



Mid-Year Budget and Performance Assessment report

MFMA Section 72 Report

2020/2021

Govan Mbeki Municipality

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1. Chapter 1: Introduction

1.1 Purpose

This Mid-Year performance assessment is compiled as determined in section 72 of the Municipal Finance Management Act. The assessment is for the period 1 July 2020 to 31 December 2020 where actual financial performance of the municipality is monitored.

Further in terms of section 54 of the MFMA the Mayor must take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

Where it is deemed necessary the accounting officer must, as part of the review, make recommendations as to whether an adjustments budget is necessary; and recommend revised projections for revenue and expenditure to the extent that this may be necessary

1.2 Regulation

In terms of Section 72. (1) of the MFMA, the accounting officer of a municipality must by 25 January of each year-

- “(a) *assess the performance of the municipality during the first half of the financial year, taking into account-*
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;*
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;*
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and*
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and*

- (b) submit a report on such assessment to-*
 - (i) the mayor of the municipality;*
 - (ii) the National Treasury; and*
 - (iii) the relevant provincial treasury.”*

Thereafter, the mayor must, in terms of Section 54. (1)-

- a) consider the report;*
- b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;*
- c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;*
- d) issue any appropriate instructions to the accounting officer to ensure-*
 - a. that the budget is implemented in accordance with the service delivery and budget implementation plan;*
and
 - b. that spending of funds and revenue collection proceed in accordance with the budget;*
- e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and*

f) *submit the report to the council by 31 January of each year.*

2. Chapter 2: Section 13: Quality Certification by Accounting Officer

<p>QUALITY CERTIFICATE</p> <p>I, E.K. Tshabalala, the Acting Municipal Manager of Govan Mbeki Municipality, hereby certify that:-</p> <p>✓ The Mid-year assessment report</p> <p>and supporting documentation for the half year ended December 2020 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.</p> <p>Print Name: V. Nkhata</p> <p>Acting Chief Financial Officer of Govan Mbeki Municipality (MP307)</p> <p>Signature:</p> <p>Date:</p> <p>Print Name: E.K. Tshabalala</p> <p>Acting Municipal Manager of Govan Mbeki Municipality (MP307)</p> <p>Signature:</p> <p>Date:</p>

3. Chapter 3: Budget Performance Analysis

3.1 Executive Summary

The following table provides a summary of the municipality's performance on the Capital and Operational budget as at 31 December 2020:

MP307 Govan Mbeki - Table C1 Monthly Budget Statement Summary – Mid Year Report

Description	2019/20	Budget Year 2020/21							
	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	403 050	346 777	–	30 971	171 393	173 389	(1 995)	-1%	342 787
Service charges	1 357 628	1 445 164	–	84 992	601 818	722 582	(120 764)	-17%	1 203 635
Investment revenue	5 325	13 588	–	644	3 134	6 794	(3 660)	-54%	6 269
Transfers and subsidies	314 373	385 183	–	134 230	277 899	277 899	–	–	385 183
Other own revenue	161 034	242 200	–	9 988	18 272	121 100	(102 828)	-85%	36 543
Total Revenue (excluding capital transfers and contributions)	2 241 409	2 432 912	–	260 825	1 072 516	1 301 764	(229 247)	-18%	1 974 417
Employee costs	591 941	628 945	–	45 287	271 057	314 472	(43 415)	-14%	542 114
Remuneration of Councillors	25 947	29 386	–	2 141	12 191	14 693	(2 502)	-17%	24 381
Depreciation & asset impairment	141 921	148 449	–	–	–	74 225	(74 225)	-100%	–
Finance charges	80 966	123 975	–	2 126	27 339	61 987	(34 648)	-56%	54 679
Materials and bulk purchases	837 967	917 281	–	36 165	511 629	458 640	52 989	12%	1 023 259
Transfers and subsidies	41 590	–	–	(0)	101	–	101	#DIV/0!	202
Other expenditure	520 877	528 665	–	11 998	96 416	264 333	(167 916)	-64%	192 833
Total Expenditure	2 241 208	2 376 700	–	97 716	918 734	1 188 350	(269 617)	-23%	1 837 467
Surplus/(Deficit)	201	56 212	–	163 109	153 783	113 413	40 369	36%	136 950
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	88 803	172 422	–	25 051	115 573	115 573	–	–	172 422
Contributions & Contributed assets	16 000	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	105 004	228 634	–	188 160	269 356	228 986	40 369	18%	309 372
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	105 004	228 634	–	188 160	269 356	228 986	40 369	18%	309 372
Capital expenditure & funds sources									
Capital expenditure	142 188	253 275	–	–	29 692	126 637	(96 945)	-77%	55 435
Capital transfers recognised	83 003	172 422	–	10 833	37 083	86 211	(49 128)	-57%	74 166
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	6 127	153 439	–	150	5 710	76 719	(71 010)	-93%	11 420
Total sources of capital funds	89 130	325 861	–	10 983	42 793	162 930	(120 137)	-74%	85 586
Financial position									
Total current assets	1 407 962	1 152 779	–	–	1 478 467	–	–	–	1 152 779
Total non current assets	2 911 799	3 318 788	–	–	2 947 980	–	–	–	3 318 788
Total current liabilities	3 335 380	1 185 257	–	–	3 577 136	–	–	–	1 185 257
Total non current liabilities	77 772	230 695	–	–	141 155	–	–	–	230 695
Community wealth/Equity	906 609	3 055 615	–	–	708 157	–	–	–	3 055 615
Cash flows									
Net cash from (used) operating	69 480	315 208	–	66 281	194 606	157 604	(37 002)	-23%	315 208
Net cash from (used) investing	(60 054)	(253 210)	–	(12 298)	(37 261)	(126 605)	(89 343)	71%	(253 210)
Net cash from (used) financing	(388)	(2 500)	–	259	(93)	(1 250)	(1 157)	93%	(948)
Cash/cash equivalents at the month/year end	166 596	59 498	–	–	323 847	29 749	(294 098)	-989%	227 647
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	123 195	81 311	59 251	62 118	54 336	39 987	254 743	1 774 026	2 448 968
Creditors Age Analysis									
Total Creditors	48 556	52 228	154 608	71 169	2 393 734	–	–	–	2 720 295

Comments on the Budget Summary Statement

Operating Revenue

The overall performance on the revenue component is 18% below target. The performance is mainly due to negative performance on service charges and other income.

Operating Expenditure

The overall performance on the expenditure component is 23% below target.

The highest expenditure is on bulk purchases which is 16 % above target. This expenditure if not managed accordingly will result in Unauthorized expenditure at year end.

Capital Expenditure

Total Capital Expenditure to date is 49 825 325 of this amount R 25 770 144 relates to MIG funding, R 5 536 777 for Water Service Infrastructure, R 3 713 111 for Regional Bulk Infrastructure, R 9 005 932 relates to INEP whilst R 5 799 361 is from internally generated funds.

Cash Flows

At the 31st of December 2020, we had a positive bank statement balance of R 43 216 129 and a positive cash book balance of R 20 236 727.

Debtors and Creditors

The municipality Debtors book had a total balance of R 2 448 968 158 as at end of December. Collection still remains a challenge as indicated by the huge amounts of old outstanding debtors.

The total creditors balance amounted to R 2 720 294 506 as at end of December, and the non-collection of debtors above make it difficult for the municipality to pay debts when they become due, with major Creditors being Eskom and Rand Water.

3.2 Operational Expenditure and Revenue Performance

3.2.1 Financial performance (Revenue and Expenditure-source and type)

MP307 Govan Mbeki - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Report

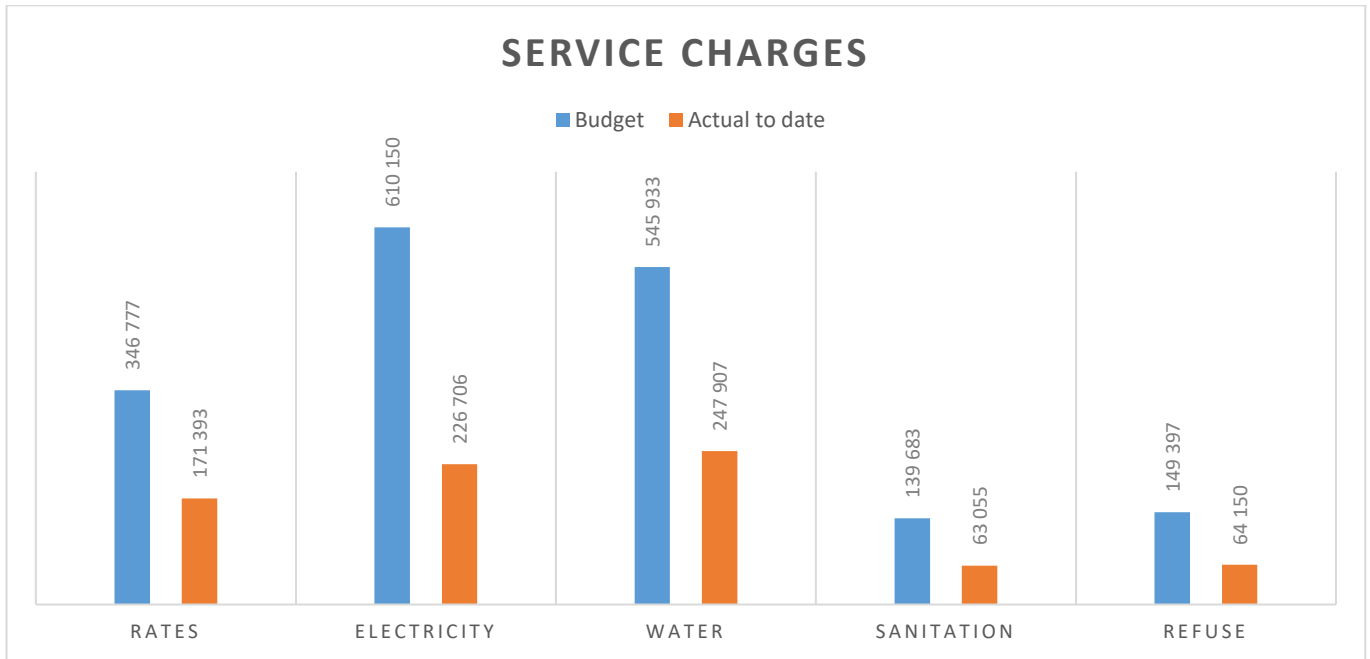
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		403 050	346 777	-	30 971	171 393	173 389	(1 995)	-1%	342 787
Service charges - electricity revenue		574 313	610 150	-	29 270	226 706	305 075	(78 369)	-26%	453 412
Service charges - water revenue		512 132	545 933	-	35 656	247 907	272 967	(25 060)	-9%	495 814
Service charges - sanitation revenue		131 034	139 683	-	9 369	63 055	69 841	(6 787)	-10%	126 109
Service charges - refuse revenue		140 148	149 397	-	10 698	64 150	74 699	(10 549)	-14%	128 300
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		4 507	4 728	-	467	2 767	2 364	403	17%	5 533
Interest earned - external investments		5 325	13 588	-	644	3 134	6 794	(3 660)	-54%	6 269
Interest earned - outstanding debtors		106 497	196 493	-	9 134	12 676	98 246	(85 570)	-87%	25 352
Dividends received		-	21	-	-	-	10	(10)	-100%	-
Fines, penalties and forfeits		32 976	34 646	-	84	253	17 323	(17 070)	-99%	506
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		314 373	385 183	-	134 230	277 899	277 899	-	-	385 183
Other revenue		6 017	6 312	-	304	2 576	3 156	(580)	-18%	5 152
Gains on disposal of PPE		11 037	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		2 241 409	2 432 912	-	260 825	1 072 516	1 301 764	(229 247)	-18%	1 974 417
Expenditure By Type										
Employee related costs		591 941	628 945	-	45 287	271 057	314 472	(43 415)	-14%	542 114
Remuneration of councillors		25 947	29 386	-	2 141	12 191	14 693	(2 502)	-17%	24 381
Debt impairment		185 681	194 223	-	-	-	97 111	(97 111)	-100%	-
Depreciation & asset impairment		141 921	148 449	-	-	-	74 225	(74 225)	-100%	-
Finance charges		80 966	123 975	-	2 126	27 339	61 987	(34 648)	-56%	54 679
Bulk purchases		806 663	862 200	-	34 502	499 418	431 100	68 318	16%	998 836
Other materials		31 304	55 081	-	1 663	12 211	27 540	(15 329)	-56%	24 422
Contracted services		238 952	253 916	-	8 068	58 970	126 958	(67 987)	-54%	117 941
Transfers and subsidies		41 590	-	-	(0)	101	-	101	-	202
Other expenditure		96 244	80 527	-	3 930	37 446	40 263	(2 817)	-7%	74 892
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		2 241 208	2 376 700	-	97 716	918 734	1 188 350	(269 617)	-23%	1 837 467
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		88 803	172 422	-	25 051	115 573	115 573	-	-	172 422
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		16 000	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		105 004	228 634	-	188 160	269 356	228 986			309 372
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		105 004	228 634	-	188 160	269 356	228 986			309 372
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		105 004	228 634	-	188 160	269 356	228 986			309 372
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		105 004	228 634	-	188 160	269 356	228 986			309 372

3.2.2 Detailed Analysis of Revenue per Source

(i) Property Rates

The property rates revenue is below target by 1%, this is mainly due to Supplementary Valuation changes that were done, as a result the property rates revenue will be adjusted accordingly.

(ii) Service Charges



Electricity

Electricity shows a deviation of 26%, the deviation is linked to distribution losses amounting to 71%. This signifies that the municipality revenue could be more however because of the losses revenue is not completely realized, the electricity that is not accounted is the result of the poor state of meters and theft, by-passes and illegal connections.

The current intervention on electricity will assist in elimination the anomalies. Infrastructure and systems related to this service must be given priority. Revenue on electricity will have to be adjusted down.

Water

Water revenue is below the target with 9%, the deviation is linked to distribution losses amounting to 30% realised since the beginning of the year. This signifies that the municipality revenue could be more however because of the losses revenue is not completely realised. Controls will be placed for reduction of these water losses to an acceptable level, of which it might be a challenge due to aged infrastructure.

Sanitation

Sanitation Service is below target by 10% this is mainly linked to water distribution losses.

Refuse Removal

The service shows negative performance of 12%. Revenue enhancement strategy is in place to assist with revenue collection.

(iii) Rental of Facilities and Equipment

This vote is 17% above the targeted budget.

(iv) Fines

Fines are below target by 99%, respective departments should ensure that by-laws are implemented and transgression followed up as well to pursue recovery.

(v) Other Revenue

Other Revenue stream shows a collective negative deviation of 18%.

In conclusion, although some of the revenue streams need to be reviewed and some shows positive deviation the total Operation Revenue shows a negative of 18%, in conclusion the revenue streams as depicted above will be adjusted accordingly to align to the full year forecast.

3.2.3 Detailed Analysis of Expenditure per Source

(i) Employee Related Cost

Employee related cost shows a positive deviation of 14%. Overtime needs to be controlled and the filling of vacant positions has to be aligned to the budget performance.

(ii) Remuneration of Councillors

The category of expenditure shows a positive deviation of 17%. An adjustment to the budget will be considered to take into account the revised upper limits.

(iii) Debt Impairment

The debt impairment is at 100%, this is as a result of impairment for the period not effected in the financial system, and no adjustment will be done on debt impairment.

(iv) Depreciation and Asset Impairment

Depreciation and asset impairment is at 100%, no provision was accounted for in the first six months therefore no adjustment will be done.

(v) Finance and Charges

This relate to interest on loans and penalties for late payment of creditors. The expenditure shows positive deviation of 56%, this relates to late payment of Eskom and Rand Water.

(vi) Bulk Purchases

Bulk purchases relate to purchases from Eskom Rand Water collectively and indicate a negative deviation of 16%. Provision should be made for the winter season for Eskom. The strategy also to reduce electricity losses should be radically implemented to ensure reduction in cost of electricity. The implementation will eliminate theft and selling by ghost vendors.

(vii) Contracted Services

Contracted Services shows a positive deviation of 54%, departments must monitor this expenditure category well and where possible to avoid this expenditure.

(viii) Other Expenditure

Other expenditure shows a negative deviation of 7%. The major expenditure in other expenditures are travelling costs, transport cost , fuel expenditure, maintenance cost, therefore the individual line items will be assessed per function for correct budget adjustments .With the cash flow constraints challenges the municipality is currently experiencing, management need to cut other expenditure where necessary.

3.2.4 Financial performance (Standard classification)

MP307 Govan Mbeki - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Report

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		729 319	772 266	-	175 394	525 750	500 803	24 947	5%	822 160
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		729 319	772 266	-	175 394	525 750	500 803	24 947	5%	822 160
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2 291	1 112	-	116	1 013	556	457	82%	2 027
Community and social services		2 072	952	-	102	809	476	334	70%	1 619
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		212	161	-	14	200	80	120	149%	401
Housing		7	-	-	1	4	-	4	#DIV/0!	7
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		117 237	96 156	-	25 301	46 600	48 078	(1 478)	-3%	93 199
Planning and development		112 242	60 549	-	25 219	46 317	30 274	16 042	53%	92 634
Road transport		973	35 607	-	81	280	17 803	(17 524)	-98%	559
Environmental protection		4 022	-	-	1	3	-	3	#DIV/0!	7
Trading services		1 191 351	1 735 800	-	85 064	614 726	867 900	(253 174)	-29%	1 229 453
Energy sources		476 729	681 447	-	29 276	235 718	340 724	(105 006)	-31%	471 436
Water management		469 063	661 262	-	35 427	250 186	330 631	(80 445)	-24%	500 373
Waste water management		121 573	223 538	-	9 580	64 180	111 769	(47 589)	-43%	128 359
Waste management		123 986	169 552	-	10 780	64 642	84 776	(20 134)	-24%	129 284
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	2 040 198	2 605 334	-	285 876	1 188 089	1 417 337	(229 247)	-16%	2 146 839
Expenditure - Functional	-									
Governance and administration		557 435	727 767	-	22 175	172 625	363 884	(191 259)	-53%	345 250
Executive and council		61 651	56 606	-	3 492	28 609	28 303	306	1%	57 219
Finance and administration		492 480	666 938	-	18 409	142 230	333 469	(191 239)	-57%	284 460
Internal audit		3 305	4 224	-	273	1 786	2 112	(326)	-15%	3 572
Community and public safety		72 933	152 331	-	10 150	61 528	76 165	(14 637)	-19%	123 056
Community and social services		40 319	60 778	-	4 351	26 481	30 389	(3 908)	-13%	52 962
Sport and recreation		44	29 018	-	1 903	11 390	14 509	(3 119)	-21%	22 780
Public safety		30 535	49 854	-	3 190	19 528	24 927	(5 399)	-22%	39 056
Housing		2 034	11 193	-	630	3 698	5 596	(1 898)	-34%	7 397
Health		-	1 489	-	75	431	745	(314)	-42%	861
Economic and environmental services		110 119	130 577	-	8 329	51 289	65 288	(13 999)	-21%	102 578
Planning and development		51 626	39 683	-	2 622	17 365	19 842	(2 477)	-12%	34 730
Road transport		56 966	90 893	-	5 698	33 884	45 447	(11 563)	-25%	67 768
Environmental protection		1 526	-	-	9	40	-	40	#DIV/0!	80
Trading services		1 311 597	1 366 026	-	57 061	633 291	683 013	(49 721)	-7%	1 266 583
Energy sources		768 887	724 844	-	10 323	350 478	362 422	(11 944)	-3%	700 956
Water management		381 561	402 386	-	35 033	211 006	201 193	9 813	5%	422 013
Waste water management		106 919	140 166	-	7 066	42 862	70 083	(27 221)	-39%	85 724
Waste management		54 230	98 629	-	4 640	28 945	49 314	(20 369)	-41%	57 890
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	2 052 085	2 376 700	-	97 716	918 734	1 188 350	(269 617)	-23%	1 837 467
Surplus/ (Deficit) for the year		(11 887)	228 634	-	188 160	269 356	228 986	40 369	18%	309 372

3.2.5 Capital budget performance

Capital budget below represent projects that are earmarked to improve service delivery, to date MIG spending is at 54%, WSIG spending is at 16% this is due to late appointment of the contractor, INEP spending is at 60%, however there is slow spending on the internal budget mainly due to the cash flow constraints. The budget to be re-assessed and adjusted accordingly with the adjustment budget at end February.

Description	Funding	Total budget	Monthly Expenditure	Vat	Amount Inclusive of Vat	YTD Expenditure	Available as at 31 December 2020
Refurbish and Upgrade Water Pipeline to Van Heerden Reservoir and Recommission Reservoir	MIG	18 830 000.00	3 827 293.70	521 008.08	4 348 301.78	10 261 208.65	8 568 791.35
Refurbishment and Upgrading of Emzinoni WWTW and sewer pump stations	MIG	9 409 759.00			0.00	222 448.93	9 187 310.07
Rehabilitation of Tarred roads in Embalenhle	MIG	5 600 000.00	495 445.68	74 316.85	569 762.53	899 494.25	4 700 505.75
Construction of WWTW in Charl Cilliers.	MIG	13 617 550.00	3 666 757.27	378 781.83	4 045 539.10	7 765 644.69	5 851 905.31
Installation of 31 boreholes in GMM farms	MIG	4 692 332.00	2004897.74	273733.16	2 278 630.90	4 509 960.43	182 371.57
Upgrading of Lebohang Stadium	MIG	1 335 183.00			0.00	2 071 136.84	-735 953.84
Installation of high mast lights in GMM	MIG	2 871 100.00			0.00	40 250.00	2 830 850.00
PMU cost component	MIG	1 066 076.00			0.00	0.00	1 066 076.00
Upgrading of Kinross WWTW(Rollover)	WSIG	7 150 000.00	998 952.02	129 577.65	1 128 529.67	1 128 529.67	6 021 470.33
Upgrading of Embalenhle sewer pump stations and bulk sewer lines	WSIG	30 000 000.00	1 103 018.41	165 452.76	1 268 471.17	4 408 246.76	25 591 753.24
Embalenhle Ugrading of Bulk line and Sewer pump – ext 24	RBIG	60 000 000.00			0.00	3 713 111.48	56 286 888.52
Electricity projects	INEP	25 000 000.00			0.00	9 005 932.10	15 994 067.90
Construction of 4 x mini-transfer stations in eMbalenhle	Revenue	12 000 000.00			0.00	0.00	12 000 000.00
Construction of 3 x mini-transfer stations in Leandra/ Lebohang:	Revenue	9 000 000.00			0.00	0.00	9 000 000.00
Construction of 3 x mini-transfer stations in Secunda:	Revenue	8 900 000.00			0.00	0.00	8 900 000.00
Construction of 3 x mini-transfer stations in eMzinoni/ Bethal:	Revenue	8 900 000.00			0.00	0.00	8 900 000.00
Closure and rehabilitation of the Kinross landfill site	Revenue	8 000 000.00			0.00	0.00	8 000 000.00
Compactor Trucks *5	Revenue	7 500 000.00			0.00	0.00	7 500 000.00

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Construction of mini transfer station at Kinross landfill site (licensed facility)	Revenue	5 800 000.00			0.00	0.00	5 800 000.00
Procurement of Fleet	Revenue	5 500 000.00			0.00	811 848.16	4 688 151.84
Enclosures	Revenue	5 000 000.00			0.00	0.00	5 000 000.00
Fencing of closed landfill sites	Revenue	5 000 000.00			0.00	0.00	5 000 000.00
Fencing of facilities	Revenue	4 700 000.00			0.00	0.00	4 700 000.00
Skip loader trucks *2	Revenue	4 000 000.00			0.00	0.00	4 000 000.00
TLB for water and sanitation	Revenue	4 000 000.00			0.00	0.00	4 000 000.00
DISASTER Recovery Site	Revenue	3 400 000.00			0.00	0.00	3 400 000.00
Plant & Equipment	Revenue	3 200 000.00			0.00	0.00	3 200 000.00
Construction of informal trading infrastructure	Revenue	3 000 000.00			0.00	0.00	3 000 000.00
Infrastructure for Leandra landfill site – roads, lights, site office, weigh bridge, storm water drainage, leachate control, cell construction.	Revenue	3 000 000.00			0.00	0.00	3 000 000.00
Upgrading of eendracht Pipe line	Revenue	4 692 332.00	1 620 090.00	243 013.50	1 863 103.50	3 347 624.81	1 344 707.19
Installation of booster Pump & panel at Reservoirs	Revenue	3 000 000.00			0.00	0.00	3 000 000.00
Replacement of aged valves at GMM	Revenue	3 000 000.00			0.00	0.00	3 000 000.00
Water Cart for Water and sanitation	Revenue	3 000 000.00			0.00	13 800.00	2 986 200.00
Septic truck for water and sanitation	Revenue	3 000 000.00			0.00	0.00	3 000 000.00
Securing of sewer pump stations	Revenue	3 000 000.00			0.00	0.00	3 000 000.00
Construction of a drop off facility in Evander (next to WWTW)	Revenue	2 900 000.00			0.00	0.00	2 900 000.00
Construction of a mini-transfer station Trichardt (next to WWTW)	Revenue	2 900 000.00			0.00	0.00	2 900 000.00
Furniture and Equipment - whole of municipality	Revenue	2 000 000.00			0.00	0.00	2 000 000.00
Electrification	Revenue	2 000 000.00			0.00	1 125 610.00	874 390.00
Cleaning of Reservoirs	Revenue	2 000 000.00			0.00	0.00	2 000 000.00
Tipper Truck	Revenue	1 700 000.00			0.00	0.00	1 700 000.00
Infrastructure for Secunda landfill site – roads, lights, site office, weigh bridge, storm water drainage, leachate control, cell construction.	Revenue	1 000 000.00			0.00	0.00	1 000 000.00
Infrastructure for Bethal landfill site – roads, lights, site office, weigh bridge, storm water drainage, leachate control, cell construction.	Revenue	1 000 000.00			0.00	0.00	1 000 000.00
Skip containers	Revenue	500 000.00			0.00	0.00	500 000.00

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Radio Communication	Revenue	500 000.00			0.00	0.00	500 000.00
LDV bakkie *1	Revenue	350 000.00			0.00	0.00	350 000.00
Backup GIS Server	Revenue	200 000.00			0.00	0.00	200 000.00
Computer and large format printer	Revenue	200 000.00			0.00	461 461.60	-261 461.60
Furniture and Equipment	Revenue	100 000.00			0.00	39 016.05	60 983.95
Computers (Laptops) *4	Revenue	60 000.00			0.00	0.00	60 000.00
Honey Sucker Trucks 3	Equitable share/COVID Relief	4 050 000.00			0.00	0.00	4 050 000.00
Water Carts 2	Equitable share /COVID Relief	3 540 194.00			0.00	0.00	3 540 194.00
TLB (Water/sanitation) 2	Equitable share/COVID Relief	2 226 952.00			0.00	0.00	2 226 952.00
High Pressure Jet Truck	Equitable share/COVID Relief	4 500 000.00			0.00	0.00	4 500 000.00
Dozer: D6	Equitable share/COVID Relief	3 794 000.00			0.00	0.00	3 794 000.00
Tipper trucks 4	Equitable share/COVID Relief	5 600 000.00			0.00	0.00	5 600 000.00
Front end loader 2	Equitable share/COVID Relief	3 200 000.00			0.00	0.00	3 200 000.00
TLB (Cemetery)	Equitable share/COVID Relief	1 113 476.00			0.00	0.00	1 113 476.00
Total		351 320 622.00	13 716 454.82	1 785 883.83	15 502 338.65	49 825 324	307 471 567.54

4. Chapter 4: Service delivery performance analysis

4.1 Performance framework

Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players.”

This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

The Municipal Systems Act, 2000 (Act 32 of 2000) and the Local Government: Municipal Planning and the Performance Management Regulations 2001 require municipalities to adopt a performance management system.

Once the IDP and budget have been prepared and approved, the Municipality prepared their Service Delivery and Budget Implementation Plan (SDBIP- Municipal Scorecard) in accordance with the MFMA and MFMA Circular 91 & 93.

4.2 Performance management

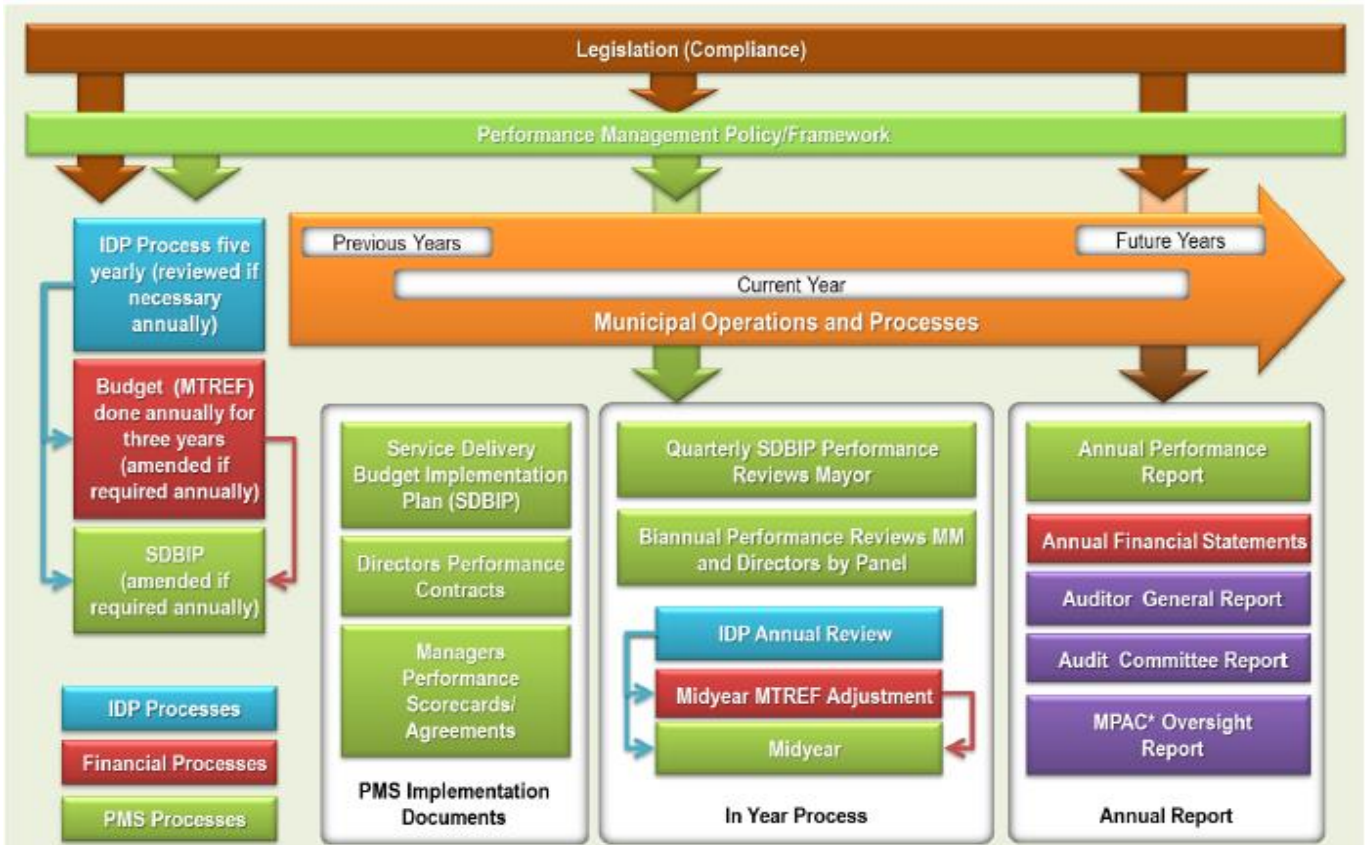
The Performance Management System implemented at Govan Mbeki Municipality is intended to provide a comprehensive, step by step planning system that helps the municipality to manage the process of performance planning and measurement effectively. The PMS serves as primary mechanism to monitor, review and improve the implementation of the municipal IDP and eventually the budget.

The performance management policy as approved by Council provides for performance implementation, monitoring and evaluation at organisational as well as individual levels.

The IDP and Budget are implemented through a Service Delivery and Budget Implementation Plan (SDBIP). The Top Layer SDBIP is used as a scorecard to measure, monitor, evaluate and report on institutional performance (monthly, quarterly, bi-annual and annual basis).

The Departmental SDBIP measures the performance of the departments and performance agreements and plans are used to measure the performance of employees.

The role and impact of the Performance Management of the Municipality is reflected in the diagram below:



4.3 Performance reporting

Performance is reported on a regular basis and it includes the evaluation of performance, the identification of poor performance and corrective actions to improve performance.

The organisational performance of the municipality is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels.

The municipal scorecard (Top Layer SDBIP) sets out consolidated service delivery targets for senior management and provides an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.

The Departmental scorecards (detail SDBIP) capture the performance of each defined directorate or department, unlike the municipal scorecard, which reflects on the strategic priorities of the municipality, the SDBIP provides detail of each outcome for which top management are responsible for, in other words a comprehensive picture of the performance of that directorate/sub-directorate.

Quarterly Reports

Reports on the performance in terms of the Top Level SDBIP are generated and submitted to Council. This report is published on the municipal website on a quarterly basis.

Mid-Year Assessment

The performance of the first 6 months of the financial year assessed and reported on in terms of section 72 of the MFMA. This assessment must include the measurement of performance, the identification of corrective actions and recommendations for the adjustments of PI's, if necessary.

The format of the report complies with the section 72 requirements. This report is submitted to Council for approval before the end of January of each year and published on the municipal website.

4.4 Overall service delivery performance

A Detailed Report will be presented separately.

5. Chapter 5: Financial performances analysis

5.1 Key financial indicators

Financial		Capital Expenditure:																	
Overall operating results		Municipal Infrastructure Grant																	
	R' 000	MIG Budget Allocation	R 57 422 000																
Income	R 1 072 516 133	MIG Actual Receipts	R 47 873 000																
Expenditure	<u>R (918 733 547)</u>	MIG Expenditure (Vat Inc)	R 25 770 144																
Surplus/(Deficit)	R (153 782 585)	% spent to date	54%																
Debtors		Water Service Infrastructure Grant																	
Total debtors outstanding	R 2 448 968 158	WSIG Budget	R 30 000 000																
Average debtor's payment rate for the quarter	48%	WSIG Actual Receipts	R 12 150 000																
		WSIG Expenditure (Vat Incl)	R 5 536 777																
		% spent to date	46%																
Creditors		Integrated National Electrification Grant																	
Total creditors outstanding	R 2 720 294 506	INEG Budget	R 25 000 000																
Creditors days 666 days (Creditors/Cost of sale*365 days)		INEG Actual Receipts	R 25 000 000																
		INEG Expenditure	R 9 005 932																
		% spent to date	36%																
Distribution Losses		Regional Bulk Infrastructure Grant																	
	(%)	RBIG Budget	R 60 000 000																
Electricity:	74.05%	RBIG Actual Receipts	R 60 000 000																
Water:	36.01%	RBIG Expenditure (Vat Inc)	R 3 713 111																
		% spent to date	6%																
Distribution Losses: Accumulated		Other Operational Grants																	
	(%)																		
Electricity:	70.72%																		
Water:	30.96%																		
Cash Management		<table border="1"> <thead> <tr> <th>Description</th> <th>Actual Received 2020/2021</th> <th>Expenditure to date</th> <th>% Spent</th> </tr> </thead> <tbody> <tr> <td>FMG</td> <td style="text-align: right;">R 2 000 000</td> <td style="text-align: right;">265 709</td> <td style="text-align: right;">13%</td> </tr> <tr> <td>EPWP</td> <td style="text-align: right;">R 700 000</td> <td style="text-align: right;">1 000 000</td> <td style="text-align: right;">143%</td> </tr> <tr> <td>ISDG</td> <td style="text-align: right;">R 13 490 000</td> <td style="text-align: right;">13 490 000</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table>		Description	Actual Received 2020/2021	Expenditure to date	% Spent	FMG	R 2 000 000	265 709	13%	EPWP	R 700 000	1 000 000	143%	ISDG	R 13 490 000	13 490 000	100%
Description	Actual Received 2020/2021	Expenditure to date	% Spent																
FMG	R 2 000 000	265 709	13%																
EPWP	R 700 000	1 000 000	143%																
ISDG	R 13 490 000	13 490 000	100%																
Bank statement balance:	R 43 214 129	Other Capital expenditure																	
Investments:	R 316 921 345	Other capital budget	R 166 026 954																
		Other capital expenditure	R 5 799 361																
		% spent to date	3 %																
Liabilities		Human resources																	
Unspent Conditional grant vs actual received	R 102 431 321	Salary bill for Councillors	R 2 140 710																
Trade creditors	R 2 720 294 506	Salary bill for employees	R 45 287 097																
Loan Balance:	R 598 087																		
Repairs and Maintenance		Total staff compliment	1 286																
Budget	R 125 232 816	Staff resignations	1																
YTD expenditure	R 12 579 318	Staff Appointments	0																
% spent to date	10.04%																		

5.2 Financial Position

MP307 Govan Mbeki - Table C6 Monthly Budget Statement - Financial Position - Mid Year Report

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		166 596	61 247	-	323 847	61 247
Call investment deposits		-	163 851	-	-	163 851
Consumer debtors		680 470	642 678	-	486 240	642 678
Other debtors		542 946	167 696	-	641 417	167 696
Current portion of long-term receivables		-	100 347	-	-	100 347
Inventory		17 950	16 960	-	26 963	16 960
Total current assets		1 407 962	1 152 779	-	1 478 467	1 152 779
Non current assets						
Long-term receivables		39 512	3 593	-	27 521	3 593
Investments		13 305	13 705	-	13 311	13 705
Investment property		930 752	1 093 888	-	1 072 399	1 093 888
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1 921 597	2 202 230	-	1 828 198	2 202 230
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		1 203	5 372	-	1 122	5 372
Other non-current assets		5 431	-	-	5 431	-
Total non current assets		2 911 799	3 318 788	-	2 947 980	3 318 788
TOTAL ASSETS		4 319 761	4 471 567	-	4 426 447	4 471 567
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		110 645	-	-	110 064	-
Consumer deposits		26 658	27 095	-	27 152	27 095
Trade and other payables		3 190 683	1 158 163	-	3 333 305	1 158 163
Provisions		7 395	-	-	106 615	-
Total current liabilities		3 335 380	1 185 257	-	3 577 136	1 185 257
Non current liabilities						
Borrowing		(109 858)	2 065	-	(109 987)	2 065
Provisions		187 630	228 630	-	251 142	228 630
Total non current liabilities		77 772	230 695	-	141 155	230 695
TOTAL LIABILITIES		3 413 152	1 415 952	-	3 718 290	1 415 952
NET ASSETS	2	906 609	3 055 615	-	708 157	3 055 615
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		906 609	3 055 615	-	708 157	3 055 615
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	906 609	3 055 615	-	708 157	3 055 615

5.3 Cash flow statement

MP307 Govan Mbeki - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Report

Description	Ref	2019/20	Budget Year 2020/21							
		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		234 620	294 761	-	21 145	132 245	147 380	(15 135)	-10%	294 761
Service charges		700 308	1 228 389	-	67 447	389 910	614 195	(224 284)	-37%	1 228 389
Other revenue		302 881	40 489	-	5 306	112 653	20 245	92 408	456%	40 489
Government - operating		310 488	462 600	-	134 230	289 262	231 300	57 962	25%	462 600
Government - capital		98 803	119 836	-	25 051	117 823	59 918	57 905	97%	119 836
Interest		21 392	180 607	-	862	3 007	90 304	(87 296)	-97%	180 607
Dividends		-	21	-	-	-	10	(10)	-100%	21
Payments										
Suppliers and employees		(1 598 944)	(1 887 520)	-	(187 759)	(850 294)	(943 760)	(93 466)	10%	(1 887 520)
Finance charges		(68)	(123 975)	-	-	-	(61 987)	(61 987)	100%	(123 975)
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		69 480	315 208	-	66 281	194 606	157 604	(37 002)	-23%	315 208
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(60 054)	(253 210)	-	(12 298)	(37 261)	(126 605)	(89 343)	71%	(253 210)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(60 054)	(253 210)	-	(12 298)	(37 261)	(126 605)	(89 343)	71%	(253 210)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		1 267	-	-	259	517	-	517		1 552
Payments										
Repayment of borrowing		(1 655)	(2 500)	-	-	(611)	(1 250)	(639)	51%	(2 500)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(388)	(2 500)	-	259	(93)	(1 250)	(1 157)	93%	(948)
NET INCREASE/ (DECREASE) IN CASH HELD		9 037	59 498	-	54 242	157 251	29 749			61 050
Cash/cash equivalents at beginning:		157 559	-	-		166 596	-			166 596
Cash/cash equivalents at month/year end:		166 596	59 498	-		323 847	29 749			227 647

5.4 Cash management

As at 31 December 2020 we had a positive cashbook balance of R 20 236 721 and the short-term investments of R 303 610 726. Plans and actions are in place to maintain and improve this positive cash flow position into a healthy sustainable position, actions includes:

1. A revenue enhancement plan is in place with a fully dedicated committee to ensure;
 - a. Revenue collection
 - b. Cost curtailment
 - c. Distribution losses control
2. The credit control policy is in place and this policy should be fully implemented to ensure a higher collection rate on our debt book.

It is expected that the cash flow position of the municipality will improve as a result of the full implementation of the plans and programmes in place. Below are details of the short investment, mainly include cash injections from grant and not yet used on the committed projects.

Category	Type	Balance	Balance
		01-Dec-20	31-Dec-20
Short term Investment	Standard Bank Cheque 38787024(MIG)	42 328 727	88 470 752
	Standard Bank Cheque 38787024	411 592	412 711
	Standard Bank Current 30195276	1 421 243	1 456 078
Listed Investments	Old Mutual Shares 2,187	26 331	26 331
	Old Mutual Shares 30,100	362 404	362 404
	Sanlam Shares 2,452	144 521	144 521
	Nedbank Shares 253.20	105 206	105 206
Fixed Deposits	ABSA Deposit 200644701346	12 607 829	12 672 157
Call Account	Standard Bank Call Account 38787024 (009)	122 783 797	213 271 185
Total Investments		180 191 650	316 921 345

5.5 Debtors analysis

Supporting table SC3 provides a breakdown of the consumer debtors. The following table indicates the consumer debtors as at 31 December 2020. Total outstanding debtors is R2.44 billion, collections still remain a challenge. Radical revenue collection should be implemented to reduce the outstanding debtors.

MP307 Govan Mbeki - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Report

Description	NT Code	Budget Year 2020/21									
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	42 113	35 647	24 599	26 741	21 321	19 333	105 107	570 119	844 979	742 620
Trade and Other Receivables from Exchange Transactions - Electricity	1300	31 198	14 397	11 775	10 397	9 101	8 853	37 791	187 618	311 130	253 760
Receivables from Non-exchange Transactions - Property Rates	1400	26 619	12 537	10 151	9 662	9 058	8 083	27 666	125 122	228 899	179 592
Receivables from Exchange Transactions - Waste Water Management	1500	11 419	9 490	7 856	8 018	7 202	7 237	37 056	226 953	315 230	286 465
Receivables from Exchange Transactions - Waste Management	1600	12 341	9 181	7 831	7 558	7 369	7 193	34 891	190 405	276 768	247 415
Receivables from Exchange Transactions - Property Rental Debtors	1700	435	329	325	326	289	240	1 581	2 760	6 283	5 195
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	(930)	(269)	(3 285)	(583)	(3)	(10 951)	10 650	471 050	465 679	470 163
Total By Income Source	2000	123 195	81 311	59 251	62 118	54 336	39 987	254 743	1 774 026	2 448 968	2 185 211
2019/20 - totals only										-	-
Debtors Age Analysis By Customer Group											
Organs of State	2200	2 929	1 750	1 082	1 852	1 584	1 310	5 526	34 745	50 778	45 017
Commercial	2300	35 878	13 927	7 146	10 401	5 880	138	24 615	153 767	251 751	194 801
Households	2400	83 975	65 618	50 974	48 949	46 439	38 573	223 664	1 396 446	1 954 637	1 754 071
Other	2500	413	16	50	917	433	(33)	937	189 068	191 802	191 322
Total By Customer Group	2600	123 195	81 311	59 251	62 118	54 336	39 987	254 743	1 774 026	2 448 968	2 185 211

5.6 Creditor's analysis

Supporting table SC4 provides detail on aged creditors. In terms of the MFMA all creditors should be paid within 30 days of receiving the invoice or statement. For the period ending December 2020, R 2 720 million was outstanding and of this 98% is outstanding for more than 30 days. The cash flow changes continue to affect timeous payments to creditors.

MP307 Govan Mbeki - Supporting Table SC4 Monthly Budget Statement - aged creditors Mid-Year Report

Description	NT Code	Budget Year 2020/21								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	6 043	38 830	126 921	8 819	1 983 731	–	–	–	2 164 344
Bulk Water	0200	35 488	4 650	26 947	55 187	231 209	–	–	–	353 481
PAYE deductions	0300						–	–	–	–
VAT (output less input)	0400						–	–	–	–
Pensions / Retirement deductions	0500						–	–	–	–
Loan repayments	0600						–	–	–	–
Trade Creditors	0700	7 026	8 169	741	7 162	178 794	–	–	–	201 892
Auditor General	0800		578			0	–	–	–	578
Other	0900	–	–	–	–	–	–	–	–	–
Total By Customer Type	1000	48 556	52 228	154 608	71 169	2 393 734	–	–	–	2 720 295

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5.7 Actual and revised targets for cash receipts

Supporting table SC9 provides the detail of the cash flow actual and revised targets - setting out receipts by source and payments by type per month. The monthly receipts and payments were 254.29 million and R 200.05 million respectively and accumulative amount from July to December receipts and payments were R1 045 billion and R 888 million respectively. There is still a big challenge in revenue collection; radical implementation of the revenue enhancement should be prioritized.

Description	Budget Year 2020/21												2020/21 Medium Term Revenue & Expenditure Framework		
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source															
Property rates	19 795	19 398	23 720	25 876	22 311	21 145	24 563	24 563	24 563	24 563	24 563	91 715	346 777	341 720	360 515
Service charges - electricity revenue	22 885	24 361	29 579	27 970	41 927	33 175	43 219	43 219	43 219	43 219	43 219	214 158	610 150	646 759	666 162
Service charges - water revenue	20 861	13 514	38 549	26 245	29 946	24 466	38 670	38 670	38 670	38 670	38 670	199 000	545 933	597 797	627 687
Service charges - sanitation revenue	4 140	4 621	4 778	4 655	5 080	5 156	9 894	9 894	9 894	9 894	9 894	61 783	139 683	91 027	96 827
Service charges - refuse	4 615	4 414	4 865	4 733	4 724	4 650	10 582	10 582	10 582	10 582	10 582	68 483	149 397	105 134	111 875
Rental of facilities and equipment	377	487	394	511	466	467	394	394	394	394	394	57	4 728	4 659	4 916
Interest earned - external investments	-	-	423	438	425	580	1 132	1 132	1 132	1 132	1 132	6 061	13 588	12 983	13 632
Interest earned - outstanding debtors	205	138	129	218	169	283	13 918	13 918	13 918	13 918	13 918	125 760	196 493	255 230	265 572
Dividends received	-	-	-	-	-	-	2	2	2	2	2	12	21	16	17
Fines, penalties and forfeits	-	7	26	25	112	84	2 454	2 454	2 454	2 454	2 454	22 122	34 646	34 229	36 621
Transfer receipts - operating	13 490	-	141 419	123	-	134 230	38 550	38 550	38 550	38 550	38 550	(96 829)	385 183	345 610	377 476
Other revenue	4 204	11 819	55 824	15 704	17 392	4 756	526	526	526	526	526	(106 017)	6 312	6 220	6 562
Cash Receipts by Source	90 572	78 760	299 706	106 497	122 553	228 990	183 906	183 906	183 906	183 906	183 906	586 307	2 432 912	2 441 384	2 567 861
Other Cash Flows by Source															
Transfer receipts - capital	25 522	2 250	-	-	65 000	25 051	14 986	14 986	14 986	14 986	14 986	(20 333)	172 422	102 975	107 590
Increase in consumer deposits	55	4	(248)	630	(182)	259	-	-	-	-	-	(517)	-	-	-
Total Cash Receipts by Source	116 148	81 014	299 458	107 127	187 371	254 299	198 892	198 892	198 892	198 892	198 892	565 457	2 605 334	2 544 359	2 675 451
Cash Payments by Type															
Employee related costs	43 987	44 217	45 754	46 088	46 301	45 287	52 412	52 412	52 412	52 412	52 412	95 250	628 945	612 543	650 837
Remuneration of councillors	2 095	2 095	2 061	2 032	1 767	2 141	2 449	2 449	2 449	2 449	2 449	4 951	29 386	28 823	30 840
Interest paid	-	-	-	-	-	-	10 331	10 331	10 331	10 331	10 331	142 566	194 223	186 227	194 794
Bulk purchases - Electricity	651	17 754	110 804	42 360	12 273	52 258	45 636	45 636	45 636	45 636	45 636	(315 831)	148 449	140 031	146 435
Bulk purchases - Water & Sewer	-	8 817	32 151	33 964	21 936	53 160	26 214	26 214	26 214	26 214	26 214	(157 126)	123 975	119 212	125 054
Other materials	271	1 881	1 881	3 020	3 531	1 663	2 969	2 969	2 969	2 969	2 969	835 109	862 200	892 712	1 010 348
Contracted services	742	3 543	7 871	21 476	9 384	9 561	20 968	20 968	20 968	20 968	20 968	55 081	38 748	31 009	31 009
Grants and subsidies paid - other municipalities	-	-	-	-	-	-	-	-	-	-	-	253 916	253 916	158 458	164 844
General expenses	35 762	22 988	9 032	13 750	10 292	23 690	6 646	6 646	6 646	6 646	6 646	(68 216)	80 527	71 757	74 198
Cash Payments by Type	83 510	101 296	209 555	162 690	105 485	187 759	167 625	167 625	167 625	167 625	167 625	688 283	2 376 700	2 248 511	2 428 357
Other Cash Flows/Payments by Type															
Capital assets	-	-	6 189	13 813	4 961	12 298	21 101	21 101	21 101	21 101	21 101	110 444	253 210	266 434	304 393
Repayment of borrowing	-	-	-	611	-	-	208	208	208	208	208	847	2 500	2 500	2 500
Total Cash Payments by Type	83 510	101 296	215 744	177 115	110 446	200 057	188 934	188 934	188 934	188 934	188 934	799 575	2 632 410	2 517 446	2 735 250
NET INCREASE/(DECREASE) IN CASH HELD	32 639	(20 282)	83 714	(69 987)	76 926	54 242	9 958	9 958	9 958	9 958	9 958	(234 118)	(27 076)	26 913	(59 798)
Cash/cash equivalents at the month/year beginning:	166 596	199 235	178 953	262 667	192 680	269 605	323 847	333 806	343 764	353 722	363 680	373 638	166 596	139 520	166 433
Cash/cash equivalents at the month/year end:	199 235	178 953	262 667	192 680	269 605	323 847	333 806	343 764	353 722	363 680	373 638	139 520	139 520	166 433	106 635

6. Chapter 6: Budget adjustment

Regulation 23 of the Municipal Budget and Reporting Regulations provides, inter alia for the following:

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“An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year. Furthermore, except under certain circumstances only one adjustment budget may be tabled in Council during a financial year.”

Accordingly a report on adjustments to the budget will be submitted for consideration by Council before 28 February 2021.

7. Chapter 7: Annual report and Audit Outcomes of Prior years

The annual report of the 2018/19 financial year is covered in a separate report to Council and will be tabled on or before 29 January 2020.

Included in the annual reports are issues that were raised by the Auditor General in auditing to financial statements of 2018/19. The municipality received an a disclaimer audit opinion with major reasons being transition from old to new system which brought in MSCOA implementation to be more challenging.

Some of the issues raised were resolved before the Auditor General issued an audit report, however to date an audit action plan for 2018/19 has been prepared and meetings will be held regularly for the accounting officer to monitor progress there on.

In 2018/19 financial year the municipality received disclaimer audit opinion the major issues raised was emphasis on the following:

- Material electricity and water losses
- Non -payment of creditors within 30 days
- Material impairment of debtors
- Material correction of prior period figures
- Compliance matters on Supply Chain Management processes.

8. Chapter 8: Supply Chain Management Performance

8.1 Supply chain management planning

An annual procurement plan for the 2020/2021 financial year has been approved to ensure an effective system of acquisition for goods and services supporting the strategic goals and operations of the municipality. The plans has improved timely planning, effective management of processes to ensure that commodities and services required by various user departments are quantified, budgeted for and effectively delivered at the right locations within critical delivery schedules in appropriate quantities.

8.2 Deviations

Deviations to the total rand value of **R 19 086 730.02** were incurred in terms of section 36 of the supply chain management regulation and section 41 of the municipal supply chain management policy for the period under review.

8.3 Competitive bidding

Goods and service above the transaction value of R 200,000.00 including vat are only procured through a competitive bidding process as outlined in the municipal supply chain management policy. In an effort to enhance operational efficiency the bid committee system for competitive bidding was established. The committees comprise the bid specification, evaluation and adjudication to effectively manage the competitive bidding process.

The following table covers the value of the competitive bids awarded to companies including those managed by historically disadvantaged individuals (HDI ownership and management), women, youth and people with disability for the period under review: The following are all transactions incurred through bids and requisitions above R 100 000.

Month	Amount
July	3 639 352.55
August	19 161 008.93
September	2 644 110.25
October	8 326 300.15
November	3 155 584.85
December	51 760 932.24
Total	88 687 288.97

Tenders awarded

In addition to the above purchases the municipality awarded to various service provider the contracts to the value of 111.8 million, the purpose is to provide services, mainly to ensure that the grants provided by the Stakeholders are effectively used to provide community with services.

TENDER NO	DESCRIPTION	TENDERER	CLOSING DATE OF TENDER	DATE OF AWARD	NO. OF DAYS TAKEN TO AWARD	VALUE OF TENDER(INC VAT)	DEPARTMENT
8/3/1-16/2020	Provision of Land Audits for Govan Mbeki Municipality	A & Sons Property Group	17/07/2020	26/10/2020	99	R 2,875,000.00	Town Planning & Development
8/3/1-18/2020	Appointment of Panel of service providers for supply & Delivery of plumbing water products for GMM for a period of 36 months	Best Enough Trading & Projects 517 cc	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-18/2020	Appointment of Panel of service providers for supply & Delivery of plumbing water products for GMM for a period of 36 months	Basize Africa (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-18/2020	Appointment of Panel of service providers for supply & Delivery of plumbing water products for GMM for a period of 36 months	M3L Trading cc	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-18/2020	Appointment of Panel of service providers for supply & Delivery of plumbing water products for GMM for a period of 36 months	Hercurod (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM

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8/3/1-18/2020	Appointment of Panel of service providers for supply & Delivery of plumbing water products for GMM for a period of 36 months	Musapet Trading and Projects	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-18/2020	Appointment of Panel of service providers for supply & Delivery of plumbing water products for GMM for a period of 36 months	Sky21 (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-18/2020	Appointment of Panel of service providers for supply & Delivery of plumbing water products for GMM for a period of 36 months	Orrest Contracts (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-18/2020	Appointment of Panel of service providers for supply & Delivery of plumbing water products for GMM for a period of 36 months	Vuba Projects (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subs for GMM for a period of 36 months	Simekhona Business Enterprise cc	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subs for GMM for a period of 36 months	ZED Industrial Supplies (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM

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8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subscribers for GMM for a period of 36 months	Vuba Projects (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subscribers for GMM for a period of 36 months	Shomari Holdings Group (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subscribers for GMM for a period of 36 months	Orrest Contracts (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subscribers for GMM for a period of 36 months	Saziwakude Trading (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subscribers for GMM for a period of 36 months	MND Civils and Projects (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM

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8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subscribers for GMM for a period of 36 months	Best Enough Trading & Projects 517 cc	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subscribers for GMM for a period of 36 months	94 Calypso (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-19/2020	Appointment of Panel of service providers for supply & Delivery of Cables, Transformers and Mini-subscribers for GMM for a period of 36 months	Sbongamusa's Transport & Projects (Pty) Ltd	07/08/2020	17/11/2020	100	Standard Rates	Finance: SCM
8/3/1-17/2020	Appointment of Panel of service providers for supply & Delivery of Electrical items for a period of 36 months	Hercurod (Pty) Ltd	07/08/2020	17/12/2020	120	Standard Rates	Finance: SCM
8/3/1-17/2020	Appointment of Panel of service providers for supply & Delivery of Electrical items for a period of 36 months	MND Civils and Projects (Pty) Ltd	07/08/2020	17/12/2020	120	Standard Rates	Finance: SCM
8/3/1-17/2020	Appointment of Panel of service providers for supply & Delivery of	Bluetutu (Pty) Ltd	07/08/2020	17/12/2020	120	Standard Rates	Finance: SCM

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	Electrical items for a period of 36 months						
8/3/1-30/2020	Upgrading of Pump Station 5, and Construction of a new pumping Station 24	Ndluwakho Construction and Projects	30/11/2020	17/12/2020	17	R 36,355,148.22	Technical: PMU
8/3/1-31/2020	Upgrading of Pump Station 24, and Construction of a new pumping main to existing WWTW at Embalenhle	Kgoshigadi Trading and Projects JV	30/11/2020	17/12/2020	17	R 72,658,167.87	Technical: PMU
TOTAL						R111 888 316.09	

4. Conclusion

In conclusion, revenue streams needs to be reviewed as the overall total Operational Revenue shows a negative deviation of 18%. The revenue streams will thus be adjusted accordingly to align to the full year forecast.