

**EMALAHLENI LOCAL MUNICIPALITY (EC 136)**

**BUDGET MONITORING REPORT**

**FOR THE QUARTER ENDING 31 DECEMBER 2020**

**IN TERMS OF SECTION 52(d) OF THE MFMA**

## TABLE OF CONTENTS

1. Report to the Mayor.....	5
2. Municipal Managers Certificate.....	6
3. Introduction.....	6
4. Legislative Frameworks.....	6
5. Credibility of Municipal Budget.....	7
5.1 Capital Budget.....	8
5.2 Operating Budget.....	9
5.3 Grant Expenditure.....	10
6. Sustainability of Municipal Budget.....	11
6.2 Free Basic Service.....	11
6.3 Creditors Age Analysis.....	12
6.4 Cash flow Statement.....	13
7. Asset Management.....	14
8. Supply Chain Management.....	15-23
9. Key Findings.....	23
10. Recommendations.....	24
11. Annexures.....	24

## **Glossary**

**Adjustments budget** – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**Budget** – The financial plan of the Municipality.

**Budget related policy** – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

**Capital expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** – A statement showing when actual cash will be received and spent by the Municipality.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

**MFMA** – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

**Operating expenditure** – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

**Rates** – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised expenditure** – Generally, is spending without, or in excess of, an approved budget.

**Virement** – A transfer of budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

**Vote** – one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. In Emalahleni Municipality this means votes such as Executive & Council, Financial Services, Corporate Services, and Public Safety etc.

**MIG** – Municipal Infrastructure grant- Conditional grant capital in nature

**INEP** – Integrated Electrification (municipal) Programme grant capital in nature

**EPWP** –Expanded Public Works Programme

**FMG** – Financial Management Grant

• **REPORT OF THE HONOURABLE MAYOR**

In accordance with Section 52(d) of the Municipal Finance Management Act 56 of 2003(MFMA); I submit a report to the council within 30 days after the end of the second quarter of 2020/21, on the implementation of the budget and financial state of affairs of the Emalahleni Local Municipality.

The submission of this report forms part of the general responsibilities of the Mayor of a municipality, and is intended to inform and enable the council to fulfil its oversight responsibility.

It must be noted that the figures contained in this report are interim and are unaudited. The use of the figures reported in this report is therefore for the designated audience and any other use of this information for other purposes; the municipality disclaims itself.

Honorable Mayor : Nontombizanele Koni  
Signature : N. F. Koni  
Date : 29/01/21

• **MUNICIPAL MANAGER 'S CERTIFICATION**

I, **Velile Castro Makedama**, the municipal manager of **Emalahleni Municipality, EC 136** hereby certify that -

(mark as appropriate)

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state of affairs of the municipality
- mid-year budget and performance assessment

for the second quarter of 2020/2021 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print Name: Mr. VC. Makedama  
Municipal Manager of Emalahleni Municipality (EC136)

Signature \_\_\_\_\_  
Date \_\_\_\_\_ 29/01/21

**3. INTRODUCTION**

The second quarter local government budget implementation report covers revenue and expenditure, SCM and assets for the period – 1<sup>st</sup> October 2020 to 31<sup>st</sup> December 2020 for 2020/2021 municipal financial year.

The budget implementation report assesses the in-year financial performance of the municipality against the budgeted revenue and expenditure. The budget implementation report focuses on the

credibility of municipal budget, covering capital and operating budgets as well as sustainability of the municipality that includes debtors, creditors and cash flow position through compliance with SCM regulations.

The straight-line method of projection used as a benchmark for expenditure and revenue at the end of the second quarter set to be 50%.

#### **4. LEGISLATIVE FRAMEWORK**

In terms of section 52 (d) of the Municipal Finance Management Act, (Act 56 of 2003) (MFMA), the Mayor of a municipality must within 30 days after the end of each quarter submit a report to council on the implementation of the budget and the financial state of affairs of the Municipality. Section 74 of the MFMA requires accounting officers to submit such information, returns, documents, explanations and motivations as may be required.

#### **4.2 EXECUTIVE SUMMARY**

The executive summary presented is aimed at providing Council with a high-level overview of the trading results for the period ending 31<sup>st</sup> December 2020 as well as a comprehensive overview of the Municipality's financial management and viability, and the extent to which the Municipality is meeting and exceeding planned performance as contained within the Service Delivery and Budget Implementation Plan (SDBIP).

## **Financial Position**

The financial position of Emalahleni Municipality is deemed sound, this is evidenced by the following financial viability ratio as at 31<sup>st</sup> December 2020.

Liquidity ratio= Current Assets/ Current Liabilities

R 81 237 202/ 33 707 846

2.41:1

The norm range for this ratio is 1.5 to 2:1 as determined by National Treasury in MFMA. As at 31<sup>st</sup> December 2020, the Municipality is on par with the normal expected ratio. The ratio is used to assess the municipality's ability to pay back its short-term liabilities with its short-term assets. As the ratio is above norm therefore the municipality will be able to meet its short term obligations.

## **5. CREDIBILITY OF MUNICIPAL BUDGET**

### **5.1 CAPITAL BUDGET VERSUS ACTUAL**

Table "A" below reflects the capital expenditure for the quarter ending 31 December 2020 by "municipal vote". The capital expenditure for the quarter ending 31 December 2020 is R16.826 million with the variance of 8% compared to the quarter's projections of R18.223 million.

This expenditure is 8% below the expected expenditure for the municipality to be on par with the projected pace of spending. The adverse variance largely due to the Integrated National Electrification Program (INEP) grant which is underspent with only 7.75% of the grant spent by the end of the second quarter. Management has noted this grant as behind in expenditure and steps are being taken by management to rectify the underspending.

Table A has been included below for illustrative purposes.



## Table "A"

EC136 Emalahleni (Ec) - Table A. Capital Expenditure (municipal vote) - M06 December

Vote Description	Adjusted	Monthly	YearTD actual	YearTD	YTD variance	YTD variance
	Budget	actual		budget		%
R thousands						
<b>Expenditure appropriation</b>						
Vote 1 - Executive and council	-	-	-	-	-	
Vote 2 - Corporate Services	1 250	-	-	450	(450)	-100%
Vote 3 - Budget and Treasury	1 790	(21)	940	895	45	5%
Vote 4 - PEDTA	-	-	-	-	-	
Vote 5 - Community Services and Social Services	6 820	744	1 154	3 231	(2 077)	-64%
Vote 6 - Infrastructure Development and Human Settlement	27 891	2 845	14 732	13 646	1 085	8%
<b>Total Capital expenditure</b>	<b>37 751</b>	<b>3 569</b>	<b>16 826</b>	<b>18 223</b>	<b>(1 397)</b>	<b>-8%</b>

### Analysis of Table "B" below:

- Community and public safety (Sport and recreation, Community and social services) – The expenditure for quarter 2 was about R 1.154 million which is lower than the year-to-date budget figure of R 2.663 million. There was a further R 160 000 budgeted for community and social service which has not commenced yet. This resulted in a year-to-date variance between budget and actual of 58% due to underspending.
- Economic and environmental services (Road transport) – Quarter 2 expenditure for road transport was R 11.661 million which above the year-to-date budget of R 8.735 million. Therefore, this depicts the picture that the entity is on track with capital expenditure for roads infrastructure. This led to a favourable variance of 33% between the budgeted and expenditure amounts.

- Trading services (Waste water management, waste management) – Expenditure in respect of waste water management for quarter 2 was R 3.071 million which was above the year-to-date budget figure of R1.913 million. There was a further R 500 000 and 6.795 million budgeted for waste management and energy sources respectively which has not commenced yet.
- Governance and administration (Finance and administration) – R940 000 was spent under finance and administration of the R1.609 year-to-date budget amount therefore leading to an underspending of 42%
- The overall budget performance is at 45% of the annual budget.

**Table "B"**

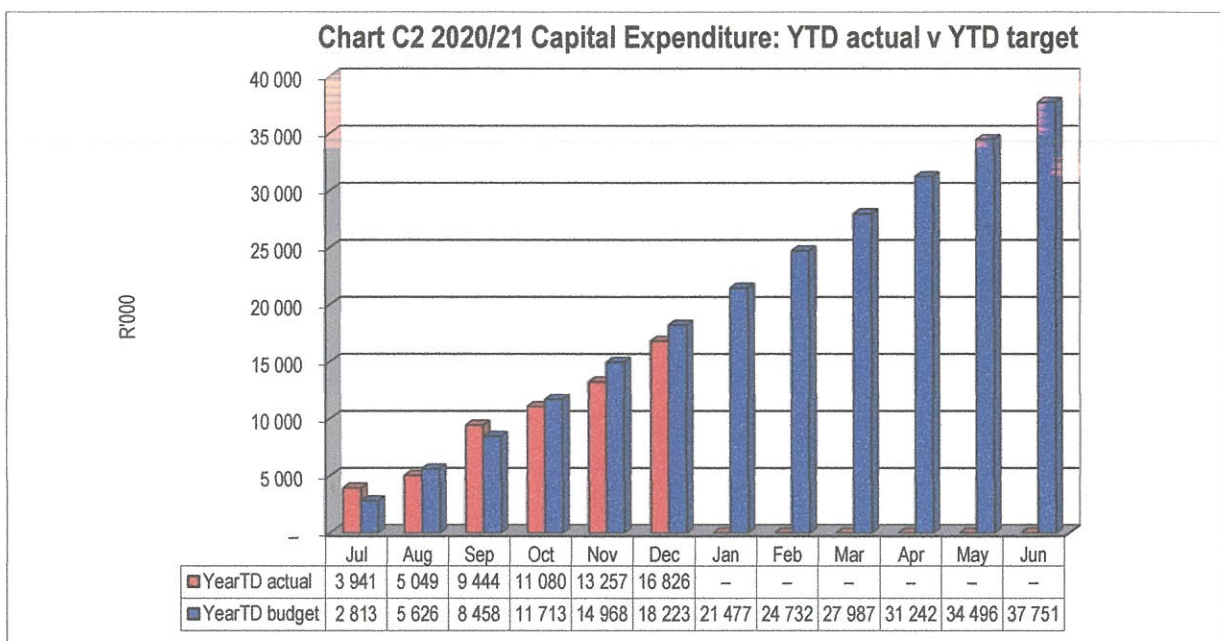
EC136 Emalaheni (Ec) - Table B. Capital Expenditure (functional classification) - M06 December

Vote Description	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
<b>Capital Expenditure - Functional Classification</b>						
<b>Governance and administration</b>	3 833	(21)	940	1 609	(669)	-42%
Executive and council	-	-	-	-	-	
Finance and administration	3 833	(21)	940	1 609	(669)	-42%
Internal audit	-	-	-	-	-	
<b>Community and public safety</b>	5 527	744	1 154	2 717	(1 563)	-58%
Community and social services	160	-	-	53	(53)	-100%
Sport and recreation	5 367	744	1 154	2 663	(1 510)	-57%
Public safety	-	-	-	-	-	
Housing	-	-	-	-	-	
Health	-	-	-	-	-	
<b>Economic and environmental services</b>	17 470	2 677	11 661	8 735	2 925	33%
Planning and development	-	-	-	-	-	
Road transport	17 470	2 677	11 661	8 735	2 925	33%
Environmental protection	-	-	-	-	-	
<b>Trading services</b>	10 921	168	3 071	5 161	(2 090)	-40%
Energy sources	6 795	-	-	3 098	(3 098)	-100%
Water management	-	-	-	-	-	
Waste water management	3 626	168	3 071	1 813	1 258	69%
Waste management	500	-	-	250	(250)	-100%
<b>Other</b>	-	-	-	-	-	
<b>Total Capital Expenditure - Functional Classification</b>	<b>37 751</b>	<b>3 569</b>	<b>16 826</b>	<b>18 223</b>	<b>(1 397)</b>	<b>-8%</b>

### 5.1.1. CAPITAL EXPENDITURE SOURCES OF FUNDING

The capital expenditure for the second quarter was financed from the Municipal Infrastructure Grant to the amount of R 15.886 million. R 940 000 was financed from internally generated funds. This brought the total spending on capital related projects to a total of R 16.826 million at 31 December 2020.

The following graph shows the YTD capital expenditure vs YTD targeted expenditure.



## 5.2 OPERATING BUDGET

### 5.2.1 Operating Revenue

The following table shows budgeted revenue projections vs. Actual revenue recognised:

Table "C" below, is a breakdown of the Actual revenue per revenue source, as well as "other" actual revenue billed, compared to the Actual projections for quarter 2 ended December 2020. See table "C" below together with a discussion analysis below.

**Table "C"**

EC136 Emalahleni (Ec) - Table C - Financial Performance (revenue) - M06 December							
Description	Budget Year 2020/21						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>R thousands</b>							
<b>Revenue By Source</b>							
Property rates	9 167	9 167	693	6 256	4 584	1 672	36%
Service charges - electricity revenue	18 391	16 391	1 247	6 960	8 196	(1 236)	-15%
Service charges - water revenue	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	
Service charges - refuse revenue	8 295	8 295	808	4 974	4 148	826	20%
Rental of facilities and equipment	949	949	59	347	474	(127)	-27%
Interest earned - external investments	1 792	1 792	74	745	896	(150)	-17%
Interest earned - outstanding debtors	5 435	5 435	435	2 464	2 717	(253)	-9%
Dividends received	-	-	-	-	-	-	
Fines, penalties and forfeits	202	202	2	16	101	(85)	-84%
Licences and permits	4 429	4 429	77	712	2 215	(1 503)	-68%
Agency services	1 457	1 457	156	962	728	234	32%
Transfers and subsidies	148 749	172 966	64 554	130 211	86 369	43 841	51%
Other revenue	1 849	1 849	17	447	924	(477)	-52%
Gains	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>200 714</b>	<b>222 930</b>	<b>68 120</b>	<b>154 093</b>	<b>111 352</b>	<b>42 741</b>	<b>38%</b>

**Revenue projected, year-to-date budget against year-to-date actuals:**

- Property Rates: actual vs. projected revenue results have a variance of 36 %. This variance shows that there is an over achievement for the second quarter for rates and this due to the fact that the budgeted amount is based on realistic collection projections whereas actual billing is based on properties listed in the valuation roll, furthermore the municipality implemented a supplementary valuation which increased the tax base.
- Electricity revenue has underperformed by 15% which is a deterioration compared to the first quarter variance of 6%. This is largely due to high

electricity losses that have dogged the municipality over the past years. The municipality is taking steps to curb electricity losses through theft of electricity by monitoring meter readings and identifying culprits that avoid paying for electricity. This initiative commenced during the second quarter.

- Fines and penalties: actual vs. projected shows an unfavourable variance of 84% which is a large variance which suggests that there is poor performance that must be addressed as part of the turnaround plan.
- Transfers and subsidies: actual vs. projected revenue favourable variance is 51%. This largely due to that fact that transfers revenue is received in trenches rather than evenly throughout the year. This variance will even out to a smaller percentage throughout the year.
- Refuse removal: actual vs. projected collection favourable variance is 32% thereby showing that the municipality is largely on par with the revenue generation targets set out for the period.
- Agency services: actual vs. projected collection favourable variance is 20% thereby showing that the municipality is largely on par with the revenue generation targets set out for the period.
- Rental of facilities: actual vs. projected billing unfavorable variance is -27%. This shows that rental of facilities has not performed adequately at the end of the second quarter. This is largely due to the unresolved issue of lease agreements.
- Other revenue: actual vs. projected revenue variance is -52% unfavourable which shows an under collection in respect of other revenue.

- The overall favourable budget variance of 38% was achieved for total revenue.

### **5.2.2 Operating Expenditure by type:**

Table "D" reflects operating expenditure by type for the quarter ending 31 December 2020 of the operating expenditure budget for the financial year 2020/21.

### **Table "D"**

EC136 Emalahleni (Ec) - Table C - Financial Performance (expenditure) - M06 December							
Description	Budget Year 2020/21						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands							
<b>Expenditure By Type</b>							
Employee related costs	93 824	93 997	7 332	42 955	46 998	(4 044)	-9%
Remuneration of councillors	14 749	14 749	1 401	8 332	7 375	957	13%
Debt impairment	4 000	5 500	1	1 763	2 750	(987)	-36%
Depreciation & asset impairment	19 384	19 384	1 749	10 497	9 692	804	8%
Finance charges	280	280	786	787	140	647	462%
Bulk purchases	14 300	14 300	2 289	9 372	7 150	2 222	31%
Other materials	4 421	11 661	250	789	5 830	(5 042)	-86%
Contracted services	33 165	39 254	3 410	13 727	19 587	(5 860)	-30%
Transfers and subsidies	-	-	-	-	-	-	-
Other expenditure	14 690	19 910	921	6 766	9 615	(2 849)	-30%
Losses	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>198 814</b>	<b>219 035</b>	<b>18 140</b>	<b>94 987</b>	<b>109 138</b>	<b>(14 150)</b>	<b>-13%</b>

**Expenditure projected, year-to-date budget against year-to-date actuals: -**

- Employee related costs is 81%, with an under expenditure of -9%. This is due to vacancies which are vacant in the organogram but have been budgeted for in the projections.
- Year-to-date remuneration of councillors' expenditure is at 13% above the year-to-date budgeted figure which is an over expenditure of R 957 000.
- Debt impairment was underspent by -36% compared to the expenditure projections and it had been overspent in the first quarter. This could be because the impairment for debtors was not assessed and additional impairments were not recognised in the second quarter. This



is further evidenced by the fact that only R1000 was recognised for the month of December.

- Depreciation and impairment expenditure is 8% over the projected budget. The variance is minimal as at the end of second quarter.

- Year-to-date remuneration finance costs are at 462% above the year-to-date budgeted figure which is an over expenditure of R 647 000. This is largely due to the amount of R 786 000 which was recognized as a finance cost in the month of December.

- Bulk purchases year-to-date actual figure is overspent by 31% when compared to the year-to-date budgeted figure of R 7.150 million. This is a signal that the current allocated annual budget is insufficient and will have to be adjusted during the mid-term adjusted budget to be within the allocated budget.

- Other materials and supplies are underspent by -86% when compared to the year-to-date budgeted figure of R 5.830 million. There reasons to the under expenditure have to be investigated and the funds considered for reprioritization should the funds no longer be needed for materials.

- Other expenditure shows an under expenditure of -30 % compared to the quarterly projections.

**Contracted services consist of the following: -**

- Training services
- Catering services
- Private security services
- Consultation fees
- Audit fees
- Transport services

- Casual Labourers
- Municipal running costs
- Water and Electricity services
- Conference fees

There is a -30% underspending for contracted services.

- The overall budget variance of -13% due to underspending which was achieved for total expenditure.

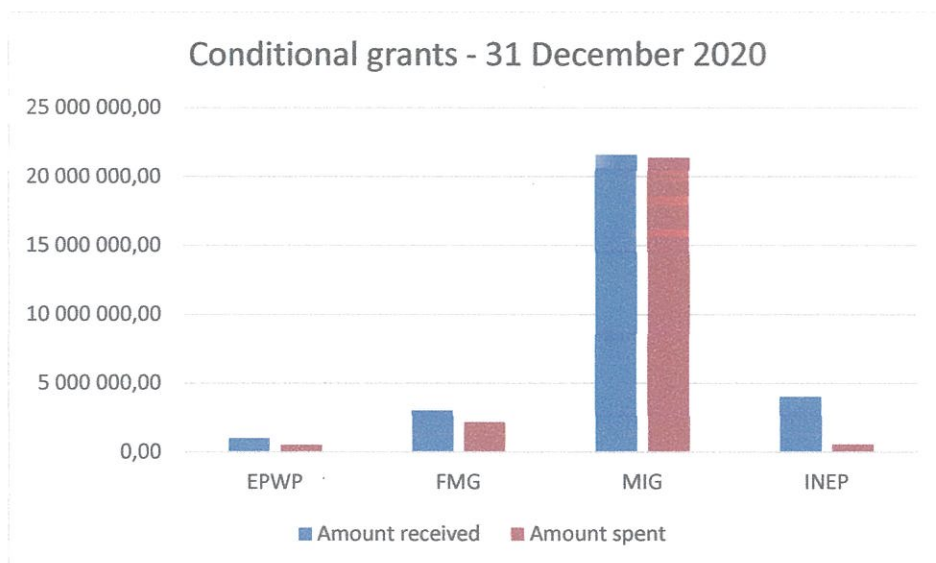
### 5.3 Allocations and Grants

**Table G: Conditional grants expenditure**

Conditional grants - 31 December 2020			
Grant	Amount received	Amount spent	Percentage expenditure
EPWP	995 583,00	497 038,00	49,9%
FMG	3 000 000,00	2 151 925,74	71,7%
MIG	21 573 000,00	21 376 799,30	99,1%
INEP	4 000 000,00	542 230,50	13,6%
<b>TOTAL</b>	<b>R 29 568 583,00</b>	<b>R 24 567 993,54</b>	<b>83%</b>

- Financial Management Grant (FMG) – The municipality had spent about 71.7% percent of the FMG grant which is above the treasury requirement of at least 40%. The expenditure is on track for the second quarter.
- Municipal Infrastructure Grant (MIG) – The MIG expenditure is on track with 99.1% of the funds received already spent. This statistic is favourable and shows that MIG spending is on track as of 31 December 2020. This amount spent makes up 64.16% of the total allocation of MIG.

- Integrated National Electrification Programme (INEP) – An amount of 4 million has been received by the municipality however spending is behind as the contractors were appointed late. 13.6% of the amount received was spent as at end of December and this makes an expenditure of 7.75% compared to the total allocation of the grant.
- Expanded Public Works Programme (EPWP) – The municipality has spent 49.9% of the amount received at the end of the second quarter. The expenditure translates to 23.77% of the 2020/21 allocation for the municipality.



## 6. SUSTAINABILITY OF THE BUDGET

### 6.1 DEBTORS AGE ANALYSIS

Analyzing debtors per service billed, the largest amount of service billed that is outstanding is waste management. The bigger portion of the amount owed to the municipality, is Households, Government, businesses and farms.

Outstanding Debt as at 31st December 2020:

- The total debt owed to the municipality as at the 31st December 2020 amounts to R 106 699 007.34.

- The total debt above can be broken down as follow:

The total outstanding amount for debtors is sitting at R25.M at the end of this quarter.

Totals per Account Group	Total Balance	Current Amount	Greater than 90 Days	Total Interest Charged
Blue Crane Minerals & Resources (PTY) Ltd	R 7 575.22	R 3 681.62	R -	R 25.17
Business	R 8 638 701.07	R 201 035.00	R 7 757 832.70	R 2 082 749.92
Chris Hani District Municipality	R 6 514 782.11	R 19 778.74	R 6 214 909.63	R 1 302 017.09
Churches	R 1 091 454.28	R 12 674.18	R 1 026 523.99	R 315 387.95
Councillors Accounts	R 28 879.74	R 802.66	R 26 345.46	R 8 936.81
Dept of Rural Development and	R 2 679 261.43	R 9 294.81	R 2 546 033.87	R 172 366.14
Dept Rural Dev & Agri Reform	R 7 451.16	R 132.63	R 6 874.42	R 1 185.92
Dept Social Development	R 121 250.08	R 10 599.21	R 93 340.53	R 10 722.92
Dordrecht High School	R 21 898.96	R 5 653.38	R 2 192.86	R 248.44
Eastern Cape Development Corp	R 20 490.92	R 1 969.53	R 13 969.32	R 722.70
Education	R 96 202.87	-R 7 026.21	R 88 377.48	R 7 976.86
Farms	R 6 090 946.16	-R 9 228.11	R 5 913 510.10	R 1 650 176.13
Health	R 827 559.04	R 96 970.35	R 478 085.94	R 21 815.37
Indigents	R 12 028.81	-R 33 373.62	R 44 920.47	R 16 273.10
Indwe High School	R 32 556.03	R 2 524.60	R 23 263.83	R 2 153.59
Joe Gqabi Municipality	R 45 848.91	R 2 387.55	R 36 577.52	R 3 523.33
Mr Mvambo	R 280 879.71	R 2 517.14	R 255 031.05	R 55 823.95
Municipal Accounts	R 93 429.99	-R 6 185.72	R 93 144.81	R 25 450.06
National Public Works	R 694 337.14	-R 270 981.89	R 808 355.83	R 46 140.34
Provincial Pub Lic Works	R 3 082 726.08	R 195 793.91	R 2 310 305.16	R 251 495.97
Residents	R 75 326 921.28	R 639 502.17	R 71 706 557.33	R 25 139 780.13
South African Post Office	R 75 341.73	R 14 717.27	R 21 571.20	R 1 228.62
Staff Accounts	R 54 400.82	-R 7 534.76	R 54 289.36	R 9 517.07
	R 105 844 923.54	R 885 704.44	R 99 522 012.86	R 31 125 717.58

Balance per service type

Totals per Service Type	Total Balance	Current Amount	Current VAT	Current Interest	Greater than 90 Days	Total Interest Charged
Advance Payment	-R 885 918.15	-R 885 918.15	R -	R -	R -	R -
Electricity Basic	R 137 003.16	R 12 353.08	R 1 852.93	R 773.94	R 98 402.40	R 12 544.39
Electricity Metared	R 8 248 452.58	R 286 186.64	R 42 928.00	R 44 263.31	R 7 164 582.50	R 1 346 659.06
Property Rates	R 29 748 493.49	R 632 310.68	R -	R 148 624.01	R 27 359 033.53	R 6 774 517.89
Rent(K100)	R 26 219.99	R -	R -	R 55.26	R 26 054.21	R 17 930.99
Rental(H003)	R 4 403 960.40	R 52 269.66	R -	R 21 301.67	R 4 183 885.50	R 1 195 520.71
Waste Disposal	R 64 166 712.07	R 788 502.53	R 118 252.33	R 276 173.20	R 60 690 054.72	R 21 778 544.54
	R 105 844 923.54	R 885 704.44	R 163 033.26	R 491 191.39	R 99 522 012.86	R 31 125 717.58

Debtors Collection Levels for December 2020:

- Collection rate for December 2020 has decreased drastically when compared to November 2020 mainly due to the decrease in accounts payment in November 2020. The collection rate for October (92.39%), November (170.39%) and December (84.23%). There is however an increasing trend on the average collection rate. The average collection rate to 82.01% for the financial year to date.
- The total amount billed as at 31st December 2020 amounted to R15 104 410.98. whereas a total amount of R12 387 516.53 has been collected for the same period.
- About an amount of R2 806 929.63 collected for electricity related to 2019/20 financial year's outstanding balance. This gives us an average of 23% of the total collection which related to the 2019/20 outstanding debt. This can be seen on the table below.

**Collection rate as at second quarter of 2020/21 Financial Year**

MONTH	TOTALS		
	BILLING	COLLECTION	COLL. %
RATES	R 6 757 043.48	-R 6 059 250.59	90%
REFUSE REMOVAL	R 5 510 428.88	-R 1 034 010.48	19%
RENTAL	R 459 785.06	-R 110 172.27	24%
ELECTRICITY	R 2 377 153.56	-R 5 184 083.19	218%
<b>TOTALS</b>	<b>R 15 104 410.98</b>	<b>-R 12 387 516.53</b>	<b>82%</b>

Totals per Account Group	Total Balance	Current Amount	Greater than 90 Days	Total Interest Charged	Comments
Blue Crane Minerals & Resources (PTY) Ltd	R 7 575.22	R 3 681.62	R -	R 25.17	There is current a payment arrangement made with Blue Crane and they are paying in line with the payment arrangement.
Business	R 8 638 701.07	R 201 035.00	R 7 757 832.70	R 2 082 749.92	We have Issued Statements of Accounts to all business. <ul style="list-style-type: none"> <li>Customers who failed to honour their payment arrangements From April to September 2020 have started paying their accounts again. With some committing to pay less than what they had agreed on.</li> </ul>
Chris Hani District Municipality	R 6 514 782.11	R 19 778.74	R 6 214 909.63	R 1 302 017.09	CHDM water pumps were disconnected on the 14 December due to non-payment of accounts and ignoring our correspondences. They then made a payment amount of R1 195 813.61 towards their electricity account and committed to pay the another R800 000 on the 22 December 2020. We have not received the amount committed and will disconnect electricity again if no payment is made.
Churches	R 1 091 454.28	R 12 674.18	R 1 026 523.99	R 315 387.95	<ul style="list-style-type: none"> <li>We have also requested the standing committee consider exempting the churches from paying waste as they are public benefit organisations and do not generate income.</li> </ul>

Councillors Accounts	R 28 879.74	R 802.66	R 26 345.46	R 8 936.81	Most of councillors' accounts are up to date except for Cllr Mondile and Cllr Kulashe's Accounts which remain more than 90 days in arrears. Payment of R180.00 was received for Cllr Mondile's account, however the payment does not cover current billing and the arrears will keep increasing.
Dept of Rural Development and Land Reform	R 2 679 261.43	R 9 294.81	R 2 546 033.87	R 172 366.14	Statements of accounts were prepared to be delivered, but the department requested us to deliver them in January 2021 as the person responsible for receiving them was on leave.
Dept Rural Dev & Agri Reform	R 7 451.16	R 132.63	R 6 874.42	R 1 185.92	Letter of Demand will be prepared and delivered.
Dept Social Development	R 121 250.08	R 10 599.21	R 93 340.53	R 10 722.92	the department made payment amount of R43 100.19 towards their rental account. We still engage them regarding the remaining balance.
Dordrecht High School	R 21 898.96	R 5 653.38	R 2 192.86	R 248.44	Is making payments on the account monthly.
Eastern Cape Development Corp	R 20 490.92	R 1 969.53	R 13 969.32	R 722.70	No payment has been made yet after the reconciliation process was performed. We will issue letter of demand in January.

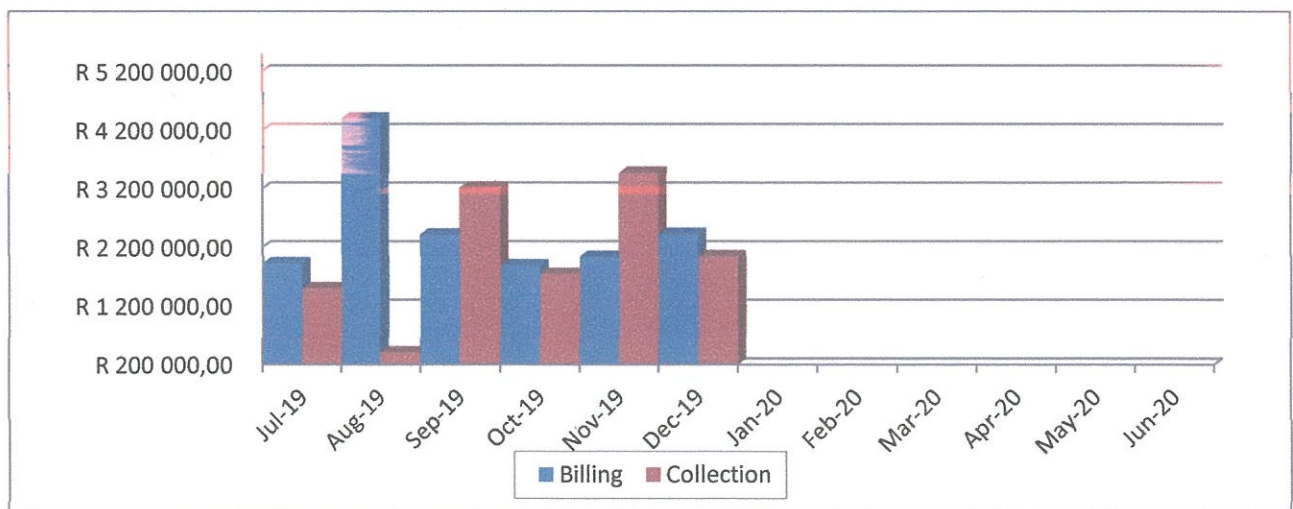
Education	R 96 202.87	-R 7 026.21	R 88 377.48	R 7 976.86	We have issued statements of accounts to the department of education; the department has however made us aware that the schools are responsible for paying their own services. We will deliver statements and letters of demand to the schools going forward.
Farms	R 6 090 946.16	-R 9 228.11	R 5 913 510.10	R 1 650 176.13	We continue with the process of cleansing data. And issuing statements to the farmers. We will start the process of engaging the farmers whose accounts are long in arrears.
Health	R 827 559.04	R 96 970.35	R 478 085.94	R 21 815.37	R33 599.01 was paid towards Health's account in December 2020. This amount is not sufficient. We will engage the department regarding the payment of outstanding debt and follow the debt collection process if they fail to pay.
Indigents	R 12 028.81	-R 33 373.62	R 44 920.47	R 16 273.10	This is the balance for property rates and will be subjected to debt write off.
Indwe High School	R 32 556.03	R 2 524.60	R 23 263.83	R 2 153.59	There is a payment arrangement made with the High School, and they are paying in line with the arrangement.
Joe Gqabi Municipality	R 45 848.91	R 2 387.55	R 36 577.52	R 3 523.33	Letter of Demand will be prepared and delivered.



Mr Mvambo	R 280 879.71	R 2 517.14	R 255 031.05	R 55 823.95	No payment was made yet after the commitment to make payment. Letter of demand will be issued in January 2021
Municipal Accounts	R 93 429.99	-R 6 185.72	R 93 144.81	R 25 450.06	These transactions will be investigated.
National Public Works	R 694 337.14	-R 270 981.89	R 808 355.83	R 46 140.34	R472582.50 was paid for services in December. The remaining balance is mainly for 2020/21 property rates which is in progress. Once that payment is made the account will be current.
Provincial Pub Lic Works	R 3 082 726.08	R 195 793.91	R 2 310 305.16	R 251 495.97	There was no payment made in December 2020. we will contact the departemnt to encourage them to pay their accounts on time.
Residents	R 75 326 921.28	R 639 502.17	R 71 706 557.33	R25 139 780.13	We will issue letters of demand for to the top 100 residents we have sampled. We will then follow all the debt collection processes.
South African Post Office	R 75 341.73	R 14 717.27	R 21 571.20	R 1 228.62	No payment was made in December. Letters of demand will be issued.
Staff Accounts	R 54 400.82	-R 7 534.76	R 54 289.36	R 9 517.07	The list of all employees whose accounts are still in arrears and no arrangement made will be sent to HR for actioning of the staff deduction process
	R 105 844 923.54	R 885 704.44	R 99 522 012.86	R31 125 717.58	

Debt collection strategies are outlined below:

Below is graphical illustration of the revenue collection for the 2020/2021 financial year.



## 6.2 FREE BASIC SERVICES

The municipality is offering free basic services to qualifying indigents who have registered during the registration programme that is run annually.

Currently the number of registered households is 743 for refuse removal and 3 837 for electricity.

The Free Basic Service basket consist of subsidised refuse removal charge of R 132.63 and the property rates charges and the provisioning of free 50 kWh of electricity. The offering of FBS is based on the indigent policy criteria and requirements.

The unit conducts an annual registration process to update the indigent register. This registration process is done between February and March in accordance with the business plan developed.

The municipality is still in a process of acquiring the services of a verification agent to assist the municipality in the verification of all debtors indigency status that would assist the municipality to reflect the through status of indigency in the municipal area.

<b>Service Description</b>	<b>Amount Spent</b>	<b>NO Benefited</b>
Electricity (ELM)	190 041,44	997
Electricity (Eskom)	609 768,18	2779
Refuse removal	339 922,50	743
<b>Total</b>	<b>1 139 732,12</b>	<b>4 519</b>

Challenges on free basic services

- Not all indigent debtors have registered as indigents and the therefore the indigent register do not reflect the true reflection of indigency in the municipality.

### 6.3 CREDITORS AGE ANALYSIS

The following table reflects the total outstanding creditors owed by the municipality as at 31 December 2020:

EC136 Emalaheni (Ec) - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description R thousands	NT Code	Budget Year 2020/21								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	41	0	0	0	0	0	-	-	41
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	0	-	-	-	-	0
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	721	0	0	0	0	-	-	0	721
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	14	-	-	-	-	-	-	-	14
<b>Total By Customer Type</b>	<b>1000</b>	<b>777</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>777</b>

The table above reflects that the municipality is trying its level best to pay its creditors within 30 days. The amount of R777 000 was payable to trade creditors of the municipality. The Auditor General Fees are up to date as well as Bulk Purchases from Eskom.

### 6.4 STAFF BENEFITS REPORT

Section 66 of the MFMA, which states that the accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries,

wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure:

DESCRIPTION	Staff	Councillors	Ward Committees	Casuals	Totals
Salaries and wages, including Non pesionable allowance	27 147 205,07	4 841 699,54	1 631 040,00	1 341 263,00	34 961 207,61
Contributions for pension and medical aid	7 480 613,77				7 480 613,77
Transport, Travellieng allowance	2 596 566,54	275 796,01			2 872 362,55
Housing allowance	443 105,23				443 105,23
Overtime and standby allowance	945 146,81				945 146,81
Other staff benefits - UIF, SDL, bargaining Council	518 217,48		15 000,00	13 412,63	546 630,11
Other staff benefits - Acting allowance	519 791,99				519 791,99
- Enhanced responsibilty,	120 803,60				120 803,60
- Telephone, data	1 138 593,34				1 138 593,34
- Bonus and leave pay	2 587 690,50				2 587 690,50
- Reloaction cost	36 000,00				36 000,00
- Subsistance & Travelling	189 575,05				189 575,05
<b>TOTALS</b>	<b>43 723 309,38</b>	<b>5 117 495,55</b>	<b>1 646 040,00</b>	<b>1 354 675,63</b>	<b>51 841 520,56</b>

The personnel expenditure at end of December 2020 is at R 51 841 520.56 when compared with the personnel budget of R 108 273 222.77, this equates to 48% actual performance.

## 6.5 CASHFLOW STATEMENT

EC136 Emalaheni (Ec) - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2019/20	Budget Year 2020/21					YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget			
<b>R thousands</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		247	9 167	5 240	212	4 653	2 620	2 033	78%	5 240
Service charges		27 744	26 540	14 071	2 478	10 174	7 036	3 138	45%	14 071
Other revenue		2 666	12 048	8 885	281	2 090	4 442	(2 353)	-53%	8 885
Transfers and Subsidies - Operational		83 681	141 127	165 344	64 630	130 853	69 895	60 957	87%	165 344
Transfers and Subsidies - Capital		28 331	33 484	33 484	4 316	27 230	24 913	2 317	9%	33 484
Interest		8 182	4 495	9 384	135	1 264	4 692	(3 428)	-73%	9 384
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(153 778)	(175 150)	(193 871)	(15 604)	(81 941)	(96 555)	(14 615)	15%	(193 871)
Finance charges		(2 136)	(280)	(280)	(785)	(787)	(140)	647	-462%	(280)
Transfers and Grants		(100)	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(5 162)</b>	<b>51 432</b>	<b>42 257</b>	<b>55 661</b>	<b>93 535</b>	<b>16 903</b>	<b>(76 631)</b>	<b>-453%</b>	<b>42 257</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		-	(33 553)	(37 751)	(2 990)	(14 707)	(18 876)	(4 169)	22%	(37 751)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>-</b>	<b>(33 553)</b>	<b>(37 751)</b>	<b>(2 990)</b>	<b>(14 707)</b>	<b>(18 876)</b>	<b>(4 169)</b>	<b>22%</b>	<b>(37 751)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(72)	(0)	(0)	(3)	(75)	(0)	(75)	1501040%	(0)
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(72)</b>	<b>(0)</b>	<b>(0)</b>	<b>(3)</b>	<b>(75)</b>	<b>(0)</b>	<b>75</b>	<b>-1501040%</b>	<b>(0)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(5 234)</b>	<b>17 879</b>	<b>4 506</b>	<b>52 668</b>	<b>78 752</b>	<b>(1 972)</b>			<b>4 506</b>
Cash/cash equivalents at beginning:		(4 145)	(4 145)	(5 791)		(5 791)	(5 791)			(5 791)
Cash/cash equivalents at month/year end:		(9 379)	13 734	(1 285)		72 961	(7 763)			(1 285)

### 6.5.1 CASH AND CASH EQUIVALENTS

Below spreadsheet are the cash and cash equivalent balances of the municipality as at 31 December 2020.

<i>Cash and cash equivalents as at 31 December 2020</i>	
<b>Municipal Account</b>	<b>Closing balance</b>
Investments	77 268 318,95
Main bank account	3 968 883,75
	<b>81 237 202,70</b>

The Municipality has received an equitable share in December 2020. The municipality at the end of December 2020 is sitting cash and equivalents of a balance of R81 237 202.70.

### Cash flow projections

The table below are the cash flow projections from July to June 2020/21

### 6.5.2 Bank Account Withdrawals not in Terms of an Approved Budget

Date	Payee	Amount in R'000	Description and Purpose (including section reference e.g. sec 11(f))	Authorised by (name)
20-10-2020	Emalahleni Local Municipality	5 000 000,00	Transfer from municipal fixed investment account held with Absa Bank to another fixed investment account for purposes of investment management. Sec 11(h)	Mr. X. Sikobi
16-11-2020	Emalahleni Local Municipality	10 000 000,00	Transfer from municipal fixed investment account held with STD Bank to Primary account for purposes of paying municipal creditors. Sec 11(h)	Mr. X. Sikobi
16-11-2020	Emalahleni Local Municipality	451 360,44	Transfer from municipal fixed investment account held with STD Bank to another investment account for purposes of investment management. Sec 11(h)	Mr. X. Sikobi
15-12-2020	Emalahleni Local Municipality	452 706,05	Transfer from municipal fixed investment account held with STD Bank to another investment account for purposes of investment management. Sec 11(h)	Mr. X. Sikobi
18-12-2020	Emalahleni Local Municipality	15 000 000,00	Transfer from municipal fixed investment account held with Absa Bank to another fixed investment account for purposes of investment management. Sec 11(h)	Mr. X. Sikobi

Withdrawals not in terms of the approved budget for the 2nd quarter consisted of cash transfers within municipal accounts. There were no payments made to third parties during the second quarter.

## **7. REPORT ON THE IMPLEMENTATION OF ASSET MANAGEMENT FOR QUARTER ENDING 31 DECEMBER 2020.**

- Emalahleni Local Municipality council has adopted its asset management policy for proper guidance in managing municipal assets including acquisition, safeguarding, maintenance, and disposal. Ensure that the municipality has and maintains a management, accounting and information system that accounts for proper assets and liabilities of the management systems of the municipality;
- Emalahleni Local Municipality is using Guardrisk Insurance for insurance of assets and liabilities.

**THE FOLLOWING IS THE SUMMARY OF THE ASSET REGISTER FOR THE QUARTER ENDED 31 DECEMBER 2020.**



# FIXED ASSET REGISTER SUMMARY

PPE and Other Disclosures		FY 2019/20 AS AT 30 JUNE 2020			FY 2021 - 2nd QUARTER AS AT 31 DECEMBER 2020					
Asset Class	Closing Cost 2019/20	Acc Dep as at 30	Carrying Value 2019/20	Opening Cost 2020/21	Additions 2020/2021	Closing Cost - 30 Dec 2020	Opening Acc Dep 2020/21	CY Dep 2020/21	Acc Dep as at 30 December 2020	Carrying Value 2020/21
Land	33 770 866,40	-	33 770 866,40	33 770 866,40		33 770 866,40	-	-	-	33 770 866,40
Buildings	31 217 442,76	5 138 624,17	26 078 818,59	31 217 442,76		31 217 442,76	5 138 624,17	275 037,12	5 413 661,29	25 803 781,47
I&B WIP	8 050 473,36	-	8 050 473,36	8 050 473,36		8 050 473,36	-	-	-	8 050 473,36
	<b>73 038 782,52</b>	<b>5 138 624,17</b>	<b>67 900 158,35</b>	<b>73 038 782,52</b>			<b>5 138 624,17</b>	<b>275 037,12</b>	<b>5 413 661,29</b>	<b>67 625 121,23</b>
Infrastructure										
Infrastructure - Electricity	25 378 680,14	13 556 924,70	11 674 004,42	25 378 680,14		25 378 680,14	13 556 924,70	331 242,41	13 888 167,11	11 490 513,03
Infrastructure - Road transport	388 202 643,04	242 430 664,15	145 771 978,89	388 202 643,04		388 202 643,04	242 430 664,15	6 928 592,16	249 359 256,32	138 843 386,73
Infrastructure - Drains	11 746 552,51	4 496 310,50	7 250 242,01	11 746 552,51		11 746 552,51	4 496 310,50	73 734,45	4 570 044,95	7 176 507,56
Infrastructure - Other	507 625,43	-	507 625,43	507 625,43		507 625,43	-	-	-	507 625,43
Infrastructure - WIP	52 889 124,99	-	52 889 124,99	52 889 124,99	15 396 640,57	68 285 765,56	-	-	-	68 285 765,56
	<b>478 724 626,11</b>	<b>260 483 899,36</b>	<b>218 092 975,73</b>	<b>478 724 626,11</b>			<b>260 483 899,36</b>	<b>7 333 569,02</b>	<b>267 817 468,38</b>	<b>216 303 798,30</b>
Community Assets										
Cemeteries	10 489 877,38	2 235 255,03	8 254 622,35	10 489 877,38		10 489 877,38	2 235 255,03	241 840,17	2 477 095,20	8 012 782,18
Community Halls	47 862 094,39	3 878 987,52	42 477 944,76	47 862 094,39		47 862 094,39	3 878 987,52	356 074,12	4 235 061,64	43 627 032,75
Libraries	499 000,00	60 103,08	438 896,92	499 000,00		499 000,00	60 103,08	2 533,99	62 637,07	436 352,93
Parks & gardens	6 727 795,84	832 657,47	5 895 138,37	6 727 795,84		6 727 795,84	832 657,47	122 720,76	955 378,23	5 772 417,61
Buildings - Community Other	977 592,87	60 763,02	916 829,86	977 592,87		977 592,87	60 763,02	10 002,77	70 765,78	906 827,09
Recreational facilities	39 842 000,00	-	39 842 000,00	39 842 000,00		39 842 000,00	-	-	-	39 842 000,00
Sports Fields & stadia	37 974 781,02	9 816 300,46	28 158 480,56	37 974 781,02	893 732,85	38 868 513,87	9 816 300,46	582 328,48	10 398 628,94	28 469 884,93
Community Assets WIP	21 345 484,27	-	21 345 484,27	21 345 484,27		21 345 484,27	-	-	-	21 345 484,27
	<b>165 718 625,78</b>	<b>16 884 066,59</b>	<b>137 487 397,09</b>	<b>165 718 625,78</b>			<b>16 884 066,59</b>	<b>1 315 500,28</b>	<b>18 199 566,87</b>	<b>148 412 791,76</b>
Leased Assets										
Furniture and other office equipment	1 205 955,75	871 151,60	334 804,15	1 205 955,75		1 205 955,75	871 151,60	201 543,29	1 072 694,89	133 260,86
	<b>1 205 955,75</b>	<b>871 151,60</b>	<b>334 804,15</b>	<b>1 205 955,75</b>			<b>871 151,60</b>	<b>201 543,29</b>	<b>1 072 694,89</b>	<b>133 260,86</b>
Other Assets										
Computers - hardware/equipment	2 991 711,07	1 869 016,53	1 122 694,54	2 991 711,07		2 991 711,07	1 869 016,53	181 832,57	2 050 849,10	940 861,97
Furniture and other office equipment	7 888 750,33	4 060 307,06	3 828 443,28	7 888 750,33	167 500,00	8 056 250,33	4 060 307,06	346 522,76	4 406 829,81	3 649 420,52
General vehicles	19 333 720,65	6 729 254,71	12 604 465,93	19 333 720,65		19 333 720,65	6 729 254,71	604 823,82	7 334 078,54	11 999 642,11
Markets	2 556 413,85	444 439,79	2 111 974,06	2 556 413,85	1 109 788,16	3 666 202,01	444 439,79	33 729,18	478 168,97	3 188 033,04
Plant & equipment	1 196 691,23	817 215,43	379 475,80	1 196 691,23		1 196 691,23	817 215,43	87 463,52	904 678,95	292 012,28
Other	520 580,00	137 694,08	382 885,92	520 580,00		520 580,00	137 694,08	13 303,95	150 998,03	369 581,97
	<b>34 487 867,14</b>	<b>14 057 937,60</b>	<b>20 429 929,54</b>	<b>34 487 867,14</b>			<b>14 057 937,60</b>	<b>1 267 665,80</b>	<b>15 325 603,40</b>	<b>20 439 551,89</b>
<b>TOTAL PPE</b>	<b>753 175 857,31</b>	<b>297 435 679,31</b>	<b>444 245 264,87</b>	<b>753 175 857,31</b>			<b>297 435 679,31</b>	<b>10 393 315,52</b>	<b>307 828 994,83</b>	<b>462 914 524,06</b>
Heritage Assets	182 535,96	-	182 535,96	182 535,96		182 535,96	-	-	-	182 535,96
Heritage Assets	182 535,96	-	182 535,96	182 535,96		182 535,96	-	-	-	182 535,96
Investment Property	4 226 300,00	79 219,22	4 147 080,78	4 226 300,00		4 226 300,00	79 219,22	1 203,29	80 422,51	4 145 877,49
Investment Property	4 226 300,00	79 219,22	4 147 080,78	4 226 300,00		4 226 300,00	79 219,22	1 203,29	80 422,51	4 145 877,49
Intangible Assets	551 632,15	203 260,87	348 371,28	551 632,15		551 632,15	203 260,87	27 540,03	230 800,90	320 831,25
Computers - hardware/equipment	551 632,15	203 260,87	348 371,28	551 632,15		551 632,15	203 260,87	27 540,03	230 800,90	320 831,25
<b>Total ASSET REGISTER</b>	<b>758 136 325,42</b>	<b>297 718 159,40</b>	<b>448 923 252,89</b>	<b>758 136 325,42</b>			<b>297 718 159,40</b>	<b>10 604 594,79</b>	<b>308 140 218,24</b>	<b>467 563 768,76</b>

Additions for the Quarter ended 31 December 2020:

- ❖ Purchase of two vehicles
- ❖ Expenditure on work in progress of ongoing projects

The municipality has a 3-year contract with an insurance broker Lateral Unison for the insurance of municipal assets which started from the 1<sup>st</sup> July 2020.

## 8. SUPPLY CHAIN MANAGEMENT REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020.

### PURPOSE

To report on Supply Chain Management processes for the second quarter ended 31 December 2020.

### COMPLIANCE

Bid committees have been established . Monthly reports have been submitted as required by regulation of Supply Chain Management.

The municipality is applying its SCM policy in line with SCM regulations for procurement of goods and services.

### BID AWARDS REPORT

TABLE 1: BIDS AWARDED FOR AN AMOUNT ABOVE R200 000.00 AS@ DECEMBER OF 2020/2021 FINANCIAL YEAR October 2020

BID NO	PROJECT NAME	BIDDERS NAME	BBBEE STATUS LEVEL	AWARDED AMOUNT	DATE APPOINTMENT LETTER SIGNED
ELM/2/9/2020T	Professional Services and Construction Of Mavuya Paving At Emalaheni Local Municipality Area Through Turnkey.	MBSA JV Thubalam	1	R9 016 556,04	28-10-20
ELM/3/9/2020T	Provision Of Cibecs Annual Licences For Data Backup And Protection Of User Computers Into Local Cibecs Server (Period Of Three Years) Replication Of Local Server On to Remote Offsite Serve.	SMS ICT Choice (Pty) Ltd t/a ICT Choice	1	R1 067 209,2	28-10-20
ELM/1/12/2029T	Supply and Delivery of Seven Seater SUV Vehicle	MMG Toyota	1	R684 536.54	10 November 2020
ELM/1/10/2020T	Supply and Delivery Of ICT Computers	Keens Office Equipment	1	R 224 217.00	18 November 2020

ELM/1/10/2020T	Supply and Delivery Of ICT Computers	CHM Vuwani Computers Solutions	1	R419 998.50	18 November 2020
ELM/4/3/2020T	Appointment Investigator at Emalahleni Local Municipality.	Arms and Risk Management Solutions (Pty)Ltd	1	R689 880.00	20 November 2020
ELM/4/10/2020T	Installation of Solar Street Lights in Dordrecht-Zola	Komani Trading	1	R1 620 289,91	07 December 2020
ELM3/10/2020T	Instalation of Solar Street Lights Indwe- Cacadu - Hintsa and Mpangele.	Amagavu General Trading	1	R1 790 722.50	07 December 2020
ELM/2/10/2020T	Supply and delivery of Protective Clothing for a period of Seven Months	Ono Wase Africa Trading	1	rate based	07 December 2020
<b>TOTAL AMOUNT OF BIDS AWARDED ABOVE R200 000.00 AS @ DECEMBER OF 2020/2021 FINACIAL YEAR</b>				<b>R15 513 409.69</b>	<b>89% Eastern Cape</b>

**TABLE 2: BIDS AWARDED FOR AN AMOUNT BETWEEN R30 000-R200 000.00 FOR 2<sup>ND</sup> QUARTER OF THE 2020/2021 FINANCIAL YEAR**

No	Quarter	Bid Number	Order Date	Order Number	Supplier name	Locality	Amount	Requisition Number	Description
8	2	ELM/3/8/2020Q	01-10-20	1097	NRB Electrical	East London	R 178,699.90	1583	Supply and Delivery of Low Voltage and Medium Voltage Material.
9	2	ELM/3/5/2019Q	10-11-20	1228	Sinabalo General Trading	Cacadu	R 40,288.00	1815	Completion Ngqiningana dipping tank
		ELM/3/06/2020Q	18/11/2020	1273	Odwa And Solie Trading	Cacadu	R 110,693.25	1765	Supply and delivery of Personal Protective Equipment.

**R 329,681.15**

Emalahleni	46%	R 150,981.25
Eastern Cape outside Emalahleni	54%	R 178,699.90
Outside the Eastern Cape		R 0.00
		<b>R 329,681.15</b>

**TABLE 3: BIDS AWARDED FOR AN AMOUNT ABOVE R2 000- R30 000 FOR THE 2<sup>ND</sup> QUARTER OF 2020/2021 FINANCIAL YEAR**

Month	No	Order Date	Order Number	Supplier name	Locality	Amount	Requisition number	Description
Oct	8	6/10/2020	1108	Kungawo Suppliers and Projects	Cacadu	R 15,000.00	1560	Supply and Delivery of fencing Material.
Oct	9	3/10/2020	1104	BLIC Trading	Cacadu	R 8,920.00	1584	Supply and delivery of VTS material.
Oct	11	16/10/2020	1156	MMG Totoya New adventure investment	Queenstown	R 6,374.95	1638	Supply and fit parts for JFN 757 EC
Oct	12	26/10/2020	1176	BSK Kuhle Trading	Indwe	R 11,330.00	1713	2 Tyres for Refuse Trailers FBZ 279 EC
Oct	13	16/10/2020	1155	Leadership Academy	Johannesburg	R 9,841.70	1686	CPD Training Effective report writing
Oct	14	19/10/2020	1160	Nozukile's Transport and Trading	Cacadu	R 29,430.00	1652	Supply and delivery of Community services stationery.
Oct	15	6/10/2020	1110	Nomazibeko Trading	Cacadu	R 19,900.00	1577	Supply and delivery of Welding material
Oct	16	22/10/2020	1171	TP Mtyhole	Cacadu	R 19,900.00	1648	Stationery
Oct	17	2/10/2020	1103	Gijima Holdings (Pty) Ltd	Gauteng	R 19,620.00	1450	Competence assessments for the position of the Director Corporate Services position.
Oct	18	7/10/2020	1116	Mxhaseni Construction and Projects	Indwe	R 4,160.00	1611	Transport for Recycling workshop for Cacadu Villages to Cacadu Town.
Oct	19	7/10/2020	1117	Nofungile Transport	Cacadu	R 4,400.00	1610	Transport for Recycling workshop from DDX and Indwe Villages to Cacadu Town.
Oct	20	12/10/2020	1124	Resilient Servers and Networks	East London	R 25,277.00	1623	ESET endpoint protection 140 users for 1 year .
Oct	21	6/10/2020	1114	K2015077542	Cacadu	R 15,000.00	1625	Tyre size 245/70-16
Oct	22	20/10/2020	1161	Shakes Multi Traders	Cacadu	R 25,000.00	1654	Memorial Stone for Cacadu sport field
Oct	23	14/10/2020	1649	Luphawu Trans and Trading	Cacadu	R 25,100.00	1649	Supply and delivery of Painting material for Cacadu sport field.

Oct	24	6/10/2020	1115	Mapitsela Construction and Projects	Cacadu	R 7,500.00	1582	Batteries for Low Bed truck GH 813 EC.
Oct	25	5/10/2020	1105	Sannyz Trans and Trading	Queenstown	R 15,655.00	1581	Stationery for department corporate services.
Oct	26	14/10/2020	1141	Ezonkomoshe	Cacadu	R 29,900.00	1662	Grass cutting clearing of grounds landscaping and shaping edges.
Oct	27	14/10/2020	1130	SA Bureau of Standards	Gauteng	R 4,030.75	1645	VTS Standards Subscription
Oct	28	29/10/2020	1185	Alakha Trading	Cacadu	R 28,952.00	1718	Stationery for the office of the MM
NOV	1	29/10/2020	1181	Leadership Academy	Johannesburg	R 10,548.95	1181	Leadership training for Nande Nyila
NOV	2	11/11/2020	242	The reporter	Barkly East	R 3,670.80	1576	Supply and delivery of traffic books Code B,C,EC,EC1
NOV	3	12/11/2020	1783	Ogeez Transport	Indwe	R 29,150.00	1783	Animal feed for pound
NOV	4	12/11/2020	1250	Gijima Holdings (Pty) Ltd	Cunturion	R 20,720.00	1822	Competence assessments for the position of the Director Corporate Services position.
NOV	31	11/11/2020	1820	Matt Brothers	Cacadu	R 9,800.00	1820	Environment Hazard
NOV	5	24-11-20	1646	MM Sirengqe Transport and Trading	Cacadu	R2 200.00	1793	Transport for community members attending project handover in Cacadu
NOV	6	17-11-20	1807	MM Mngxuma	Cacadu	R4 180.00	1805	Transporting community members attending project handover event in Cacadu
NOV	7	18-11-20	1803	TP Mtyhole	Cacadu	R27 500.00	1092	Supply and Delivery of Covid 19 Safety Equipment.

NOV	8	24-11-20	1124	MMG Totoya New adventure investment	Cacadu	R 8,584.45	1646	Supply and Fits for Toyota Fortuner HXB 860 EC
NOV	9	18-11-20	1118	Mark Wilson Motors	Queenstown	R 3,330.98	1854	Repairs for Tipper Truck HFT 991 EC
NOV	10	11-11-20	1111	ROA Sulo	Cacadu	R 28,070.00	1730	Harry Gwala Electrification Material
NOV	11	08-11-20	811	Setup Technologies	Queenstown	R 14,790.73	1401	Stationery
NOV	12	19-11-20	1278	Lathiana Trading	Cacadu	R 10,125.00	1839	Catering for project handover event
NOV	13	23-11-20	1288	ZT Nkosana Transport	Cacadu	R 3,520.00	1776	Transport ward 3 for Primerial visit
NOV	14	23-11-20	1290	Aviwe Majola Trading	Cacadu	R 13,500.00	1834	Catering for project handover event
NOV	15	10-11-20	1253	Umalusi Catering	Cacadu	R 2,850.00	1791	Finger lunch for DSRAC MEC visit
NOV	16	16-11-20	1256	MMG Totoya New adventure investment	Cacadu	R 2,500.00	1845	Smash and Grab for Mayors Vehicle
NOV	17	14/09/2020	1042	Makafaniz Trading Enterprise	Cacadu	R 7,000.00	1488	Service and repairs for refuse collection trailer FBZ 279 EC
NOV	18	12/10/2020	1123	Lexis Nexis	Johannesburg	R 8,119.51	1644	National Road Traffic Act Legislation
NOV	19	11/11/2020	1231	Jojos Trading Enterprise	Cacadu	R 2,000.00	1707	Supply and Delivery of still water and fruit packs for memorial service
NOV	20	01/11/2020	1194	Boss Robes	Queenstown	R 29,670.00	1727	Repairs and Maintanance of municipal aircons at Cacadu unit
NOV	21	06/11/2020	1217	Workshop Electronics	Maraisburg	R 26,189.00	1739	Service and Calibrate all vehicle testing station
Dec	1	10/12/2020	1366	Lathiana Trading	Cacadu	R 12,000.00	1888	Catering for World Aids Day And 16 Days activism.
Dec	2	07/12/2020	1356	Roasulo (PTY)Ltd	Cacadu	R 27,000.00	1896	D Shackle , Chain tight , Chain Binder.

NOV	3	11/11/2020	1242	The reporter	Barkey East	R 3,670.80	1576	Supply And delivery of traffic books B,C.EC. EC 1
NOV	4	11/11/2020	1232	CVU Hiring & Transport	Cacadu	R 29,800.00	1814	Supply and delivery of cleaning material for amenities management
NOV	5	25/11/2020	1300	Leadership Academy	Gauteng	R 4,920.85	1872	Online CPD training
NOV	5	17/11/2020	1268	MM Sirengqe Transport and trading (Pty) Ltd	Cacadu	R 2,200.00	1793	22 Sitter for community members attending project handover in Cacadu and back.
NOV	5	17/11/2020	1268	MM Sirengqe Transport and trading (Pty) Ltd	Cacadu	R 2,200.00	1793	22 Sitter for community members attending project handover in Cacadu and back.
Oct	6	14-10-20	1325	Manells Enterprise	Cacadu	R 7,015.00	1903	3xVIP Toilets for project handover
Dec	7	08-12-20	1357	Makafaniz trading enterprise	Cacadu	R 29,510.00	1728	Tractor repair & service Reg KKM 266 EC
Dec	8	10-Dec-20	1381	Boss Robes	Queenstown	R 29,900.00	1819	Replacement of new aircon at Mayor's office
NOV	10	30-11-20	1303	Ugcobo Multi Services	Cacadu	R 25,930.00	1856	safetyequipment for cleanup campaign
NOV	11	18-Nov-20	1272	S Xezu Projects & supply	Cacadu	R 27,500.00	1803	Supply and Delivery of Covid19 safety equipment
Dec	12	17-Dec-20	1400	S and J Dyanamic (PTY) LTD	Cacadu	R 22,942.50	1904	Supply and Delivery of refuse bags
Dec	13	07-12-20	1355	ZPK Trading enterprise	Queenstown	R 17,000.00	1901	Tent and chairs for project handover
NOV	14	13-11-20	1251	K403 trading & projects	Cacadu	R 28,900.00	1779	Repairs & maintenance of tools & equipment
Dec	15	07-12-20	1356	Roasulo (PTY) LTD	Cacadu	R 27,000.00	1896	D shackle 4, chain tight 16m, chain binder 2



NOV	1 6	11-11-20	1242	Barkly East Reporter CC	Barkly East	R 3,670.80	1552	12 Traffic Code C/C1 books
NOV	1 7	11-11-20	1232	CVU Hiring & transport	Cacadu	R 29,800.00	1814	Supply & delivery of cleaning material for amaneities
Oct	1 8	14-10-20	1268	MM Sirengqe transport & trading	Cacadu	R 2,200.00	1793	Community members attending project handover
Oct	1 9	14-10-20	1257	MM Mngxuma	Indwe	R 4,180.00	1807	Community members attending project handover
NOV	2 0	24-11-20	1292	Ompotywa tours & tading	Cacadu	R 1,950.00	1802	Community members attending project handover
NOV	2 1	22-11-20	1170	Setup technologies	Queenstown	R 10,623.24	1700	Repair link between SCM and main building
NOV	2 2	20-11-20	1296	TP Mtyhole	Cacadu	R 4,200.00	1879	Supply & delivery of rakes for cleanup campaign

R  
913,544.01

Emalahleni	R 645,918.95	71%
Eastern Cape outside Emalahleni	R 163,634.30	18%
Outside the Eastern Cape	R 103,990.76	11%
	<u>R 913,544.01</u>	

**TABLE 4: BIDS AWARDED FOR AN AMOUNT ABOVE R0- R2000 FOR 2<sup>ND</sup> QUARTER OF 2020/2021 FINANCIAL YEAR**

No v	2	05/11/2020	M254 1	Ompotya tours and Trading	Cacadu	R1 950.00	180 2	Transporting community members attending project handover event in Cacadu
No v	3	11/11/2020	1230	Moss Transport and Project	Cacadu	R 900.00	171 2	Transport for family members attending memorial service from QTN and Cacadu and return.
Dec	1	08-12-20	1250	Mzukisi Phendu Trans & trading	Cacadu	R 1,920.00	180 2	Transport for clean up campaign

**R2,820.00**

**TABLE 3: DEVIATION REGISTER-2<sup>ND</sup> QUARTER 2020**

SERVICE PROVIDER	DESCRIPTION	AMOUNT	REASON
VGS	Supply of fuel for Municipal vehicles	R14 662.84	The service provided by the supplier is only available from a single provider.
Universal Garage	Supply of fuel for municipal vehicles	R22 175.88	The service provided by the supplier is only available from a single provider.
Cyber Boss	Internet connectivity for ELM Main Offices	R23 396.00	Normal SCM processes could not be followed due to the Covid 19 pandemic.
Leadership Academy	Institute of internal Auditors training.	R83 733.75	The Service provided by the supplier is available from a single provider
Arena	News paper adverts	R61 697.50	The Service provided by the supplier is available from a single provider
Vukani FM	Local Radio Station	R77 222.50	The Service provided by the supplier is available from a single provider
TOTAL		<b>R282 888.47</b>	

**TABLE 5: LIMITED BIDDING FOR 2<sup>ND</sup> Quarter 2020**

❖ No payments during the 2<sup>nd</sup> Quarter 2020

### **Irregular expenditure**

There was no irregular expenditure in terms of section 32 of the MFMA and Circular 68 during the 2<sup>nd</sup> Quarter of 2020/2021 financial year.

## Fruitless and wasteful expenditure

Below is a table which summarises the fruitless and wasteful expenditure detected as can be found in the fruitless and wasteful expenditure register for 2<sup>nd</sup> Quarter.

Month		Transaction details														
		Supplier Name	Invoice date	Invoice Received Date (Registry Stamp)	Date of payment	Payment number (Voucher no)	Amount	Description of Incident	SCC	UI	DP	CC	TR	P	WO	General comments
JULY	Vox Telecommunications	6/05/2020	22/07/2020	24/07/2020		2,101.41	Interest on overdue account.		•							
AUG	ESKOM	12/08/2020	13/08/2020	23/08/2020		8.91	Interest on overdue account.		•							
SEPT	ESKOM	10-09-20	21-09-20	22/09/2020		0.68	Interest on overdue account.		•							
OCT	ESKOM	20-08-20	16-10-20	30-10-20		11.51	Interest on overdue account.		•							
	ESKOM	22/09/2020	16-10-20	30-10-20		7.30	Interest on overdue account.		•							
NOV	DLTC	15/07/2020	17/11/2020	17/11/2020	14835	888.78	Interest on overdue account.		•							
DEC	DLTC	30/10/2020	10/12/2020	10/12/2020		7,712.56	Interest on overdue account.		•							
	JAXA ATTORNEYS	18/11/2020	01/12/2020	01/12/2020		778,426.53	Court Order		•							
	TURNIMART	10/11/2020	10/12/2020	10/12/2020		637.50	Traffic fine for Mr V Makedama		•							
TOTAL F&W EXPENDITURE INCURRED FOR THE YEAR					<b>TOTAL</b>	<b>789,795.18</b>										
TOTAL RECOVERED FROM RESPONSIBLE OFFICIALS																
TOTAL EXPENDITURE UNDER INVESTIGATION						<b>789,795.18</b>										
TOTAL APPROVED BY COUNCIL FOR WRITE-OFF BALANCE						<b>789,795.18</b>										

There was **R 786 776.59** fruitless and wasteful expenditure incurred in the 2<sup>nd</sup> Quarter of 2020/21 financial year.

## **ANNEXURES**

"A" – Gift Register

"B" – Deviations

"C" – Contracts register

"D"- Fruitless and wasteful expenditure register

"E" - Irregular Expenditure register