
| Neighbourhood Development Partnership                                                                               |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Provincial Government:</b>                                                                                       | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                                |                 |                     |                 |                |               |               | -            |              |                    |
| <b>District Municipality:</b>                                                                                       | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                                |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Other grant providers:</b>                                                                                       | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                                |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Total capital expenditure of Transfers and Grants</b>                                                            | -               | 40 431              | -               | 6 162          | 10 706        | 40 431        | (29 725)     | -73.5%       | 40 431             |
|                                                                                                                     |                 |                     |                 |                |               |               |              |              |                    |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>                                                                    | -               | 213 119             | -               | 7 123          | 83 024        | 213 119       | (130 095)    | -61.0%       | 213 119            |

- The above tables indicate how much of grants the municipality have received so far from its allocations, it also indicates how much of the received grant have been spend so far.
- The Council can be alerted that the municipality have received all grants due in line with approved National and Provincial Treasury schedule of payment grants to the municipality.

## 2.5 COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

**Table 10:** Councillor and Board Member Allowances and Employee Benefits

| KZN293 Ndwedwe - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September |                 |                     |                 |                |               |               |                |              |                    |
|----------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|----------------|--------------|--------------------|
| Summary of Employee and Councillor remuneration                                                                | 2020/21         | Budget Year 2021/22 |                 |                |               |               |                |              |                    |
|                                                                                                                | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance   | YTD variance | Full Year Forecast |
| R thousands                                                                                                    |                 |                     |                 |                |               |               |                | %            |                    |
|                                                                                                                | A               | B                   | C               |                |               |               |                |              | D                  |
| <b>Councillors (Political Office Bearers plus Other)</b>                                                       |                 |                     |                 |                |               |               |                |              |                    |
| Basic Salaries and Wages                                                                                       | 11 589          | 12 667              | –               | 936            | 2 841         | 3 167         | (326)          | -10%         | 12 667             |
| Pension and UIF Contributions                                                                                  | 623             | 1 102               | –               | 48             | 144           | 276           | (131)          | -48%         | 1 102              |
| Medical Aid Contributions                                                                                      | 362             | 468                 | –               | 30             | 90            | 117           | (27)           | -23%         | 468                |
| Motor Vehicle Allowance                                                                                        | 136             | 145                 | –               | 11             | 34            | 36            | (2)            | -6%          | 145                |
| Cellphone Allowance                                                                                            | 1 506           | 1 721               | –               | 122            | 370           | 430           | (60)           | -14%         | 1 721              |
| Housing Allowances                                                                                             | –               | –                   | –               | –              | –             | –             | –              | –            | –                  |
| Other benefits and allowances                                                                                  | –               | 143                 | –               | –              | –             | 36            | (36)           | -100%        | 143                |
| <b>Sub Total - Councillors</b>                                                                                 | <b>14 217</b>   | <b>16 247</b>       | <b>–</b>        | <b>1 147</b>   | <b>3 479</b>  | <b>4 062</b>  | <b>(582)</b>   | <b>-14%</b>  | <b>16 247</b>      |
| % increase                                                                                                     |                 | 14.3%               |                 |                |               |               |                |              | 14.3%              |
| <b>Senior Managers of the Municipality</b>                                                                     |                 |                     |                 |                |               |               |                |              |                    |
| Basic Salaries and Wages                                                                                       | 3 402           | 3 836               | –               | 259            | 778           | 959           | (181)          | -19%         | 3 836              |
| Pension and UIF Contributions                                                                                  | 10              | 11                  | –               | 1              | 3             | 3             | (0)            | -1%          | 11                 |
| Medical Aid Contributions                                                                                      | 119             | 126                 | –               | 7              | 20            | 32            | (12)           | -38%         | 126                |
| Motor Vehicle Allowance                                                                                        | 1 173           | 1 324               | –               | 89             | 266           | 331           | (65)           | -20%         | 1 324              |
| <b>Sub Total - Senior Managers of Municipality</b>                                                             | <b>4 704</b>    | <b>5 298</b>        | <b>–</b>        | <b>355</b>     | <b>1 066</b>  | <b>1 324</b>  | <b>(259)</b>   | <b>-20%</b>  | <b>5 298</b>       |
| % increase                                                                                                     |                 | 12.6%               |                 |                |               |               |                |              | 12.6%              |
| <b>Other Municipal Staff</b>                                                                                   |                 |                     |                 |                |               |               |                |              |                    |
| Basic Salaries and Wages                                                                                       | 38 647          | 46 153              | –               | 3 401          | 9 904         | 11 538        | (1 634)        | -14%         | 46 153             |
| Pension and UIF Contributions                                                                                  | 6 615           | 8 307               | –               | 569            | 1 712         | 2 077         | (365)          | -18%         | 8 307              |
| Medical Aid Contributions                                                                                      | 2 753           | 2 882               | –               | 231            | 699           | 720           | (22)           | -3%          | 2 882              |
| Overtime                                                                                                       | 308             | 477                 | –               | –              | –             | 119           | (119)          | -100%        | 477                |
| Performance Bonus                                                                                              | 2 615           | 3 495               | –               | –              | 25            | 874           | (849)          | -97%         | 3 495              |
| Motor Vehicle Allowance                                                                                        | 1 679           | 1 853               | –               | 134            | 424           | 463           | (39)           | -8%          | 1 853              |
| Housing Allowances                                                                                             | 232             | 262                 | –               | 20             | 60            | 65            | (6)            | -9%          | 262                |
| Other benefits and allowances                                                                                  | 1 137           | 603                 | –               | 91             | 273           | 151           | 123            | 81%          | 603                |
| Payments in lieu of leave                                                                                      | 672             | 1 648               | –               | 99             | 287           | 412           | (125)          | -30%         | 1 648              |
| Long service awards                                                                                            | 696             | 192                 | –               | –              | –             | 48            | (48)           | -100%        | 192                |
| Post-retirement benefit obligations                                                                            | 1 118           | –                   | –               | –              | –             | –             | –              | –            | –                  |
| <b>Sub Total - Other Municipal Staff</b>                                                                       | <b>56 472</b>   | <b>65 872</b>       | <b>–</b>        | <b>4 546</b>   | <b>13 385</b> | <b>16 468</b> | <b>(3 083)</b> | <b>-19%</b>  | <b>65 872</b>      |
| % increase                                                                                                     |                 | 16.6%               |                 |                |               |               |                |              | 16.6%              |
| <b>Total Parent Municipality</b>                                                                               | <b>75 394</b>   | <b>87 416</b>       | <b>–</b>        | <b>6 049</b>   | <b>17 930</b> | <b>21 854</b> | <b>(3 924)</b> | <b>-18%</b>  | <b>87 416</b>      |
|                                                                                                                |                 | 15.9%               |                 |                |               |               |                |              | 15.9%              |
| <b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>                                                                 | <b>75 394</b>   | <b>87 416</b>       | <b>–</b>        | <b>6 049</b>   | <b>17 930</b> | <b>21 854</b> | <b>(3 924)</b> | <b>-18%</b>  | <b>87 416</b>      |
| % increase                                                                                                     |                 | 15.9%               |                 |                |               |               |                |              | 15.9%              |
| <b>TOTAL MANAGERS AND STAFF</b>                                                                                | <b>61 177</b>   | <b>71 170</b>       | <b>–</b>        | <b>4 901</b>   | <b>14 451</b> | <b>17 792</b> | <b>(3 342)</b> | <b>-19%</b>  | <b>71 170</b>      |

- The above table illustrate the remuneration paid to municipal Councillors and municipal employees.
- Based on this report it can be noted that the municipality has spent a total of R17.9 million toward its councillors and employees, R3.9 million less than the target budget of R21.9 million.
- The reasons for this negative variance can be viewed under section 1.3 of the Executive Summary above.

## **2.6 MATERIAL VARIANCES TO THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

This report will be tabled separate by the Performance Management System Section.

## 2.7 CAPITAL PROGRAMME PERFORMANCE

**Table 11:** Capital Programme Performance as at 30 September 2021

| KZN293 Ndwedwe - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M03 September |                 |                     |                 |                |               |               |              |              |                            |
|-------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|----------------------------|
| Month                                                                                                       | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |              |                            |
|                                                                                                             | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | % spend of Original Budget |
| R thousands                                                                                                 |                 |                     |                 |                |               |               |              | %            |                            |
| <u>Monthly expenditure performance trend</u>                                                                |                 |                     |                 |                |               |               |              |              |                            |
| July                                                                                                        |                 | 6 888               |                 | 3 258          | 3 258         | 6 888         | 3 631        | 52.7%        | 4%                         |
| August                                                                                                      |                 | 6 888               |                 | 4 938          | 8 196         | 13 777        | 5 581        | 40.5%        | 10%                        |
| September                                                                                                   |                 | 6 888               |                 | 5 850          | 14 045        | 20 665        | 6 620        | 32.0%        | 17%                        |
| October                                                                                                     |                 | 6 888               |                 | –              |               | 27 554        | –            |              |                            |
| November                                                                                                    |                 | 6 888               |                 | –              |               | 34 442        | –            |              |                            |
| December                                                                                                    |                 | 6 888               |                 | –              |               | 41 331        | –            |              |                            |
| January                                                                                                     |                 | 6 888               |                 | –              |               | 48 219        | –            |              |                            |
| February                                                                                                    |                 | 6 888               |                 | –              |               | 55 108        | –            |              |                            |
| March                                                                                                       |                 | 6 888               |                 | –              |               | 61 996        | –            |              |                            |
| April                                                                                                       |                 | 6 888               |                 | –              |               | 68 885        | –            |              |                            |
| May                                                                                                         |                 | 6 888               |                 | –              |               | 75 773        | –            |              |                            |
| June                                                                                                        |                 | 6 888               |                 | –              |               | 82 662        | –            |              |                            |
| <b>Total Capital expenditure</b>                                                                            | –               | <b>82 662</b>       | –               | <b>14 045</b>  |               |               |              |              |                            |

- The council to refer to executive summary for full explanation on capital expenditure variances.



## **2.8 OTHER SUPPORTING DOCUMENTS**



## **2.9 MUNICIPAL MANAGERS QUALITY CERTIFICATION**



## **2021/2022 Budget Assessment - C Schedules as at 30 September 2021**

### **Municipal Manager's quality certification**

I, **MF Hadebe** the Municipal Manager of Ndwedwe Local Municipality, hereby certify that the Monthly Budget Assessment ending 30 September 2021 has been prepared in accordance with the Municipal Finance Management Act No. 56 of 2003 and the regulations made under the Act

MF Hadebe

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The Municipal Manager of Ndwedwe Municipality (KZN 293)

Signature .....

Date .....