



MID-YEAR ASSESMENT REPORT

REPORT IN TERMS OF SECTION 72 OF THE MFMA NO.56 OF 2003

MID-YEAR ENDED 31 DECEMBER 2023

Contents

PART 1 IN-YEAR REPORTING	3
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1. Executive Summary.....	3
1.1 Overview.....	3
1.2 Political Oversight.....	3
1.3 Administration.....	3
1.4 Implementation of mSCOA.....	4
1.5 The Audit Action Plan.....	4
1.6 Amnesty on Outstanding Debt for Consumers.....	4
1.7 Procurement of Plant and Machinery.....	5
2. Organizational and Departmental Performance.....	5
3. In-Year Budget Statements.....	7
a. Budget Statement Summary.....	7
b. Financial Performance by Functional Classification.....	8
c. Financial Performance – Revenue and Expenditure.....	9
d. Capital Expenditure by Municipal Vote.....	10
4. Supply Chain Management.....	12
a. Deviations – Section 36 of the SCM Regulations.....	12
b. Orders between R30 000 to R200 000.....	14
c. Above R200 000.....	16
PART 2 – SUPPORTING DOCUMENTATION.....	20
1. Debtors' Analysis.....	20
2. Creditors' Analysis.....	20
3. Investment Portfolio.....	20
4. Allocation and Grant Receipts and Expenditure.....	21
5. Expenditure on Councillor Allowances and Employee Benefits.....	22
6. Cashflow Statement.....	23
Recommendations.....	24
Quality Certificate.....	Error! Bookmark not defined.

PART 1 IN-YEAR REPORTING

1. Executive Summary

1.1 Overview

Section 72 of the Municipal Finance Management Act No.56 of 2003 requires the accounting officer of the municipality, by 25 January of each year, to assess the performance of the municipality for the first half of the financial year. In performing this assessment, the accounting officer must consider the monthly budget statements that are prepared in terms of section 71 of the same act, for the first half of the financial year, the municipality's service delivery performance for the first six months of the financial year, and the past year's annual report, and progress in resolving problems identified in the annual report.

The management of the municipality has compiled quarterly performance reports for each of the departments within the municipality for the first half of the financial year. The quarterly performance reports were tabled to the committees and ultimately to council for consideration. The performances reported in these reports were supported by portfolios of evidence and subjected to internal audit processes. These reports give an indication as well as to whether there will be a requirement for a budget adjustment, and adjustments to the SDBIP at mid-term.

It is apparent that a budget adjustment will be necessary considering the following important factors:

- The grant allocations to the municipality have been revised, meaning revenue from grants needs to be revised or adjusted. The impact is as follows:
 - Municipal Infrastructure Grant (MIG) reduced from R64,8 million, by R4,3 million to R60,5 million.
 - Municipal Disaster Recovery Grant (MDRG) – an additional amount of R10,8 million has been allocated.
- There are errors that may have been identified during the budget implementation for the first half of the financial year. It is at this point that an opportunity is available to do those corrections.
- The purchase of plant that has been procured was not sufficiently budgeted for, and as such the Technical Services Department needs to take the difference into consideration.

It is important to note that, except for the conditional grant funds, there are no new funds that have become available, and as such the municipality will have to work within the available resources to ensure that the adjusted budget remains fully funded. The revenue sources will likely be revised downwards when the performance for the first half of the financial year is reviewed.

The Budget and Treasury Office, in its strategic review, must look into the matter of the improvement in the performance against the approved procurement plan. The implementation of the procurement plan is intended to ensure that goods and services are delivered efficiently and effectively and that means they are different at the correct quantities and quality.

1.2 Political Oversight

The municipality has functional political oversight, where various responsibilities are tasked to various committees. The municipality has an Executive Committee, led and chaired by the Mayor, Honorable Councilor N Pepping. This committee ensures that all matters discussed and dealt with in various standing committees are presented to council for decision making.

The Budget and Treasury Office also has a functioning committee, chaired by Honorable Councillor B.J. Nkani. This committee also ensures that there is financial health and stability within the municipality, and compliance with the laws and regulations is maintained.

1.3 Administration

The municipality is in the process of ensuring that key personnel in all levels of administration are recruited and as such critical positions are filled. This has seen the assumption of duty by the Senior

Manager: Community Services and the Chief Financial Officer in August 2023, whilst the Senior Manager: Technical Services assumed duties in December 2023. Processes are underway to ensure that all management vacancies are filled, as well as other management positions like the Manager: SCM and Manager: PMU.

The sufficient filling of these positions will ensure the smooth running of the municipality and achievement of the set targets.

1.4 Implementation of mSCOA

The municipality implemented mSCOA from July 01, 2017, as per the National Treasury's requirements. There has been a steady improvement in the compliance with the requirements of mSCOA, and this includes ensuring that all modules are within a single accounting system, or there is a seamless integration where a separate system is utilized.

The Ingquza Hill Local Municipality (IHLM) utilizes MUNSOFT for its accounting package. A recent assessment conducted by MUNSOFT indicates that there are modules that remain under-utilized, or not utilized at all. The municipality has been improving on this, signified by the utilization of the Asset Module capturing information from as way back as 2016/17 financial year. Although there have been issues raised by the Auditor General, management is working on ensuring that these are resolved, and they do not recur in the future financial years.

1.5 The Audit Action Plan

The IHLM prepared annual financial statements in terms of section 122(1) of the MFMA No. 56 of 2003. These annual financial statements were submitted to the Auditor General for auditing in terms of section 126(1)(a) of the MFMA No.56 of 2003. Section 126(3)(c) of the MFMA No 56 of 2003 requires that the Auditor General must submit an audit report to the accounting officer of the municipality within three months of the receipt of the statements.

The Auditor General has not be able to complete the 2022/23 Audit by 30 November 2023 for various reasons. This has meant that the municipality, at mid-term assessment has not been able to compile an audit action plan as required. Management has however started considering some of the pertinent issues that have been raised by the Auditor General, which include amongst other the following: -

- There were findings on assets – property plant and equipment and investment properties, which relate to the accounting policy, the measurement and the general accounting for assets.
- AFS compilation process and review of balances and disclosures.
- Records management – which relates to submission of requested information timely to the auditors, and general documents management of the municipality.
- Expenditure management - which relates to balances disclosed, classification of expenditure, payment of creditors within 30 days, irregular, fruitless and wasteful expenditure.

Management is committed to compiling an audit action plan as soon as the audit report and management letter are available with the details of all the findings raised. The action plan will be presented to all management and oversight structures for noting and monitoring of implementation of remedial actions.

1.6 Amnesty on Outstanding Debt for Consumers

The IHLM council resolved to afford an opportunity to consumers to apply for amnesty on outstanding debts. The opportunity was availed for a period of three months, which ended on August 31, 2023. The amnesty was offered as follows, to those who entered into agreements with the municipality:

- 60% for Residential properties
- 50% for Business Properties
- 100% Church Properties
- 0% Government

The following is the report on how the response, overall, has been to the amnesty provided:

IHLM Section 72 Report – 31 December 2023

Categories	Sum of Amount Owed	Sum of Incentive	Sum of Amount Paid	Sum of Balance
Business	R 6 276 465,71	-R 3 143 232,85	-R 3 104 845,12	R 28 387,74
Residential	R 844 266,86	-R 506 560,07	-R 325 202,60	R 12 504,19
	R 7 120 732,57	-R 3 649 792,92	-R 3 430 047,72	R 40 891,93

In a recent engagement with the Ratepayers, there was a plea that the amnesty needed to be repeated, mainly because the publication had not reached a significant number of them. It was agreed that Ratepayers needed to visit the municipal offices, individually, to check on the status of their accounts, then based on that, and other factors, a determination can be made as to whether the debt amnesty is repeated.

1.7 Procurement of Plant and Machinery

The IHLM resolved to procure plant and machinery to ensure that its ability to maintain the existing road infrastructure is improved. The municipality has been able to procure the plant and machinery through a National Treasury Transversal Tender RT57 of 2022. The items of plant and machinery started being delivered from October 2023, with the last expected delivery date being March 2024. The following items of plant and machinery have been procured:

- 1 X Excavator
- 1 X Motor Grader
- 1 X Single Drum Roller
- 2 X Tipper Trucks
- 1 X Honey Sucker
- 1 X Articulated Tractor – to be delivered before March 2024
- 1 X Grid Roller - To be delivered before March 2024

2. Organizational and Departmental Performance

Reporting requires that the municipality takes priority of the organisation, its performance objectives, indicators, targets, measurement and analysis, and presents this information in a simple and accessible format, relevant and useful to the specific target group for review. The Service Delivery Budget and Implementation Plan (SDBIP).

Ingquza Hill Local Municipality has prepared this Mid-year performance assessment report starting from 1st July 2023 to 31 December 2023. The Mid-Year report is done to comply with Section 72 of the Municipal Finance Management Act, 2003. It is then submitted to the Mayor, Executive Committee and the council for consideration and adoption.

This mid-year report is based on un-evaluated, un-audited information and includes a preliminary assessment of the organizational service delivery budget and implementation plan. A detailed assessment of the mid-year report is available for inspection with Portfolio of Evidence (POE).

The scorecard that is reflected in the subsequent paragraphs, follows along the lines of service delivery budget and implementation plan and does not have the monthly financial cash-flow projects. The preliminary assessment is done on the reported actual where applicable, with a portfolio of evidence being subjected to an auditing and verification process. This report is subjected to a formal evaluation process being conducted by the Municipal Manager pending an audit process.

Variance on SDBIP is analysed on all departmental scorecards and organisational scorecards with corrective measures where necessary.

- Total KPIs is the number of key performance Indicators (KPI) under each Key Performance Area (KPA).
- KPIs met is a total number of the key performance indicators that were achieved as planned.

IHLM Section 72 Report – 31 December 2023

- KPIs not met is the total number of KPIs that were projected for the midterm period but were not achieved.

KPA	Total KPI's	Achieved	Not achieved	Outstanding Performance above 133%	Significantly Above expectation 101-133%	Fully Effective 100%	Not Fully Effective 70-99%	Unacceptable Performance 0-69%	% Achieved
Technical Services	50	20	30						40%
Corporate Services	13	10	3						77%
Planning and Development	22	12	10						55%
Budget and Treasury	9	7	2						78%
Municipal Managers Officer	19	15	4						78%
Community Services	14	13	1						93%
Total	130	80	52						62%

The following are the challenges that have been identified with performance management and reporting:

- Non-reviewal of POE's by Management.
- Non – responsiveness of management to the comments of the mid-term report.
- Under reporting of some on some of the indicators by the management which therefore lead to negative performance on the midterm report.
- Non -prioritization of the procurement plan by departments.
- Non-prioritization of the PMS which is the risk to the municipality.

3. In-Year Budget Statements

a. Budget Statement Summary

EC153 Ngquba Hills - Table C1 Monthly Budget Statement Summary - Half year

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	30 989	41 483	41 483	19 653	19 653	20 741	(1 089)	-5%	41 483
Service charges	1 351	1 600	1 600	404	404	800	(396)	-50%	1 600
Investment revenue	15 422	—	—	—	—	—	—	—	—
Transfers and subsidies - Operational	15 422	14 000	14 000	12 305	12 305	7 000	5 305	76%	14 000
Other own revenue	316 759	353 090	357 228	260 150	260 150	180 683	79 467	44%	—
Total Revenue (excluding capital transfers and contributions)	379 943	410 172	414 310	292 512	292 512	209 224	83 288	40%	414 310
Employee costs	156 224	168 942	168 942	75 240	75 240	84 471	(9 231)	—	168 942
Remuneration of Councillors	24 369	29 721	29 721	14 257	14 257	14 860	(603)	—	29 721
Depreciation and amortisation	47 104	70 000	70 000	24 017	24 017	35 000	(10 983)	—	70 000
Interest	2 897	—	—	—	—	—	—	—	—
Inventory consumed and bulk purchases	(0)	14 770	14 770	5 505	5 505	7 385	(1 880)	—	14 770
Transfers and subsidies	1 614	2 110	2 110	1 163	1 163	1 055	108	10%	2 110
Other expenditure	163 813	247 185	251 323	61 036	61 036	127 730	(66 694)	-52%	251 323
Total Expenditure	396 121	532 728	536 866	181 219	181 219	270 502	(89 283)	-33%	536 866
Surplus/(Deficit)	(16 178)	(122 555)	(122 555)	111 293	111 293	(61 278)	172 571	-282%	(122 555)
Transfers and subsidies - capital (monetary allocations)	70 414	64 404	64 404	36 409	36 409	32 202	4 207	13%	64 404
Transfers and subsidies - capital (in-kind)	2 250	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	56 486	(58 151)	(58 151)	147 703	147 703	(29 076)	176 778	-608%	(58 151)
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	56 486	(58 151)	(58 151)	147 703	147 703	(29 076)	176 778	-608%	(58 151)
Capital expenditure & funds sources									
Capital expenditure	62 183	132 684	132 684	47 082	47 082	66 342	(19 260)	-29%	132 684
Capital transfers recognised	129 127	64 404	64 404	28 003	28 003	32 202	(4 199)	-13%	64 404
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	(36 871)	68 280	68 280	14 694	14 694	34 140	(19 446)	-57%	68 280
Total sources of capital funds	92 256	132 684	132 684	42 697	42 697	66 342	(23 645)	-36%	132 684
Financial position									
Total current assets	286 096	199 888	204 026	—	411 414	—	—	—	204 026
Total non current assets	1 278 126	1 646 417	1 646 417	—	1 301 191	—	—	—	1 646 417
Total current liabilities	93 635	35 714	39 852	—	94 303	—	—	—	39 852
Total non current liabilities	26 045	26 596	26 596	—	26 045	—	—	—	26 596
Community wealth/Equity	1 444 542	1 783 995	1 783 995	—	1 692 287	—	—	—	1 783 995
Cash flows									
Net cash from (used) operating	69 415	69 415	73 553	197 980	197 980	19 387	(178 584)	-921%	73 553
Net cash from (used) investing	(132 684)	(132 684)	(132 684)	(47 270)	(47 270)	235 528	282 798	120%	(132 684)
Net cash from (used) financing	—	—	—	—	—	235 528	235 528	100%	—
Cash/cash equivalents at the month/year end	153 570	153 570	157 708	—	150 710	707 292	556 582	79%	(59 131)
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	4 533	2 040	2 120	1 915	4 568	1 824	1 000	83 939	101 939
Creditors Age Analysis									
Total Creditors	—	—	—	—	—	—	—	—	—

The table above gives a summary of the performance of the municipality, in terms of revenue and expenditure, against the approved budgets for specific items. The variance on Property Rates is mainly caused by the billing that is annually for government departments, as opposed to monthly for other categories of consumers. This will smooth itself out for the rest of the financial year.

Service Charges relate mainly to Refuse Collection, where there is a 50% variance of the targeted year-to-date revenue of R800 000. Management will look into the reasons for this variance, but early indications are that there is data cleansing that needs to be done to ensure that all consumers that need to be billed for waste removal are billed, and at the correct tariffs.

b. Financial Performance by Functional Classification

EC153 Ngquza Hills - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Half year

Description	Ref	2022/23	Budget Year 2023/24							
		Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD budget	YTD	YTD %	Full Year
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		365 431	392 163	392 163	284 344	284 344	196 077	88 267	45%	392 163
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		365 431	392 163	392 163	284 344	284 344	196 077	88 267	45%	392 163
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		71 226	67 603	71 741	38 285	38 285	37 940	345	1%	71 741
Planning and development		4 811	5 992	5 992	1 570	1 570	2 996	(1 426)	-48%	5 992
Road transport		66 416	61 611	65 749	36 715	36 715	34 944	1 771	5%	65 749
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		15 949	14 820	14 820	6 293	6 293	7 410	(1 117)	-15%	14 820
Energy sources		6 585	2 618	2 618	1 894	1 894	1 309	585	45%	2 618
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9 364	12 202	12 202	4 399	4 399	6 101	(1 702)	-28%	12 202
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	452 607	474 677	478 715	326 921	326 921	241 426	87 495	36%	478 715
Expenditure - Functional										
<i>Governance and administration</i>		211 462	309 417	309 417	87 550	87 550	154 708	(67 158)	-43%	309 417
Executive and council		70 270	85 185	85 185	32 573	32 573	42 592	(10 020)	-24%	85 185
Finance and administration		138 931	218 533	218 533	53 762	53 762	109 266	(55 505)	-51%	218 533
Internal audit		2 262	5 699	5 699	1 216	1 216	2 849	(1 633)	-57%	5 699
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		103 781	109 626	113 764	51 653	51 653	56 981	(7 290)	-12%	113 764
Planning and development		30 017	31 552	31 552	15 628	15 628	15 776	(148)	-1%	31 552
Road transport		73 764	78 073	82 211	36 024	36 024	43 175	(7 150)	-17%	82 211
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		80 878	113 686	113 686	42 016	42 016	56 843	(14 827)	-26%	113 686
Energy sources		10 418	15 811	15 811	5 881	5 881	7 906	(2 025)	-26%	15 811
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		70 460	97 875	97 875	36 135	36 135	48 937	(12 803)	-26%	97 875
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	396 121	532 728	536 866	181 219	181 219	270 502	(89 283)	-33%	536 866
Surplus/ (Deficit) for the year		56 486	(58 151)	(58 151)	147 703	147 703	(29 076)	176 778	-608%	(58 151)

In terms of revenue per function, the significant amount of revenue is in finance and administration, and this is mainly because equitable share is received into that function. The revenue relating to equitable share has been as expected up to mid-year.

Road transport also accounts for higher revenue as a function because of the recognition of conditional grant funding when conditions are met for the grant. The mainly revenue is from the municipal infrastructure grant, and just over R36 million has been recognised at mid-year.

c. Financial Performance – Revenue and Expenditure

EC153 Ngqaza Hills - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Half year

Description	Ref	2022/23	Budget Year 2023/24							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 351	1 600	1 600	404	404	800	(396)	(0)	1 600
Sale of Goods and Rendering of Services		325	793	793	128	128	397	(269)	(0)	793
Agency services		4 032	7 000	7 000	2 275	2 275	3 500	(1 225)	(0)	7 000
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		82	314	314	402	402	157	245	0	314
Interest from Current and Non Current Assets		15 422	14 000	14 000	12 305	12 305	7 000	5 305	0	14 000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		894	1 859	1 859	462	462	929	(467)	(0)	1 859
Licence and permits		42	150	150	50	50	75	(25)	(0)	150
Operational Revenue		273	152	152	36	36	76	(40)	(0)	152
Non-Exchange Revenue										
Property rates		30 989	41 483	41 483	19 853	19 853	20 741	(1 089)	(0)	41 483
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 450	1 251	1 251	317	317	626	(308)	(0)	1 251
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		322 884	337 487	341 625	251 790	251 790	172 881	78 908	0	341 625
Interest		742	4 083	4 083	4 223	4 223	2 042	2 182	0	4 083
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		1 457	-	-	467	467	-	467	#DIV/0!	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		378 943	410 172	414 310	292 512	292 512	208 224	83 288	40%	414 310
Expenditure By Type										
Employee related costs		156 224	188 942	188 942	75 240	75 240	84 471	(9 231)	(0)	188 942
Remuneration of councillors		24 369	29 721	29 721	14 257	14 257	14 860	(603)	(0)	29 721
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed	(0)	-	14 770	14 770	5 505	5 505	7 385	(1 880)	(0)	14 770
Debt impairment		-	16 363	16 363	-	-	8 181	(8 181)	(0)	16 363
Depreciation and amortisation		47 104	70 000	70 000	24 017	24 017	35 000	(10 983)	(0)	70 000
Interest		2 997	-	-	-	-	-	-	-	-
Contracted services		57 533	63 345	67 428	22 418	22 418	35 756	(13 338)	(0)	67 428
Transfers and subsidies		1 614	2 110	2 110	1 163	1 163	1 055	108	0	2 110
Irrecoverable debts written off		12 361	53 000	53 000	-	-	26 500	(26 500)	(0)	53 000
Operational costs		93 919	114 476	114 531	38 618	38 618	57 293	(18 675)	(0)	114 531
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		396 121	532 728	536 866	181 219	181 219	270 602	(89 283)	-33%	536 866
Surplus/(Deficit)		(16 178)	(122 556)	(122 556)	111 293	111 293	(61 278)	172 571	(0)	(122 556)
Transfers and subsidies - capital (monetary allocations)		70 414	64 404	64 404	36 409	36 409	32 202	4 207	0	64 404
Transfers and subsidies - capital (in-kind)		2 250	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		56 486	(58 151)	(58 151)	147 703	147 703	(29 076)			(58 151)
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		56 486	(58 151)	(58 151)	147 703	147 703	(29 076)			(58 151)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		56 486	(58 151)	(58 151)	147 703	147 703	(29 076)			(58 151)
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		56 486	(58 151)	(58 151)	147 703	147 703	(29 076)			(58 151)

The above table details the revenue and expenditure by type for all the municipality:

Revenue

Service Charges – Waste Management: The revenue generated from this service charge has a variance of under 50%, where only R404 000 was generated out of the budget R800 000. A review needs to be carried out of whether the cause is that not all consumers are billed, incorrect tariffs are utilised, or just the budget estimates were not realistic.

Agency Fees: A total of R2,2 million has been generated out of agency fees, which are fees received from the operation of the Drivers and Licensing Testing Centre (DLTC). The year-to-date budget to mid-term was R3,5 million which gives a variance of just over 37%. It is difficult

to pin-point the cause for the variance as there is dependence on the walk-throughs in the centre. There is possible improvement on the performance as the operations of the DLTC become known by the broader public.

Interest Received: This is interest received on amounts held by the municipality in its main and call banking accounts. Up to December 2023, a total of R12,3 million has been generated, out of an expected year-to-date budget of R7million. Management needs to closely monitor the cashflow of the municipality to ensure that excess funds that are not readily required are placed on accurately registered financial services providers to earn even more interest.

Property Rates: R19,6 million has been generated from Property Rates out of the R20,7 million year-to-date budget. The slight variance on this revenue stream is created by the annual billing of rates for government departments. There is no need to adjust this figure as it will smooth out by year end.

Expenditure

Employee Related Costs: This is expenditure on salaries and allowances of employees of the municipality. An amount of R84 million was budgeted for the period up to December 2023 for the employee related costs. As at December 2023, an amount of R75,2 million has been spend on this expenditure item, giving a variance of R9,2 million. An adjustment needs to be considered considering that even if the current vacancies are filled, the expenditure related to those would not reach the variance.

Remuneration of Councillors: An amount of R14,2 million has been spent on the remuneration of councillors, as opposed to the R14,8 million year-to-date budget that was allocated. This results in only a very slight variance.

Contracted Services: A year-to-date budget of R35,7 million was set aside for contracted services, however only R22,4 million has been spent, resulting in a variance of R13,3 million. A detailed analysis of this expenditure will be done with all departments to determine exactly where adjustments need to be made.

d. Capital Expenditure by Municipal Vote

The main capital expenditure within the municipality is located in the Technical Services Department and is mainly on roads infrastructure. The table below gives a tabulation to this fact, and that a total of just over R47 million has been spent on capital expenditure, and that R35 million of this relates to road infrastructure.

Of this expenditure, R28 million is grant funded, whilst just of R14 million of it is funded from internally generated funds.

IHLM Section 72 Report – 31 December 2023

EC153 Ngquza Hills - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Half year

Vote Description	Ref	2022/23	Budget Year 2023/24						
		Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD budget	YTD	YTD %
R thousands	1								Full Year
Multi-Year expenditure appropriation	2								
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-
Vote 2 - Community Services and Public Safety		-	-	-	-	-	-	-	-
Vote 3 - Economic and Environmental Services		-	-	-	-	-	-	-	-
Vote 4 - Trading Services		-	-	-	-	-	-	-	-
Vote 5 - Technical Services		-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2								
Vote 1 - Governance and Administration		(2 128)	13 725	13 725	9 460	9 460	6 883	2 597	36%
Vote 2 - Community Services and Public Safety		130	7 780	7 780	760	760	3 890	(3 130)	-80%
Vote 3 - Economic and Environmental Services		277	500	500	-	-	250	(250)	-100%
Vote 4 - Trading Services		49	4 118	4 118	1 833	1 833	2 059	(226)	-11%
Vote 5 - Technical Services		63 856	106 561	106 561	35 030	35 030	53 281	(18 251)	-34%
Vote 6 -		-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	62 163	132 684	132 684	47 082	47 082	66 342	(19 260)	-29%
Total Capital Expenditure		62 163	132 684	132 684	47 082	47 082	66 342	(19 260)	-29%
Capital Expenditure - Functional Classification									
Governance and administration		(2 128)	13 725	13 725	9 460	9 460	6 883	2 597	38%
Executive and council		-	300	300	5 400	5 400	150	5 250	0
Finance and administration		(2 128)	13 425	13 425	4 060	4 060	6 713	(2 653)	(0)
Internal audit		-	-	-	-	-	-	-	-
Community and public safety		21 425	-	-	-	-	-	-	-
Community and social services		8 574	-	-	-	-	-	-	-
Sport and recreation		12 851	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-
Economic and environmental services		64 133	107 061	107 061	35 030	35 030	53 531	(18 501)	-35%
Planning and development		277	500	500	-	-	250	(250)	(0)
Road transport		63 856	106 561	106 561	35 030	35 030	53 281	(18 251)	(0)
Environmental protection		-	-	-	-	-	-	-	-
Trading services		17 467	11 898	11 898	2 583	2 583	6 949	(3 358)	-56%
Energy services		15 397	4 118	4 118	1 833	1 833	2 059	(226)	(0)
Water management		-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-
Waste management		2 070	7 780	7 780	760	760	3 890	(3 130)	(0)
Other		-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	100 887	132 684	132 684	47 082	47 082	66 342	(19 260)	-29%
Funded by:									
National Government		127 588	64 404	64 404	26 003	26 003	32 202	(4 199)	(0)
Provincial Government		1 539	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Deptm Agencies)		-	-	-	-	-	-	-	-
Transfers recognised - capital		129 127	64 404	64 404	26 003	26 003	32 202	(4 199)	-13%
Borrowing	6	-	-	-	-	-	-	-	-
Internally generated funds		(36 871)	68 280	68 280	14 894	14 894	34 140	(19 446)	(0)
Total Capital Funding		92 256	132 684	132 684	42 897	42 897	66 342	(23 645)	-36%

4. Supply Chain Management

The IHLM has an established Supply Chain Management Unit, in terms of the Municipal Finance Management Act No. 56 of 2003, within the Budget and Treasury Office. The unit is responsible for demand, acquisition, logistics and disposals within the municipality.

The council committees have an oversight responsibility on the operations of the section, and to fulfil this requirement, there is consistent and continuous reporting to the standing committee, executive committee, and council.

There is an approved SCM Policy which is utilised as a guiding policy for the municipality, and it is continuously reviewed as it is being implemented.

There are bid committees established as and when they are required, but there is an urgent need for them to be fully capacitated in terms of understanding of supply chain policies and procedures, as well as human resources to constitute the committees.

a. Deviations – Section 36 of the SCM Regulations

Order Date	Description	Supplier Details	Amount	Deviation Type
POLICY RELATED DEVIATIONS				
		Quarter One		
07-Jul-23	Service and Repairs	Halfway Toyota	47 848,77	Impractical
24-Jul-23	Service and Repairs Excavator	Bell Equipment	115 233,07	Impractical
01-Aug-23	Service and Repairs	Bell Equipment	57 856,33	Impractical
01-Aug-23	Service and Repairs	Thompson Motors	44 765,27	Impractical
04-Aug-23	Service and Repairs	Halfway Toyota	56 650,04	Impractical
04-Aug-23	Service and Repairs	Halfway Toyota	60 840,08	Impractical
07-Aug-23	Service and Repairs	Thompson Motors	76 591,78	Impractical
28-Aug-23	Service and Repairs	Halfway Toyota	41 198,97	Impractical
28-Aug-23	Service and Repairs	Thompson Motors	62 645,63	Impractical
28-Aug-23	Service and Repairs	Halfway Toyota	57 447,25	Impractical

28-Aug-23	Service and Repairs	Thompson Motors	19 226,30	Impractical
01-Sep-23	Service and Repairs	Halfway Toyota	15 456,38	Impractical
14-Sep-23	Transport Services	Linathi Projects	27 900,00	Impractical
05-Sep-23	Service and repairs	Halfway Toyota	6 076,01	Impractical
22-Sep-23	Service and repairs	Thompson Motors	41 682,67	Impractical
26-Sep-23	Service and repairs	Johnstone	12 730,76	Impractical
27-Sep-23	Service and repairs	Thompson Motors	126 402,64	Impractical
			870 551,95	
		Quarter Two		
06-Oct-23	Service and Repairs	Thompson Motors	10 996,88	Impractical
06-Oct-23	Services and repairs	Halfway Toyota	2 704,40	Impractical
10-Oct-23	Service and Repairs	Halfway Toyota	29 456,07	Impractical
11-Oct-23	Services and repairs	Bell Equipment	87 290,74	Impractical
11-Oct-23	Services and repairs	Bell Equipment	77 953,29	Impractical
13-Oct-23	Repairs	Thompson Motors	112 603,50	Impractical
20-Oct-23	Service and Repairs	Halfway Toyota	13 407,15	Impractical
23-Oct-23	Qualification Verification	Gijima Holdings	28 800,00	Impractical
23-Oct-23	Services and repairs	Halfway Toyota	25 429,72	Impractical
26-Oct-23	Service and Repairs	Halfway Toyota	20 706,57	Impractical
30-Oct-23	Service and Repairs	Thompson Motors	30 736,11	Impractical
30-Oct-23	Service and Repairs	Thompson Motors	44 244,99	Impractical
30-Oct-23	Service and Repairs	Thompson Motors	155 750,48	Impractical
31-Oct-23	Services, repairs and Calibration of VTS Equipment	Neffoon Road Tech Station Equipment	29 934,50	Impractical
01-Nov-23	Service and Repairs	Halfway Toyota	25 429,72	Impractical
08-Nov-23	Service and Repairs	Halfway Toyota	22 901,42	Impractical
10-Nov-23	Repairs	Halfway Toyota	3 905,46	Impractical
13-Nov-23	Service and Repairs	Halfway Truck Center	77 287,78	Impractical
15-Nov-23	Service and Calibration of Speed Camers	Truvelo Africa Electronic Devision	6 154,80	Impractical

17-Nov-23	Advert for vacant Posts	Arena Media	72 588,00	Impractical
17-Nov-23	Advert for vacant Posts	Arena Media	18 216,00	Impractical
20-Nov-23	Hiring VIP Toilets	Route 7 Trading	5 200,00	Impractical
20-Nov-23	Advert for Forensic Services	Arena Media	9 936,00	Impractical
24-Nov-23	Erratum Advert	Arena Media	2 732,40	Impractical
24-Nov-23	Erratum Advert	Arena Media	36 294,00	Impractical
24-Nov-23	Radio slot	Inkonjane FM	10 000,00	Impractical
24-Nov-23	Hiring VIP Toilets	Todays Hope Events	12 500,00	Impractical
27-Nov-23	Service and Repairs	Halfway Toyota	6 355,68	Impractical
29-Nov-23	Hiring PA System	Tshimbile Kholisile	4 500,00	impractical
29-Nov-23	Transport Services	Ikamva Lam Nelethu	3 600,00	impractical
29-Nov-23	Stage Deco	Zilungile Projects	4 600,00	impractical
29-Nov-23	Transport Services	Yonga Trading	4 500,00	Impractical
04-Dec-23	Excuvator Hiring	Milibo Trading	61 510,00	Impractical
06-Dec-23	Service and Repairs	Thompson Motors	37 639,92	Impractical
07-Dec-23	Service and Repairs	Halfway Toyota	22 768,02	Impractical
11-Dec-23	Service and Repairs	Halfway Toyota	4 913,02	impractical
18-Dec-23	Radio slot	Inkonjane FM	12 000,00	impractical
19-Dec-23	Locksmith Services	Kokstad Locksmith	8 153,50	Impractical
			1 143 700,12	

b. Orders between R30 000 to R200 000

No	NAME OF CONTRACTOR	DESCRIPTION OF CONTRACT	DATE OF AWARD	CONTRACT PERIOD	CONTRACT VALUE	LOCALITY
1	Ncengumtswana Tyres and Repairs	Supply, delivery and repairs of 23 Tyres	19-Jul-23	once off	R138 220,00	Flagstaff
						Male owned

IHLM Section 72 Report – 31 December 2023

2	Sathenly Trading	Catering for 400 People for Wellness Day	24-Jul-23	once off	R37 140,00	Flagstaff	Woman Owned
3	Magnitude Pty Ltd	Sports Co-ordinator Services for wellness day	24-Jul-23	once off	R24 000,00	Flagstaff	Woman Owned
4	Hands on Heat Trading	Plant Hiring for 05 days	02-Aug-23	once off	R45 200,00	Flagstaff	Male owned
5	Xhasani Trading	Supply, delivery and repairs of Tyres Plant Unit	02-Aug-23	once off	R182 000,00	Lusikisiki	Male owned
6	Lolwethuthatando Pty Ltd	Hiring Logistics for Annual Tourism Event	18-Sep-23	once off	R117 500,00	Mbizana	Woman Owned
7	DTTI	Training for 10 Plant Operators	18-Sep-23	once off	R90 000,00	Rendfontein	Male owned
8	Honey Pot t/a Gqithile Projects	Supply and delivery of 120 A5 Note books	19-Sep-23	once off	R24 000,00	Flagstaff	Male owned
9	Lolwethuthatando Pty Ltd	Sound Hiring for Annual Tourism	19-Sep-23	once off	R119 500,00	Mbizana	Woman Owned
10	SSLAX COOP Cooperative Limited	Supply and delivery of Motorcycle Testing Kit	20-Sep-23	once off	R65 000,00	Flagstaff	Woman Owned and Male Owned
11	Ayole Trading Pty Ltd	Supply and delivery of 16 Electronic Heaters	20-Sep-23	once off	R18 320,00	Lusikisiki	woman owned
12	Gade and Dlova Trading Pty Ltd	Supply and delivery of Herbicides	20-Sep-23	once off	R21 500,00	Lusikisiki	Male owned
13	Honey Pot t/a Gqithile Projects	Supply and delivery of 2024 diaries and calendars	21-Sep-23	once off	R41 240,00	Flagstaff	Male owned
14	Achumile Amangwane Investment	Supply and delivery of 16 Steel cabinets	11-Oct-23	once off	R72 000,00	Lusikisiki	Woman Owned
15	CIGS General Trading	Repairs of grass cutting machines	13-Oct-23	once off	R43 500,00	Port St Johns	Male owned
16	LLL Merchending	Production and Printing of 5000 copies of Municipal News Letter	13-Oct-23	once off	R75 000,00	Mt Frere	Male owned

17	LLL Merchandising	Supply and delivery of Branding Material	13-Oct-23	once off	R25 907,00	Mt Frere	Male owned
18	Impovane Trading	Supply and delivery of PA System	13-Oct-23	once off	R30 000,00	Umthatha	
19	LLL Merchandising	Supply and delivery of Safety tools	19-Oct-23	once off	R27 900,00	Bizana	Male owned
20	Dula Trading & Projects	Supply and delivery of Toys	19-Oct-23	once off	R38 597,31	Lusikisiki	Male owned
21	Hoat coal Construction	Supply and delivery of Jerkhammer and plant compactor	25-Oct-23	once off	R46 250,00	Lusikisiki	Male owned
22	CJEEY Holdings	Hiring of Padfoot roller for a period of 05 days	25-Oct-23	once off	R33 100,00	Lamontville	Male owned
23	Ndlovugadu Trading	Supply and delivery of 500 reflector vests and 500 hats	21-Nov-23	once off	R75 450,00	Flagstaff	Male owned
24	Linathi Projects	Supply and delivery of wet fuel for grass cutting machines	28-Nov-23	once off	R103 750,00	Flagstaff	Male owned
25	Linathi Projects	Supply and delivery of 10 grass cutting machines	29-Nov-23	once off	R137 500,00	Flagstaff	Male owned
26	Mabipha Trading Pty Ltd	Catering for 1000 people	04-Dec-23	once off	R105 000,00	Flagstaff	Women Owned

c. Above R200 000

No.	NAME OF CONTRACTOR	DESCRIPTION OF CONTRACT	DATE OF AWARD	CONTRACT PERIOD	CONTRACT VALUE	LOCALITY	OWNERSHIP
1	Munsoft	Provision of Services for the review of Annual Financial Statements for IHLM	23-Aug-23	Once Off	R120 000,00	Johannesburg	Male and Women
2	Target Line cc	Provision of Firearm Competency Training	28-Aug-23	Once Off	R295 959,80	East London	Male and Women

IHLM Section 72 Report – 31 December 2023

3	KC and Sons	Supply and delivery of 32 Lap Tops for IHLM	28-Aug-23	Once Off	R1 171 965,29	Bizana	Male
4	Soqash Trading	Supply and delivery of Electrical Material	08-Sep-23	Once Off	R347 385,00	Bizana	Woman
5	LLL Merchandising Promotions and Sales	Supply and delivery of Protective clothing for Technical Services	08-Sep-23	Once Off	R191 894,00	Mt Frere	Male
6	MT Squared Traders	Construction of Hombe Stage	08-Sep-23	2 Months	R295 790,00	Flagstaff	Male
7	Nomafusi Projects JV Dosini Group	Fencing of Information Center	08-Sep-23	3 Months	R769 417,28	Lusikisiki	Males and Women
8	Phakamisa JV Lulwakhuyo	Fencing of Club House	08-Sep-23	3 Months	R821 128,00	Lusikisiki	Males
9	MT Squared Traders	Maintenance of Sivukile Access Road	20-Sep-23	1 Month	R501 250,00	Flagstaff	Males
10	Thahle ka Ndayeni Trading and Projects	Maintenance of Siphambukeni Access Road	20-Sep-23	1 Month	R426 730,50	Flagstaff	Male
11	A and S Civils JV Zeezeekhulu Trading	Maintenance of Rhole Acces Road	20-Sep-23	1 Month	R613 525,00	Lusikisiki	Male
12	Diba Chasing Trading & Projects	Fencing of Mamjazi Farming ward 17	04-Oct-23	03 Months	R256 612,20	Kokstad	Male
13	Lina Trading & Projects	Fencing of Lande Farming	09-Oct-23	03 Months	R339 213,00	Kokstad	Male
14	Bell Equipment Sale South Africa	Supply and delivery of Excuvator	09-Oct-23	Once Off	R3 305 791,56	East London	Male and Women
15	Komatsu South Africa	Supply and delivery of Motor grader	09-Oct-23	Once Off	R3 219 578,78	Brickfield	Male and Women
16	Aro Trading	Supply and delivery of Roller	09-Oct-23	Once Off	R2 870 012,45	Morelete Park	Male and Women
17	NMI DSM Umhlanga	Supply and delivery of Tipper Trucks	09-Oct-23	Once Off	R3 885 636,91	Durban	Male and Women
18	NMI DSM Umhlanga	Supply and delivery of Honey sucker	09-Oct-23	Once Off	R2 188 341,61	Durban	Male and Women
19	Chakide Foundation	Supply and delivery of Stationery	13-Oct-23	Once Off	R192 195,00	Hofmeyer	Male
20	Manyobo Group	Maintanance of Bhoobhile Access road	13-Oct-23	1 Month	R553 334,00	Flagstaff	Male
21	Bell Equipment Sale South Africa	Supply and delivery of Articulated Tractor	09-Nov-23	Once Off	R3 924 972,13	East London	Male and Women
22	Aro Trading	Supply and delivery of Grid Roller	09-Nov-23	Once Off	R1 517 954,00	Morelete Park	Male and Women

IHLM Section 72 Report – 31 December 2023

	Makgaka Property valuers	Property Valuation Services for a period of 05 years	13-Nov-23	5 Years	Rate Based	Johannesburg	Male
23							
24	MT Squared Traders	Maintenance of JB to Khimbili via Scwenza Access Road	16-Nov-23	03 Months	R634 061,00	Flagstaff	Male
25	MT Squared Traders	Maintenance of Phelephele Access Road	16-Nov-23	3 Months	R556 412,00	Flagstaff	Male
26	Alizoi Pty Ltd	Maintenance of Gunyeni Access Road	16-Nov-23	3 Months	R620 994,25	Flagstaff	Male
27	Alizoi Pty Ltd	Maintenance of Top Area Access Road	16-Nov-23	3 Months	R490 325,50	Flagstaff	Male
28	Bahamba Bebuzzana Projects Pty Ltd	Maintenance of Joe Slovo Access Road	22-Nov-23	03 Months	R300 945,00	Lusikisiki	Male
29	Bahamba Bebuzzana Projects Pty Ltd	Maintenance of Xesibe to T-Road Access Road	22-Nov-23	03 Months	R200 220,00	Lusikisiki	Male
30	His Glory Pty Ltd	Maintenance of Simvini Access Road	22-Nov-23	03 Months	R274 790,00	Lusikisiki	Male
31	Ludwala Investments Services	Supply and delivery of Life Guard Equipment	22-Nov-23	Once Off	R267 660,00	Mbizana	Male
32	Tymark Parkhome	Supply and delivery of Parkhomes	22-Nov-23	Once Off	R1 450 000,00	Johannesburg	Males
33	Lisaphelele Investments	Fencing of Lusikisiki Municipal Offices	22-Nov-23	03 Months	R1 485 641,30	Lusikisiki	Male
34	Abusons Pty Ltd	Supply and delivery of 1000 Wheely Bins	27-Nov-23	Once Off	R626 750,00	Johannesburg	Male
35	Nobakhe Projects Pty Ltd	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Qumbu	Male
36	Mlwa Construction	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Umthatha	Male
37	Mpiyakhe 04 Construction	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Lusikisiki	Male
38	Mvumeza Construction	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Lusikisiki	Male
39	Abanstundu Building & Civil	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Vidgiesville	Male
40	Dintwa Trading CC	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Butterworth	Male
41	MVI Construction & Maintenance	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Flagstaff	Male
42	Ngqakumba Trading & Projects	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Lusikisiki	Male
43	Sjaka Group	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Lusikisiki	Male
44	TDOZ 82 Trading	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Flagstaff	Male

IHLM Section 72 Report – 31 December 2023

45	Vitsha Trading	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Flagstaff	Male
46	Mabona Civil & Plant	Panel of Contractors Civil Engineering	27-Nov-23	2 Years	Rate Based	Kokstad	Male
47	Zana M Properties	Supply and delivery of 550 000 refuse bags	04-Dec-23	Once Off	R550 000,00	Flagstaff	Male
48	NSG Trading Enterprise	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Lusikisiki	Male
49	Zero-Hero Construction	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Newcastle	Male
50	Ibala Consulting	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Flagstaff	Male
51	Mabozela Trading	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Flagstaff	Male
52	Matela Civil Construction Works	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Botshabelo	Male
53	Zingezethu Trading & Projects 44cc	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Port	Male
54	Manyobo Group	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Mbizana	Male
55	Milibo Trading & Projects	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Lusikisiki	Male
56	Egweni Engineering cc	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Gateway	Male
57	Tswela Trading	Panel of Contractors Civil Engineering	07-Dec-23	02 Years	Rate Based	Lusikisiki	Male
58	Alutha Holdings	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Flagstaff	Male
59	Ayagu Trading Pty Ltd	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Lusikisiki	Male
60	Gade and Dlova Trading	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Lusikisiki	Male
61	Ikhanga Trading	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Flagstaff	Male
62	Nase Construction	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Lusikisiki	Male
63	Pangwa Trading	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Lusikisiki	Male
64	Quezy M Holdings	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Flagstaff	MALE
65	Sibukwa Investments	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Flagstaff	Male
66	Sinesakhono Contractors	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Flagstaff	Male
67	Tentamount Trading 68 TTT Infrastructure	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Flagstaff	Male
68	Developers	Panel of Contractors Civil Engineering	11-Dec-23	02 Years	Rate Based	Lusikisiki	Male
69	Mpumzi and Sons	Panel of Contractors Civil Engineering	14-Dec-23	02 Years	Rate Based	Lusikisiki	Male

PART 2 – SUPPORTING DOCUMENTATION

1. Debtors' Analysis

EC153 Ngquzu Hills - Supporting Table SC3 Monthly Budget Statement - aged debtors - Half year

Description	NT Code	Budget Year 2023/24									Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-180 Dya	181-180 Dya	181 Dya-1 Yr	Over 1Yr	Total	
R thousands											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2 799	1 191	1 189	1 110	3 768	1 044	900	73 065	85 066	79 907
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	234	110	109	107	106	100	100	10 854	11 721	11 267
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	1 500	740	842	896	893	879	-	-	5 152	2 070
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-	1	1	1
Total By Income Source	2000	4 533	2 040	2 120	1 915	4 568	1 824	1 000	83 939	101 939	93 246
2022/23 - totals only		-	-	-	-	-	-	-	-	-	-
Debtors Age Analysis By Customer Group											
Organs of State	2200	139	73	185	50	2 726	50	13	4 217	7 454	7 058
Commercial	2300	3 145	1 374	1 347	1 284	1 264	1 152	880	47 184	57 430	51 564
Households	2400	1 248	593	588	581	577	622	307	32 539	37 055	34 626
Other	2500	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	4 533	2 040	2 120	1 915	4 568	1 824	1 000	83 939	101 939	93 246

The Debtors age analysis shows that the municipality is owed an amount just over R101 million, R93 million of which is over 90 days. The municipality must therefore work on strategies to ensure the reduction of the amounts owed and ensure that the debt is collected from consumers. This will be done through the implementation of the debt and credit control policy.

2. Creditors' Analysis

EC153 Ngquzu Hills - Supporting Table SC4 Monthly Budget Statement - aged creditors - Half year

Description		NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
			0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	-	-	-	-	-	-	-	-	-	-	
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	
Other	0900	-	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	-	-	-	-	-	-	-	-	-	-	

Management has put measures in place to ensure that all creditors are settled as they fall due. This however requires close monitoring and ensuring that creditors reconciliations are performed to determine the accuracy of what is being disclosed, versus what the service providers are saying.

3. Investment Portfolio

INGQUZA HILL ACCOUNTS FOR 2023/24 FINANCIAL YEAR					
ACCOUNT NUMBER	BANK	ACCOUNT TYPE	ACC NAME	BALANCE	RECONS
62224175712	FNB	Cheque account	Ingquza Hill	195,161,261.94	31/12/2023
62219877836	FNB	Call account	Ingquza Hill	248,023.69	31/12/2023
62231473761	FNB	Operational Account	Ingquza Hill	66,676,293.92	31/12/2023
62231474537	FNB	MIG Call Acc	Ingquza Hill	4,744,328.53	31/12/2023
74233699310	FNB	DME Call Acc.	Ingquza Hill	50,045,879.97	31/12/2023
62792758503	FNB	Plant Call Acc	Ingquza Hill	39,102,930.82	31/12/2023
63028949254	FNB	Call account	Ingquza Hill	1,290,650.73	31/12/2023
63028944486	FNB	Call account	Ingquza Hill	233,763.67	31/12/2023
63028945525	FNB	Call account	Ingquza Hill	2,196,486.82	31/12/2023
63028948214	FNB	Call account	Ingquza Hill	787,953.07	31/12/2023
63028946599	FNB	Call account	Ingquza Hill	1,219,066.07	31/12/2023
				361,706,639.23	

The municipality does not have an investment portfolio in the strict definition of investments, but rather funds that are currently not required for service delivery are placed on short term deposits, and therefore form part of cash and cash equivalents. The following table shows a summary of those cash and cash equivalents at the end of December 2023, which indicates a total of R361 million:-

4. Allocation and Grant Receipts and Expenditure

The municipality receives several conditional grants, where conditions set by the funder need to be met before expenditure is incurred. The following is a table that shows the allocations, the amounts received, and the expenditures on the received allocations.

Grant	Allocation	Received	Expenditure	% spend of amount received	% spend of budgeted allocation
Municipal Infrastructure Grant	64,854,000.00	50,731,000.00	35,458,203.00	70%	55%
Finance management grant	1,700,000.00	1,700,000.00	399,148.00	23%	23%
EPWP	1,184,000.00	828,000.00	3,872,165.00	468%	327%
LG Seta	1,500,000.00	475,093.00	309,060.00	65%	21%
INEP	2,618,000.00	1,400,000.00	1,893,809.00	135%	72%
Library Grant	800,004.00	800,000.00	243,655.58	30%	30%
Disaster grant	4,138,042.00	4,138,042.00	2,608,391.00	63%	63%
Total	76,794,046.00	60,072,135.00	44,784,431.58	75%	58%

Municipal Infrastructure Grant (MIG): The municipality was allocated R64 million for the financial year, R50,7 million of which has been transferred to the municipality. R35,4 million has been spent giving rise to 70% expenditure on the received allocation and 55% on the entire allocation to be received.

Financial Management Grant (FMG) – The municipality has received the R1.7 million FMG full trench that is meant to finance interns and Finance related programs. The year-to-date expenditure is sitting at R399 000 as at the end of December 2023.

Expanded Public Works Programme (EPWP) – The municipality as part of national program to create job opportunities, is receiving funds for expanded public works program and the budgeted allocation for this year is R1.1 million. The municipality as at the end of December has received the second trench as per DORA allocation. The municipality as at the end of December has spent R3.8 million which is 327 % of the total promised amount.

IHLM Section 72 Report – 31 December 2023

LG Seta – The municipality is part to LG Seta grant for skills development, learnership agreements and study fees. The municipality has received an amount of R475 000 and an amount of R309 000 has been spent as at the end of December 2023.

Integrated National Electrification Programme (INEP) – The municipality has received R1 400 000 rand for the first trench as per DORA allocation and as the end of December the expenditure is R1.8.

Library Grant – The municipality as part of the additional mandate as funded by DSRAC has library grant meant for library activities, employee cost and trainings. The municipality received R800 000 in November 2023, and as at the end of December the expenditure is R243 000.

Municipal Disaster Recovery Grant (MDRG) – The municipality received an amount of R4 138 046 in June 2023 for 2023/24 disaster related projects, as required by MFMA the municipality made an application for rollover for this amount and will be submitted to National and provincial treasury on the 31st of August 2023. The expenditure as at the end of December is R2.6 million made up of R557 for rollover and other for the current year. It is also important to note that the rollover grant for this grant has been approved fully.

5. Expenditure on Councillor Allowances and Employee Benefits

EC153 Ngquzu Hills - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Half year

Summary of Employee and Councillor remuneration	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		19 495	19 495	19 496	11 665	11 665	9 748	1 917	20%	19 496
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		2 324	6 031	6 031	1 236	1 236	3 015	(1 780)	-59%	6 031
Cellphone Allowance		2 547	3 594	3 594	1 343	1 343	1 707	(454)	-25%	3 594
Housing Allowances		—	132	132	12	12	66	(54)	-82%	132
Other benefits and allowances		4	468	468	1	1	234	(232)	-99%	468
Sub Total - Councillors		24 369	29 721	29 721	14 287	14 287	14 860	(603)	-4%	29 721
% Increase	4		22,0%	22,0%						22,0%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		4 789	7 249	7 249	948	948	3 624	(2 676)	-74%	7 249
Pension and UIF Contributions		12	19	19	3	3	10	(7)	-73%	19
Medical Aid Contributions		—	—	—	266	266	—	266	#DIV/0!	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		2 850	3 517	3 517	1 280	1 280	1 759	(479)	-27%	3 517
Motor Vehicle Allowance		501	1 070	1 070	383	383	535	(152)	-28%	1 070
Cellphone Allowance		—	106	106	12	12	53	(41)	-77%	106
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	19	19	0	0	10	(10)	-98%	19
Payments in lieu of leave		751	—	—	54	54	—	54	#DIV/0!	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
Entertainment	2	—	—	—	—	—	—	—	—	—
Scarcity		—	—	—	—	—	—	—	—	—
Acting and post related allowance		—	—	—	—	—	—	—	—	—
In kind benefits		—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		8 882	11 880	11 880	2 965	2 965	6 990	(3 025)	-80%	11 880
% Increase	4		34,9%	34,9%						34,9%
Other Municipal Staff										
Basic Salaries and Wages		90 131	99 082	99 082	45 806	45 806	49 546	(3 740)	-8%	99 082
Pension and UIF Contributions		13 015	16 277	16 277	6 914	6 914	8 138	(1 225)	-15%	16 277
Medical Aid Contributions		8 067	8 810	8 810	4 059	4 059	4 405	(346)	-8%	8 810
Overtime		14 001	12 051	12 051	5 721	5 721	6 025	(305)	-5%	12 051
Performance Bonus		3 500	4 233	4 233	1 688	1 688	2 116	(428)	-20%	4 233
Motor Vehicle Allowance		10 573	9 184	9 184	4 326	4 326	4 582	(256)	-6%	9 184
Cellphone Allowance		599	603	603	335	335	302	33	11%	603
Housing Allowances		4 607	4 448	4 448	2 472	2 472	2 244	248	11%	4 448
Other benefits and allowances		91	64	64	22	22	32	(10)	-32%	64
Payments in lieu of leave		731	117	117	22	22	59	(37)	-63%	117
Long service awards		554	508	508	158	158	254	(98)	-39%	508
Post-retirement benefit obligations	2	1 173	1 055	1 055	169	169	528	(358)	-68%	1 055
Entertainment		—	—	—	—	—	—	—	—	—
Scarcity		—	—	—	—	—	—	—	—	—
Acting and post related allowance		300	520	520	585	585	280	325	125%	520
In kind benefits		—	—	—	—	—	—	—	—	—
Sub Total - Other Municipal Staff		147 343	166 962	166 962	72 275	72 275	78 481	(6 206)	-8%	166 962
% Increase	4		6,6%	6,6%						6,6%
Total Parent Municipality		180 894	198 663	198 663	89 497	89 497	99 331	(9 834)	-10%	198 663

The table above shows the expenditure by the municipality on councillor allowances and employee related costs.

A total of R14,2 million has been spent up to the end of December 2023 on the remuneration of councillors. This is based on the regulations on upper limits on the remuneration of councillor as issued.

The salaries for senior management for the period up to December 2023 are a total of R2,9 million of the budgeted R5,9 million. The variance is caused by the vacancies that are still not filled in the senior management positions, as well as the fact that the filled positions were only filled in August and December 2023.

Other municipal staff were budgeted a total of R78,4 million for the period up to December 2023, with expenditure of R72,2 million for the same period. This has given rise to a variance of 4%. There is a significant expenditure on the overtime, with a total spent for the period of R5,7 million. Management needs to determine the causes for such overtime and ensure that there is close monitoring and management of this expenditure, to ensure that it is accurate and appropriately approved or authorised.

6. Cashflow Statement

The cashflow statement depicts the inflow and outflow of cash in the accounts of the municipality.

EC153 Ngqauza Hills - Table C7 Monthly Budget Statement - Cash Flow - Half year

Description	Ref	2022/23	Budget Year 2023/24							
		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		35 260	35 260	35 260	29 357	29 357	17 630	11 726	67%	35 260
Service charges		1 674	1 674	1 674	684	684	—	684	#DIV/0!	1 674
Other revenue		9 954	9 954	9 954	4 124	4 124	—	4 124	#DIV/0!	9 954
Transfers and Subsidies - Operational		337 487	337 487	341 625	249 163	249 163	—	249 163	#DIV/0!	341 625
Transfers and Subsidies - Capital		64 404	64 404	64 404	—	—	837	(837)	-100%	64 404
Interest		14 000	14 000	14 000	—	—	—	—	—	14 000
Dividends		—	—	—	—	—	929	(929)	-100%	—
Payments										
Suppliers and employees		(393 365)	(393 365)	(393 365)	(85 346)	(85 346)	—	(85 346)	#DIV/0!	(393 365)
Interest		—	—	—	—	—	—	—	—	—
Transfers and Subsidies		—	—	—	—	—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES		69 415	69 415	73 553	197 980	197 980	19 397	(176 584)	-921%	73 553
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		—	—	—	—	—	203 326	(203 326)	-100%	—
Decrease (increase) in non-current receivables		—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	32 202	(32 202)	-100%	—
Payments										
Capital assets		(132 684)	(132 684)	(132 684)	(47 270)	(47 270)	—	(47 270)	#DIV/0!	(132 684)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(132 684)	(132 684)	(132 684)	(47 270)	(47 270)	235 528	282 798	120%	(132 684)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		—	—	—	—	—	235 528	(235 528)	-100%	—
Payments										
Repayment of borrowing		—	—	—	—	—	—	—	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES		—	—	—	—	—	235 528	235 528	100%	—
NET INCREASE/ (DECREASE) IN CASH HELD		(63 269)	(63 269)	(59 131)	150 710	160 710	490 462			(59 131)
Cash/cash equivalents at beginning:		216 840	216 840	216 840						216 840
Cash/cash equivalents at month/year end:		153 570	153 570	157 708		150 710	707 292			(59 131)

Recommendations

1. That the Mid-Year Performance Assessment submitted in terms of section 72 of Municipal Finance Management Act (Act 56 of 2003) be noted for onward submission to National and Provincial Treasury.
2. That the SDBIP be reviewed in line the adjustment budget and consider the monthly revenue projections and issues raised by AG.
3. That Departments to re-align the Mid-Year Review to Monthly Projections of expenditure on the Operational and Capital Budget based on the Mid-Year assessed SDBIP's.
4. That the Budget and SDBIP's be re-aligned to the organizational structure in terms of powers and functions in the 2023/24 financial year, to ensure improved high-level reporting aligned to the budget.
5. That the Mid-Year Budget Review (as presented by the Mayor/Manager) and the Mid-year performance assessment, and the recommendation contained therein be approved for preparation of an Adjustment budget for the 2023/24 and the review of the SDBIP's accordingly.
6. That revision on the SDBIP's forming part of the Mid-Year Assessments (where applicable) be approved, and Performance Agreements of section 54/56 employees be amended accordingly.
7. Review on the Top layer SDBIP Scorecard be undertaken, and focus be on Strategic KPIs, Legislative KPIs in line with the IDP and Budget.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, V. C Makedama, Municipal Manager of Ingquza Hill Local Municipality, hereby certify that Section 72(1)(a) Report and supporting documents for Mid-year performance have been prepared in accordance with the Municipal Finance Management (Act No. 56) and the regulations made under the act.

Print Name: V.C Makedama

Municipal Manager of Ingquza Local Municipality

Signature:  _____

Date: _____