



# **2021/2022 FINANCIAL YEAR**

## **FOURTH QUARTER BUDGET AND PERFORMANCE ASSESSMENT REPORT**

### **LEGEND**

- A. Items: Items considered by Exco and referred to Council for resolution / final decision making.
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## TABLE OF CONTENTS

### PART 1

- 1.1 Mayors Report
- 1.2 Resolutions
- 1.3 Executive Summary
- 1.4 In-Year Budget Statement Tables

### PART 2

- 2.1 Debtors Analysis
- 2.2 Creditors Analysis
- 2.3 Investment Portfolio Analysis
- 2.4 Allocation and Grant Receipts and Expenditure
- 2.5 Councillor and Board Member Allowances and Employee Benefits
- 2.6 Material Variances to The Service Delivery and Budget Implementation Plan
- 2.7 Capital Programme Performance
- 2.8 Other Supporting Documents
- 2.9 Municipal Managers Quality Certification

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## **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 fourth quarter budget and performance assessment report for the period ending 30 June 2022 for 2021/2022 financial year for you to play your oversight role.***

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## **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 June 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.

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## 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 June 2022**

| KZN293 Ndwedwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June |                 |                     |                 |                 |               |               |                 |              |                    |
|-----------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|-----------------|---------------|---------------|-----------------|--------------|--------------------|
| 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 |
| <b>R thousands</b>                                                                                              |                 |                     |                 |                 |               |               |                 | %            |                    |
| Total Revenue (excluding capital transfers and contributions)                                                   | 220 614         | 200 155             | 199 642         | 1 135           | 200 054       | 199 642       | 412             | 0%           | 199 642            |
| Total Expenditure                                                                                               | 216 593         | 200 076             | 199 563         | 20 298          | 188 530       | 199 563       | (11 033)        | -6%          | 199 563            |
| <b>Surplus/(Deficit)</b>                                                                                        | <b>4 020</b>    | <b>79</b>           | <b>79</b>       | <b>(19 163)</b> | <b>11 524</b> | <b>79</b>     | <b>11 445</b>   | <b>0</b>     | <b>79</b>          |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)                   | 29 266          | 31 331              | 40 331          | 7 002           | 42 543        | 40 331        | 2 212           | 0            | 40 331             |
| Transfers and subsidies - capital (in-kind - all)                                                               | 1 511           | -                   | -               | -               | -             | -             | -               |              | -                  |
| <b>Surplus/ (Deficit) for the year</b>                                                                          | <b>34 797</b>   | <b>31 410</b>       | <b>40 410</b>   | <b>(12 161)</b> | <b>54 067</b> | <b>40 410</b> |                 |              | <b>40 410</b>      |
|                                                                                                                 |                 |                     |                 |                 |               |               |                 |              |                    |
| <b>Total Capital Expenditure</b>                                                                                | <b>56 110</b>   | <b>82 662</b>       | <b>91 407</b>   | <b>9 941</b>    | <b>72 060</b> | <b>91 407</b> | <b>(19 347)</b> | <b>(0)</b>   | <b>91 407</b>      |

### Revenue

The above table shows the fourth quarter of 2021/2022 financial year and the municipality shows an over recognition/collection of R0.4 million when compared to the year-to-date budget of R199.6 million and the reasons for this variance will follow below.

### Operational Expenditure

On the other hand, the actual expenditure of the municipality for the fourth quarter of the 2021/2022 financial year shows a negative variance of almost R11.0 million and the reasons for this variance will be discussed in detail later in this report.

### Capital Expenditure

The capital expenditure shows the under expenditure of R19.3 million as at the end of the fourth quarter of 2021/2022 financial year. The reason for this variance will be detailed later in this report

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For the purposes of this report, the operating budget will be discussed under the following broad headings:

- **Revenue; and**
- **Expenditure**

**Table 2: Financial Performance for the Fourth Quarter of 2021/2022 Financial year (Revenue)**

| KZN293 Ndwedwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June |                 |                     |                 |                |                |                |              |              |                    |
|-----------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|----------------|----------------|--------------|--------------|--------------------|
| 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                                                                                                  | 17 853          | 18 837              | 18 644          | –              | 18 346         | 18 644         | (298)        | -2%          | 18 644             |
| Service charges - refuse revenue                                                                                | 37              | 100                 | 501             | 47             | 515            | 501            | 15           | 3%           | 501                |
| Rental of facilities and equipment                                                                              | 525             | 533                 | 773             | 57             | 700            | 773            | (74)         | -10%         | 773                |
| Interest earned - external investments                                                                          | 5 548           | 6 500               | 4 986           | 472            | 4 762          | 4 986          | (224)        | -4%          | 4 986              |
| Interest earned - outstanding debtors                                                                           | 1 029           | 942                 | 942             | (11)           | 1 044          | 942            | 102          | 11%          | 942                |
| Licences and permits                                                                                            | 2               | 2                   | 2               | 0              | 1              | 2              | (1)          | -28%         | 2                  |
| Agency services                                                                                                 | –               | –                   | –               | –              | –              | –              | –            |              | –                  |
| Transfers and subsidies                                                                                         | 194 474         | 172 688             | 172 716         | 519            | 173 489        | 172 716        | 773          | 0%           | 172 716            |
| Other revenue                                                                                                   | 1 146           | 554                 | 1 079           | 50             | 1 196          | 1 079          | 117          | 11%          | 1 079              |
| Gains                                                                                                           | –               | –                   | –               | –              | –              | –              | –            |              | –                  |
| <b>Total Revenue (excluding capital transfers and contributions)</b>                                            | <b>220 614</b>  | <b>200 155</b>      | <b>199 642</b>  | <b>1 135</b>   | <b>200 054</b> | <b>199 642</b> | <b>412</b>   | <b>0%</b>    | <b>199 642</b>     |

## **DISCUSSION**

The fourth quarter budgeted operating revenue for 2021/2022 financial year was R199.6 million. The actual revenue recognised as at 30 June 2022 amounts to R200.1 million which implies that the municipality has realised an over recognition of approximately R0.4 million in revenue.

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

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

### **Property rates**

- Property rates shows an over-recognition of R298 thousands as at the end of June 2022.
- This variance is because of the June billing which at the time of compiling this report was outstanding due to system challenges.
- The user section is currently busy trying to ensure that the billing is done upon the finalisation of the AFS hence the variance is anticipated to be eliminated once the June billing is done.

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

- Interest earned - external investments has recorded an under recognition of R224 thousands as of 30 June 2022.
- The actual amount as at 30 June 2022 missed the accrual which is yet to be calculated by the banks hence it is anticipated that once the accrual is captured, the variance will be eliminated and that will be done upon the finalisation of the 2021/2022 AFS.

### **Transfers and subsidies**

- Transfers and subsidies show over recognition of R773 thousands million as at 30 June 2022.
- The municipality is normal have two votes for EPWP and Library grant since the expenditure is always exceed the grant and during the year the municipality is utilising the grant votes to transact of which at the end of the year a set off journal is done to internal funded vote to set off the grant vote.
- At the time of writing this report that exercise was in progress hence the variance was realised. It is anticipated that once the journal is done the variance will be eliminated.

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**Table 3: Financial Performance for the Fourth Quarter of 2021/2022 Financial year (Expenditure)**

| KZN293 Ndwedwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June |                 |                     |                 |                |                |                |                 |              |                    |
|-----------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|----------------|----------------|-----------------|--------------|--------------------|
| 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              | 63 678          | 5 053          | 60 808         | 63 678         | (2 870)         | -5%          | 63 678             |
| Remuneration of councillors                                                                                     | 14 217          | 16 247              | 14 913          | 1 262          | 13 930         | 14 913         | (983)           | -7%          | 14 913             |
| Debt impairment                                                                                                 | 1 584           | 3 000               | 2 000           | 6 733          | 7 524          | 2 000          | 5 524           | 276%         | 2 000              |
| Depreciation & asset impairment                                                                                 | 27 552          | 23 496              | 24 196          | -              | 18 853         | 24 196         | (5 342)         | -22%         | 24 196             |
| Finance charges                                                                                                 | 3               | -                   | -               | 0              | 2              | -              | 2               | #DIV/0!      | -                  |
| Inventory consumed                                                                                              | 624             | 1 290               | 811             | -              | 665            | 811            | (146)           | -18%         | 811                |
| Contracted services                                                                                             | 61 142          | 46 577              | 51 655          | 3 353          | 48 731         | 51 655         | (2 924)         | -6%          | 51 655             |
| Transfers and subsidies                                                                                         | 15 086          | 3 200               | 5 938           | 293            | 4 513          | 5 938          | (1 425)         | -24%         | 5 938              |
| Other expenditure                                                                                               | 34 981          | 35 097              | 36 372          | 3 603          | 33 503         | 36 373         | (2 870)         | -8%          | 36 372             |
| Losses                                                                                                          | 226             | -                   | -               | -              | -              | -              | -               |              | -                  |
| <b>Total Expenditure</b>                                                                                        | <b>216 593</b>  | <b>200 076</b>      | <b>199 563</b>  | <b>20 298</b>  | <b>188 530</b> | <b>199 563</b> | <b>(11 033)</b> | <b>-6%</b>   | <b>199 563</b>     |

## **DISCUSSION**

The fourth quarter budgeted operating expenditure for the 2021/2022 financial year was R199.6 million. The actual expenditure recognised as at 30 June 2022 was R188.5 million which implies that the municipality has realised a negative variance or savings of approximately R11.0 million in operational expenditure.

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

*Council to note that only material variance will be discussed in this report and that will be variances of R200 thousands and above.*

### ***The employee related costs***

- The employee related costs show a negative variance or savings of almost R2.9 million as at the end of June 2022.
- Delays in filling the budgeted posts as well as resignation of employees remain the main contributing factors into this variance.

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- The provision which are normal calculated upon the finalisation of the AFS also contributed into this variance.
- Hence is it anticipated that once all budget posts are filled and the provisions are considered the variance will reduce.

### ***Remuneration of councillors***

- Remuneration of councillors shows a negative variance of R1 million as at the end of June 2022.
- This variance is attributed to the executive committee budget which was budgeted to start from the date of the Council resolution while the MEC only approved the application to start from June 2022.
- The annual increase of 3 percent which is yet to be paid to Councillors while the municipality budgeted 4 percent is also contributed to this variance.
- It is anticipated that once the annual increase is paid the variance will be lesser.

### ***Debt impairment:***

- Debt impairment revealed an over expenditure of R5.5 million as of 30 June 2022.
- This variance is because of bad debt written off approved by the Council while there was no adequate provision in budget to cater for this write off. This variance is anticipated to increase upon the finalisation of the AFS since the debt impairment for past six months is yet to be captured on the financial system. This is necessary to achieve a fair presentation of our Debtors assertion on the AFS.

### ***Depreciation & asset impairment***

- Depreciation & asset impairment revealed a negative variance of almost R5.3 million as at the end of June 2022.
- 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.

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- The June depreciation is yet to be computed in this report as at the time of compiling this report it was not run and captured to the financial system hence it contributes to this variance.

### ***Contracted services***

- Contracted services show a negative variance of R2.9 million as at 30 June 2022.
- This is mainly due savings achieved by the municipality in implementing the 2021/2022 financial year budget.

### ***Transfers and subsidies:***

- Transfers and subsidies show a negative variance of R1.4 million as at 30 June 2022.
- This is mainly due savings achieved by the municipality in implementing the 2021/2022 financial year budget.

### ***Other expenditure:***

- Other expenditure shows a negative variance of R2.9 million as at 30 June 2022.
- This is mainly due savings achieved by the municipality in implementing the 2021/2022 financial year budget.

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## 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 has original approved R82.7 million as a capital budget in the current financial year, with most of the funding being allocated towards service delivery projects. The 2021/2022 original adjustment budget has resulted to capital budget being increased to R82.4 million, however the MIG additions received by the municipality resulted to capital budget to being increased to R91.4 million

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**

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**Table 4: Capital Budget Funding Summary**

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June                                                                            |                 |                     |                 |                |               |               |                 |              |                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|-----------------|--------------|--------------------|
| 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                                                                                                                                                                                                            |                 |                     |                 |                |               |               |                 | %            |                    |
| <b>Funded by:</b>                                                                                                                                                                                                      |                 |                     |                 |                |               |               |                 |              |                    |
| National Government                                                                                                                                                                                                    | 14 451          | 31 331              | 40 331          | 2 931          | 36 148        | 40 331        | (4 183)         | -10%         | 40 331             |
| Provincial Government                                                                                                                                                                                                  | -               | -                   | -               | -              | -             | -             | -               |              | -                  |
| District Municipality                                                                                                                                                                                                  | -               | -                   | -               | -              | -             | -             | -               |              | -                  |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | -               | -                   | -               | -              | -             | -             | -               |              | -                  |
| <b>Transfers recognised - capital</b>                                                                                                                                                                                  | <b>14 451</b>   | <b>31 331</b>       | <b>40 331</b>   | <b>2 931</b>   | <b>36 148</b> | <b>40 331</b> | <b>(4 183)</b>  | <b>-10%</b>  | <b>40 331</b>      |
|                                                                                                                                                                                                                        |                 |                     |                 |                |               |               |                 |              |                    |
| <b>Borrowing</b>                                                                                                                                                                                                       | <b>-</b>        | <b>-</b>            | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>-</b>        |              | <b>-</b>           |
| <b>Internally generated funds</b>                                                                                                                                                                                      | <b>41 659</b>   | <b>51 331</b>       | <b>51 076</b>   | <b>7 010</b>   | <b>35 912</b> | <b>51 076</b> | <b>(15 165)</b> | <b>-30%</b>  | <b>51 076</b>      |
| <b>Total Capital Funding</b>                                                                                                                                                                                           | <b>56 110</b>   | <b>82 662</b>       | <b>91 407</b>   | <b>9 941</b>   | <b>72 060</b> | <b>91 407</b> | <b>(19 347)</b> | <b>-21%</b>  | <b>91 407</b>      |

The above table illustrates the funding sources for capital expenditure.

Based on this report, it can be noted that the municipality has spent R72.1 million which amounts to 90% of the MIG allocations excluding VAT of which if it included the MIG grant is fully spent. R35.9 million or 70% of the internally funded projects when compared to annual budget.

At the time of compiling this report, the municipality was still processing the payments, and the estimated payments to be made amount to R5 million hence the pre audit report might see a different total expenditure of the capital project.

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**Table 5: Expenditure per Standard Classification**

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June |                 |                     |                 |                |               |               |                 |              |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|-----------------|--------------|--------------------|
| 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>Single Year expenditure appropriation</u>                                                                                                |                 |                     |                 |                |               |               |                 |              |                    |
| Vote 1 - Finance                                                                                                                            | 258             | 300                 | 300             | 58             | 206           | 300           | (94)            | -31%         | 300                |
| Vote 2 - Municipal Manager's Office                                                                                                         | 299             | 175                 | 435             | 229            | 282           | 435           | (153)           | -35%         | 435                |
| Vote 3 - Community and Social Services                                                                                                      | 3 133           | 3 550               | 3 557           | 1 245          | 2 837         | 3 557         | (719)           | -20%         | 3 557              |
| Vote 4 - Corporate services                                                                                                                 | 7 760           | 7 360               | 3 250           | 10             | 1 381         | 3 250         | (1 869)         | -58%         | 3 250              |
| Vote 5 - Economic Development and Planning                                                                                                  | 158             | 1 200               | 1 200           | 80             | 1 065         | 1 200         | (135)           | -11%         | 1 200              |
| Vote 6 - Technical Services                                                                                                                 | 43 849          | 67 241              | 79 971          | 8 324          | 63 603        | 79 971        | (16 368)        | -20%         | 79 971             |
| Vote 7 - Executive and Council                                                                                                              | 653             | 2 836               | 2 695           | (4)            | 2 687         | 2 695         | (8)             | 0%           | 2 695              |
| <b>Total Capital Expenditure</b>                                                                                                            | <b>56 110</b>   | <b>82 662</b>       | <b>91 407</b>   | <b>9 941</b>   | <b>72 060</b> | <b>91 407</b> | <b>(19 347)</b> | <b>-21%</b>  | <b>91 407</b>      |
|                                                                                                                                             |                 |                     |                 |                |               |               |                 |              |                    |
| <u>Capital Expenditure - Functional Classification</u>                                                                                      |                 |                     |                 |                |               |               |                 |              |                    |
| <b>Governance and administration</b>                                                                                                        | <b>8 970</b>    | <b>10 671</b>       | <b>6 680</b>    | <b>292</b>     | <b>4 555</b>  | <b>6 680</b>  | <b>(2 124)</b>  | <b>-32%</b>  | <b>6 680</b>       |
| Executive and council                                                                                                                       | 952             | 3 011               | 3 130           | 225            | 2 968         | 3 130         | (161)           | -5%          | 3 130              |
| Finance and administration                                                                                                                  | 8 018           | 7 660               | 3 550           | 68             | 1 587         | 3 550         | (1 963)         | -55%         | 3 550              |
| Internal audit                                                                                                                              | -               | -                   | -               | -              | -             | -             | -               |              | -                  |
| <b>Community and public safety</b>                                                                                                          | <b>3 133</b>    | <b>3 550</b>        | <b>3 557</b>    | <b>1 245</b>   | <b>2 837</b>  | <b>3 557</b>  | <b>(719)</b>    | <b>-20%</b>  | <b>3 557</b>       |
| Community and social services                                                                                                               | 3 133           | 3 550               | 3 557           | 1 245          | 2 837         | 3 557         | (719)           | -20%         | 3 557              |
| Health                                                                                                                                      | -               | -                   | -               | -              | -             | -             | -               |              | -                  |
| <b>Economic and environmental services</b>                                                                                                  | <b>44 007</b>   | <b>68 441</b>       | <b>81 171</b>   | <b>8 404</b>   | <b>64 668</b> | <b>81 171</b> | <b>(16 503)</b> | <b>-20%</b>  | <b>81 171</b>      |
| Planning and development                                                                                                                    | 27 393          | 36 787              | 48 666          | 4 925          | 39 046        | 48 666        | (9 620)         | -20%         | 48 666             |
| Road transport                                                                                                                              | 16 614          | 31 654              | 32 505          | 3 479          | 25 621        | 32 505        | (6 883)         | -21%         | 32 505             |
| <b>Trading services</b>                                                                                                                     | <b>-</b>        | <b>-</b>            | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>-</b>        |              | <b>-</b>           |
| Waste water management                                                                                                                      | -               | -                   | -               | -              | -             | -             | -               |              | -                  |
| Waste management                                                                                                                            | -               | -                   | -               | -              | -             | -             | -               |              | -                  |
| <b>Other</b>                                                                                                                                | <b>-</b>        | <b>-</b>            | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>-</b>        |              | <b>-</b>           |
| <b>Total Capital Expenditure - Functional Classification</b>                                                                                | <b>56 110</b>   | <b>82 662</b>       | <b>91 407</b>   | <b>9 941</b>   | <b>72 060</b> | <b>91 407</b> | <b>(19 347)</b> | <b>-21%</b>  | <b>91 407</b>      |

The above table provides a capital budget versus capital expenditure as per the standard classification Table C5 of the monthly budget statements as well as per municipal departments. Based on this table, as of 30 June 2022 the Council has spent R72.1.0 million against the year-to-date budget of R91.4 million which implies that the municipality has realised a negative variance of approximately R19.3 million as at the end of fourth quarter.

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

**LEGEND**

- A. Items: Items considered by Exco and referred to Council for resolution / final decision making.
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- C. Items: Confidential matter considered by Exco and referred to Council for resolution.
- D. Items: Confidential matters considered and resolved by Exco under delegated powers.

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

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

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

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

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June |                 |                     |                 |                |               |               |              |              |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| 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>Single Year expenditure appropriation</u>                                                                                                |                 |                     |                 |                |               |               |              |              |                    |
| Vote 2 - Municipal Manager's Office                                                                                                         | 299             | 175                 | 435             | 229            | 282           | 435           | (153)        | -35%         | 435                |

- **Municipal Manager Office** with a budget of R435 thousands for the purchase of Computer equipment and furniture and office equipment.
- As at 30 June 2022 the department spent R282 thousands against the targeted budget of R435 thousands which resulted in an underspending of R153 thousands. This will constitute the savings for the municipality.

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June |                 |                     |                 |                |               |               |              |              |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| 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>Single Year expenditure appropriation</u>                                                                                                |                 |                     |                 |                |               |               |              |              |                    |
| Vote 7 - Executive and Council                                                                                                              | 653             | 2 836               | 2 695           | (4)            | 2 687         | 2 695         | (8)          | 0%           | 2 695              |

- **Council General** with a budget of R2.7 million for the purchase of the vehicles for the Mayor, Deputy Mayor and Speaker and computers for Councillors.
- As at 30 June 2022 the full budget has been spent in this department with only R8 thousands of savings left to form part of the savings made by the municipality.
- The procurement of the laptops for Council has also been done in a contract method hence this budget will no longer be used and it will form part of the savings within this department.

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## Governance and Administration – Finance & Administration

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

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June |                 |                     |                 |                |               |               |              |              |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| 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>Single Year expenditure appropriation</u>                                                                                                |                 |                     |                 |                |               |               |              |              |                    |
| Vote 1 - Finance                                                                                                                            | 258             | 300                 | 300             | 58             | 206           | 300           | (94)         | -31%         | 300                |

- **Finance Department** with an annual budget of R300 thousands to purchase Furniture and office equipment and computers.
- The department has managed to spend R206 thousands of this budget and have the savings of R94 thousands for the period ending 30 June 2022.

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June |                 |                     |                 |                |               |               |              |              |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| 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>Single Year expenditure appropriation</u>                                                                                                |                 |                     |                 |                |               |               |              |              |                    |
| Vote 4 - Corporate services                                                                                                                 | 7 760           | 7 360               | 3 250           | 10             | 1 381         | 3 250         | (1 869)      | -58%         | 3 250              |

**Corporate Services Department** with a budget of R3.3 million to procure the following capital items:

- ❖ Vehicles Fire Extinguishers
  - ❖ Computer Equipment
  - ❖ Furniture and Office Equipment
  - ❖ Refurbishment of municipal parking
  - ❖ Broadband Infrastructure
  - ❖ Municipal Fleet
- As at 30 June 2022 the department was expected to spend the full budget has since managed to spend R1.4 million which implies that the department had an underspending of R1.9 million as at the end of June 2022.

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- At the time of compiling this report the budget office was informed that a payment of almost R1 million is in the pipe line which will subsequently reduce the variance hence the pre audit report will show an improved expenditure.
- The SCM process for this project is underway with the expenditure expected before the end of the fourth quarter which will contribute in reducing this variance.

### **Community and public safety**

- Community & Social Services include the budget related to:

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June |                 |                     |                 |                |               |               |              |              |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| 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>Single Year expenditure appropriation</u>                                                                                                |                 |                     |                 |                |               |               |              |              |                    |
| Vote 3 - Community and Social Services                                                                                                      | 3 133           | 3 550               | 3 557           | 1 245          | 2 837         | 3 557         | (719)        | -20%         | 3 557              |

- **Community Services Department** with a budget of R3.6 million to procure the following items:
  - ❖ Upgrade of licencing office
  - ❖ Park home
  - ❖ Wheelie bin
  - ❖ Furniture and Office Equipment
  - ❖ Computer Equipment
  - ❖ Modification of Vehicle into fire vehicle
  - ❖ Buy Back Structure (Phase One)
- As at the end of the fourth quarter, the department was expected to the spend full budget however, it managed to spend R2.8 million with and under spending of R719 thousands.
- This variance is as a result of savings made by the department during the procurement of their items.

### **Economic & Environmental Services**

In terms of Functional classification, the R81.2 million budget reflected under Economic & Environmental Services is for the following departments:

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| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June |                 |                     |                 |                |               |               |              |              |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| 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>Single Year expenditure appropriation</u>                                                                                                |                 |                     |                 |                |               |               |              |              |                    |
| Vote 5 - Economic Development and Planning                                                                                                  | 158             | 1 200               | 1 200           | 80             | 1 065         | 1 200         | (135)        | -11%         | 1 200              |

- **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
  - ❖ Furniture and Office Equipment and
  - ❖ Machinery and Equipment (Corridor Development Tractor implementation)
- As of 30 June 2022, the department was expected to spend the full budget however it recorded the expenditure of R1.1 million.
- The R135 thousands negative variance realised as at the end fourth constitute the savings made by the department during the year.

| KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June |                 |                     |                 |                |               |               |              |              |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| 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>Single Year expenditure appropriation</u>                                                                                                |                 |                     |                 |                |               |               |              |              |                    |
| Vote 6 - Technical Services                                                                                                                 | 43 849          | 67 241              | 79 971          | 8 324          | 63 603        | 79 971        | (16 368)     | -20%         | 79 971             |

- **Technical Services Department** has a total capital budget of almost R80. million which includes the MIG funding of R40.3 million and internally funding of R39.6 million.
- As at 30 June 2022 the department has managed to spend R63.6 million as a result the negative variance of R16.4 million was reported as at the end of June 2022.
- At the time of compiling this report there were protect that we about to be paid in the next payment circle of the municipality which will improve the expenditure

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for this department hence the pre audit report is anticipated to show an improved expenditure.

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## 1.4 IN-YEAR BUDGET STATEMENT TABLES

The following tables are included as part of the 2020/2021 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

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## PART 2

### 2.1 DEBTORS ANALYSIS

**Table 6: Debtors Analysis as at 30 June 2022**

| KZN293 Ndwedwe - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June |                     |             |              |             |                |             |              |               |               |                    |
|------------------------------------------------------------------------------------------|---------------------|-------------|--------------|-------------|----------------|-------------|--------------|---------------|---------------|--------------------|
| 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                              | (5 959)             | (6)         | 273          | 270         | (4 393)        | (2)         | 8 708        | 18 591        | 17 484        | 23 175             |
| Receivables from Exchange Transactions - Waste Water Management                          | -                   | -           | -            | -           | -              | -           | -            | -             | -             | -                  |
| Receivables from Exchange Transactions - Waste Management                                | 76                  | -           | 22           | 18          | 35             | -           | 31           | -             | 182           | 84                 |
| Receivables from Exchange Transactions - Property Rental Debtors                         | 110                 | -           | 45           | 42          | 73             | -           | 93           | 136           | 498           | 344                |
| Interest on Arrear Debtor Accounts                                                       | 96                  | -           | 94           | 93          | 181            | -           | 590          | 4 287         | 5 342         | 5 152              |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure                  | -                   | -           | -            | -           | -              | -           | -            | -             | -             | -                  |
| Other                                                                                    | 74                  | (45)        | (1 379)      | 0           | (5 036)        | (72)        | 82           | (40)          | (6 415)       | (5 065)            |
| <b>Total By Income Source</b>                                                            | <b>(5 604)</b>      | <b>(51)</b> | <b>(945)</b> | <b>424</b>  | <b>(9 139)</b> | <b>(74)</b> | <b>9 505</b> | <b>22 974</b> | <b>17 090</b> | <b>23 690</b>      |
| <b>2020/21 - totals only</b>                                                             |                     |             |              |             |                |             |              |               | -             | -                  |
| <b>Debtors Age Analysis By Customer Group</b>                                            |                     |             |              |             |                |             |              |               |               |                    |
| Organs of State                                                                          | (126)               | (49)        | (1 372)      | 8           | (5 029)        | -           | 6 574        | 5 185         | 5 192         | 6 739              |
| Commercial                                                                               | (5 022)             | (1)         | 236          | 231         | 444            | (3)         | 1 493        | 11 829        | 9 206         | 13 994             |
| Households                                                                               | (378)               | -           | 20           | 20          | 41             | -           | 141          | 2 977         | 2 821         | 3 179              |
| Other                                                                                    | (77)                | (0)         | 170          | 164         | (4 595)        | (70)        | 1 297        | 2 984         | (129)         | (222)              |
| <b>Total By Customer Group</b>                                                           | <b>(5 604)</b>      | <b>(51)</b> | <b>(945)</b> | <b>424</b>  | <b>(9 139)</b> | <b>(74)</b> | <b>9 505</b> | <b>22 974</b> | <b>17 090</b> | <b>23 690</b>      |

- The above table reflects the municipal debtors by income sources as well as by customer group and based on the above table it can be noted that the municipality is sitting with an outstanding debtor of R17.1 million as of 30 June 2022.
- Property rates remain the main debtors of the municipality for the infrastructure owned by National Public Works Department followed by the interest charged on outstanding debtors.
- Based on the customer group, the government department and commercial customer group are leading the list of debtors of the municipality followed by households and other debtors.
- The municipality have an ongoing process in trying to reduce these debts including getting the indigent register to identify the properties that are owned

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by indigent personnel so that they can be removed from the debtors of the municipality and other mechanism the revenue section is using to deal with the escalating of the outstanding debtors of the municipality.

- The report is showing the negative figures which seems to be an error, the user section is in consultation with the financial system vendor to investigate the cause for these negative figures in this report.
- The Council to recall that it passed the resolution to write off some irrecoverable debts hence the outstanding debtors shows a significant decrease when compared to last financial year closing balance.

## 2.2 CREDITORS ANALYSIS

**Table 7: Creditors Analysis as of 30 June 2022**

| KZN293 Ndwedwe - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June |                     |                 |                 |                  |                   |                   |                      |                |              |
|--------------------------------------------------------------------------------------------|---------------------|-----------------|-----------------|------------------|-------------------|-------------------|----------------------|----------------|--------------|
| Description                                                                                | Budget Year 2021/22 |                 |                 |                  |                   |                   |                      |                |              |
|                                                                                            | 0 -<br>30 Days      | 31 -<br>60 Days | 61 -<br>90 Days | 91 -<br>120 Days | 121 -<br>150 Days | 151 -<br>180 Days | 181 Days -<br>1 Year | Over 1<br>Year | Total        |
| R thousands                                                                                |                     |                 |                 |                  |                   |                   |                      |                |              |
| <b>Creditors Age Analysis By Customer Type</b>                                             |                     |                 |                 |                  |                   |                   |                      |                |              |
| Bulk Electricity                                                                           | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -            |
| Bulk Water                                                                                 | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -            |
| PAYE deductions                                                                            | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -            |
| VAT (output less input)                                                                    | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -            |
| Pensions / Retirement deductions                                                           | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -            |
| Loan repayments                                                                            | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -            |
| Trade Creditors                                                                            | 273                 | -               | 3               | (230)            | 266               | -                 | (1 247)              | 1 082          | 147          |
| Auditor General                                                                            | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -            |
| Other                                                                                      | 354                 | -               | 135             | (170)            | 584               | -                 | (1 374)              | 1 615          | 1 146        |
| <b>Total By Customer Type</b>                                                              | <b>627</b>          | <b>-</b>        | <b>138</b>      | <b>(399)</b>     | <b>850</b>        | <b>-</b>          | <b>(2 621)</b>       | <b>2 697</b>   | <b>1 292</b> |

- The above table reflects the creditors owed by the municipality by customer type as of 30 June 2022.
- This is the system generated report and it shows that there are errors in it which the user section will have sort out so that the report can show an accurate figure.
- Hence the pre audit report should reflect the much-improved report.

### LEGEND

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## 2.3 INVESTMENT PORTFOLIO ANALYSIS

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

**Table 8: Investment Portfolio as of 30 June 2022**

| KZN293 Ndwedwe - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June |                         |                     |                    |                            |                                          |                      |                    |
|--------------------------------------------------------------------------------------------------|-------------------------|---------------------|--------------------|----------------------------|------------------------------------------|----------------------|--------------------|
| Investments by maturity<br>Name of institution & investment ID                                   | Period of<br>Investment | Type of Investment  | 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              | 242                        | (26 006)                                 | 30 000               | 5 492              |
| ABSA CALL ACCOUNT 93445892694                                                                    | Months                  | CALL ACCOUNT        | 3 380              | 80                         |                                          |                      | 3 460              |
| ABSA FIXED DEPOSIT 2068130142                                                                    | Months                  | FIXED DEPOSIT       | 7 723              | 235                        |                                          |                      | 7 957              |
| ABSA FIXED DEPOSIT 2073633680                                                                    | Months                  | FIXED DEPOSIT       | 8 093              | 246                        |                                          |                      | 8 339              |
| ABSA FIXED DEPOSIT 2075383437                                                                    | Months                  | FIXED DEPOSIT       | 7 237              | 220                        |                                          |                      | 7 457              |
| FNB CALL ACCOUNT 62087920635                                                                     | Months                  | CALL ACCOUNT        | 4 890              | 227                        | (9 000)                                  | 10 000               | 6 116              |
| STD CALL ACCOUNT 058681019 001                                                                   | Months                  | CALL ACCOUNT        | 2 089              | 545                        | (36 500)                                 | 37 000               | 3 134              |
| STD RETAIL CALL ACCOUNT 058681019-011                                                            | Months                  | RETAIL CALL ACCOUNT | 4 184              | 165                        |                                          |                      | 4 349              |
| STD FIXED DEPOSIT 058681019 013                                                                  | Months                  | FIXED DEPOSIT       | 7 368              | 168                        |                                          |                      | 7 537              |
| STD RETAIL CALL ACCOUNT 058681019-030                                                            | Months                  | RETAIL CALL ACCOUNT | 336                | 13                         |                                          |                      | 350                |
| STD CALL ACCOUNT 058681019-033                                                                   | Months                  | CALL ACCOUNT        | 3 273              | 130                        |                                          |                      | 3 403              |
| INVESTEC BANK CALL ACCOUNT 1100 463139 502                                                       | Months                  | CALL ACCOUNT        | 703                | 549                        | (9 000)                                  | 10 000               | 2 251              |
| INVESTEC BANK FIXED DEPOSIT 1100 463139 451                                                      | Months                  | FIXED DEPOSIT       | 14 671             | 289                        |                                          |                      | 14 959             |
| INVESTEC BANK FIXED DEPOSIT 1100 463139 452                                                      | Months                  | FIXED DEPOSIT       | 13 933             | 274                        |                                          |                      | 14 207             |
| INVESTEC BANK CALL ACCOUNT '1100463139620                                                        | Months                  | CALL ACCOUNT        | 15 310             | 298                        |                                          |                      | 15 608             |
| NEDBANK CALL ACCOUNT '37881149922001                                                             | Months                  | CALL ACCOUNT        | 96                 | 515                        | (62 300)                                 | 65 000               | 3 311              |
| NEDBANK FIXED DEPOSIT '37881149922002                                                            | Months                  | FIXED DEPOSIT       | 61                 | 2                          |                                          |                      | 64                 |
| <b>TOTAL INVESTMENTS AND INTEREST</b>                                                            |                         |                     | <b>94 601</b>      | <b>4 199</b>               | <b>(142 806)</b>                         | <b>152 000</b>       | <b>107 994</b>     |

- As of 30 June 2022, the municipality had almost R108 million in the investment portfolio which includes R4.2 million of interest earned from investments.
- The council to be reminded that it is imperative 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 healthy investment is necessary to achieve this.

### LEGEND

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## 2.4 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

**Table 9: Allocation and Grant Receipts and Expenditure for 2021/2022 Financial Year**

| KZN293 Ndwedwe - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June |                 |                     |                 |                |               |               |              |              |                    |
|----------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| 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             | 170 778         | -              | 170 778       | 170 778       | -            |              | 170 778            |
| Local Government Equitable Share                                                                         | -               | 165 366             | 165 366         | -              | 165 366       | 165 366       | -            |              | 165 366            |
| Finance Management                                                                                       | -               | 3 000               | 3 000           | -              | 3 000         | 3 000         |              |              | 3 000              |
| EPWP Incentive                                                                                           | -               | 2 412               | 2 412           | -              | 2 412         | 2 412         |              |              | 2 412              |
| Other transfers and grants [insert description]                                                          |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Provincial Government:</b>                                                                            | -               | 1 910               | 1 910           | -              | 1 910         | 1 910         | -            |              | 1 910              |
| Provincialisation of libraries                                                                           |                 | 935                 | 935             |                | 935           | 935           | -            |              | 935                |
| Community Library Services Grant                                                                         |                 | 975                 | 975             |                | 975           | 975           |              |              | 975                |
| Other transfers and grants [insert description]                                                          |                 |                     |                 |                |               |               | -            |              |                    |
| <b>District Municipality:</b>                                                                            | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                     |                 |                     |                 |                |               |               | -            |              |                    |
|                                                                                                          |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Other grant providers:</b>                                                                            | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                     |                 |                     |                 |                |               |               | -            |              |                    |
|                                                                                                          |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Total Operating Transfers and Grants</b>                                                              | -               | 172 688             | 172 688         | -              | 172 688       | 172 688       | -            |              | 172 688            |
| <b>Capital Transfers and Grants</b>                                                                      |                 |                     |                 |                |               |               |              |              |                    |
| <b>National Government:</b>                                                                              | -               | 40 431              | 57 231          | -              | 57 231        | 57 231        | -            |              | 57 231             |
| Municipal Infrastructure Grant (MIG)                                                                     |                 | 31 331              | 40 331          | -              | 40 331        | 40 331        | -            |              | 40 331             |
| Integrated National Electrification Programme Grant                                                      |                 | 9 100               | 16 900          | -              | 16 900        | 16 900        |              |              | 16 900             |
| Other capital transfers [insert description]                                                             |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Provincial Government:</b>                                                                            | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                     |                 |                     |                 |                |               |               | -            |              |                    |
|                                                                                                          |                 |                     |                 |                |               |               | -            |              |                    |
| <b>District Municipality:</b>                                                                            | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                     |                 |                     |                 |                |               |               | -            |              |                    |
|                                                                                                          |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Other grant providers:</b>                                                                            | -               | -                   | -               | -              | -             | -             | -            |              | -                  |
| [insert description]                                                                                     |                 |                     |                 |                |               |               | -            |              |                    |
|                                                                                                          |                 |                     |                 |                |               |               | -            |              |                    |
| <b>Total Capital Transfers and Grants</b>                                                                | -               | 40 431              | 57 231          | -              | 57 231        | 57 231        | -            |              | 57 231             |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>                                                          | -               | 213 119             | 229 919         | -              | 229 919       | 229 919       | -            |              | 229 919            |

### LEGEND

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- The above table illustrate the grant allocated to the municipal as of 30 June 2022 which amount to R229.9 million against the total allocation of 231.9 million.
- The Council to note that the municipality has received all grants that were allocated by National and Provincial Treasury for 2021/2022 financial year.

| KZN293 Ndwedwe - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M12 June |                 |                     |                 |                |               |               |              |              |                    |
|----------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| 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>                                                           |                 |                     |                 |                |               |               |              |              |                    |
| National Government:                                                                                           | –               | 170 778             | 170 778         | 335            | 171 124       | 170 778       | 346          | 0.2%         | 170 778            |
| Local Government Equitable Share                                                                               | –               | 165 366             | 165 366         |                | 165 366       | 165 366       | –            |              | 165 366            |
| Finance Management                                                                                             | –               | 3 000               | 3 000           | 56             | 2 934         | 3 000         | (66)         | -2.2%        | 3 000              |
| EPWP Incentive                                                                                                 | –               | 2 412               | 2 412           | 279            | 2 824         | 2 412         | 412          | 17.1%        | 2 412              |
| Other transfers and grants [insert description]                                                                |                 |                     |                 |                |               |               | –            |              |                    |
| Provincial Government:                                                                                         | –               | 1 910               | 1 910           | 184            | 2 337         | 1 910         | 427          | 22.4%        | 1 910              |
| Provincialisation of libraries                                                                                 |                 | 935                 | 935             |                | 935           | 935           | –            |              | 935                |
| Community Library Services Grant                                                                               | –               | 975                 | 975             | 184            | 1 402         | 975           | 427          | 43.8%        | 975                |
| Other transfers and grants [insert description]                                                                |                 |                     |                 |                |               |               | –            |              |                    |
| District Municipality:                                                                                         | –               | –                   | –               | –              | –             | –             | –            |              | –                  |
| [insert description]                                                                                           |                 |                     |                 |                |               |               | –            |              |                    |
| Other grant providers:                                                                                         | –               | –                   | –               | –              | –             | –             | –            |              | –                  |
| [insert description]                                                                                           |                 |                     |                 |                |               |               | –            |              |                    |
| Total operating expenditure of Transfers and Grants:                                                           | –               | 172 688             | 172 688         | 519            | 173 461       | 172 688       | 773          | 0.4%         | 172 688            |
|                                                                                                                |                 |                     |                 |                |               |               |              |              |                    |
| <b>Capital expenditure of Transfers and Grants</b>                                                             |                 |                     |                 |                |               |               |              |              |                    |
| National Government:                                                                                           | –               | 40 431              | 57 231          | 7 172          | 57 105        | 57 231        | (126)        | -0.2%        | 57 231             |
| Municipal Infrastructure Grant (MIG)                                                                           | –               | 31 331              | 40 331          | 7 002          | 42 543        | 40 331        | 2 212        | 5.5%         | 40 331             |
| Integrated National Electrification Programme Grant                                                            | –               | 9 100               | 16 900          | 170            | 14 562        | 16 900        | (2 338)      | -13.8%       | 16 900             |
| Other capital transfers [insert description]                                                                   |                 |                     |                 |                |               |               | –            |              |                    |
| Provincial Government:                                                                                         | –               | –                   | –               | –              | –             | –             | –            |              | –                  |
| KwaZulu-Natal                                                                                                  |                 | –                   | –               | –              |               | –             | –            |              | –                  |
| District Municipality:                                                                                         | –               | –                   | –               | –              | –             | –             | –            |              | –                  |
|                                                                                                                |                 |                     |                 |                |               |               | –            |              |                    |
| Other grant providers:                                                                                         | –               | –                   | –               | –              | –             | –             | –            |              | –                  |
|                                                                                                                |                 |                     |                 |                |               |               | –            |              |                    |
| Total capital expenditure of Transfers and Grants                                                              | –               | 40 431              | 57 231          | 7 172          | 57 105        | 57 231        | (126)        | -0.2%        | 57 231             |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS                                                                      | –               | 213 119             | 229 919         | 7 691          | 230 566       | 229 919       | 647          | 0.3%         | 229 919            |

#### LEGEND

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- The above tables indicate the expenditure on grant receive by the municipality. As at 30 June 2022 the municipality have spent R230,6 million against the total allocation of almost R230 million.
- The council note that this report shows the over expenditure in terms of the figures sitting on the financial system but the finance department is still busy with balancing and checking which should result to correcting any error including netting off of the grants where the projects/votes were budgeted through grant and internal funding.
- Hence it is anticipated that once all journals are passed related to grants the variance will be on par with the total allocation.

#### **LEGEND**

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## 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 - M12 June |                 |                     |                 |                |               |               |                |              |                    |
|-----------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|----------------|--------------|--------------------|
| 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              | 12 593          | 1 082          | 11 617        | 12 593        | (977)          | -8%          | 12 593             |
| Pension and UIF Contributions                                                                             | 623             | 1 102               | 429             | 24             | 419           | 429           | (10)           | -2%          | 429                |
| Medical Aid Contributions                                                                                 | 362             | 468                 | 275             | 18             | 272           | 275           | (3)            | -1%          | 275                |
| Motor Vehicle Allowance                                                                                   | 136             | 145                 | 92              | 6              | 92            | 92            | (0)            | 0%           | 92                 |
| Cellphone Allowance                                                                                       | 1 506           | 1 721               | 1 524           | 126            | 1 503         | 1 524         | (20)           | -1%          | 1 524              |
| Other benefits and allowances                                                                             | -               | 143                 | -               | 7              | 28            | -             | 28             | #DIV/0!      | -                  |
| <b>Sub Total - Councillors</b>                                                                            | <b>14 217</b>   | <b>16 247</b>       | <b>14 913</b>   | <b>1 262</b>   | <b>13 930</b> | <b>14 913</b> | <b>(983)</b>   | <b>-7%</b>   | <b>14 913</b>      |
| <b>% increase</b>                                                                                         |                 | <b>14.3%</b>        | <b>4.9%</b>     |                |               |               |                |              | <b>4.9%</b>        |
| <b>Senior Managers of the Municipality</b>                                                                |                 |                     |                 |                |               |               |                |              |                    |
| Basic Salaries and Wages                                                                                  | 3 402           | 3 836               | 3 095           | 258            | 3 103         | 3 095         | 8              | 0%           | 3 095              |
| Pension and UIF Contributions                                                                             | 10              | 11                  | 11              | 1              | 11            | 11            | 0              | 0%           | 11                 |
| Medical Aid Contributions                                                                                 | 119             | 126                 | 95              | 8              | 87            | 95            | (8)            | -8%          | 95                 |
| Performance Bonus                                                                                         | -               | -                   | 250             | -              | -             | 250           | (250)          | -100%        | 250                |
| Motor Vehicle Allowance                                                                                   | 1 173           | 1 324               | 1 063           | 89             | 1 063         | 1 063         | (0)            | 0%           | 1 063              |
| <b>Sub Total - Senior Managers of Municipality</b>                                                        | <b>4 704</b>    | <b>5 298</b>        | <b>4 514</b>    | <b>355</b>     | <b>4 264</b>  | <b>4 514</b>  | <b>(250)</b>   | <b>-6%</b>   | <b>4 514</b>       |
| <b>% increase</b>                                                                                         |                 | <b>12.6%</b>        | <b>-4.1%</b>    |                |               |               |                |              | <b>-4.1%</b>       |
| <b>Other Municipal Staff</b>                                                                              |                 |                     |                 |                |               |               |                |              |                    |
| Basic Salaries and Wages                                                                                  | 38 647          | 46 153              | 41 559          | 3 380          | 40 104        | 41 559        | (1 456)        | -4%          | 41 559             |
| Pension and UIF Contributions                                                                             | 6 615           | 8 307               | 7 540           | 554            | 6 832         | 7 540         | (708)          | -9%          | 7 540              |
| Medical Aid Contributions                                                                                 | 2 753           | 2 882               | 2 801           | 224            | 2 751         | 2 801         | (50)           | -2%          | 2 801              |
| Overtime                                                                                                  | 308             | 477                 | -               | -              | -             | -             | -              | -            | -                  |
| Performance Bonus                                                                                         | 2 615           | 3 495               | 2 787           | -              | 2 752         | 2 787         | (35)           | -1%          | 2 787              |
| Motor Vehicle Allowance                                                                                   | 1 679           | 1 853               | 1 497           | 136            | 1 541         | 1 497         | 45             | 3%           | 1 497              |
| Housing Allowances                                                                                        | 232             | 262                 | 235             | 18             | 231           | 235           | (5)            | -2%          | 235                |
| Other benefits and allowances                                                                             | 1 137           | 603                 | 550             | 95             | 1 112         | 550           | 562            | 102%         | 550                |
| Payments in lieu of leave                                                                                 | 672             | 1 648               | 2 002           | 291            | 1 222         | 2 002         | (780)          | -39%         | 2 002              |
| Long service awards                                                                                       | 696             | 192                 | 192             | -              | -             | 192           | (192)          | -100%        | 192                |
| Post-retirement benefit obligations                                                                       | 1 118           | -                   | -               | -              | -             | -             | -              | -            | -                  |
| <b>Sub Total - Other Municipal Staff</b>                                                                  | <b>56 472</b>   | <b>65 872</b>       | <b>59 164</b>   | <b>4 698</b>   | <b>56 545</b> | <b>59 164</b> | <b>(2 620)</b> | <b>-4%</b>   | <b>59 164</b>      |
| <b>% increase</b>                                                                                         |                 | <b>16.6%</b>        | <b>4.8%</b>     |                |               |               |                |              | <b>4.8%</b>        |
| <b>Total Parent Municipality</b>                                                                          | <b>75 394</b>   | <b>87 416</b>       | <b>78 591</b>   | <b>6 315</b>   | <b>74 738</b> | <b>78 591</b> | <b>(3 853)</b> | <b>-5%</b>   | <b>78 591</b>      |
|                                                                                                           |                 | <b>15.9%</b>        | <b>4.2%</b>     |                |               |               |                |              | <b>4.2%</b>        |
| <b>Unpaid salary, allowances &amp; benefits in arrears:</b>                                               |                 |                     |                 |                |               |               |                |              |                    |
| <b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>                                                            | <b>75 394</b>   | <b>87 416</b>       | <b>78 591</b>   | <b>6 315</b>   | <b>74 738</b> | <b>78 591</b> | <b>(3 853)</b> | <b>-5%</b>   | <b>78 591</b>      |
| <b>% increase</b>                                                                                         |                 | <b>15.9%</b>        | <b>4.2%</b>     |                |               |               |                |              | <b>4.2%</b>        |
| <b>TOTAL MANAGERS AND STAFF</b>                                                                           | <b>61 177</b>   | <b>71 170</b>       | <b>63 678</b>   | <b>5 053</b>   | <b>60 808</b> | <b>63 678</b> | <b>(2 870)</b> | <b>-5%</b>   | <b>63 678</b>      |

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- D. Items: Confidential matters considered and resolved by Exco under delegated powers.

- 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 R74.7 million toward its councillors and employees, R3.6 million less than the annual target budget of R78.6 million.
- The reason for this negative variance is covered under 1.3 of the Executive Summary above.

#### **LEGEND**

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

- This report is tabled separately by PMS section.

### **LEGEND**

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## 2.7 CAPITAL PROGRAMME PERFORMANCE

**Table 11: Capital Programme Performance as at 30 June 2022**

| KZN293 Ndwedwe - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M12 June |                 |                     |                 |                |               |               |              |              |                            |
|--------------------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|----------------------------|
| 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                                                                                            |                 |                     |                 |                |               |               |              | %            |                            |
| <b>Monthly expenditure performance trend</b>                                                           |                 |                     |                 |                |               |               |              |              |                            |
| July                                                                                                   | 6 792           | 6 888               | 7 617           | 3 258          | 3 258         | 7 617         | 4 359        | 57.2%        | 4%                         |
| August                                                                                                 | 6 792           | 6 888               | 7 617           | 4 938          | 8 196         | 15 235        | 7 039        | 46.2%        | 9%                         |
| September                                                                                              | 6 792           | 6 888               | 7 617           | 5 850          | 14 045        | 22 852        | 8 806        | 38.5%        | 15%                        |
| October                                                                                                | 6 792           | 6 888               | 7 617           | 3 211          | 17 256        | 30 469        | 13 213       | 43.4%        | 19%                        |
| November                                                                                               | 6 792           | 6 888               | 7 617           | 5 848          | 23 104        | 38 086        | 14 982       | 39.3%        | 25%                        |
| December                                                                                               | 6 792           | 6 888               | 7 617           | 5 917          | 29 022        | 45 704        | 16 682       | 36.5%        | 32%                        |
| January                                                                                                | 6 792           | 6 888               | 7 617           | 737            | 29 759        | 53 321        | 23 562       | 44.2%        | 33%                        |
| February                                                                                               | 6 792           | 6 888               | 7 617           | 3 804          | 33 563        | 60 938        | 27 375       | 44.9%        | 37%                        |
| March                                                                                                  | 6 792           | 6 888               | 7 617           | 4 762          | 38 325        | 68 555        | 30 230       | 44.1%        | 42%                        |
| April                                                                                                  | 6 792           | 6 888               | 7 617           | 4 053          | 42 378        | 76 173        | 33 794       | 44.4%        | 46%                        |
| May                                                                                                    | 6 792           | 6 888               | 7 617           | 19 740         | 62 119        | 83 790        | 21 671       | 25.9%        | 68%                        |
| June                                                                                                   | 6 792           | 6 888               | 7 617           | 9 941          | 72 060        | 91 407        | 19 347       | 21.2%        | 79%                        |
| <b>Total Capital expenditure</b>                                                                       | <b>81 506</b>   | <b>82 662</b>       | <b>91 407</b>   | <b>72 060</b>  |               |               |              |              |                            |

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

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## 2.8 OTHER SUPPORTING DOCUMENTS

### LEGEND

- A. Items: Items considered by Exco and referred to Council for resolution / final decision making.
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## 2.9 MUNICIPAL MANAGERS QUALITY CERTIFICATION

### LEGEND

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## **2021/2022 Budget Assessment - C Schedules as of 30 June 2022**

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

I, **DSG Khuzwayo** the Acting Municipal Manager of Ndwedwe Local Municipality, hereby certify that the Monthly Budget Assessment ending 30 June 2022 has been prepared in accordance with the Municipal Finance Management Act No. 56 of 2003 and the regulations made under the Act.

Mr DSG Khuzwayo

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The Acting Municipal Manager of Ndwedwe Municipality (KZN 293)

Signature .....

Date .....

#### **LEGEND**

- A. Items: Items considered by Exco and referred to Council for resolution / final decision making.
- B. Items: Items to be resolved (finalised) by Exco under delegated powers.
- C. Items: Confidential matter considered by Exco and referred to Council for resolution.
- D. Items: Confidential matters considered and resolved by Exco under delegated powers.