




EMALAHLENI LOCAL MUNICIPALITY (EC 136)

SECTION 52 (d) MONITORING REPORT

FOR QUARTER 01 OF THE 2022/2023 FY

IN TERMS OF SECTION 52 OF THE MFMA

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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

DOT – Department of Transport

1 REPORT OF THE HONOURABLE MAYOR

In accordance with Section 52 of the Municipal Finance Management Act 56 of 2003(MFMA); the mayor must submit a report to the council within 30 days after the end of each quarter of the 2021/2022 financial year, 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.

2 MUNICIPAL MANAGER 'S CERTIFICATION

I Thobela Javu the Acting municipal manager of **Emalahleni Municipality,**
EC 136 hereby certify that: -

(mark as appropriate)

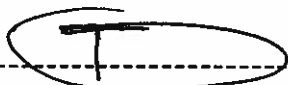
- the monthly budget statement
- quarterly report on the implementation of the budget and financial state of affairs of the municipality
- mid-year budget and performance assessment

for the first quarter – Ended 30 September of 2022/2023 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print Name: Mr. T. Javu

Acting Municipal Manager of Emalahleni Municipality (EC136)

Signature



Date

--13 October 2022-----

ITEM NO: OCM 8.25/10/2022

**REPORT ON QUARTER ONE SECTION 52D REPORT (JULY
TO SEPTEMBER FINANCIAL REPORT) FOR 2022/2023
FINANCIAL YEAR**

DATE: 11 OCTOBER 2022

REFERENCE NO:

BTO STANDING COMMITTEE MEETING

**IDP AND BUDGET STEERING COMMITTEE MEETING
:17OCTOBER 2022**

EXECUTIVE COMMITTEE MEETING:17 OCTOBER 2022

ORDINARY COUNCIL MEETING:27 OCTOBER 2022

1. STRATEGIC GOAL

The budget and reporting directorate is reporting on the state of the finances of the municipality as at the end of the first quarter of the 2022/2023 financial year.

2. PURPOSE OF THE REPORT

The purpose of this report is to inform and update the IDP/Budget Steering Committee about the current revenue, expenditure and approved budget implementation trends as disclosed in the quarterly report as at end of September 2022.

3. BACKGROUND

The quarter 01 report on the municipal finances is prepared in terms of the Section 52 (d) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) & Municipal Budget and Reporting Regulations as per Government Gazette 32141417 May 2009.

In accordance with Section 52 of the Municipal Finance Management Act 56 of 2003(MFMA); the mayor must submit a report to the council within 30 days after the end of each quarter of the 2022/2023 financial year, on the implementation

of the budget and financial affairs of the Emalahleni Local Municipality. In terms of Section 64 of the Municipal Finance Management Act (MFMA) 56 of 2003 the Accounting Officer of a municipality is responsible for the management of the revenue of the municipality.

Chapter 9 of the Municipal Systems Act provide legislative context for the customer care and management (S95) as well as debt collection (S96) in municipalities.

This quarterly report has been prepared as the quarterly Section 52 (d) report for the first quarter of the 2022/23 financial year.

4. DISCUSSION

The municipal budget versus actual performance can be summarised as follows:

IMPLEMENTATION OF THE APPROVED 2022/23 MUNICIPAL BUDGET

The municipality implemented the approved original budget on time from the 1st July 2022 and commenced with the recording of transactions. The budget performance for quarter is summarised below:

BUDGET PERFORMANCE

	YTD Budget	Actual	Variance	% Performance
Revenue	80 842 364,00	77 456 474,00	3 385 890,00	96%
Operational Expenditure	-48 643 245,00	-48 591 699,00	- 51 546,00	100%
<i>Depreciation and impairment</i>	- 4 013 598,00	- 3 916 110,00	- 97 488,00	98%
<i>Other Expenditure</i>	- 44 629 647,00	- 44 675 589,00	45 942,00	100%
Capital expenditure	-30 770 818,00	- 8 516 619,00	-22 254 199,00	28%
Quarterly profit/(loss)	1 428 301,00	20 348 156,00	-18 919 855,00	1424%

- ❖ Revenue including Transfers (Grants) has performed in line with the year-to-date budget at 96% for the quarter.
- ❖ Operating expenditure has also performed in line with the year-to-date budget for the quarter 01 with a 100% performance.

- ❖ Capital expenditure was 72% below budget, which means actual performance was 28% for the fourth quarter. This is an indication that spending on capital projects is behind and this may be due to supply chain awards which usually take place during the first quarter. Spending is expected to accelerate during quarter 02 when the majority of contractors have been appointed and work has commenced in the construction sites.

- ❖ Departmental budget performance is at par with quarterly expectations as depicted by the below table:

DEPARTMENT	YTD Budget	YTD ACTUAL	Variance	% SPEND
EXECUTIVE & COUNCIL	7 354 257,00	8 308 150,00	- 953 893,00	-13%
CORPORATE SERVICES	9 279 033,00	5 063 042,00	4 215 991,00	45%
BUDGET & TREASURY OFFICE	6 937 686,00	10 063 784,00	- 3 126 098,00	-45%
PEDTA	3 923 142,00	2 202 375,00	1 720 767,00	44%
COMMUNITY SERVICES	8 412 558,00	10 100 334,00	- 1 687 776,00	-20%
IDHS	12 736 569,00	12 854 014,00	- 117 445,00	-1%
TOTAL	48 643 245,00	48 591 699,00	51 546,00	0%

5. CREDIBILITY OF MUNICIPAL BUDGET

5.1 CAPITAL BUDGET VERSUS ACTUAL

Table C5 below reflects the capital expenditure for quarter 01 of the 2022/2023 financial year by "municipal vote". The capital expenditure at the end of quarter 01 of 2022/2023 is R 8.516 million for the quarter with a variance of 72% compared to the quarter 01 projection of R30.77 million.

Table C5 has been included below for illustrative purposes.

Note Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Total Capital Expenditure		5 928	85 643	-	4 508	8 517	30 771	(22 254)	-72%	85 643
Capital Expenditure - Functional Classification										
Governance and administra		365	4 468	-	1 014	1 014	1 117	(103)	-9%	4 468
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		365	4 468	-	1 014	1 014	1 117	(103)	-9%	4 468
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safe		3 400	15 731	-	-	-	4 936	(4 936)	-100%	15 731
Community and social servic		4 348	5 731	-	-	-	2 933	(2 933)	-100%	5 731
Sport and recreation		(948)	10 000	-	-	-	2 003	(2 003)	-100%	10 000
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environment		1 562	37 244	-	3 146	7 067	17 668	(10 601)	-60%	37 244
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 562	37 244	-	3 146	7 067	17 668	(10 601)	-60%	37 244
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		601	28 200	-	348	436	7 050	(6 614)	-94%	28 200
Energy sources		18	28 200	-	348	436	7 050	(6 614)	-94%	28 200
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		583	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital E	3	5 928	85 643	-	4 508	8 517	30 771	(22 254)	-72%	85 643
Funded by:										
National Government		(1 343)	73 220	-	3 494	7 502	27 665	(20 163)	-73%	73 220
Provincial Government		5 432	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers recognised - capit		4 089	73 220	-	3 494	7 502	27 665	(20 163)	-73%	73 220
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		898	12 423	-	1 014	1 014	3 106	(2 091)	-67%	12 423
Total Capital Funding		4 987	85 643	-	4 508	8 517	30 771	(22 254)	-72%	85 643

5.1.1. CAPITAL EXPENDITURE SOURCES OF FUNDING

- The capital expenditure funded from National grant funding amounted to R7.502 million compared to the projected budget for the quarter of R27.665 million, resulting in a -73% (R20.163 million) under performance.
- There was no capital expenditure funded from provincial government funding.
- The capital expenditure funded from internally generated funding amounted to R 1.014 million compared to the projected budget for the quarter of R3.106 million, resulting in a -67% (R95 million) under performance.

5.2 OPERATING BUDGET

5.2.1 Operating Revenue

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

Table C4 below, is a breakdown of the Actual revenue per revenue source, as well as "other" actual revenue collected, compared to the Actual projections at the end of quarter 01 of 2022/2023 financial year. See table C4 below together with a discussion analysis below.

EC136 Emalahleni (Ec) - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		10 978	15 120	-	687	6 115	3 780	2 335	62%	15 120
Service charges - electricity revenue		14 662	17 615	-	1 405	4 856	4 404	453	10%	17 615
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		9 405	5 160	-	1 045	3 113	1 290	1 823	141%	5 160
Rental of facilities and equipment		874	510	-	35	103	128	(24)	-19%	510
Interest earned - external investments		3 982	4 108	-	478	1 041	1 027	14	1%	4 108
Interest earned - outstanding debtors		4 839	2 010	-	609	1 665	503	1 162	231%	2 010
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		138	200	-	2	46	50	(4)	-9%	200
Licences and permits		1 144	3 500	-	43	125	875	(750)	-86%	3 500
Agency services		2 090	1 591	-	237	545	398	147	37%	1 591
Transfers and subsidies		143 515	153 909	-	945	59 620	67 714	(8 095)	-12%	153 909
Other revenue		1 051	2 699	-	19	227	675	(447)	-66%	2 699
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		192 677	206 421	-	5 505	77 456	80 842	(3 386)	-4%	206 421

- Property Rates: actual revenue billed by the end of the first quarter amounts to R6.115 million, which results to a positive variance of 62% (R2.335 million) compared to the year-to-date quarter 01 projection of R3.780 million. This variance is due to the annual billing which was done during the first quarter.
- Electricity revenue amounts to R4.856 million at the end of the quarter, resulting in an 10% (R435 000) over-collection variance versus the projected year to date quarter 01 budget of R4.404 million, which is deemed to be an acceptable variance.

- Refuse removal: actual billing at the end of quarter 04 amounts to R11,768 million, resulting in a 135% (R6,768 million) over collection variance compared to the year-to-date quarter 04 projection of R5 million, this is because the budget is based on realistically collectable revenue rather than the billing which populates the revenue amounts.
- Rental of facilities: actual billing at the end of the quarter reflects R103 000, resulting in a -19% (R24 000) over-collection variance compared to the year-to-date quarter 01 projection of R 128 000. This is because the budget is based on realistically collectable revenue rather than the billing which populates the revenue amounts.
- Interest earned from external investments amounts to R1.041 million at the end of the quarter, resulting in a variance of 1% (R14 000) over-collection compared to the year-to-date quarter 01 projection of R1.027 million.
- Interest billed on debtors amounts to R1.665 million at the end of the quarter, resulting in a variance of 231% (R1.162 million) over-collection compared to the year-to-date quarter 01 projection of R503 000. This is because the budget is based on realistically collectable revenue rather than the billing which populates the revenue amounts.
- Fines, penalties, and forfeits: actual revenue received and recognized amounts to R46 000 at the end of the first quarter versus a year-to-date budget of R50 000 which is a -9% (R4 000) under collection.
- Licenses and permits: actual revenue received and recognized amounts to R125 000 at the end of the first quarter versus a

year-to-date budget of R875 000 which is a -86% (R750 000) under collection.

- Agency services: actual revenue received and recognized amounts to R545 000 at the end of the first quarter versus a year-to-date budget of R398 000 which is a 37% (R147 000) over collection.
- Transfers and subsidies: actual operational revenue received and recognized amounts to R59.62 million at the end of the first quarter versus a year-to-date budget of R67.714 million which is a -12% (R8.095 million) under collection. The variance will improve as more operational conditional grants are spent and recognised to revenue.
- Other revenue: actual revenue amounts to R227 000, resulting in a variance of -66% (R447 000) compared to the year-to-date quarter 01 projection of R675 000.
- The overall revenue collection at the end of quarter 01 is showing collection of R77.456 million, resulting in a variance of -4% (R3.386 million) compared to the year-to-date quarter 01 projection of R80.842 million, thereby showing that the municipality is largely on par with the revenue generation targets set out for the quarter.

5.2.2 Operating Expenditure by type:

Table C4 reflects operating expenditure by type for Quarter 04 of 2021/2022 of the operating expenditure.

Table C4: EXPENDITURE

<u>Expenditure By Type</u>										
Employee related costs	89 770	99 426	-	7 256	21 383	24 857	(3 474)	-14%	99 426	
Remuneration of councillors	13 389	13 600	-	1 182	3 481	3 400	81	2%	13 600	
Debt impairment	4 481	2 000	-	-	-	500	(500)	-100%	2 000	
Depreciation & asset impairment	24 465	16 054	-	2 664	3 916	4 014	(97)	-2%	16 054	
Finance charges	14	80	-	159	159	20	139	697%	80	
Bulk purchases - electricity	15 030	14 000	-	4 140	5 862	3 500	2 362	67%	14 000	
Inventory consumed	2 234	1 489	-	120	122	372	(250)	-67%	1 489	
Contracted services	18 805	19 221	-	2 871	4 497	4 805	(309)	-6%	19 221	
Transfers and subsidies	725	1 315	-	416	416	329	87	27%	1 315	
Other expenditure	29 480	27 388	-	4 476	8 755	6 847	1 908	28%	27 388	
Losses	9 525	-	-	-	-	-	-	-	-	
Total Expenditure	207 919	194 573	-	23 285	48 592	48 643	(52)	0%	194 573	

Expenditure projected, original budget against actuals: -

Employee related costs amounts to R21.383 million at the end of quarter 01, with an under expenditure of -14% (R7,668 million) under-expenditure based on the year-to-date quarter 01 budgeted expenditure of R24.857 million. This is due to vacancies which are vacant in the organogram but have been budgeted for in the projections.

Remuneration of Councillors amounts to R3.481 million which results in a minor variance of 2% (R81 000) over-expenditure. This minor variance and is due to a mis-allocation of ward committee stipends which have been erroneously expensed to councillors remuneration.

Debt impairment has not yet been processed during the first quarter as the assessment of impaired debtors is usually performed at reporting date.

Depreciation and asset impairment Expenditure for quarter 01 is R3.916 million, resulting in a -2% (R97 000) under-expenditure variance compared to the year-to-date budget of R4.014 million for the year showing that expenditure is on par with budget expectations.

Bulk Purchases bulk purchases has a year-to-date actual amount of R5.862 million compared to the year-to-date budget of R 3.5 million. This is a variance showing an over expenditure of 67% (R2.362). This is due to a huge demand for electricity due to a very cold winter this year. Electricity demand is expected to decrease over the summer.

Finance Costs – The municipality does not have financial liabilities with third party institutions. The finance costs were budgeted in anticipation for the finance lease for office equipment which has not yet been finalised. Finance costs has a year-to-date actual amount of R159 000 compared to the year-to-date budget of R 20 000. This is a variance showing an over expenditure of 697% (R139). This is due to finance costs that the municipality incurred in the arbitration award to Dr Vatala which was paid by the municipality during the quarter.

Inventory consumed shows an actual expenditure of R122 000 at the end of quarter 01. This is an under-expenditure of -67% (R250 000) compared to the that the quarter 01 year-to date budget estimate of R372 000. This is due to the municipalities efforts to curb spending that can be avoided without compromising the delivery of services to the municipal clientele.

Contracted services shows an actual expenditure of R4.497 million at the end of quarter 01. This is an under-expenditure of -6% (R309 000) compared to the quarter 01 year-to date budget estimate of R4.805 million. This is due to the municipalities efforts to curb spending that can be avoided without compromising the delivery of services to the municipal clientele.

Other Expenditure shows an actual expenditure of R8.755 million at the end of quarter 01. This is an over-expenditure of -23% (R1.908 million) compared to the that the quarter 01 year-to date budget estimate of R6.847 million. This is due to expenditure incurred on for the Department of Transport Grant that is over a million which could not be allocated to capital expenditure as there were no budget provisions made for it. A special adjustment budget will be performed where the budget will be allocated and the expenditure moved to the rightful place.

Other Expenditure: -

- Training services
- Audit fees
- Advertising
- Stationery
- Internships
- Ward committees and traditional leaders
- Municipal running costs
- Water and Electricity services
- Conference fees
- Travel and accommodation

THERE IS NO UNAUTHORISED EXPENDITURE FOR THE PERIOD UNDER REVIEW

5.3 Allocations and Grants**Conditional grants expenditure**

Grant	Allocation	Amount Received	Amount Spent	Percentage expenditure
EPWP	1 692 000,00	423 000,00	258 870,00	61,20%
FMG	3 100 000,00	3 100 000,00	1 189 732,05	38,38%
MIG	47 916 000,00	10 910 000,00	7 710 181,34	70,67%
LIBRARY	950 000,00	950 000,00	190 951,02	20,10%
INEP	27 200 000,00	5 440 000,00	1 023 005,10	18,81%
DOT	2 164 042,00	2 164 042,00	1 111 111,11	51%
DEDEAT	324 301,00	324 301,00	309 450	95%
TOTAL	83 346 343,00	23 311 343,00	11 483 850,62	49%

- MIG (Road Infrastructure) spending is at 70.67% of the transferred amount for the quarter.
- EPWP (Expanded Public Works Programme) – spending is at 61.2% of the transferred amount for the quarter.
- FMG (Financial Management Grant) – spending is at 38.38% of the transferred amount to date.
- Library grant – spending is at 20.1% of the transferred amount for the quarter.
- DoT - spending is at 51% of the transferred amount for the quarter.

- INEP – spending is at 18.81% of the transferred amount for the quarter.
- DEDEAT – spending is at 95% of the transferred amount for the quarter

5.4 WITHDRAWALS REPORT FOR QUARTER 04

Background for completing the Withdrawals report:

The Accounting Officer must include information motivating the non-budgetted withdrawals, action taken to rectify the breach and identify how funding will be sourced through an Adjustments Budget. This motivation can be an additional report to council or incorporated into the table above by inserting additional space.

This report must be tabled in Council within 30 days after the end of each quarter where a withdrawal occurs.

Withdrawals that must be reported each quarter:

1. Section 11(b) - Expenditure authorised by the MEC for finance in terms of section 26 (4) when a municipality has failed to approve a budget by 30 June;
2. Section 11(c) - Unforeseeable and unavoidable expenditure authorised by the mayor in terms of section 29 (1);
3. Section 11(d) - Payments from a trust, charitable or relief fund without budget appropriation in terms of section 12(4);
4. Section 11(e) - Payments to a person or organ of state of money received by the municipality on behalf of that person or organ of state, including
 - (i) money collected by the municipality on behalf of that person or organ of state by agreement; or
 - (ii) any insurance or other payments received by the municipality for that person or organ of state;
5. Section 11(f) - Refund money incorrectly paid into a bank account;

6. Section 11(g) - Refund guarantees, sureties and security deposits;
7. Section 11(h) - Payments for cash management and investment purposes in accordance with section 13;
8. Section 11(i) - To defray increased expenditure on a multi-year capital project in terms of section 31;
- 6 9. Section 11(j) - Payments for such other purposes as may be prescribed from time-to-time.

The Withdrawals report for Quarter 01 is illustrated below:

BANK ACCOUNT WITHDRAWALS NOT IN TERMS OF AN APPROVED BUDGET



Municipal Finance Management Act, section 11(4)

Consolidated Quarterly Report for period 01/07/2022 to 30/09/2022 (complete relevant period)

Date	Payee	Amount in R	Description and Purpose (including section reference e.g. sec 11(f))	Authorised by (name)
21-09-2022	Emalahleni Local Municipality	R10 million	Transfer from municipal fixed investment account held with STD Bank to Primary account in accordance with	Mr. X. Sikobi
			Section 11(h) - Payments for cash management and investment purposes in accordance with section 13	

For the first quarter ended 30 September 2022 the withdrawals made that were not in terms of an approved budget amounted to R10 million. The funds were withdrawn from an investment account for cash management purposes, such as the payment of suppliers and employee salaries .

7 SUSTAINABILITY OF THE BUDGET

6.1 Debtors Collection Report

REPORT REVENUE COLLECTION FOR THE QUARTER ENDED ON 30 SEPTEMBER 2022

Outstanding Debt as at 30th September 2022:

- The total debt owed to the municipality as at the 30th September 2022 amounts to **R89 564 909.14**.
- The total debt above can be broken down as follows:

Balance per Debtor (Billable Revenue):

Totals per Account Group	Total Balance	Current Amount	30-60 Days	Greater than 90 Days	Total Interest Charged
Blue Crane Minerals & Resources (PTY) Ltd	R 61 253.72	R 879.70	R 33 975.46	R 24 593.52	R 1 805.04
Business	R9 958 633.89	R 190 954.73	R 505 710.93	R6 867 120.29	R2 394 847.94
Chris Hani District Municipality	R8 383 581.72	R 23 625.25	R 153 813.11	R6 040 076.84	R2 166 066.52
Churches	(R 15 644.67)	(R 15 644.67)	R 0.00	R 0.00	R 0.00
CORNISH TRUST AND HW STAPELBERG	R 160 754.37	R 60 473.27	R 19 406.30	R 73 445.07	R 7 429.73
Councillors Accounts	R 44 785.93	R 701.87	R 1 075.72	R 31 305.65	R 11 702.69
Dept of Rural Development and Land Reform	(R 373 480.66)	(R1 054 936.63)	R 621 565.99	R 45 122.48	R 14 767.50
Dept Rural Dev & Agri Reform	R 11 927.49	R 164.01	R 328.02	R 9 065.56	R 2 369.90
Dept Social Development	R 63 524.38	R 9 577.97	R 19 605.26	R 26 244.69	R 8 096.46
Dordrecht High School	(R 21 605.14)	(R 21 605.14)	R 0.00	R 0.00	R 0.00
DR S XHOMA	R 269 176.48	R 6 008.46	R 55 287.99	R 174 605.55	R 33 274.48
Eastern Cape Development Corp	R 7 208.95	R 3 450.51	R 3 725.07	R 0.00	R 33.37
Education	(R 25 490.10)	(R 45 487.11)	R 10 002.42	R 9 580.86	R 413.73
Farms	R6 373 678.53	(R 49 316.68)	R 559 259.41	R4 002 050.33	R1 861 685.47
Health	R1 009 880.64	R 171 124.31	R 613 776.37	R 200 552.10	R 24 427.86
Indigents	R 149 980.12	R 27 194.42	R 121 168.69	R 0.00	R 1 617.01
Indwe High School	R 20 084.29	R 3 334.14	R 6 668.28	R 9 320.93	R 760.94
Joe Gqabi Municipality	R 38 615.51	R 7 053.18	R 19 817.44	R 10 816.00	R 928.89
Mr Mvambo	R 444 843.49	R 5 313.94	R 18 867.16	R 334 835.80	R 85 826.59
Municipal Accounts	R 2 218.18	R 533.82	R 2 874.52	(R 1 232.57)	R 42.41
National Public Works	(R 882 305.29)	(R1 743 677.69)	R 475 656.53	R 351 449.26	R 34 266.61
OSBORNE FAMILY TRUST AND NUMBER TWO PIGGERIES	R 142 583.35	(R 2 280.92)	R 11 459.70	R 95 878.67	R 37 525.90

Provincial Pub Lic Works	R6 770 125.80	R 411 610.90	R2 655 311.72	R3 186 882.60	R 516 320.58
Residents	R56 794 549.00	R 651 388.01	R1 858 159.25	R38 551 821.90	R15 733 179.84
South African Post Office	R 27 914.72	R 27 914.72	R 0.00	R 0.00	R 0.00
Staff Accounts	R 103 054.47	(R 3 558.76)	R 6 071.80	R 82 822.20	R 17 719.23
VAN NIEKERK	R 45 059.97	(R 6 158.32)	R 11 933.36	R 35 994.24	R 3 290.69
Total	R89 564 909.14	(R1 341 362.71)	R7 785 520.50	R60 162 351.97	R22 958 399.38

Balance per service type:

Totals per Service Type	Total Balance	Current Amount	30-60 Days	Greater than 90 Days	Total Interest Charged
Advance Payment	(R3 588 754.49)	(R3 588 754.49)	R 0.00	R 0.00	R 0.00
Adv-Pay Reverse	R 16 768.66	R 0.00	R 166.32	R 16 602.34	R 0.00
Electricity Basic	R 186 765.96	R 9 699.16	R 13 688.84	R 141 317.31	R 22 060.65
Electricity Metered	R9 932 012.90	R 320 620.65	R 853 033.46	R6 556 639.96	R2 201 718.83
Property Rates	R35 798 999.87	R 668 287.00	R4 650 620.96	R21 818 709.82	R8 661 382.09
Rental(H003)	R 700 676.66	R 28 913.42	R 54 950.77	R 523 831.18	R 92 981.29
Repay: Property Rates	R 90 223.52	R 0.00	R 0.00	R 90 223.52	R 0.00
Repay: Waste Disposal	R 103 797.18	R 0.00	R 0.00	R 103 797.18	R 0.00
Waste Disposal	R46 324 418.88	R1 219 871.55	R2 213 060.15	R30 911 230.66	R11 980 256.52

Total	R89 564 909.14	(R1 341 362.71)	R7 785 520.50	R60 162 351.97	R22 958 399.38
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Councillors Accounts

Account No	Name	Total	Current Amount	30-60 Days	Greater Than 90 Days	Total Interest Charged
0000000000003067	THANDEKA GLORIA/THEMBINKOSI GABRIEL KULASHE	R 28 725.54	R 183.11	R 366.22	R 18 785.21	R 9 391.00
0000000000005399	MXOLISI PATRICK MASIZA	R 6 868.59	R 164.01	R 0.00	R 5 537.14	R 1 167.44
0000000000006042	SYDNEY QOMOYI	R 4 458.56	R 178.52	R 357.04	R 3 193.10	R 729.90
0000000000009364	SIMON TORONTO/VUYOKAZI MNYUKO	R 4 733.24	R 176.23	R 352.46	R 3 790.20	R 414.35
Total		R 44 785.93	R 701.87	R 1 075.72	R 31 305.65	R 11 702.69

Staff Accounts

Account No	Name	Total	Current Amount	30-60 Days	Greater than 90 Days	Total Interest Charged
0000000000001811	TINUS BEKKER	(R 4 975.49)	(R 4 975.49)	R 0.00	R 0.00	R 0.00
0000000000001812	MABHUTI HEADMAN NTSHINGANA	R 1 180.39	R 390.05	R 780.10	R 0.00	R 10.24
0000000000004777	THOBEKA HAZEL SIZANI	R 1 731.98	R 181.58	R 363.16	R 1 117.15	R 70.09
0000000000004922	NOKUZOLA FLORENCE MTWANA	R 5 343.85	R 0.00	R 0.00	R 4 593.86	R 749.99
0000000000005227	KRISMESI PONDOYI	R 17 375.26	R 178.52	R 357.04	R 12 254.68	R 4 585.02
0000000000005286	SPITI MBULELO ELEFU	R 3 180.32	R 178.52	R 357.04	R 2 251.22	R 393.54
0000000000005321	TEKA	R 15 050.20	R 178.52	R 357.04	R 11 482.03	R 3 032.61
0000000000005476	DANJIWE BENTELE	R 1 641.78	R 178.52	R 357.04	R 1 044.45	R 61.77

00000000000 05477	LINDIWE NOLINDEMNA MPHOCWA	R 4 776.62	R 0.00	R 0.00	R 4 101.60	R 675.02
00000000000 06480	THAMSANQA MAYEKISO	R 15 001.92	R 178.52	R 357.04	R 10 645.38	R 3 820.98
00000000000 06708	MALIBONGWE ADVOCATE NZIWENI	R 41 273.46	R 1 327.47	R 2 654.94	R 33 154.81	R 4 136.24
00000000000 07993	NKOSIKHONA MVIMBI	(R 1 619.17)	(R 1 619.17)	R 0.00	R 0.00	R 0.00
00000000000 08667	PHUMZILE ERIC JACOBS	R 3 093.35	R 244.20	R 488.40	R 2 177.02	R 183.73
Total		R 103 054.47	(R 3 558.76)	R 6 071.80	R 82 822.20	R 17 719.23

Debtors Collection Levels for September 2022:

The collection rate for July (11.71%), August (17.22%) and September (22.43%). This gives us the average collection rate for of 15.62% for the 2022/23 financial year ended.

JULY			AUG			SEPT			TOTALS		
BILLING	COLLECTIO N	COL L. %	BILLING	COLLECTIO N	COL L. %	BILLING	COLLECTIO N	COLL . %	BILLING	COLLECTION	COL L. %
4 195 896.03	-495 203.38	11. 80%	R872 901.85	-R269 967.53	30. 93%	R902 497.60	-R154 955.57	17.1 7%	R5 971 295.48	-R920 126.48	15.4 1%
1 245 202.13	-69 895.44	5.6 1%	R1 491 870.43	-R93 828.62	6.2 9%	R1 459 196.25	-R94 246.09	6.46 %	R4 196 268.81	-R257 970.15	6.15 %
35 308.46	-26 515.44	75. 10%	R35 415.25	-R17 401.09	49. 13%	R22 754.35	-R248 952.53	1094 .09%	R93 478.06	-R292 869.06	313. 30%
515 957.28	-110 292.19	21. 38%	R381 107.84	-R97 821.29	25. 67%	R398 549.59	-R126 020.16	31.6 2%	R1 295 614.71	-R334 133.64	25.7 9%

363.90	906.45	71%	295.37	018.53	22%	997.79	174.35	3%	657.06	099.33	62%
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Collection Efforts

Totals per Account Group	Total Balance	Total Balance
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Blue Crane Minerals & Resources (PTY) Ltd	R 61 253.72	R11 104.44 was received from Blue Crane in September 2022. This payment activates the payment arrangement as requested in the letter they have sent to us.
Business	R9 958 633.89	R123 408.87 was received from businesses in September 2022. Statements of accounts were hand delivered and others were sent via email to those customers with email accounts

Chris Hani District Municipality	R8 383 581.72	There was no payment received from CHMD. During our engagement with CHDM Revenue section we were informed that CHDM does not have money to pay for municipal services. We have requested that they send us something in writing. They have not sent the letter informing the municipality of their financial situation yet
Churches	(R 15 644.67)	The balance results from the payments made by the churches towards their accounts. This balance will be transferred to sundry income in October 2022.
CORNISH TRUST AND HW STAPELBERG	R 160 754.37	R31 455.48 was paid in September 2022.
Councillors Accounts	R 44 785.93	No payment was received from Councillors in September 2022. letters informing the councillors to make payment arrangements in August were sent. Deduction will be made on councillors accounts with no payment arrangements.
Dept of Rural Development and Land Reform	(R 373 480.66)	Rural Developments accounts are up to date with the credit balances resulting from overpayment
Dept Rural Dev & Agri Reform	R 11 927.49	No payment was made in September 2022. The disconnection notice will be issued in October 2022.
Dept Social Development	R 63 524.38	R229 132.10 was received for services accounts in September 2022. The payment made was for rental account.
Dordrecht High School	(R 21 605.14)	Dordrecht High School's accounts are up to date with credit balance resulting from overpayment.
DR S XHOMA	R 269 176.48	R20 750.00 was made in September 2022. The payment is in line with the payment arrangement.
Eastern Cape Development Corp	R 7 208.95	No payment was received from ECDC in September 2022. We will contact ECDC to encourage them to pay their accounts.
Education	(R 25 490.10)	No payment was received in September 2022. But the department of Education's accounts are on credit.
Farms	R6 373 678.53	R21 155.40 was received in September 2022. Letters of demand will be issued in September and more focus will be given to businesses and farms in October 2022.
Health	R1 009 880.64	No payment was received from the Department of Health in September 2022. Letter of Demand will be issued in October 2022.
Indigents	R 149 980.12	We are still busy with the remaining applications and the balance on the indigent might be reduce once all the applications are completed.
Indwe High School	R 20 084.29	R3 450.75 was received in September from Indwe High school. Disconnection notice was issued to them.
Joe Gqabi Municipality	R 38 615.51	No payment was received in September from Joe Gqabi District Municipality. We will contact the municipality to encourage them to settle the outstanding debt.
Mr Mvambo	R 444 843.49	R11 802.04 was received in September 2022. Disconnection notice was issued in June and there were no response to those.

Municipal Accounts	R 2 218.18	The balance will be investigated as the municipal account should not have outstanding balance.
National Public Works	(R 882 305.29)	No payment was made by National Public Works in August 2022, but their accounts are still on credit.
OSBORNE FAMILY TRUST AND NUMBER TWO PIGGERIES	R 142 583.35	R26 926.20 was received from David Osborn in August 2022.
Provincial Public Works	R6 770 125.80	No payment was received from Provincial Public Works in August 2022. A meeting with the department has been arranged for October to do accounts reconciliation.
Residents	R56 794 549.00	R79 428.33 was received from Residents in September 2022. we will continue with disconnection letters and demand letters to those who do not pay their accounts.
South African Post Office	R 27 914.72	R105 855.68 was received from the Post Office in September 2022. Their accounts are on current.
Staff Accounts	R 103 054.47	R400.00 was received from Mr. Jacobs in September 2022. letters informing the councillors to make payment arrangements in August were sent. Deduction will be made on councillors accounts with no payment arrangements.
VAN NIEKERK	R 45 059.97	R16 625.55 was received in September from Mr. Van Niekerk.
Total	R89 564 909.14	

5.2. Payment Arrangements Made:

Name	Account Number	Initial Application Debt	Down Payment	Instalment Amount	Remaining Holding Amount
Jackson Phakathi Matwa	00000000217	R 59 190.90	R 3 015.00	R 3 144.22	R 44 667.94
Nomakorinte Velencia Mpolweni	000000001701	R 40 381.59	R 10 000.00	R 2 523.85	R 31 545.55
Albertus Hercules Van De Venter	000000001803	R 17 198.61	R 600.00	R 747.77	R 18 731.17
Albertus Hercules Van De Venter	000000002107	R 14 514.00	R 600.00	R 500.48	R 16 599.43
Veronica Breed	000000002019	R 2 428.78	R 1 200.00	R 607.20	R 3 353.10
Michael Makhambi	000000006564	R 7 958.33	R 530.00	R 497.39	R 7 094.10
Coetzer Hester Francina Sophia	000000001844	R 14 305.80	R 800.00	R 794.77	R 16 185.47
Attwell Mbuzeli Ngqongwa	000000002035	R 8 289.05	R 500.00	R 518.07	R 9 419.82
Nomampondomise Cekiso	000000002041	R 4 404.57	R 1 000.00	R 880.91	R 4 308.74
Martin Johannes Marais	000000001787	R 10 340.43	R 2 000.00	R 492.40	R 11 099.84
Vuyisile Maseti	000000001733	R 13 127.01	R 1 200.00	R 596.68	R 11 649.05

Lisa Mealies	000000002183	R 33 625.11	R 800.00	R 1 401.05	R 39 241.09
Marianna Schmidt	000000002123	R 11 851.45	R 1 050.00	R 987.62	R 9 324.46
Yalezwa Mntwana	000000001656	R 6 616.11	R 300.00	R 275.67	R 6 616.11
Mongezi Mntwana	000000001657	R 14 721.31	R 600.00	R 300.43	R 14 721.31
Diane Van De Venter	000000001740	R 11 948.71	R 150.00	R 306.38	R 11 048.11
Christoffel Marthinis Oosthuizen	000000001858	R 15 344.61	R 4 413.60	R 902.62	R 16 579.49
		R 702 707.95	R 105 718.71	R 32 716.36	R 272 184.78

Non-Billable Revenue:

These revenue sources including non-conditional grants as well as operational revenue sources linked to municipal services paid for by the communities. It excludes billed income (property rates, refuse removal & conventional electricity) as well as conditional grant revenue.

Performance Per Department

Department	Revenue Sources	Budget	Actual	% Performance
Budget & Treasury Office	Equitable Share Insurance Refunds Electricity Interest from investments	R 169 006 539	R 62 091 031	36%
Corporate Services	Property rentals	R 500 000	R 98 740	20%
Community Services		R 4 800 638	R 681 388	14%
IDHS	Agency Fees : DOT Grant	R 1 000 000	R 0	0%
PEDTA	Trading Licence	R 500 000	R 30 951	6%
		R 175 807 178	R 62 902 110	36%

**INDIGENT MANAGEMENT & FREE BASIC SERVICES REPORT FOR
QUARTER ENDED 30 SEPTEMBER 2022**

The application process started in the 2021/22 financial year was finally completed, even though the whole list is not complete, this was due to the wards not submitting information at the same time. Below is the summary of the application vs verified list per ward:

Ward	No of verified indigents	Comment
1	0	1000 applications undergoing verification
2	380	
3	3	
4	24	Further 316 applications are undergoing verification
5	25	Further 1060 applications are undergoing verification
6	491	
7	554	
8	66	385 applications are undergoing verification
9	0	332 applications are undergoing verification
10	299	
11	433	
12	0	472 applications are undergoing verification
13	0	570 applications are undergoing verification
14	227	
15	511	
16	182	
17	376	
Total	3564	

- 3212 additional applications have been captured and submitted to the supervisor for review. The applications are now being reviewed and will be sent to FICRA for verification in October.
- The FBS Office submitted a register with 3 645 approved indigents to Eskom. However only 2 153 have been configured for FBS on Eskom's system. 1 492 approved indigent's meter numbers could not be traced from Eskom's system.

- 1 382 configured indigents have already collected their tokens in August, and the number is expected to increase in September 2022. Below is the split of the Eskom beneficiaries

Ward	No of verified indigents
2	185
3	16
4	19
5	19
6	427
7	468
8	32
10	265
11	33
14	201
15	201
16	16
17	249
Total	2 153

2022/23 Expenditure Incurred

FBE service	JULY	AUGUST	SEPTEMBER	Total
Municipal Electricity	R69 800.56	R70 512.75	R69 800.56	R 210 113.87
No of Customers	980	990	980	
Eskom	-	R124 823.62	R151 829.60	R 276 653.22
No of Customers		1382	1 681	R 486 767.09

Challenges

- The Office has noted that our indigent customers most of them are not the owners of the properties according to the valuation roll of the municipality, we then decide to compare the list and if the applicant is not the owner, the applicant will be required to provide further verification data by visiting the municipality office and

update the information that is on the system that applies to all the Ontec customers.

- The office also noted that most of our indigent applicants are not the owners of the properties, this is clear that change of ownership needs to be done the municipality assist our indigent applicants with the change of ownership procedure.

6.4.1 CASHFLOW STATEMENT

EC136 Emalahleni (Ec) - Table C7 Monthly Budget Statement - Cash Flow - M03 September

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		12 495	5 487	-	176	1 103	1 372	(269)	-20%	5 487
Service charges		18 130	9 294	-	1 359	4 627	2 323	2 304	99%	9 294
Other revenue		6 039	6 550	-	571	1 379	1 637	(259)	-16%	6 550
Transfers and Subsidies - Operational		140 730	145 693	-	950	62 032	37 841	24 190	64%	145 693
Transfers and Subsidies - Capital		52 951	46 020	-	-	15 805	20 000	(4 196)	-21%	46 020
Interest		8 924	3 130	-	478	1 052	782	269	34%	3 130
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(114 138)	-	-	(120 272)	(264 600)	-	264 600	#DIV/0!	-
Finance charges		(14)	-	-	(159)	(159)	-	159	#DIV/0!	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		125 118	216 173	-	(116 898)	(178 763)	63 956	242 720	380%	216 173
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		46 875	-	-	(3 588)	(8 113)	-	8 113	#DIV/0!	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		46 875	-	-	(3 588)	(8 113)	-	8 113	#DIV/0!	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	(50)	-	(2)	(2)	-	(2)	#DIV/0!	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(50)	-	(2)	(2)	-	2	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD		171 993	216 123	-	(120 487)	(186 878)	63 956			216 173
Cash/cash equivalents at beginning:		63 851	-	-	-	76 073	-	-	-	76 073
Cash/cash equivalents at month/year end:		235 844	216 123	-	-	(110 805)	63 956	-	-	292 246

6.4.2 CASH AND CASH EQUIVALENTS

Below table is the investment balances of the municipality on the 30 September 2022 of 2022/23.

INVESTMENT SUMMARY FOR THE MONTH: SEPTEMBER 2022											
Investment ID	Description	Account Number	Institution	Opening Balance	Investment Made	Investment Withdraw	Investment Interest	Bank Charges	BALANCE	GL BALANCE	DIFFERENCE
FUNDS											
1	SUFFIX 530	1100-465258	INVESTEC	1086 946,25	0,00	0,00	5 226,57	0,00	1 092 172,82	1 092 172,85	-0,03
2	INVESTMENT 001	08 8799 697- 001	STANDARD BANK	202 056,70	0,00	909,26	909,26	0,00	202 056,70	202 056,70	-
3	INVESTMENT 012	08 8799 697-012	STANDARD BANK	11 520,08	0,00	0,00	22,88	0,00	11 542,96	11 542,96	-
4	INVESTMENT 020	08 8799 697-020	STANDARD BANK	20 612 635,94	0,00	0,00	100 380,71	0,00	20 713 016,65	20 713 016,65	-
19	INVESTMENT 021	08 8799 697-021	STANDARD BANK	15 453 563,03	0,00	0,00	75 256,74	0,00	15 528 819,77	15 528 819,77	-
23	INVESTMENT 022	08 8799 697-022	STANDARD BANK	32 491,85	0,00	0,00	26,71	0,00	32 518,56	32 518,56	-
24	INVESTMENT 023	08 8799 697-023	STANDARD BANK	15 000 000,00	0,00	0,00	0,00	0,00	15 000 000,00	15 000 000,00	-
26	INVESTMENT 024	08 8799 697-024	STANDARD BANK	(0,00)	0,00	0,00	0,00	0,00	-0,00	-0,00	-
32	INVESTMENT 025	08 8799 697-025	STANDARD BANK	20 944 323,92	0,00	10 000 000,00	73 743,80	0,00	11 018 067,72	11 018 067,73	-0,01
33	INVESTMENT 026	08 8799 697-026	STANDARD BANK	20 000 000,00	0,00	0,00	169 863,01	0,00	20 169 863,01	20 169 863,01	-
27	FIXED DEPOSIT	93 5890 7006	ABSA BANK	10 018 833,85	0,00	0,00	52 331,25	100,00	10 071 065,10	10 071 065,10	-
29	FIXED DEPOSIT	93-6256-7503	ABSA BANK	64 125,12	0,00	0,00	334,94	100,00	64 360,06	64 360,06	-
34	FIXED DEPOSIT	08 8799 697-027	STANDARD BANK	20 000 000,00	0,00	0,00	0,00	0,00	20 000 000,00	20 000 000,00	-
				123 426 496,74	-	10 000 909,26	478 095,87	200,00	113 903 483,35	113 903 483,39	-0,04

The municipality on 30 September 2022 of 2022/2023 is sitting at a balance of R113,903 million for Investments.

Cash and cash equivalents September 2022 of 2022/2023	
Municipal Account	Closing balance
Investments (less Unspent grants)	R111,976 million
Main bank accounts	R 1,822 million
R 113,798 million	

On the 30 September 2022 of 2022/2023 financial year, the municipality is sitting at a balance of R113,798 million for cash and cash equivalents.

6.5 ASSET ADDITIONS ON THE 30 September 2022

The purpose of the report is to report to the standing committee on the following

- Asset additions for the first term
- Insurance claims and current claim status for the period
- Proposed disposals -These are assets which were identified to be impaired during the conditional assessment of assets and can no longer provide further benefit to the institution and should be disposed to be in line with good asset management practices.

GRAP 17 para 61 states the following:

61. An entity should assess whether there is any indication that the expected useful life of the asset has changed based on whether the condition of the asset has improved or declined. This is based on any condition assessments undertaken by the entity on its assets during the reporting period.

The Local Government: Municipal Finance Management Act 56 of 2003 under section 14 states the following:

14. (1) A municipality may not transfer ownership because of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

(2) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public

- (a)has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

- (b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

Asset additions :

Machinery & Equipment	67 620,00
Transport Assets	829 161,93
Electrical Infrastructure	1 023 005,10
Roads Infrastructure	7 086 306.58
	<u>9 006 093.61</u>

Insurance Claims

DISCRIPTION	CUSTODIAN	CLAIM NUMBER	REASON FOR LOSS	DATE OF LOSS	STATUS	EXCESSPAID	COMMENTS
Laptop Hp ProBook 450 G7 00008418 S/N=5CD050 6Q36	Ms. Njovane	EMA00 023	Laptop reported with broken screen due to accidental falling	2022/04 /05	Laptop repaired	R2500	Laptop is still with Platinum repairs for
Tools	Mr. Qaba	EMA00 022	Armed robbery	2022/03 /22	Claim still pending		An assessor from guard risk has been appointed
HP EliteBook 360	Mr. Mntuyedwa	EMA00 025	Laptop reported with broken		Claim still pending	-	IT-sure appointed for assessment

			screen due to accidental falling		ng		ent and repairs
UD truck HMD 965 EC	Fleet Management /Xozumthi	EMA00026	Truck collided with another truck	16/09/2022	Claim still pending		

PROPOSED DISPOSALS

A list of vehicles and plant/machinery has been submitted to be considered for disposal from the Fleet Management office. The listed class of assets is proposed for disposal for reasons ranging from poor condition during the conditional verification of assets as well as consistency and costly maintenance. The classes of assets affected is Transport assets

Please see for detailed information:

VEHICLE DESCRIPTION	LICENCE NUMBER	ACQUISITION DATE	ACQUISITION COST	CARRYING VALUE
Tractor	CKM266 EC	01 January 1968	R16 620.36	R9 949.11
Isuzu Tipper truck	DFD932 EC	24 August 2004	R231 170.70	R91 468.51
Nissan NP300	HPJ267 EC	18 November 2015	R255 250.00	R158 204.25
Isuzu KB 250 bakkie (Disaster Management)	DFH297 EC	30 September 2016	R36 664.06	R6 890.78

Chevrolet Cruse	HGW 347 EC	20 June 2014	R255 870 .79	R140 608 .88
Nissan Qashqai	FVL 916 EC	18 April 2012	R333 420 .00	R77 788. 15
Toyota Fortuner	HXB 860 EC	16 February 2017	R663 021 .72	R147 042 .94
Toyota Fortuner	JGN 757 EC	30 October 2018	R535 113 .34	R56 087. 97
BRN 267 EC	BRN 267 EC	01 July 2008	R 182 823. 93	R10 416. 40
SDLG Grader	HVK 293 EC	29 June 2016	R1 867 1 78 .43	R112 000 .00
SDLG TLB	HVK 291 EC	29 June 2016	R1 101 8 84.11	R243 253 .53
Fuel Bowser	JLN 571 EC	23 July 2012	R 85 560.0 0	R0.00
Trailer	FFG 382 EC	30 March 2009	R7 373.90	R324.77
TOTAL			R5 571 9 51.34	R1 054 0 35.29

REPORT ON EXPENDITURE & PAYROLL MANAGEMENT

The Municipality runs pays the salaries once a month for each of the following categories:

- Councillors, Contract employees and Permanent employees on the 25th of every month

- Casuals, EPWP workers and Ward Committees on the last day of the month

All deductions are paid to the third parties before the 7th of each month.

The municipality pays its service providers weekly on each Friday. The invoices to be paid on Friday must be reach the Expenditure office by Wednesday each week.

At the end of the 1st quarter amounts to R26 376 million for the earnings component.

Breakdown of the earnings:

Salary Type	Amount	%
Salaries - staff	R 16 720 906	63%
Councillors Remuneration	R 3 043 828	12%
Allowances	R 2 496 137	9%
Benefits	R 3 487 926	13%
Subsistence & Travel	R 627 660	2%
Total	R 26 376 457	

The total year-to-date expenditure is R26 376 million as compared to the annual budget of R 113.026 million, this equates to 23% spending. The spending is within an acceptable level as we should have been at 25% at the end of the 1st quarter.

The total deductions for the 1st quarter amounted to R 7 307 million, therefore the net payment to staff and councillors amounted to R 19 068 million.

There has been a challenge of non-adherence to the submission of payroll amendments by HR. This has a negative impact as it delays the finalization of payroll, thus resulting in inability to detect potential errors, which are minimised through the issuing of salary advices. The payroll office has however minimised the number of payroll queries.

PAYMENT OF CREDITORS

6.3 CREDITORS AGE ANALYSIS

EC136 Emalahleni (Ec) - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

Description R thousands	NT Code	Budget Year 2022/23								Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year		
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	2 275	-	0	-	-	-	-	-	2 275	0
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	7 813	14	35	42	-	-	-	23	7 927	1 361
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	80	-	-	-	-	-	-	-	80	-
Total By Customer Type	1000	10 168	14	35	42	-	-	-	23	10 282	1 361

The municipality is required within 30 days after receipt of the invoice from the suppliers. The total balance outstanding amounted to R10,282 million, with R10,168 million within 30 days old and R14 000 falling under 60 days and R35 000 falling under 90 days and and R42 000 falling under 120 days

The balance of creditors per month is as follows:

Month	Balance	% movement
July 2022	R 5 682 094	
August 2022	R 12 468 165	Increase by 119%
September 2022	R 10 167 631	Decrease by 18%

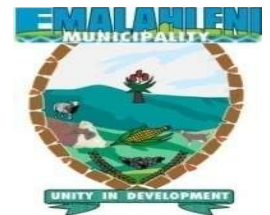
The municipality is striving to pay all its creditors within 30 days,

Below is the breakdown of the Top 10 Creditors outstanding on 30 September 2022

Creditor	Balance Due
ESKOM	R 2 275 148.08
SARS	R 1 342 456.91
CRF PENSION FUND	R 990 824.51
AMAZA ENTERPRISE & PROJECTS	R 429 368.60
LA HEALTH	R 256 573.00
AFRICAN LIFE ASSURANCE	R 142 647.38
SAMWU PROVIDENT FUND	R 131 928.57
BONITAS	R 106 618.00

TUNIMART	R 105 192.70
MARK WILSON MOTORS	R 100 731.42

6.7 FRUITLESS AND WASTEFUL EXPENDITURE REPORT



Emalahleni Local Municipality
2022/2023
Financial Year

Register of Fruitless and Wasteful Expenditure

Month	Supplier Name	Invoice date	Invoice Received Date (Registry Stamp)	Transaction details				Date reported to accounting officer	S	C	C	U	I	D	P	C	C	T	R	P	O	W	General comments	
				Date of payment	Payment number (Voucher no)	Amount	Description of Incident																	
30-Sep	Telkom	24/08/2022	26/08/2022	19/09/2022	17548	R 112,57	Late payment					*												
	Eskom	28/08/2022	22/09/2022	19/09/2022	17542	R 1,82	Late payment					*												
Total						<u>114,39</u>																		

Abbreviations:

UI: Under Investigation
TR: Transferred to receivables for recovery

DP: Disciplinary process initiated against responsible person
P: Paid or in process of paying in installments

CC: Criminal charges laid with SAPS
WO: Written-off by council as irrecoverable

RECOMMENDATIONS

It is hereby recommended that,

- a)** The Council to notes report prepared in terms of s52(d) of MFMA.
- b)** The Council to approve the disposal of assets except for JGN 757 EC.

ITEM NO: OCM 8.26/10/2022

**REPORT ON IMPLEMENTATION OF SUPPLY CHAIN
MANAGEMENT POLICY FOR THE QUARTER ENDED 30
SEPTEMBER 2023**

DATE: 11 OCTOBER 2022

REFERENCE NO:

BTO STANDING COMMITTEE MEETING

OCTOBER 2022

EXECUTIVE COMMITTEE MEETING:17 OCTOBER 2022

ORDINARY COUNCIL MEETING:27 OCTOBER 2022

IDP AND BUDGET STEERING COMMITTEE MEETING :17

STRATEGIC GOAL

Compliance with Section 217 of the Constitution of the Republic of South Africa

PURPOSE OF THE REPORT

For the Council to NOTE the implementation of the Municipal Supply Chain Management Policy for the 1st quarter of the 2022/2023 financial year.

BACKGROUND

In terms of regulation 6(3) “the Accounting Officer must within 10 days of the end of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the Mayor of the Municipality.

DISCUSSION

The Municipality has an Approved 2022/23 Procurement Plan which lists capital projects to be procured during the financial year.

The operational projects are also procured in line with the approved budget allocations, SDBIP using the range of procurement processes as contained in Regulation 12.

Below is the summary of the range of procurement implemented as per policy for the quarter:

Procurement Range	No of Awards	Tendered Amount	Comments
Above R 200 000	1	R 9 595 518.35	20 bidders submitted, 13 were disqualified at the compliance stage due to incorrect completion of MDB forms and returnable documents. 7 bidders went through to functionality stage and 5 went to the final price evaluation stage. Successful bidder is based within the Eastern Cape.
R 30 001 -R200 000	8	R 1 175 136.00	63% of the bidders are from Emalahleni, 17% outside Emalahleni but within Eastern Cape.
R 2 0001 -R30 000	19	R 115 318.50	84% of the suppliers are from Emalahleni. System generated rotation of prospective suppliers is enforced to limit abuse of SCM policy.
R 0 – R 2 000	10	R 16 883.00	100% of the bidders are from Emalahleni. Use of petty cash has been limited to avoid abuse of SCM policy.
		R	

Procurement in terms of Regulation 36 (Deviations) amounted to **R 0.00** for the quarter.

There has been no new Irregular expenditure on new procurement. The breakdown of the balance is as follows:

Description	Amount	Comment
Opening Balance as at 01 July 2022	R 27 982 493	Awaiting MPAC & DC Board
Add: Recurring regular expenditure	R 1 612 490	Payments on contracts already declared as irregular expenditure
Add: New irregular expenditure	R 0	Quarter 1 of 2022/23 procurement
Less: Amounts written off	R 0	Fast track MPAC & DC Board investigations
Closing balance as at 30 September 2022	R 29 594 983	

Contract Management

There are 18 technical contracts currently active as per the Contract Register.

The following contracts are older than 2 years:

- Construction of Municipal Offices Phase 1 – 5 years; contract balance = R 25 990 886-77 (No movement from last quarter)
- Paving of Sinakho Location – project at retention stage

Supplier Performance Management

Contract Type	No of contracts	Satisfactory performance	Unsatisfactory performance
Technical projects	21	11 – 53%	10 – 47%
Non-Technical projects	12	11 – 91%	1 – 9%

Directorate	No of Planned Bids	Bids Due for Q1 of 2022/23	No of Awarded	% Performance	Comment
Infrastructure	14	7	0	0%	3 MIG projects were re-advertised due to non-responsiveness. Awards to be made in the 2 nd quarter. 4 INEP projects were no advertised due to delays in approval of designs. Awards to be made in the 2 nd quarter.
Community Services	2	2	0	0%	Bid committee delays, remedial action to be implement in the 2 nd quarter.
Corporate Services	4	4	3	75%	Part delivery of laptops. Awaiting the 2 Ton Trucks

Performance on Capital Approved Procurement Plan as at 30 Sept 2022:

STAKEHOLDERS CONSULTED

Provincial Treasury

HUMAN RESOURCE IMPLICATIONS

None

LEGAL IMPLICATIONS

None

FINANCIAL IMPLICATIONS

2022/23 Approved Municipal Budget & Procurement Plan

OTHER IMPLICATIONS

Note

RECOMMENDATIONS

IT IS RECOMMENDED THAT:

- a) The Council notes the report on the Supply Chain Management performance for the 1st quarter of 2022/2023 financial year.

ITEM NO: OCM 8.27/10/2022

**ASSET DISPOSAL REPORT FOR THE QUARTER ENDED 30
SEPTEMBER 2022**

DATE: 11 OCTOBER 2022

REFERENCE NO:

BTO STANDING COMMITTEE MEETING: 12 OCTOBER 2022

**IDP AND BUDGET STEERING COMMITTEE MEETING:14
OCTOBER 2022**

EXECUTIVE COMMITTEE MEETING:14 OCTOBER 2022

COUNCIL MEETING: 27 OCTOBER 2022

STRATEGIC GOAL

To seek council approval for the disposal of assets.

PURPOSE OF THE REPORT

The purpose of the report is to report to the council on the following:

Proposed disposals -These are assets which were identified to be impaired during the conditional assessment of assets and can no longer provide further benefit to the institution and should be disposed to be in line with good asset management practices.

BACKGROUND

GRAP 17 para 61 states the following:

61. An entity should assess whether there is any indication that the expected useful life of the asset has changed based on whether the condition of the asset has

improved or declined. This is based on any condition assessments undertaken by the entity on its assets during the reporting period.

The Local Government: Municipal Finance Management Act 56 of 2003 under section 14 states the following:

14. (1) A municipality may not transfer ownership because of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

(2) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public: -

(a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

(b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

DISCUSSION

PROPOSED DISPOSALS

A list of **vehicles and plant/machinery** has been submitted to be considered for disposal from the Fleet Management office. The listed class of assets is proposed for disposal for reasons ranging from poor condition during the conditional verification of assets as well as consistency and costly maintenance. The classes of assets affected is Transport assets

Please see for detailed information:

VEHICLE DESCRIPTION	LICENCE NUMBER	ACQUISITION DATE	ACQUISITION COST	CARRYING VALUE
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Trailer	FFG 382 EC	30 March 2009	R7 373.90	R324.77
TOTAL			R5 571 951.34	R1 054 035.29

STAKEHOLDERS CONSULTED

All directorates

HUMAN RESOURCE IMPLICATIONS

Municipal staff and councillors are prohibited from participating in the disposal of assets in terms of Section 112 (1) (k) & Section 117 of the MFMA

LEGAL IMPLICATIONS

Disposal of assets must be done in accordance with the MFMA and SCM regulations.

FINANCIAL IMPLICATIONS

Proceeds from the auction will boost municipal revenue.

EXECUTIVE COMMITTEE COMMENTS

- Remove the current vehicle allocated to the Speaker (JGN 757 EC) from the disposal list.
- Upon delivery of the new vehicle for the Speaker, JGN 757 EC be designated as a council pool vehicle.

RECOMMENDATIONS

It is recommended that :

- a) The Council approves the list of assets to be disposed except for JGN 757 EC.
- b) The Council approves designation of JGN 757 EC as the council pool vehicle.