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EASTERN CAPE
PROVINCIAL TREASURY

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LOCAL GOVERNMENT CONSOLIDATED MFMA REPORT

FOURTH QUARTER SECTION 71(7)

2021/2022 FINANCIAL YEAR

AS AT 30 JUNE 2022



VISION: We envision a prosperous province supported by sound financial and resource management.



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A. ACRONYMS

1	AWB	Amatola Water Board
2	DWS	Department of Water and Sanitation
	DOE	Department of Energy
3	ECAG	Eastern Cape Auditor General
4	ECCOGTA	Eastern Cape Cooperative Governance and Traditional Affairs
5	EC-SALGA	Eastern Cape South African Local Government Association
6	GIZ	German Agency for International Cooperation
7	IYM	In Year Monitoring
8	LGD	Local Government Database
9	MFMA	Municipal Finance and Management Act
	MISA	Municipal Infrastructure Support Agent
10	MPAC	Municipal Public Accounts Committee
11	MRMCL	Municipal Regulations on Minimum Competency
12	NMBM	Nelson Mandela Bay Metro
13	NMD	Notified Maximum Demand
14	NT	National Treasury
15	PFMA	Public Finance and Management Act
16	PT	Provincial Treasury
17	SARS	South African Revenue Services
18	SALGA	South African Local Government Association
19	UIF&W	Unauthorised Irregular and Fruitless Expenditure

B. INTRODUCTION

1. Section 71(7) of the Municipal Finance and Management Act (MFMA) requires the Provincial Treasury to consolidate the quarterly budget statements of all municipalities in the province. Section 71(7) further requires the Provincial Treasury to publish this report and tabling in the Provincial Legislature by no later than 45 days after the end of each quarter.
2. This takes into account the verification process undertaken by the National and Provincial Treasury with municipalities, a process taking longer than expected. For this reporting period, municipalities are to submit verified data to National Treasury no later than 31 July 2022.
3. This report forms part of the IYM, which enables provincial and national government to exercise oversight over municipalities and provide necessary support. National Treasury has institutionalised IYM for a number of years to produce monthly and quarterly financial reports. Despite this, some municipalities still fall short of full compliance because of administrative and political leadership instability including unsatisfactory political oversight and governance.
4. The report provides an overview on the state of municipal finances whilst also achieving the following objectives:
 - ❑ Serves as an early warning system to measure and detect municipalities in financial challenges and the need for intervention where necessary;
 - ❑ Assists in promoting effective oversight mechanism, the appropriate fiscal discipline and managerial accountability, transparency on financial performance of municipalities;
 - ❑ Enables PT to monitor and improve municipal performance; and
 - ❑ Promoting greater effective political oversight.
5. PT uses the LGD (Local Government Database) of the National Treasury as the primary source for the data used in this report. Users of the report should take note that the quality of the report is compromised when municipalities fail to submit all the required reports on a timeous basis. The quality of this report depends on the credibility of the information submitted and verified by all municipalities in the province.
6. This consolidated quarterly report relates to the last quarter of the 2021/22 municipal financial year. This period covers the months 01 April 2022 to 30 June 2022. The PT publishes the quarterly IYM as required by the legislative prescripts and is presented to various provincial political and technical structures within the province.

C. KEY NOTE

7. For the quarter under review R33.6 billion (82.7 percent of the projected revenue) had been raised by municipalities. This year-to-date performance is mainly driven by revenue raised against property rates (R3.3 billion), electricity (R7.7 billion), water (R5.1 billion) and transfers recognized (R10.9 billion). This signifies grant reliance by most municipalities in the province, a trend that is likely to continue for some time due to the slow economic growth, exacerbated by the impact of COVID19. The economy has not yet recovered from the impact of COVID19 despite various interventions by national government.
8. Similarly, the year-to-date operating expenditure for the quarter under review is reported at R33.6 billion or 84.2 percent of the adjusted budget. This performance is underpinned by employee related costs (R12.2 billion), bulk purchases (R7 billion), general expenditure (R4.8 billion) and contracted services (R3 billion).
9. The fourth quarter performance on capital expenditure is reported at R7 billion which is equivalent to 78 percent of the R9.1 billion adjusted budget for all the municipalities. This area requires urgent attention from municipalities and stakeholders that support and oversee municipalities. Most municipalities in our province rely on conditional grants to fund infrastructure projects.
10. The national transfer's year-to-date expenditure is R5.4 billion or 76.2 percent of the adjusted budget. The expenditure rate by some of our municipalities presents a risk that some might lose funding during the 2021/22 rollover process.
11. The consolidated cash balance as at 30 June 2022 remained stable at R7.2 billion. It should, however be noted that some of our municipalities are beset with severe cash flow challenges that result in difficulties in meeting financial commitments on a timeous basis – i.e. bulk accounts amongst others.
12. In total, nine (09) municipalities reported negative cash flow positions in the quarter under review compared to the 6 reported in the last quarter. PT supports municipalities with prioritisation and improvement of operating expenditure structure to promote expenditure to be within collectable cash from billings.
13. On aggregate, municipal debtors book continues to increase significantly. The year-to-date outstanding debt to municipalities amount to R24.8 billion. Organs of state debt towards municipalities stands at R1.2 billion or 5 percent of the total outstanding debt. Organs of state debt forums interacts quarterly to remedy the situation between national and provincial departments with municipalities. 21 percent of the outstanding debt is owed by businesses while approximately 73 percent is owed by households.
14. Short term financial obligations outstanding and payable to Eskom, Auditor General, Amatola Water and the Department of Water and Sanitation for the quarter under review amount to R4.4 billion of which R3.4 billion is payable to ESKOM.
15. Compliance to the Municipal Regulations on Minimum Competency Levels remains stable with an average compliance of 90 per cent of Municipal Managers and 90 per cent of Chief Financial Officers having attained the competency level out of 39 municipalities.
16. All municipalities in the province have established the Municipal Disciplinary Boards. Not all municipalities that established have shown functionality and implementation of the recommendations by municipal Councils remains a challenge. The MPAC and DC Boards

plays a joint significant role to limit the Unauthorised, Irregular, Fruitless and Wasteful expenditure, which is a provincial concern.

17. The implementation of the mSCOA reform remains a challenge, however, there are gradual improvements noted during Provincial Treasury and system vendor's regular interactions with municipalities. Municipalities continue to show improvement in terms of submitting data strings on time. However, the quality of the submitted data still needs some improvement.

18. In conclusion:

- We strive to attain financially sustainable municipalities compliant to MFMA reforms that are able to withstand the impact of a struggling economy exacerbated by the ravaging COVID19 pandemic;
- Accountability underpinned by good governance across all municipalities; and
- Consequent management where transgressions and irregularities occur.

D. MUNICIPAL RISK POSITION STATEMENT

19. The state of the economy remains vulnerable – owing to various factors that include but not limited to after effects of the COVID19 pandemic, geo-political situation in Europe and the challenges we have with electricity supply. This has put more pressure on municipalities' ability to collect revenue from households and has further resulted in increased indigent beneficiaries in most municipalities.

20. Doing business at subnational and regional level remain under constant constraints triggered by poor performance of economic industries and in particular the tourism, agricultural and construction sectors.

21. The management of cash and bank in municipalities remains a thorny issue resulting in some municipalities failing to honour their financial obligations, particularly for bulk accounts for water and electricity. Of the total debt owed to ESKOM of R3.4 billion, it should be noted that R2.8 billion is owed by only eight (8) municipalities in the province.

22. Revenue collection from billed revenue has become an important factor in financial sustainability of municipalities. The ineffective implementation of credit control policies by municipalities has a direct negative impact of cash flows by municipalities.

23. Financial obligations risk on statutory payments and subsequent litigations and loss of assets through recovery of services is implanted in poor disclosure of contractual obligations of a latent nature;

24. The spending patterns on conditional grants remain a huge risk to infrastructure development in the province. This also impacts negatively on economic development. Already, some municipalities have lost grants due to under spending when the stopping and re-allocation was implemented in January 2022. There is further possibility of losses as R1.6 billion remains unspent at the end of the current financial year.

25. Information is relevant and useful for internal and external stakeholders when it is free of material errors, which in this case, the data submitted by municipalities fails to pass the credibility and completeness. This would lead to incorrect conclusion and decision making; and

26. The ECPT continues to monitor the potential risks to provide needed support in affected municipalities jointly with relevant stakeholders.

E. SUMMARY ON THE STATE OF EC MUNICIPAL FINANCES

KEY AGGREGATE TRENDS

27. **Table 1** below reflects the 2021/22 aggregated year-to-date revenue of R27.7 billion for the province with notable year-on-year (y/y) increase of R6.4 billion on operating revenue compared to R21.3 billion reported for the corresponding period of 2020/2021. Improved submission of reports by municipalities is one of the contributing factors for this year-on-year improvement. It should be noted that the Nelson Mandela Bay Municipality was not submitting report in the first half of the 2020/21 financial year. Due to the size of the budget of that municipality, its non-submission had a negative impact on the consolidated figures of the province.

Table 1: Operating Revenue and Expenditure as at 30 June 2022

Table 1: Operating Revenue and Expenditure as at 30 June 2022															
	2021/22												2020/21		Q4 of 2020/21 to Q4 of 2021/22
	Budget		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year to Date		Fourth Quarter		
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	3rd Q as % of adjusted budget	Actual Expenditure	4th Q as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	
R thousands															
Operating Revenue and Expenditure															
Operating Revenue	39 101 920	40 631 939	9 813 801	25.1%	9 049 688	23.1%	8 869 710	21.8%	5 872 853	14.5%	33 606 051	82.7%	3 320 683	96.7%	
Operating Expenditure	39 978 611	41 470 630	8 275 887	20.7%	8 457 342	21.2%	8 163 222	19.7%	8 747 295	21.1%	33 643 746	81.1%	5 770 802	87.9%	
Surplus/(Deficit)	(876 691)	(838 691)	1 537 913		592 346		706 488		(2 874 442)		(37 695)		(2 450 119)		
Transfers and subsidies - capital (monetary allocations) (Nat / Prov and Dist)	6 496 775	6 717 283	592 139	9.1%	1 173 306	18.1%	683 727	10.2%	1 643 043	24.5%	4 092 116	60.9%	1 247 603	66.9%	
Transfers and subsidies - capital (monetary alloc)(Departments,HH,PE,PC)	47 144	43 009	10 591	22.5%	25 066	53.2%	3 678	8.6%	42 667	99.2%	82 001	190.7%	25 293	6 720.1%	
Transfers and subsidies - capital (in-kind - all)	-	28 110	110	-	-	-	-	-	3 088	10.9%	3 179	11.3%	-	100.0%	
Surplus/(Deficit) after capital transfers and contributions	5 667 228	5 949 711	2 140 753		1 790 618		1 393 893		(1 185 663)		4 139 601		(1 177 223)		
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after taxation	5 667 228	5 949 711	2 140 753		1 790 618		1 393 893		(1 185 663)		4 139 601		(1 177 223)		
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality	5 667 228	5 949 711	2 140 753		1 790 618		1 393 893		(1 185 663)		4 139 601		(1 177 223)		
Share of surplus / (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	5 667 228	5 949 711	2 140 753		1 790 618		1 393 893		(1 185 663)		4 139 601		(1 177 223)		

Source: LG database

28. The current year's operating deficit before capital transfers amounted to R2.8 billion and reflects a marginal increase from the R2.4 billion reported for the fourth quarter of 2020/21 financial year.

Capital Expenditure

29. The year-to-date aggregate capital expenditure amounts to just over R7 billion of the capital budget of R9 billion. This is equivalent of 76.4 percent of the budget and shows a material reduction from the 82.9 percent reported for the corresponding quarter of 2020/21. This spending trend will be further unpacked in the conditional grants section of this report.

30. It is noted with concern that the reported capital expenditure does not reconcile with the funding sources recognised to fund capital expenditure. Municipalities reported an amount of R6.7 billion used to fund the capital expenditure of R7 billion. Municipalities affected by this anomaly are Alfred Nzo DM, Amathole DM, Buffalo City Metro, Dr Beyers Naude LM, Elundini LM, King Sabata Dalindyebo LM, Koukamma LM, Makana LM, Matatiele LM, Mbhashe LM, Mhlontlo LM, Mnquma LM, Ndlambe LM, Nelson Mandela Bay Metro, Ngquza Hills LM, Ntabankulu LM, Nyandeni LM, Senqu LM, Sundays River Valley LM, Umzimvubu LM and Winnie Madikizela Mandela LM. This anomaly has been brought to the mSCOA project team in order to assist municipalities to correct the problems. The PT, working with municipalities and system vendors are working towards correcting this anomaly.

Infrastructure Conditional Grants Spending

31. **Table 3** below reflects the consolidated conditional infrastructure expenditure on conditional grants as at 30 June 2022. The figures below are from sector department's verification on conditional grant performance where Provincial Treasury and transferring officers meet on a regular basis.

Table 03: Conditional Grant Expenditure as at 30 June 2022

Grant Type	2021/22 Main Budget (R 000)	Sec 18 (stopping) (R 000)	Sec 19 (reallocation) (R 000)	Total Adjustment (R 000)	Revised Allocation (R 000)	Expenditure End June 2022		Unspent Balance (R 000)
Municipal Infrastructure Grant (MIG)	3 226 154	161 487	86 000	75 487	3 150 667	2 595 045	82.36%	555 622
Expanded Public Works Programme Integrated Grant (Municipality)	112 946	1 344		1 344	111 602	83 516	74.83%	28 086
Rural Roads Asset Management Systems Grant (RRAMS)	16 167			0	16 167	8 983	55.56%	7 184
Integrated National Electrification Programme Grant (Municipal)	314 162	5 119	4 278	841	313 321	301 748	96.31%	11 573
Energy Efficiency and Demand Side Management (Municipal) Grant	19 000			0	19 000	11 613	61.12%	7 387
Regional Bulk Infrastructure Grant (RBIG) Schedule 5B	481 329	139 727	0	139 727	341 602	261 894	76.67%	79 708
Regional Bulk Infrastructure Grant (RBIG) Schedule 6B	352 215	0	27 708	27 708	379 923	358 762	94.43%	21 161
Water Services Infrastructure Grant (Schedule 5B)	527 000		65 000	65 000	592 000	370 758	62.63%	221 242
Water Services Infrastructure Grant (Schedule 6B)	158 233	138 533	138 533	0	158 233	70 568	44.60%	87 665
Municipal Disaster Relief Grant (Schedule 7B)	0		125 982	125 982	125 982	45 791	36.35%	80 191
Informal Settlements Upgrading Partnership Grant (ISUPG)	582 303	61 000		61 000	521 303	294 971	56.58%	226 332
Public Transport Network Grant (PTNG)	318 578	66 600		66 600	251 978	251 978	100.00%	0
Urban Settlement Development Grant (USDG)	1 092 750	0		0	1 092 750	780 310	71.41%	312 440
Programme and Project Preparation Support Grant (PPPSG)	20 208	0		0	20 208	5 940	29.39%	14 268
Neighbourhood Development Partnership Grant (NDPG) SSB	32 700		40 162	40 162	72 862	26 496	36.36%	46 366
Total	7 253 745	573 810	487 663	86 147	7 167 598	5 468 373	76.29%	1 699 225

Source: Supplied by transferring Officers

32. Municipalities in the province received allocations totalling R7.2 billion for infrastructure related to conditional grants for the 2021/22 financial year. The total allocation has since been adjusted downwards to R7.1 billion due to the net effect of the stopping and re-allocation process in line with sections 18 and 19 of the 2021 DoRA. It is important to note that the annual allocation in respect of 2020/21 was also adjusted downwards due to the net effect of section 18 and 19 of the 2021 DoRA.
33. As at 30 June 2022, R5.4 billion had been reported as spent by all municipalities in the province and this is equivalent to 76.29 percent of the adjusted allocation. It should be noted that the total expenditure at 30 June 2021 was reported as R5.2 billion or 83 percent of the adjusted allocation. This represents y/y increase of approximately R200 million expenditure on conditional infrastructure grants though percentage wise, there has been a decline.
34. An amount of just over R2.5 billion or 82.36 per cent of the Municipal Infrastructure Grant (MIG) has been spent as at 30 June 2022. This is an increase of approximately R1.1 billion from R1.4 billion reported for the third quarter. MIG is a major source of revenue for all municipalities (except for the two metros) in terms of funding infrastructure programmes. The following municipalities have reported unspent MIG balances at 30 June 2022:
- Municipalities in the Sarah Baartman district have spent 90.06 percent of the total allocation for the year. Only Makana and Blue Crane Route municipalities have unspent balances of R17.8 million and R2 million respectively. It should also be noted that Makana had received additional funding of R15 million during the year.
 - Municipalities in Amathole have spent 83.14 percent of the total allocation for the year. Only Mbhashe, Raymond Mhlaba and ADM have not spent their allocations in full at 30

June 2022. The three municipalities reported unspent balances of R23.2 million, R7.8 million and R85.8 million respectively.

- Municipalities in the Chris Hani district have spent 90.44 percent of the annual allocation at 30 June 2022. The municipalities with unspent balances for MIG are Intsika Yethu (R1.6 million), Engcobo (R21.1 million) and Enoch Mgijima (R28.5 million). The risk is very high in this district;
- The Joe Gqabi municipalities have spent 91.75 percent of the annual allocation with Elundini and Senqu the only municipalities with unspent balances in the district. As at 30 June 2022, the two municipalities have reported R4 million and R17 million respectively;
- OR Tambo municipalities have spent 65.30 percent of the annual allocation. This is the lowest spending of all the districts at 30 June 2022. The only municipality that managed to spend its MIG allocation in full is Nyandeni. Other municipalities have reported unspent balances of R18.8 million for Ngquza Hills, R3.9 million for PSJ, R19.2 million for Mhlontlo, R3.2 million for KSD and R252.4 million for ORTDM.
- Municipalities in the Alfred Nzo district have spent 91.98 percent of the annual allocation. Only WMMLM has spent its MIG allocation in full. Matatiele LM reported an unspent balance of R14.4 million despite the fact that the municipality received an additional R25 million during the year. Umzimvubu, Ntabankulu and ANDM have reported unspent balances of R4.3 million, R7.7 million and R21.8 million respectively.

35. An amount of R301.7 million has also been spent against INEP and this is equivalent to 96.31 percent of the annual allocation for the province. Approximately R85.5 million was spent during the quarter under review. Only R11.5 million was unspent at 30 June 2022. The following municipalities contributed to the unspent balances:

- Makana (R105 thousand)
- SRVM (R3 million);
- Koukamma (R1 million);
- Dr AB Xuma (R1.6 million);
- Intsika Yethu (R5.4 million);
- Sakhisizwe (R616 thousand)
- Elundni (R1.7 million); and
- Mhlontlo (R867 thousand)

36. Amount of R341.6 million expenditure (76.67 percent of the allocation) has been spent against RBIG. This grant is allocated by the department of Water and Sanitation for water infrastructure in municipalities. The grant has been allocated to two municipalities in the province that is Chris Hani and OR Tambo District Municipalities. The two municipalities had already lost R139.7 million due to slow expenditure in line with section 18 of the DORA. The unspent balance as at 30 June 2022 was R79.7 million (R30 million reported by Chris Hani and R49.7 million by OR Tambo).

37. The other grant that is allocated by the Department of Water and Sanitation is Water Services Infrastructure Grant (WSIG). The grant is allocated to all water service authorities in the province. As at 30 June 2022, municipalities had reported spending of R370.7 million (62.63 percent of the annual allocation). The unspent balance of R221.2 million is broken down as follows:

- In the Sarah Baartman district, the only municipality that managed to spend its allocation in full is the Dr Beyers Naude LM. Blue Crane Route has reported the highest unspent

balance of R12 million and has spent only 30.41 percent of the allocation. This municipality is likely to lose some of the funding due to the fact that it was unable to spend 5% of its allocation. Makana, Ndlambe and Sundays River LMs have reported unspent balances of R2.3 million, R6.3 million and R2.2 million respectively.

- Amathole and OR Tambo DMs have reported unspent balances of R54.8 million and R56.1 million respectively. The two municipalities have also failed to spend 50 percent of their respective annual allocations and are likely to lose funding during the rollover sessions.
- Chris Hani DM also reported an unspent balance of R12.1 million at 30 June 2022. This municipality managed to spend 68.77 percent of its allocation;
- The Joe Gqabi DM spent 95.93 percent of its annual allocation and has reported an unspent balance of R2.9 million; and
- Alfred Nzo DM has spent 71.27 percent of its annual allocation with an unspent balance of R6.6 million.

38. The Provincial Joint Technical Task Team (PJT3) sits on a quarterly basis to consider expenditure on conditional grants by municipalities. This committee consists of the OTP, COGTA, SALGA, DOE DWS, MISA and the PT. Where municipalities are experiencing challenges with spending, such municipalities are invited, engaged and supported by technical teams to improve spending.

Cash flow

39. **Table 3.1** below reflects the consolidated cash position of municipalities in the province for the quarter under review relative to unspent conditional grants. This is to closely monitor the utilization of cash resource to ensure that municipalities are not utilizing conditional grants for municipal operations. It should be noted that the cash balances exclude those of non-delegated municipalities as such information was not available at the time of finalizing the report.

Table 3.1: Conditional Grants, Cash-Bank and Investments Quarter Ending 30 June 2022

R thousands	Code	Direct Infrastructure Conditional Grants - DoRA			Bank Balances and Investments as at 30 June			Cond Grant (Over) / Under		Cash and Investments Available	
		Main Allocation	Adjusted allocation	YTD Actual Exp	Bank Recon balance as at 30 June 2022	Short Term Invest - 30 June 2022 (Bank Statement)	Long Term Invest - 30 June 2022 (Bank Statement)	Estimated Cond Grants (Over) Spent	Estimated Cond Grants - Under Spent	Total Cash Available to Unspent Cond Grants - 30 June 2022	Cash for Operations After Unspent Cond Grant
Total Alfred Nzo		846 540	1 136 488	1 070 154	28 161	1 072 212	10 135	-	66 334	1 100 373	1 034 039
Total Amathole		781 216	780 811	734 058	357 893	252 608	-	-	46 753	610 501	563 749
Total Chris Hani		887 128	904 585	783 322	25 468	229 542	-	-	121 263	255 010	133 747
Total Joe Gqabi		370 454	354 486	326 168	27 182	559 431	-	-	28 318	586 612	558 294
Total O.R. Tambo		1 357 985	1 119 668	322 465	120 983	402 986	328 094	-	797 203	523 969	(273 234)
Total Sarah Baartman		321 489	343 389	287 803	121 107	279 669	614	-	55 586	400 776	345 190
Sub-Total Excl Metros		4 564 812	4 639 427	3 523 970	680 794	2 796 448	338 842	-	1 115 457	3 477 243	2 361 786

Source: National Treasury

40. This section of the report is the assessment of the cash balances of municipalities relative to the spending on conditional grants to determine whether municipalities are likely to underspend or not and whether there will be enough cash to support unspent conditional grants at year end. The available cash to fund conditional grants at 30 June 2022 amounted to R3.4 billion compared to the total unspent balance of R1.1 billion for the same period.

41. The consolidated cash balance for all municipalities in the province was reported at R7.2 billion as at 30 June 2022 as reflected in table 3.1.1 below. This balance is inclusive of the

two metros in the province. Municipalities in the OR Tambo district have reported a net outflow from operating activities, which is as a result of incorrect reporting by some municipalities on cash flow. The affected municipalities in the district are KSD, Nyandeni and OR Tambo DM.

Table 3.1.1: - Cash Receipts and Payments per district as at 30 June 2022 (R 000)

DISTRICT	Cash/cash equivalents at the year begin:	Net Cash from/(used) Operating Activities	Net Cash from/(used) Investing Activities	Net Cash from/(used) Financing Activities	Cash/cash equivalents at the year end:
Alfred Nzo	1 384 383	2 906 176	(1 100 617)	(60)	3 197 301
Amathole	223 939	749 181	(91 499)	-	790 814
Chris Hani	375 892	705 866	(566 601)	-	310 485
Joe Gqabi	107 885	104 843	(65 048)	-	146 776
OR Tambo	1 135 046	(1 722 429)	(105 212)	-	(1 721 754)
Sarah Baartman	26 297	216 090	(1 709)	-	240 525
Total Excl Metros	3 253 442	2 959 727	(1 930 685)	(60)	2 964 148
Buffalo	1 495 742	4 124 797	(1 163 365)	(45 191)	4 061 649
NMB	200 200	233 206	5 022	-	238 228
Total	4 749 184	7 317 730	(3 089 029)	(45 250)	7 264 025

Source: NT Igdatabase

42. Nine (9) municipalities in the province reported negative cash balances as at 30 June 2022 compared to 6 that were reported in the last quarter. The affected municipalities are in **Table 4.1** below.

Table 4.1 Municipalities That Reported Negative Cash Balances - 30 June 2022

No	Municipality	Cash Balance - 30 June ('R)
1	Dr Beyers Naude	(477 464 071)
2	Joe Gqabi District Municipality	(29 404 592)
3	King Sabata Dalindyebo	(1 721 754 263)
4	Sundays River Valley	(163 349 520)
5	Koukamma	(38 844 883)
6	OR Tambo District Municipality	(39 802 898)
7	Ndlambe	(1 161 504)
8	Ntabankulu	(28 797 532)
9	Walter Sisulu	(11 913 312)

Source: NT LG database

43. The negative cash balances reported for the quarter by these municipalities is indicative of the mSCOA cash flow reporting challenges due to incorrect segment use. PT continues to closely monitor and assist these municipalities in correcting the classification of financial transactions and the use of the correct segments.

44. When considering the cash balance per bank statement, municipalities reported positive bank balances, however, Sundays River has not reported on the cash per bank statement.

Creditors

45. **Table 5** below reflects the age analysis of creditors as at 30 June 2022 reported by municipalities. The EC municipalities owe a total amount of R5.3 billion (R5.7 billion for the previous quarter) to creditors as at the end of June 2022. The creditor balances have decreased by R300 million from the R5.6 billion that was reported for the fourth quarter of the 2020/21 financial year. The year-on-year increase in total creditors can also be attributed to municipalities that are in arrears with bulk accounts due to cash flow challenges. These

accounts tend to attract interest and penalties which is a contravention of section 65(2)(e) of the MFMA.

Table 5: Consolidated Creditors Age Analysis as at 30 June 2022									
R thousands	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount %
Creditor Age Analysis									
Bulk Electricity	895 425	17%	57 378	1%	51 387	1%	1 459 435	27%	2 463 625 46%
Bulk Water	29 551	1%	14 306	0%	12 428	0%	262 671	5%	318 956 6%
PAYE deductions	85 455	2%	1 768	0%	1 736	0%	6 975	0%	95 934 2%
VAT (output less input)	3 486	0%		0%		0%	2	0%	3 488 0%
Pensions / Retirement	87 359	2%	2 275	0%	-4 299	0%	20 259	0%	105 594 2%
Loan repayments	13 665	0%		0%		0%	0	0%	13 665 0%
Trade Creditors	603 204	11%	276 095	5%	212 058	4%	936 245	17%	2 027 602 38%
Auditor-General	1 012	0%	-206	0%	494	0%	23 622	0%	24 922 0%
Other	312 763	6%	-17 690	0%	-18 396	0%	46 548	1%	323 225 6%
Total	2 031 920	38%	333 926	6%	255 408	5%	2 755 757	51%	5 377 011 100%

Source: LG database

46. Creditors amounting to R2.7 billion are outstanding for more than 90 days representing 51 per cent of the total creditors outstanding as at 30 June 2022. The top four (4) creditor's categories remain Bulk electricity (R2.4 billion), Trade creditors (R2 billion), Other creditors (R323.2 million) and Bulk water (R318 million).
47. We also note that there is no alignment between creditor's balances reported by municipalities and the balances reported by other stakeholders such as Eskom, Water Boards and the Auditor General as required by section 41(2) of the MFMA.
48. Provincial Treasury, working with CoGTA and SALGA forms part of meetings with the AGSA and ESKOM to resolve payment failures by municipalities. Municipalities mostly enter into payment agreement with Eskom and AGSA while not considering and performing their affordability test resulting in breaching their repayment agreements. This has a negative impact of basic service delivery as ESKOM has disconnected electricity in some municipalities due to arrear debt owed by municipalities.
49. Table 5.1 below in summary depicts total outstanding debt owed by municipalities reported by major creditors amounting to R4.4 billion at 30 June 2022 (R3.6 billion at 31 March 2022). There is a marginal increase of just over R1.1 billion from the outstanding balance of R3.5 billion reported during the corresponding quarter ending 30 June 2021.

Table 5.1 : Debt owed to major creditors - 30 June 2022						
MAJOR CREDITOR	CURRENT R 000	30 DAYS R 000	60 DAYS R 000	90 DAYS R 000	120+ DAYS R 000	TOTAL R 000
Amatola Water	60 446 810	13 775 954	-7 846 283	11 925 949	266 234 696	344 537 127
ESKOM	1 175 313 428	6 091 928	121 375 357	69 815 121	2 125 850 586	3 498 446 420
Water and Sanitation	32 501 820	31 915 536	11 852 314	4 305 647	474 423 250	554 998 567
Auditor General	1 611 669	1 309 460	6 564 742	13 691 181	48 139 728	71 316 780
TOTAL	1 269 873 728	53 092 878	131 946 130	99 737 898	2 914 648 260	4 469 298 893

Source: Section 41 reports

50. At 30 June 2022, Amatola Water Board reported outstanding debt of R344.5 million (R315.2 million in March 2022) as being owed by Eastern Cape municipalities with arrear debt amounting to R284 million or 82.4 per cent of total outstanding amount as reflected in the table below.

Break-down of EC Municipalities in arrears with Amatola Water Board at 30 June 2022							
Name of Municipality	Current	30 days	60 days	90 days	120 days+	Total	Attribution
Amathole District Municipality	8 626 095.06	9 671 389.20	(8 124 128.59)	11 382 307.73	245 862 998.33	267 418 661.73	83%
Joe Gqabi District Municipality	795 022.70	4 108.70	10 258.87	10 600.84	810 993.67	1 630 984.78	1%
OR Tambo District Municipality	29 684 247.00	4 093 044.36	260 645.03	525 867.81	8 749 272.35	43 313 076.55	13%
Makana Municipality O&M Contract	7 172.84	7 411.93	6 941.46	7 172.84	10 813 298.73	10 841 997.80	3%
Ndlambe Municipality	33 997.40	1 041.58	-	119 646.90	-	154 685.88	0%
Dr Beyers Naude Municipality	748.02	17 639.89	-	117 431.22	-	135 819.13	0%
Total Debtors book	39 112 537.60	13 775 954.19	(7 846 283.23)	11 925 949.22	266 236 563.08	323 495 225.87	100%

Source: section 41 report for June 2022

51. The top owing municipality is Amathole District Municipality with a debt of R267.4 million and has since signed a settlement agreement with Amatola Water Board for the old debt (30 June 2019). The municipality managed to pay R30 million during March 2022 and another R30 Million will be paid in July 2022. Makana Local Municipality has also signed a payment agreement with the entity and owes R10.8 million. OR Tambo District Municipality has a debt of R43.3 million and the municipality was able to make payments of R2.3 million in May 2022 and R30.1 million during June 2022. Joe Gqabi District Municipality also owes R1.6 million and has paid R363 224 in May 2022 and R286 485 in June 2022.
52. The total arrear debt owed to the department of Water and Sanitation is reflected in the table below.

WSP AGE ANALYSIS AS AT 30 JUNE 2022								
BP Name	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days	180+ Days	Total
OLIVER TAMBO DISTRICT MUNICIPALITY	4 108 039.31	4 955 042.50	4 049 611.08	1 535 355.60	4 771 214.73	1 437 697.39	95 453 354.08	116 310 314.69
AMATOLE DISTRICT MUNICIPALITY	3 777 360.01	4 241 195.53	1 926 478.92	759 684.18	4 688 198.12	1 987 150.88	94 201 168.87	111 581 236.51
CHRIS HANI DISTRICT MUNICIPALITY	5 322 748.49	7 826 711.51	3 412 359.46	945 556.50	6 494 732.16	2 671 238.82	52 750 273.87	79 423 620.81
MAKANA MUNICIPALITY	918 704.41	1 259 514.88	597 514.04	87.53	1 966 815.55	879 435.10	62 647 574.87	68 269 646.38
KING SABATA DALINDYEBU MUNICIPALITY (ORT)	629 752.49	28.22	-	12.85	205 376.91	397 009.20	53 564 623.28	54 796 802.95
BUFFALO CITY	1 151 143.25	82 333.99	8 645.59	845 849.30	164 606.01	8 135.87	47 831 733.74	50 092 447.75
SUNDAY'S RIVER VALLEY MUNICIPALITY	1 368 081.53	1 944 821.96	779 553.52	236.50	3 323 564.44	779 122.15	18 598 440.93	26 793 821.03
ALFRED NZO DISTRICT MUNICIPALITY	995 839.86	1 520 577.93	845 338.80	112 040.47	2 287 977.66	632 139.84	3 453 110.80	9 847 025.36
JOE GQABI DISTRICT MUNICIPALITY	93 746.14	137 454.81	55 109.34	56 778.26	118 309.74	40 443.40	5 291 557.78	5 793 399.47
TOTAL	18 365 415.49	21 967 681.33	11 674 610.75	4 255 601.19	24 020 795.32	8 832 372.65	433 791 838.22	522 908 314.95

53. The Department of Water and Sanitation reported total outstanding debt amounting to R554.9 million at 30 June 2022 (R538.5 million at 31 March 2022). This debt has also increased by approximately R150.2 million compared to the R407.4 million that was reported for June 2021. Currently the OR Tambo District Municipality owes R116.3 million and signed a payment plan with the department in November 2021. The Amathole District Municipality also owes R111.5 million and the municipality has been taken to court about this outstanding debt and no payment arrangement has been signed to-date. The other municipalities that have defaulted are Makana (R68 million); Chris Hani District municipality (R79.4 million); and SRVM with R26.7 million.
54. According to Eskom's section 41 report, the EC municipalities owe a total of R3.4 billion as at the end of June 2022 and this amount has increased by approximately R800 million from the R2.6 billion that was reported for the quarter ending 31 March 2022. Municipalities that are in arrears with their ESKOM accounts are reflected in the table below.

n 41(2)(b) : Amounts owing and the age profile of outstanding amounts relating to Bulk Electricity Sales at 30 June 2022

Name of Municipality	Current	16 - 30 days	31 - 60 days	61 - 90 days	90 days+	Total
AMAHLATHI LOCAL MUNICIPALITY	9 457 407	12 691	3 518 410	12 373	38 948 753	51 949 634
DR BEYERS NAUDE LOCAL MUNICIPALITY	12 796 301	66 217	10 355 431	10 897 576	274 318 987	308 434 511
ENOCH MGUJIMA LOCAL MUNICIPALITY	45 821 564	18 715	29 308 393	28 643 939	704 750 349	808 542 959
INXUBA YETHEMBA LOCAL MUNICIPALITY	13 770 232	0	8 947 829	9 000 435	316 192 418	347 910 914
KING SABATA DALINDYEBO LOCAL MUNICIPALITY	88 882 497	11 769	32 306 412	0	75 727 769	196 928 447
MAKANA LOCAL MUNICIPALITY	35 478 575	0	11 058 173	11 452	28 028 473	74 576 673
RAYMOND MHLABA LOCAL MUNICIPALITY	11 025 676	19 269	8 118 055	8 753 719	250 691 549	278 608 267
WALTER SISULU LOCAL MUNICIPALITY	18 822 341	0	12 856 015	11 422 894	432 123 926	475 225 175
EASTERN CAPE	236 054 592	128 660	116 468 717	68 742 389	2 120 782 224	2 542 176 581

Source: Section 41 report for June 2022

55. Amount owing to AGSA fees by municipalities is R71.3 million (R148.3 million for the last quarter) for the period ended 30 June 2022 showing a material reduction of R77 million compared to the total debt owed at 31 March 2022.

Debtors

56. **Table 6** below reflects total outstanding debtors amounting to R24.8 billion reported by municipalities at 30 June 2022 (a reduction of about R2 billion compared to the R26.8 billion that was for the quarter ended 31 March 2022). The outstanding municipal debt has grown by approximately R3 billion from R21.8 billion reported for the corresponding quarter of the 2020/21 financial year.

Table 6 : Debtors age analysis Per Customer Group - 30 June 2022

Debtors Age Analysis By Customer Group	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Organs of State	123 399	0%	55 335	0%	47 095	0%	995 837	4%	1 221 666	5%
Commercial	919 924	4%	212 159	1%	163 887	1%	3 890 992	16%	5 186 962	21%
Households	1 196 180	5%	664 893	3%	683 360	3%	15 460 930	62%	18 005 363	73%
Other	22 429	0%	9 121	0%	9 348	0%	363 540	1%	404 438	2%
Total By Customer Group	2 261 932	9%	941 508	4%	1 164 793	2.8%	20 711 299	83%	24 818 429	100

Source : NT Local Government Database

57. Of the total outstanding debt owed to municipalities, debtors older than 90 days' amount to R20.7 billion or 83 per cent of the total outstanding debtors. This presents a risk that this debt may not be recoverable. The implementation of credit control policies does not appear to be effective in most municipalities in the province.

58. Reported outstanding household (h/h) debt amounts to R18 billion and is the highest contributing customer group (73 per cent). Debt owed by commercial/business consumers amounted to R5.1 billion (21 per cent of total debt). Household debt was reported at R16.1 billion during the fourth quarter of the last financial year and has shown a year-on-year increase of R1.9 billion compared to the corresponding quarter of 2020/21.

Quarterly meetings continue at a district level to discuss any unresolved issues with escalation to the Provincial Debt Steering Committee (SALGA, Provincial Treasury and Provincial CoGTA). The municipal current and arrear debt engagements took place at district level as follows:

- Sarah Baartman District & Nelson Mandela Metro on the 09 June 2022;
- Amathole District & Buffalo City on the 15 June 2022;

- Joe Gqabi District on the 21 June 2022;
- Chris Hani on 22 June 2022;
- Alfred Nzo District on 23 June 2022; and
- OR Tambo District on the 27 June 2022;

Observations

59. Provincial Treasury has further noted with concern the lack of credibility of the mSCOA data strings submitted by some municipalities in the province. This is as a result of the following;

- ❑ Incorrect use of the mSCOA and municipal accounting practices by municipalities;
- ❑ Some municipalities continue to budget, transact and report outside their core financial systems. These municipalities appear to prepare their budgets and monthly reports on excel spreadsheets and later import such into the system. This practice results in variances between the data strings submitted to NT and the C Schedules submitted.
- ❑ Municipalities are not locking their adopted budgets in their financial systems at month-end for completeness and quality of reported figures.

60. The challenges identified above are gradually addressed through the sittings of mSCOA Steering Committees at municipalities and also through systems vendor sessions arranged by the PT. There is also a Technical Team that analyses the reports submitted by municipalities and provide feedback on the findings thereon. These findings are shared with municipalities on a monthly basis.

F. IN-YEAR REPORTING: COMPLIANCE MONITORING

61. Municipalities should submit the signed-off verification reports by Municipal Managers (MM) and Chief Finance Officers (CFO) to National Treasury by the 31 July 2022 for the quarter ending 30 June 2022.

G. DISTRICTS OVERVIEW

Operating Revenue & Expenditure

62. Table 7 below shows the provincial operating revenue per district as at 30 June 2022:

Operating Revenue	Original Budget (R000)	Adjusted Budget (R000)	Actual YTD (R000)	YTD %	District Contr YTD %	Property Rates (R000)	Penalties Prop Rates (R000)	Electricity (R000)	Water (R000)	Sanitation (R000)	Refuse (R000)	Service Other (R000)	Other Revenue (R000)	Transfers Recognised (R000)
Alfred Nzo	2 185 249	2 214 520	1 946 334	87.9	6%	135 133	-	93 729	26 088	3 625	17 569	-	115 849	1 554 341
Amathole	3 367 647	3 447 949	3 630 536	105.3	11%	291 450	-	118 612	350 644	123 977	56 433	-	229 535	2 459 883
Chris Hani	3 138 897	3 349 192	2 646 576	79.0	8%	209 916	-	378 981	265 379	64 713	121 932	-	309 330	1 296 325
Joe Gqabi	1 523 296	1 627 335	1 290 358	79.3	4%	88 264	-	224 898	58 145	7 759	29 197	-	114 989	767 105
OR Tambo	4 437 720	4 367 619	3 805 009	87.1	11%	363 451	-	506 570	241 297	62 456	63 791	-	246 716	2 320 727
Sarah Baartman	3 379 052	3 405 874	3 061 966	89.9	9%	606 610	-	833 385	334 997	142 592	138 136	-	190 176	816 068
Total Operating Revenue	18 031 861	18 412 489	16 380 778	89.0	49%	1 694 825	-	2 156 175	1 276 551	405 122	427 059	-	1 206 595	9 214 450
Buffalo	8 234 112	8 324 855	8 211 047	98.6	24%	1 733 203	-	2 179 846	1 226 210	470 866	387 912	-	1 129 972	1 083 039
NMB	12 835 948	13 894 595	9 014 227	64.9	27%	(88 423)	-	3 430 587	2 649 524	648 446	270 891	-	1 443 588	659 613
Total Operating Revenue Inc	39 101 920	40 631 939	33 606 051	82.7	100%	3 339 605	-	7 766 608	5 152 284	1 524 434	1 085 862	-	3 780 156	10 957 102

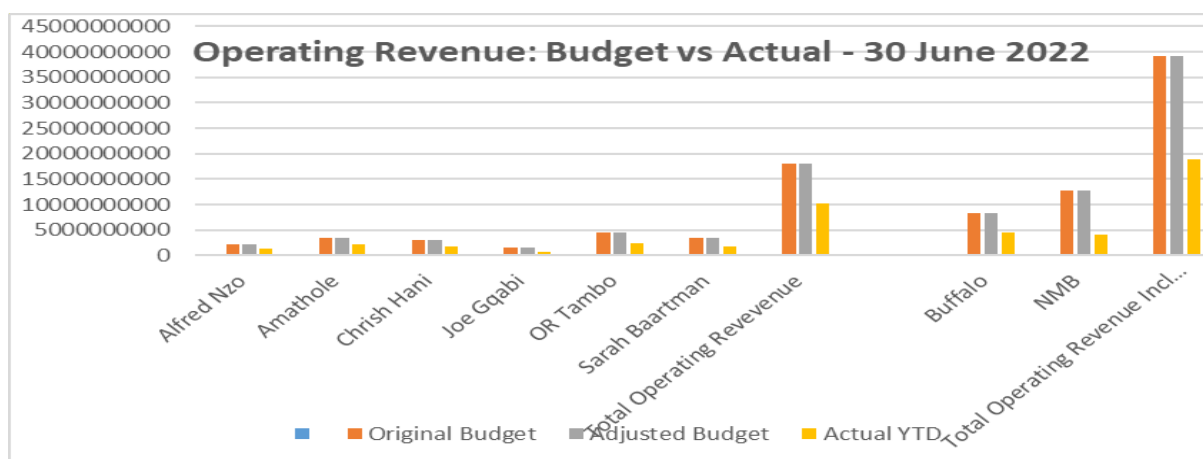
Source : NT Local Government Database

63. Municipalities on aggregate, generated revenue amounting to R33.6 billion or 82.7 per cent (R24 billion for Q4 of 2020/21) of the total adjusted operating revenue budget of R40.6 billion. The year-to-date operating revenue for the province as reflected above is underpinned by:

- R10.9 billion from Transfers and subsidies.
- R15.5 billion from service charges which consists of - Electricity (R7.7 billion), Water (R5.1 billion), Sanitation (R1.5 billion) and Refuse removal (R1 billion); and
- R3.3 billion generated from Property Rates income.

64. The two metros have generated R17.2 billion at 30 June 2022. This total consists of the R8.2 billion generated by BCM and R9 billion generated by the NMB. Both metros have essentially contributed 51.2 percent each of the total operating revenue by municipalities in the province.

65. The overall quarterly performance per district is reflected in the diagram below. The graph depicts how each district and the two metros performed relative to the aggregated operating revenue in the province.



66. The six districts have collectively contributed 49 percent of the consolidated revenue of the province. Municipalities in the Amathole and O.R. Tambo districts have reported the highest operating revenue generated amounting to R3.6 billion and R3.8 billion respectively.

67. **Table 8** below indicates the operating expenditure per district as at 30 June 2022.

Table 8 : Operating Expenditure Per District - 30 June 2022

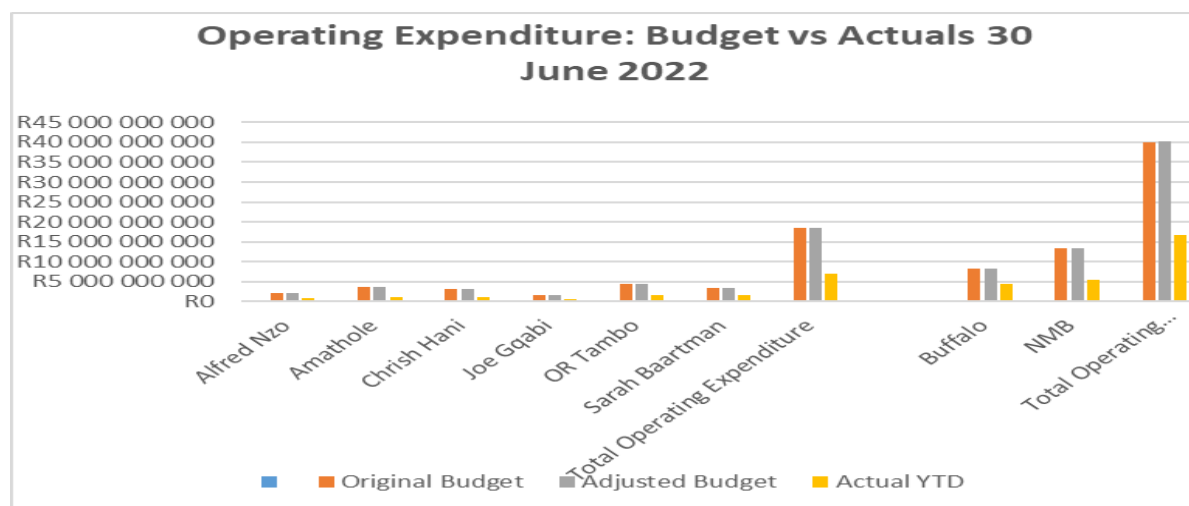
Operating Expenditure	Original Budget (R000)	Adjusted Budget (R000)	Actual YTD (R000)	YTD %	District Contr YTD %	Employee Related Costs (R000)	Councillor Remuneration (R000)	Debt Impairment (R000)	Depreciation and Asset Impairment (R000)	Bulk Purchases (R000)	Contracted Services (R000)	Other Expenditure (R000)	Finance, Material - Loss Disposal Exp (R000)	Transfers and Grants (R000)
Alfred Nzo	2 233 824	2 308 912	1 997 877	89.4	6%	672 884	84 822	2 106	288 141	89 197	410 502	323 488	(147)	109 615
Amathole	3 650 151	3 722 978	2 613 684	71.6	8%	1 448 463	93 913	174 117	164 715	108 304	240 204	368 255	(6 077)	21 791
Chris Hani	3 116 898	3 178 477	2 461 239	79.0	7%	1 095 432	89 583	29 478	36 030	389 730	353 795	303 183	97 454	66 554
Joe Gqabi	1 614 668	1 672 765	1 001 650	62.0	3%	519 673	37 274	12 348	24 348	42 400	172 122	149 443	38 714	5 328
OR Tambo	4 412 850	4 392 158	3 603 380	81.7	11%	1 717 571	130 691	14 230	216 333	387 729	343 656	607 840	95 403	89 927
Sarah Baartman	3 434 340	3 561 645	3 211 934	93.5	10%	1 134 625	62 423	217 431	241 940	728 042	256 638	352 607	188 948	29 280
Total Operating Expenditure	18 462 731	18 836 934	14 889 763	80.6	44%	6 588 649	498 706	449 710	971 505	1 745 402	1 776 917	2 104 814	414 295	322 494
Buffalo	8 231 745	8 322 488	8 697 475	105.7	26%	2 483 560	64 683	967 103	1 557 345	1 921 455	674 376	526 418	383 801	118 735
NMB	13 284 135	14 311 208	10 056 508	75.7	30%	3 129 982	69 490	298 966	-	3 346 943	608 732	2 196 399	275 729	130 267
Total Operating Expenditure	39 978 611	41 470 630	33 643 746	84.2	100%	12 202 191	632 878	1 715 779	2 528 850	7 013 801	3 060 025	4 827 632	1 073 825	571 496

Source : NT Local Government Database

68. Total spending reported for the quarter ending 30 June 2022 amounted to R33.6 billion (R24.9 billion for the quarter ended 30 March 2022) and this is equivalent to 84.2 per cent of the total budget. This expenditure has increased by R9.6 billion from the R24 billion that was reported for the corresponding quarter of the 2020/21 financial year. The year-on-year comparison between the last years' performance relevant to the quarter under review is also impacted by the fact that the NMBM is able to submit monthly reports this year and this was not the case in the 2020/21 financial year.

69. Employee related cost remains the highest cost driver amounting to R12.2 billion or 36.3 per cent of the total actual YTD operating expenditure. Municipalities have also reported significant expenditure on bulk purchases, contracted services and other expenditure with just over R7 billion, R3 billion and R4.8 billion respectively.

70. The detailed performance per district in the province as well as the two metros relative to the YTD performance of the province is in the graph below.



71. The NMB is the biggest contributor to the overall year-to-date expenditure for the province with 30 per cent of the total spending of R10 billion and this is followed by BCM at R8.6 billion.

72. The district performance shows that OR Tambo and Sarah Baartman districts have contributed most to the year-to-date performance with both districts contributing 11 percent and 10 percent respectively.

Capital Expenditure

73. **Table 9** below shows the Provincial Capital Expenditure Summary as at 30 June 2022.

Table 9 : Provincial Capital Expenditure Summary - 30 June 2022

Capital Expenditure Description	Original Budget (R000)	Adjusted Budget (000)	Actual YTD (R000)	YTD %
Governance and Administration	722 373	742 809	575 444	80%
Community and Public Safety	771 496	799 787	467 319	61%
Economic and Environmental Services	2 528 850	2 896 994	2 010 425	79%
Trading Services	4 916 428	4 620 875	3 878 047	79%
Other	124 050	138 913	99 238	80%
Capital Expenditure Standard Classification	9 063 197	9 199 379	7 030 474	78%

Source : NT Local Government Database

74. The reported year-to-date capital expenditure amounted to just over R7 billion or 78 per cent of the adjusted budget of R9.1 billion. The year-to-date performance is marginally less than the R6.5 billion that was spent during the quarter ended 30 June 2021. The highest contributor to the expenditure for the quarter under review is Trading Services (R3.8 billion) followed by Economic and Environmental Services at R2 billion.

75. **Table 10** below shows capital funding per district as at the end of June 2022. Both metros have contributed 17 percent to the total capital revenue raised by municipalities at 30 June 2022.

Table 10 : Capital Funding Per District - 30 June 2022

Funding Sources - Capex	Original Budget (R000)	Adjusted Budget (R000)	YTD (R000)	%YTD	District Contr YTD %	National Government (R000)	Provincial Government (R000)	% Grants Funding	District Municipalities (R000)	Other Grants and Transfers (R000)	Borrowings (R000)	Internally Generated (R000)	Public Contributions (R000)	% Own Funding to YTD Actual
Alfred Nzo	1 113 587	1 458 161	973 787	67%	14%	751 595	16 576	79%	-	39	-	205 577	-	21%
Amathole	913 184	753 929	536 737	71%	8%	430 341	27 751	85%	-	41	-	78 604	-	15%
Chris Hani	920 824	1 111 055	889 396	80%	13%	776 565	101 608	99%	-	-	-	11 223	-	1%
Joe Gqabi	475 586	479 046	280 423	59%	4%	224 187	-	80%	-	-	22 787	33 449	-	12%
OR Tambo	1 758 480	1 571 914	924 749	59%	14%	729 570	72 343	87%	10 330	-	-	112 505	-	12%
Sarah Baartman	427 057	589 401	814 934	138%	12%	614 675	23 681	78%	3 733	1 147	3 578	168 120	-	21%
Total Revenue	5 608 717	5 963 505	4 420 026	74%	66%	3 526 932	241 959	85%	14 063	1 227	26 365	609 479	-	14%
Buffalo	1 803 592	1 602 677	1 164 713	73%	17%	502 317	-	43%	-	(50)	8 902	653 543	-	56%
NMB	1 511 907	1 425 001	1 154 538	81%	17%	740 590	-	64%	-	24 309	167 262	222 377	-	19%
Total Rev Incl Metro	8 924 215	8 991 183	6 739 276	75%	100%	4 769 839	241 959	74%	14 063	25 486	202 529	1 485 400	-	22%

Source : NT Local Government Database

76. Municipalities in the Alfred Nzo (14 per cent), OR Tambo (14 per cent) and Chris Hani Districts (13 per cent) have contributed the highest amounts in respect of the overall year-to-date capital revenue.

Debtors

77. **Table 12** below shows the debtors age analysis per district.

Table 12 : Debtors age analysis Per District - 30 June 2022

Description	0 - 30 days (R000)	31- 60 days (R000)	61-90 days (R000)	Over 90 days (R000)	Total (R000)
Alfred Nzo	22 740	9 324	10 158	437 482	479 704
Amathole	133 241	58 652	61 182	1 151 956	1 405 031
Chris Hani	97 634	103 231	79 346	2 987 528	3 267 739
Joe Gqabi	54 157	27 040	79 545	1 001 143	1 161 885
OR Tambo	105 221	54 626	40 279	1 544 281	1 744 407
Sarah Baartman	94 298	40 068	35 071	1 014 224	1 183 661
Total Exc Metros	507 291	292 941	305 581	8 136 614	9 242 427
Buffalo	500 285	211 738	179 815	4 220 047	5 111 885
NMB	1 254 355	436 828	418 295	8 354 639	10 464 117
Total Incl Metros	2 261 931	941 507	903 691	20 711 300	24 818 429

Source : NT Local Government Database

78. The total debt owed to municipalities amounted to R24.8 billion at 30 June 2022 (R21.8 billion for the quarter ended 30 June 2021). The Nelson Mandela Bay Metropolitan Municipality has reported the highest outstanding debtors with a balance of R10.4 billion while Buffalo City Metropolitan Municipality reported outstanding debt amounting to R5.1 billion. The two metros in the province account for 62.5 per cent of the total outstanding debt for the province. The bigger portion of the outstanding debt per district continues to be in respect of water and sanitation, which is mostly the function of district municipalities in the province. We have

identified that these councils are not effective in implementing credit control policies and by-laws.

79. With regard to districts, municipalities in the Chris Hani and Amathole have accumulated the biggest debtor balances of the all districts in the province. As at 30 June 2022, the two districts reported R1.4 billion and R3.2 billion respectively.

Creditors

80. **Table 13** below shows creditors per district including locals and metros in respect of the quarter ended 30 June 2022.

Table 13 : Creditors age analysis Per District - 30 June 2022

	0 - 30 days (R000)	31- 60 days (R000)	61-90 days (R000)	Over 90 days (R000)	Total (R000)
Alfred Nzo	35 476	214		3	35 693
Amathole	79 561	(5 318)	(4 878)	316 853	386 218
Chris Hani	68 061	35 653	33 380	724 794	861 888
Joe Gqabi	40 221	20 406	10 905	626 536	698 068
OR Tambo	93 740	22 165	27 036	296 279	439 220
Sarah Baartman	185 821	23 311	22 504	460 201	691 837
Total Exc Metros	502 880	96 431	88 947	2 424 666	3 112 924
Buffalo	666 451	23 074		0	689 525
NMB	862 589	214 422	166 460	331 091	1 574 562
Total Incl Metros	2 031 920	333 927	255 407	2 755 757	5 377 011

Source : NT Local Government Database

81. The two metros account for R2.2 billion or 41.5 per cent of the debt owed by municipalities in the province. In this regard, Nelson Mandela Bay Metropolitan Municipality reported creditors amounting to R1.5 billion while Buffalo City Metropolitan Municipality reported outstanding creditors amounting to R689.5 million.
82. Municipalities in the Chris Hani, Sarah Baartman, Joe Gqabi and OR Tambo districts reported the highest amount of outstanding creditors at R861.8 million, R691 million, R698 million and R660.1 million respectively. As highlighted under the Eskom debt section of this report, two municipalities in the Chris Hani district are in the top five municipalities in terms of ESKOM arrears. These municipalities are Enoch Mgijima and Inxuba Yethemba local municipalities. Furthermore, the ESKOM arrears also affect the Joe Gqabi and Amathole districts in that Walter Sisulu Municipality and Raymond Mhlaba are also in arrears with their ESKOM accounts. This has contributed to the high levels of outstanding creditors in these districts.
83. Total outstanding creditors over 30 day's amounts to R3.3 billion or 62.26 per cent of total creditors reported. This suggests that the majority of the municipalities in the province do not comply with Section 65(2) (e) of the MFMA. As such, many might attract interest, penalties and even litigation.

E. mSCOA IMPLEMENTATION

84. The accounting officer of a municipality is required to, by no later than 10 working days after the end of each month, submit to the mayor of the municipality and the relevant provincial

treasury in the prescribed format the statutory monthly reporting for the municipality, which includes the electronic monthly mSCOA transactional information submissions.

85. As at the end of June 2022, stage 1 validation status of the Eastern Cape Province is reflected in **Table 14** below:

Table 14: Status of Schedule of Submissions - Stage 1: June 2022 (QRT4)

#	MUNICIPALITY	STATUS OF SUBMISSION	#	MUNICIPALITY	STATUS OF SUBMISSION	#	MUNICIPALITY	STATUS OF SUBMISSION
1	Buffalo City	Submitted/Successful	14	Raymond Mhlaba	Submitted/Successful	27	Mhlonito	Submitted/Successful
2	Nelson Mandela Bay	Submitted/Successful	15	Chris Hani	Submitted/Successful	28	Nqunzela Hills	Submitted/Successful
3	Alfred Nzo	Submitted/Successful	16	Emalahleni (EC)	Submitted/Successful	29	Nyandeni	Submitted/Successful
4	Matatiele	Submitted/Successful	17	Engobo	Submitted/Successful	30	O R Tambo	Submitted/Successful
5	Mbizana	Submitted/Successful	18	Enoch Mgijima	Submitted/Successful	31	Port St Johns	Submitted/Successful
6	Ntabankulu	Submitted/Successful	19	Intsika Yethu	Submitted/Successful	32	Blue Crane Route	Submitted/Successful
7	Umtzimvubu	Submitted/Successful	20	Inxuba Yethemba	Submitted/Successful	33	Dr Beyers Naude	Submitted/Successful
8	Amahlathi	Submitted/Successful	21	Sakhisizwe	Submitted/Successful	34	Kou-Kamma	Submitted/Successful
9	Amathole	Not Submitted	22	Elundini	Submitted/Successful	35	Kouga	Submitted/Successful
10	Great Kei	Submitted/Successful	23	Joe Gqabi	Submitted/Successful	36	Makana	Submitted/Successful
11	Mbhashe	Submitted/Successful	24	Senqu	Submitted/Successful	37	Ndlambe	Submitted/Successful
12	Mnquma	Submitted/Successful	25	Walter Sisulu	Submitted/Successful	38	Sarah Baartman	Submitted/Successful
13	Ngqushwa	Submitted/Successful	26	King Sabata Dalindyebo	Submitted/Successful	39	Sundays River Valley	Submitted/Successful

Source: NT Local Government Database

86. **Table 15** below shows stage 2 validations. Subsequent to the receipt of the monthly mSCOA transactional data strings, National Treasury Local Government Portal conducts segment validation of the data strings to ensure that municipalities have applied the correct segments based on predetermined rules.

Table 15: Stage 2 validations - QRT4: June 2022

#	MUNICIPALITY	STATUS OF VALIDATION	#	MUNICIPALITY	STATUS OF VALIDATION	#	MUNICIPALITY	STATUS OF VALIDATION
1	Buffalo City	Successful (Phase 2)	14	Raymond Mhlaba	Successful (Phase 2)	27	Mhlonito	Successful (Phase 2)
2	Nelson Mandela Bay	Successful (Phase 2)	15	Chris Hani	Successful (Phase 2)	28	Nqunzela Hills	Successful (Phase 2)
3	Alfred Nzo	Successful (Phase 2)	16	Emalahleni (EC)	Successful (Phase 2)	29	Nyandeni	Successful (Phase 2)
4	Matatiele	Successful (Phase 2)	17	Engobo	Successful (Phase 2)	30	O R Tambo	Successful (Phase 2)
5	Mbizana	Successful (Phase 2)	18	Enoch Mgijima	Successful (Phase 2)	31	Port St Johns	Successful (Phase 2)
6	Ntabankulu	Successful (Phase 2)	19	Intsika Yethu	Successful (Phase 2)	32	Blue Crane Route	Successful (Phase 2)
7	Umtzimvubu	Successful (Phase 2)	20	Inxuba Yethemba	Successful (Phase 2)	33	Dr Beyers Naude	Successful (Phase 2)
8	Amahlathi	Successful (Phase 2)	21	Sakhisizwe	Successful (Phase 2)	34	Kou-Kamma	Successful (Phase 2)
9	Amathole	Not submitted	22	Elundini	Successful (Phase 2)	35	Kouga	Successful (Phase 2)
10	Great Kei	Successful (Phase 2)	23	Joe Gqabi	Successful (Phase 2)	36	Makana	Successful (Phase 2)
11	Mbhashe	Successful (Phase 2)	24	Senqu	Successful (Phase 2)	37	Ndlambe	Successful (Phase 2)
12	Mnquma	Successful (Phase 2)	25	Walter Sisulu	Successful (Phase 2)	38	Sarah Baartman	Successful (Phase 2)
13	Ngqushwa	Successful (Phase 2)	26	King Sabata Dalindyebo	Successful (Phase 2)	39	Sundays River Valley	Successful (Phase 2)

Source: NT Local Government Database

87. Amathole District Municipality failed to submit the monthly reports on time. The municipality cited challenges with the financial system for the delay. The reports have since been submitted after the verification.

88. Provincial Treasury undertook an analysis of the municipality's submitted data strings as part of its monitoring and oversight. The analysis revealed the following:

- When budgeting, municipalities use a different function or region segment than when transacting leading to some misallocations;
- Municipality's systems do not close the previous month and automatically transfer closing balances to the new period hence no opening balance strings reported on the database for most systems;

- Municipalities do not follow the guidelines provided by National Treasury in mSCOA circular No. 09 regarding the classification of Covid-19 transactions. In some cases, it was discovered that some municipalities do not make allocations towards COVID19 budget;
- Not all the modules are utilized by municipalities. This is despite the fact that municipalities are already paying for such modules;
- Not all municipalities have submitted mSCOA Implementation Plans to the PT despite numerous requests by district offices in this regard, letters of non-compliance have been issued to Accounting Officers of affected municipalities;
- Non-sitting of Project Steering Committees in some municipalities. This challenge is also exacerbated by the fact that some municipalities do not invite representatives from PT to attend these meetings;

89. During the quarter under review the following activities were prioritised:

- Analyses of data strings to ensure credibility and provide feedback to municipalities for continuous improvement;
- Supporting municipalities to submit/correct data strings errors;
- Support and monitor “red” highlighted municipalities:
 - Obtain Action Plans (Road Maps) and attend Steercom meetings; and
 - Monitor progress against National mSCOA Road Map (Joint strategy).

F. GOVERNANCE PROVINCIAL OVERVIEW

Risk management and Internal Audit

90. In terms of MFMA sec 165(1),

Each municipality and each municipal entity must have an internal audit unit, subject to subsection (3). During the quarter under review, support initiatives to municipalities on internal audit unit and risk management activities were limited by the Covid-19 pandemic.

During the quarter under review, Provincial Treasury (PT) in collaboration with CoGTA participated in the quarterly Municipal Internal Audit and Risk Management Forum, which took place on 19 June 2022. The agenda items were as follows:

- Post Audit Symposium Resolution
- Refresher on Circular 65
- Audit action plans
- Quality Assurance by Leadership institution
- Proposed Provincial Risk Assessment Project
- Local Government Regulations on Municipal Staff

Key issues emanated:

- PT performs Internal Assessment Quality Assurance Reviews and four municipalities were assisted for this financial year. The Forum agreed that there was a need to build capacity to support the municipalities by PT and CoGTA in this regard.

- The Forum also raised the concerns that National Treasury rate for remuneration of Audit Committee members needs to be reviewed as the municipalities struggle to attract potential members with specialised skills i.e. Auditing, ICT, special investigation.
- CoGTA will embark on the project to perform province-wide risk assessment with the aim of identifying high risks for all the municipalities.

Internal audit support

The following municipalities were assisted with Internal Audit activities during the quarter under review:

- Ndlambe Local Municipality—technical advice on the internal assessment approach.
- Nyandeni Local Municipality – Audit committee meeting (presentation of final Quality Assurance Internal Assessment Review Report by Internal Audit Transversal)
- Elundini Local Municipality Audit Committee Meeting.
- Intsika Yethemba Local Municipality Audit Committee Meeting

Key issues emanated

- The Core Principles of Code of Ethics of Internal Auditors and the responsibilities of the Internal Auditor in relation to Audit Committee were not documented in the Internal Audit Charter.
- Audit Committee not involved in the Recruitment of CAE.
- The Quality Assurance Improvement Program were not developed.
- No Ethics, Governance and IT reviews conducted.
- Internal Audit Unit performs risk management function.
- Slow implementation of both internal audit and external audit findings.
- The other municipalities with capacity issues are planning to enter into memorandum of understanding to assist each other in performing Quality Assurance internal assessment reviews

Risk Management Support

Risk Assessment Workshops

With regard to the risk management support for the quarter under review, the municipalities received support on Risk Management through facilitation and attendance of Risk Assessment workshops and information sharing on risk management. The following municipalities were assisted:

- Ports St Johns Local Municipality
- Senqu Local Municipality
- Mbashe Local Municipality
- Walter Sisulu Local Municipality

Risk Management information Sharing

- Makana Local Municipality (Risk Management framework and formulating Risk Register)
- Senqu Local Municipality (Risk Management responsibility - Risk Management Committee)
- Intsika Yethemba Local Municipality – Risk Management Framework and formulating Risk Register.

Key issues emanated:

- The Risk Management Units across municipalities are not adequately capacitated. The function of risk management tends to be performed by Internal Audit Units.
- The municipalities do not have a proper risk management processes and tools in place.
- In some municipalities, strategic objectives are not clear.
- While, the tone of senior managers and managers assisted in the risk assessment process, there is still need to encourage the municipalities that risk management activities to be integrated into the operations of municipalities.

Walter Sisulu Local municipality:

CoGTA and PT undertook a special project in assisting Walter Sisulu Municipality on issues of risk management. This was meant to assist the municipality to ensure risk management activities are implemented and to improve risk maturity of the municipality. The following activities were performed:

- Assess the status of risk management using FMCMM model.
- Risk management documents (framework and risk management templates) were reviewed.
- Assisted the municipality with process of selecting Risk Management Committee and risk champions.
- CoGTA facilitated the strategic risk assessment session held from 24 to 27 May 2022. The participants included ECPT, the MM, Directors, Managers from WSLM and Chairperson of the Risk Management Committee with the aim of formulating the strategic Risk Register.

Key issues emanated:

- Strategic risk register was developed and risks identified will be actioned by the responsible Director.
- There was lack of implementation of internal controls throughout the municipality.
- The risk culture needs to be embedded into the operations of the municipality.
- The process to assess the risks in each business unit (operational level) has not been undertaken.

Minimum Competency Level

91. **Table 15** below shows the preliminary summary status of the minimum competency level (MCL) confirmed with municipalities updated in July 2021 in compliance with the prescribed

regulations. For the quarter under review Provincial Treasury together with National Treasury are currently busy the verification of the submitted information by municipalities.

Table 16: EC MINIMUM COMPETENCY LEVELS - 30 June 2022

Provincial Summary Status	Accounting Officers	Chief Financial Officers	Other Senior Managers	Other SM with MCL	Other SM with No MCL
<i>Total positions</i>	39	39	154		
<i>Completed</i>	36	34		114	
<i>Not Completed</i>	3	3			35
<i>Acting Capacity</i>	0	3			
<i>% Completed</i>	92%	87%		74%	
<i>% Not Completed</i>	8%	8%			23%
<i>% Acting Capacity</i>	0%	8%			0%

Source: Eastern Cape Municipal Submissions

92. According to the result, the status has remained constant due to the fact that the minimum competency statistics are updated on a bi annual basis. These will be next updated in July 2022. **Full details in Annexure F.**

G. PROCUREMENT STATUS OF MUNICIPALITIES (CATALYTIC PROJECTS)

1. Kouga municipality

Background

Hankey had no formal or water-born sanitation, they have been using septic tanks which sometime overflows to street and cause health hazard. The municipality has prioritized the sewer water-born, to address health hazard.

Scope of works:

Scope of works entails the following:

- Sewer rising main;
- Chambers;
- Bridge crossing;
- ERF connections;
- Manholes

Status quo

Hankey Sanitation Project, with budget of R15,3 million, with expenditure of R8,409 million or 55% as at end March 2022. The municipality has changed the initial selected sport field project, due to Council re-prioritization. Funds were re-allocated to Hankey sanitation project which the Contractor was appointed on the 29th March 2021 already. The project was visited during quarter 1 (1 June 2022) by MISA, DCoG, SALGA, CoGTA & PT, to confirm value for money based on the approved scope of works by the municipality. The project is under construction and it's progressing well.

2. Dr Beyers Naude municipality

Background

The Collie Koeberg Sport Complex is situated in the town of Graaff Reinet in the Eastern Cape Province. The Complex is located to the south of Graaff Reinet along the R63, approximately 3Km from the Graaff Reinet city centre. The co-ordinates for the Works are 32°17'5.44"S and 24°33'31.35"E. MJM Consulting Engineers has been appointed by Dr. Beyers Naude Local Municipality for the design and implementation of the Upgrading of the Collie Koeberg Sport Complex.

The project has been phased into three portions as follows:

- Portion 1 – 22 May 2022,
- Portion 2 – December 2022 and
- Portion 3 – December 2023

Scope of works

Project entails refurbishment of the existing sport facility, scope of works is as follows:

- Fencing;
- Netball court;
- Tennis court;
- Pavilion;
- Multi Soccer/Rugby field;
- Storage, guard house, tuck shop & ablution buildings;
- Irrigation; and
- Electric works

Status Quo

The municipality has appointed the Contractor on the 19th October 2021, just few days after the planned appointment date. Upgrading of Collie Koeberg sport complex Project, with budget of R8,979 million, with expenditure of R7,417 million or 83% as at end May 2022. The project was visited during quarter 1 (20th April 2022) by DSRAC & PT to verify value for money based on the approved scope of works by the municipality. The Contractor is progressing well with the project and is on schedule.

3. Sunday's River Valley municipality

Background

Municipality had applied for sport facility to Department of Sport Arts and Culture, in order for Addo area to have high standard sport facility.

Scope of works

The scope of works entails the following items:

Construction of soccer field (including grassing and irrigation system);

- Synthetic Athletic Track;
- Construction of Netball courts;
- Construction of main grand stands with ablution and change rooms;
- Construction of spectators' ablution facility;
- Floods lights system Installation;
- Stadium Clearview security fence;
- Storm-water management and minor civil works.

Status Quo

The project was planned to be awarded on 1st October 2021, however, the municipality had to re-advertised the tender. The tender published on the 8th November 2021 and have closed on the 6th December 2021. Contractor was appointed in March 2022 and is on site. Project will be monitored closely as the sport facilities have been neglected in the province.

Construction of Multi- Purpose Sports Recreational Facility in Nomathamsanqa in Addo Project, with budget of R8,000 million, with expenditure of R1,703 million or 21% as at end May 2022 with a balance of R6,297 million. Project is scheduled for visit on the 21st April 2022 to confirm progress on the ground vs 21% expenditure; however, the team could not access the site due to strike by citrus workers in Addo.

4. Mquma municipality

Background

Mquma municipality is implementing Thongwana Outdoor Sports Facility Phase 1 through MIG during 2021/22, with R6,632 million. The project is situated in ward 10.

Scope of works

The scope of works entails the following items.

- Fencing
- Rugby Field
- Soccer Field
- Netball

Status Quo

The municipality had planned to award the contract on 12 November 2021, however, bidders were not responsive. The tender has been re-advertised on 28th September 2021 with the closing date of 29 October 2021 and appointment was made on 15 November 2021.

The project was visited on 10th February 2022, by DSRAC, MISA, Provincial Treasury. Thongwana Outdoor Sports Facility project, with budget of R6,632 million in 2021/22, with expenditure of R3,833 or 59% as at end May 2022. The project started 20th November 2021, planned completion 4th June 2022, progress is 83%, time lapsed 112% and the project is behind schedule.

5. Emalahleni municipality

Background

The project is situated in the Dlamini Village which is in Cacadu Town (formally known as Lady Frere, which is one (1) of the three (3) towns that make up Emalahleni. The site is situated along the R410 linking and to Komani town, about 20.3 km West of Cacadu Town.

Scope of works

The project involves the construction of gravel and concrete paved access road total length of 10.60 km and provision of adequate associated storm water drainage system, erosion protection and a side drain mitre for some portions of the road. Major pertinent works on the road include:

- Clearing and grubbing of vegetation and topsoil
- A 150mm roadbed to be prepared and compacted to a minimum of 93% modified AASHTO dry density
- A 150mm gravel-wearing course also to be compacted to a minimum of 95% modified AASHTO dry density
- A 150mm concrete paved surface with C35/19 (i.e., very steep areas)
- A ditch drains with a length of +6m
- Cut to fill in steep areas involving bulk earthworks
- Backfill or rehabilitation of gullies
- Pipe culverts of minimum diameter 600mm for storm water control

- Provision of surface drainage along the route by means of the construction of un-lined side drains and mitre drains
- Gabions and stone pitching as erosion protection measures will be used.

Status Quo

The municipality appointed the Contractor on November 2021 and the works had commenced. The Dlamini Access Road (Ward 5, 6 and 7) project was visited by MISA and PT on the 24th November 2021, works is progressing well.

Dlamini Access Road (Ward 5, 6 and 7) Facility project, with budget of R9,444 million in 2021/22, with expenditure of R8,096 million or 85% as at end May 2022 and the project is at 95% complete.

6. Chris Hani municipality

The project was to be advertised on 24th June 2021, tender to close on 27th July 2021. Provincial Treasury had planned to visit the project on 9th December 2021, however, the municipality advised that project has not been awarded.

The Engcobo water supply backlog cluster 7 project with a budget of R15,075 million for 2021/22 as per Project Implementation Plan, has two (2) sub-projects namely Eluheweni Water Supply and Msintsana Gulandoda Water Supply. Eluheweni water supply project has been awarded in March 2022 and Msintsana Gulandoda water supply is still at procurement stage.

I.CONCLUSION

93. In conclusion:

- Accuracy and completeness of the data strings submitted remains a challenge. To address this challenge, the PT assesses the data strings on a monthly basis and provide feedback to municipalities on discrepancies that have been identified. Sessions are also held with municipalities on a one-on-one basis to assist with the correction of identified findings;
- The partnership between Provincial Treasury, CoGTA, and SALGA continues to support municipalities on municipal debts, internal audits and risk management;
- MPAC, DC Boards and other oversight governance structures will support in addressing UIF&W;
- Provincial Treasury, COGTA and transferring departments will keep on supporting municipalities to expedite spending on conditional grants. The slow spending of conditional grants by municipalities in the province remains a concern. More focus needs to be put in this area in order to avoid further financial losses;
- In promoting transparency and accountability, PT will continue monitoring the Covid -19 procurement information by the municipalities; and
- The SCM procurement plan's lag has potential to result in the province losing further allocated funds, and needs urgent attention.

J. RECOMMENDATIONS

94. It is recommended that the MEC :

- a. **Note** the content of the report;
- b. **Note** that current and post Covid-19 financial and fiscal risk management monitoring support to maintain sustainability and funded budgets requires strengthened dedicated municipal committees;
- c. **Note** various interventions done by PT in collaboration with sector departments in assisting municipalities to expedite spending on conditional grants and
- d. **Note** support on operating expenditure structure efficacy, assets and liability management to improve prudent financial management and due diligence leading to 2022/23 MTREF;

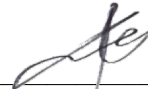
Ikhwezi Lomso greetings: Serving with Honesty, Humility and Integrity

Prepared by:



Mr. NCEBA BOMVANE
DEPUTY DIRECTOR: MFG
DATE: 18/08/2022

Reviewed by:



Ms. LINDELWA MAJOVA-SONGCA
DIRECTOR: MFG
DATE: 18/08/2022

Submitted by:



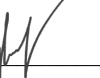
Mr. TEMPLETON PHOGOLE
CHIEF DIRECTOR: MFG
DATE: 18 August 2022

RECOMMENDED/~~NOT RECOMMENDED~~

pp 

Ms. BULELWA NQADOLO
DEPUTY DIRECTOR GENERAL
DATE: 19/08/2022

APPROVED



Mr. DALUHLANGA MAJEKE
HEAD OF DEPARTMENT

DATE: 22/08/2022



Mr. M.G MVOKO (MPL)
MEMBER OF THE EXECUTIVE COUNCIL
MINISTRY OF FINANCE, ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM

DATE: 23/08/2022

ANNEXURE A: STATEMENT OF OPERATING REVENUE AND EXPENDITURE FOR THE 4th QUARTER ENDED 30 JUNE 2022

Part1: Operating Revenue and Expenditure

	2021/22												2020/21		Q4 of 2020/21 to Q4 of 2021/22
	Budget		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year to Date		Fourth Quarter		
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	3rd Q as % of adjusted budget	Actual Expenditure	4th Q as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	
R thousands															
Operating Revenue and Expenditure															
Operating Revenue	39 101 920	40 631 939	9 813 801	25.1%	9 049 688	23.1%	8 869 710	21.8%	5 872 853	14.5%	33 606 051	82.7%	3 320 683	96.7%	76.9%
Property rates	6 149 743	6 245 356	1 636 957	26.6%	554 052	9.0%	556 668	9.5%	552 928	8.9%	3 339 605	53.5%	513 338	96.4%	7.7%
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	9 360 972	9 240 166	1 464 533	15.6%	2 245 931	24.0%	1 974 859	21.4%	2 081 284	22.5%	7 766 608	84.1%	992 074	88.1%	109.8%
Service charges - water revenue	3 695 285	4 865 719	1 387 762	37.6%	1 382 074	37.7%	1 382 210	28.4%	990 238	20.4%	5 152 284	105.9%	587 087	139.0%	68.7%
Service charges - sanitation revenue	1 724 606	1 729 250	329 439	19.1%	408 075	23.7%	392 470	22.7%	394 450	22.8%	1 524 434	88.2%	181 404	105.4%	117.4%
Service charges - refuse revenue	1 107 839	1 091 431	299 361	27.0%	260 346	23.5%	259 105	23.7%	267 050	24.5%	1 065 862	99.5%	170 677	95.1%	56.5%
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	124 052	114 196	24 423	19.7%	19 529	15.7%	27 461	24.0%	24 483	21.4%	95 905	84.0%	20 871	78.9%	17.4%
Interest earned - external investments	500 189	616 970	47 516	9.5%	78 665	15.7%	77 746	12.6%	149 344	24.2%	353 263	57.3%	74 254	51.0%	101.1%
Interest earned - outstanding debtors	1 046 311	1 062 835	219 329	21.0%	271 822	26.0%	334 906	31.5%	348 807	32.8%	1 174 865	110.5%	147 896	111.2%	135.8%
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	255 513	128 946	12 177	4.8%	21 725	8.5%	28 057	21.8%	27 687	21.5%	89 646	69.5%	17 104	97.9%	61.9%
Licences and permits	145 058	135 520	33 334	23.0%	22 433	15.5%	26 139	19.3%	22 117	16.3%	104 024	76.8%	23 723	77.1%	(6.8%)
Agency services	111 318	111 695	14 112	12.7%	14 362	12.9%	24 918	22.3%	28 054	25.1%	81 446	72.9%	24 396	76.2%	15.0%
Transfers and subsidies	12 107 108	12 443 686	3 768 597	31.1%	3 423 349	28.3%	2 955 360	23.7%	809 796	6.5%	10 957 102	88.1%	445 809	103.3%	81.6%
Other revenue	2 720 134	2 791 686	574 057	21.1%	336 314	12.4%	789 957	28.3%	169 947	6.1%	1 870 274	67.0%	109 956	55.3%	54.6%
Gains	53 793	54 483	2 203	4.1%	1 021	1.9%	653	1.6%	6 656	12.2%	10 734	19.7%	12 093	8.5%	(45.0%)
Operating Expenditure	39 978 611	41 470 630	8 275 887	20.7%	8 457 342	21.2%	8 163 222	19.7%	8 747 295	21.1%	33 643 746	81.1%	5 770 802	87.9%	51.6%
Employee related costs	13 513 480	13 570 348	2 551 769	18.9%	3 420 229	25.3%	2 979 742	22.0%	3 250 451	24.0%	12 202 191	89.9%	2 169 542	100.8%	49.8%
Remuneration of councillors	742 235	718 219	136 456	18.4%	155 826	21.0%	158 381	22.1%	182 215	25.4%	632 678	88.1%	144 837	90.0%	25.8%
Debt impairment	3 886 817	4 710 526	330 814	8.5%	401 506	10.3%	448 938	9.5%	534 521	11.3%	1 715 779	36.4%	253 999	59.7%	110.4%
Depreciation and asset impairment	3 914 951	4 033 748	593 465	12.9%	643 163	16.4%	667 143	16.5%	715 079	17.7%	2 528 850	62.7%	778 668	75.3%	(8.2%)
Finance charges	275 988	260 903	430	2%	51 669	18.8%	75 275	28.9%	66 340	25.4%	193 914	74.3%	49 069	105.9%	35.2%
Bulk purchases	8 144 314	8 232 634	1 507 247	18.5%	1 754 108	21.5%	1 984 990	24.1%	1 767 456	21.5%	7 013 801	85.2%	834 750	91.5%	111.7%
Other Materials	1 333 112	1 133 648	167 484	12.6%	270 274	20.3%	232 072	20.5%	256 935	22.7%	926 765	81.8%	(59 818)	53.0%	(529.5%)
Contracted services	4 126 707	4 441 778	571 774	13.9%	876 073	21.2%	695 963	15.7%	916 215	20.6%	3 060 025	68.9%	784 153	83.0%	16.8%
Transfers and subsidies	517 293	514 800	106 783	20.6%	117 879	22.8%	150 454	29.2%	196 370	38.1%	571 496	111.0%	127 814	90.4%	53.6%
Other expenditure	3 465 604	3 740 616	2 399 869	69.2%	767 015	22.1%	771 903	20.6%	842 154	22.8%	4 780 941	127.8%	666 022	88.3%	22.9%
Losses	58 129	113 411	(203)	(.3%)	(601)	(1.0%)	(1 648)	(1.5%)	19 959	17.2%	17 105	15.1%	2 765	42.1%	607.3%
Surplus/(Deficit)	(876 691)	(838 691)	1 537 913		592 346		706 488		(2 874 442)		(37 695)		(2 450 119)		
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov and Dis	6 486 775	6 717 283	592 139	9.1%	1 173 206	18.1%	683 727	10.2%	1 643 043	24.5%	4 092 116	60.9%	1 247 603	66.9%	31.7%
Transfers and subsidies - capital (monetary alloc)(Departm Agencies,HH,P	47 144	43 009	10 591	22.5%	25 066	53.2%	3 678	8.6%	42 667	99.2%	82 001	190.7%	25 293	6 720.1%	68.7%
Transfers and subsidies - capital (in-kind - all)	-	28 110	110	-	-	-	-	-	3 069	10.9%	3 179	11.3%	-	100.0%	(100.0%)
Surplus/(Deficit) after capital transfers and contributions	5 667 228	5 949 711	2 140 753		1 790 618		1 393 893		(1 185 663)		4 139 601		(1 177 223)		
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	5 667 228	5 949 711	2 140 753		1 790 618		1 393 893		(1 185 663)		4 139 601		(1 177 223)		
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	5 667 228	5 949 711	2 140 753		1 790 618		1 393 893		(1 185 663)		4 139 601		(1 177 223)		
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	5 667 228	5 949 711	2 140 753		1 790 618		1 393 893		(1 185 663)		4 139 601		(1 177 223)		

ANNEXURE B: CAPITAL REVENUE AND EXPENDITURE

Part 2: Capital Revenue and Expenditure

	2021/22												2020/21		Q4 of 2020/21 to Q4 of 2021/22
	Budget		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year to Date		Fourth Quarter		
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	3rd Q as % of adjusted budget	Actual Expenditure	4th Q as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	
R thousands															
Capital Revenue and Expenditure															
Source of Finance	8 924 215	8 991 183	1 664 793	18.7%	1 737 498	19.5%	1 345 857	15.0%	1 991 128	22.1%	6 739 276	75.0%	1 850 954	86.0%	7.6%
National Government	6 066 433	5 954 868	1 304 894	21.5%	1 167 379	19.2%	901 614	15.1%	1 395 953	23.4%	4 769 839	80.1%	1 358 614	95.1%	2.7%
Provincial Government	251 783	411 528	40 872	16.2%	68 649	27.3%	47 490	11.5%	84 947	20.6%	241 959	58.8%	68 362	96.2%	24.3%
District Municipality	6 585	13 447	2 260	34.3%	5 791	87.9%	1 840	13.7%	4 172	31.0%	14 063	104.6%	2 026	25.1%	106.0%
Transfers and subsidies - capital (monetary alloc)(Departm Agencies, HH	43 009	43 371	2 220	5.2%	11 814	27.5%	4 614	10.6%	6 838	15.8%	25 486	58.8%	(17)	729.9%	(40 691.3%)
Transfers recognised - capital	6 367 810	6 423 214	1 330 247	21.2%	1 253 633	19.7%	955 558	14.9%	1 491 910	23.2%	5 091 348	78.6%	1 428 984	94.0%	4.4%
Borrowing	751 420	313 719	31 090	4.1%	67 966	9.0%	54 221	17.3%	49 251	15.7%	202 529	64.6%	9 553	7.7%	415.5%
Internally generated funds	1 804 985	2 254 250	283 456	15.7%	415 899	23.0%	336 079	14.9%	449 966	20.0%	1 485 400	65.9%	412 416	73.5%	9.1%
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Functional	9 063 197	9 199 379	1 920 497	21.2%	1 740 632	19.2%	1 354 731	14.7%	2 014 614	21.9%	7 030 474	76.4%	1 851 752	82.9%	8.8%
Municipal governance and administration	722 373	742 809	246 954	34.2%	130 879	18.1%	75 777	10.2%	121 834	16.4%	575 444	77.5%	64 684	126.6%	88.4%
Executive and Council	18 794	19 385	869	4.6%	8 359	44.5%	5 370	27.7%	4 862	25.1%	19 460	100.4%	(30 240)	37.8%	(116.1%)
Finance and administration	702 906	722 726	246 061	36.0%	122 502	17.4%	70 395	9.7%	116 970	16.2%	555 929	76.9%	94 917	134.5%	23.2%
Internal audit	673	688	25	3.8%	18	2.6%	11	1.6%	2	2%	56	8.0%	7	21.1%	(78.0%)
Community and Public Safety	771 496	799 787	123 758	16.0%	109 028	14.1%	84 494	10.6%	150 040	18.8%	467 319	58.4%	266 119	73.6%	(43.6%)
Community and Social Services	135 442	131 224	61 563	45.5%	21 647	16.0%	8 309	6.3%	9 184	7.0%	100 703	76.7%	25 333	76.4%	(63.7%)
Sport And Recreation	134 123	156 791	29 634	22.1%	41 500	30.9%	24 668	15.9%	27 788	17.7%	123 789	79.0%	35 302	82.7%	(21.3%)
Public Safety	70 983	72 834	4 430	6.2%	5 989	8.4%	6 294	8.6%	9 079	12.5%	25 792	36.4%	6 304	45.2%	44.0%
Housing	423 265	431 764	26 829	6.3%	39 680	9.4%	44 772	10.4%	102 380	23.7%	213 660	49.5%	199 040	74.0%	(48.6%)
Health	7 703	7 174	1 302	16.9%	212	2.8%	251	3.5%	1 608	22.4%	3 374	47.0%	139	17.4%	1 057.1%
Economic and Environmental Services	2 528 850	2 896 994	456 067	18.0%	613 472	24.3%	414 866	14.3%	526 020	18.2%	2 010 425	69.4%	528 966	69.7%	(6%)
Planning and Development	557 012	689 281	95 553	17.2%	69 042	12.4%	75 299	10.9%	123 189	17.9%	363 084	52.7%	146 376	94.3%	(15.8%)
Road Transport	1 971 838	2 207 706	337 646	17.1%	544 430	27.6%	338 567	15.4%	402 831	18.2%	1 624 474	73.6%	382 548	63.0%	5.3%
Environmental Protection	-	7	22 867	-	-	-	-	-	-	-	22 867	326 675.8%	42	95.2%	(100.0%)
Trading Services	4 916 428	4 620 875	1 085 704	22.1%	860 427	17.5%	750 612	16.2%	1 181 305	25.6%	3 878 047	83.9%	950 351	87.5%	24.3%
Energy sources	643 970	675 640	122 242	19.0%	162 824	25.3%	116 221	17.2%	172 671	25.5%	573 958	84.9%	129 531	95.2%	33.3%
Water Management	3 447 198	3 402 502	862 744	25.0%	633 375	18.4%	560 651	16.5%	904 463	26.6%	2 961 433	87.0%	731 259	83.4%	23.7%
Waste Water Management	679 450	417 891	47 593	7.0%	57 957	8.5%	64 844	15.5%	80 231	19.2%	250 625	60.0%	49 543	121.2%	61.9%
Waste Management	145 810	124 642	53 126	36.4%	6 271	4.3%	8 686	7.0%	23 940	19.2%	92 032	73.8%	40 018	32.3%	(40.2%)
Other	124 050	138 913	8 014	6.5%	26 826	21.6%	28 982	20.9%	35 416	25.5%	99 238	71.4%	41 632	68.0%	(14.9%)

ANNEXURE C: CASH RECEIPTS AND PAYMENTS

Part 3: Cash Receipts and Payments

	2021/22												2020/21		Q4 of 2020/21 to Q4 of 2021/22
	Budget		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year to Date		Fourth Quarter		
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	3rd Q as % of adjusted budget	Actual Expenditure	4th Q as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	
R thousands															
Cash Flow from Operating Activities															
Receipts	40 820 033	39 507 813	7 680 136	18.8%	6 284 596	15.4%	8 535 825	21.6%	4 160 755	10.5%	26 661 312	67.5%	4 473 993	161.9%	(7.0%)
Property rates	5 305 586	6 552 009	761 692	14.4%	700 214	13.2%	552 325	8.4%	259 139	4.0%	2 273 370	34.7%	624 148	237.9%	(58.5%)
Service charges	13 540 940	14 006 882	1 153 577	8.5%	1 142 352	8.4%	1 156 718	8.3%	1 685 823	12.8%	5 138 470	36.7%	1 948 846	198.6%	(8.8%)
Other revenue	3 054 082	3 130 521	1 923 865	63.0%	1 375 160	45.0%	2 266 305	72.4%	1 763 212	57.0%	7 548 571	234.7%	1 512 739	749.0%	17.9%
Transfers and Subsidies - Operational	12 637 927	9 740 033	3 044 224	24.1%	2 198 750	17.4%	2 521 966	25.9%	268 917	2.8%	8 033 857	82.5%	399 486	79.2%	(32.7%)
Transfers and Subsidies - Capital	5 557 989	5 690 782	781 039	14.1%	856 324	15.4%	2 023 452	36.6%	136 377	2.4%	3 797 191	66.7%	86 471	108.3%	57.7%
Interest	723 508	387 587	15 710	2.2%	11 796	1.6%	15 059	3.9%	27 287	7.0%	69 652	18.0%	2 303	4.0%	1 084.7%
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments	(28 276 634)	(26 916 803)	(5 866 817)	20.7%	(3 475 116)	12.3%	(3 360 611)	12.5%	(3 588 929)	13.3%	(16 291 473)	60.5%	(3 300 480)	125.2%	8.7%
Suppliers and employees	(27 901 559)	(26 568 560)	(5 546 426)	19.9%	(3 364 959)	12.1%	(3 282 265)	12.4%	(3 536 937)	13.3%	(15 730 627)	59.2%	(3 337 227)	125.8%	6.0%
Finance charges	(131 816)	(91 305)	(293 150)	222.4%	(59 832)	45.4%	(7 702)	8.4%	(2 228)	2.4%	(362 912)	387.5%	(5 965)	91.8%	(62.6%)
Transfers and grants	(243 219)	(256 938)	(27 241)	11.2%	(50 285)	20.7%	(70 643)	27.5%	(49 764)	19.4%	(197 933)	77.0%	42 712	138.9%	(216.5%)
Net Cash from/(used) Operating Activities	12 543 398	12 591 010	1 813 318	14.5%	2 809 480	22.4%	5 175 214	41.1%	571 826	4.5%	10 369 839	82.4%	1 173 513	207.4%	(51.3%)
Cash Flow from Investing Activities															
Receipts	87 862	(57 177)	(49 932)	(56.8%)	(93 492)	(106.4%)	107 492	(188.0%)	6 408	(11.2%)	(29 524)	51.6%	9 572	11.1%	(33.0%)
Proceeds on disposal of PPE	32 728	33 805	6 961	21.3%	6 504	19.9%	7 482	22.2%	6 342	18.8%	27 299	80.8%	14 079	16.2%	(55.0%)
Decrease (increase) in non-current debtors (not used)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	55 040	(90 982)	(57 202)	(103.9%)	4	-	-	-	-	-	(57 200)	62.9%	(261)	(9.4%)	(98.3%)
Decrease (increase) in non-current investments	94	-	310	329.3%	(100 000)	(106 381.9%)	100 000	-	68	-	377	-	(4 246)	4 457.2%	(101.6%)
Payments	(6 591 952)	(7 279 116)	(612 420)	9.3%	(1 280 336)	19.4%	(914 794)	12.6%	(1 423 121)	19.6%	(4 230 671)	58.1%	(1 474 851)	108.9%	(3.5%)
Capital assets	(6 591 952)	(7 279 116)	(612 420)	9.3%	(1 280 336)	19.4%	(914 794)	12.6%	(1 423 121)	19.6%	(4 230 671)	58.1%	(1 474 851)	108.9%	(3.5%)
Net Cash from/(used) Investing Activities	(6 504 090)	(7 336 293)	(662 352)	10.2%	(1 373 828)	21.1%	(807 303)	11.0%	(1 416 712)	19.3%	(4 260 195)	58.1%	(1 465 279)	111.7%	(3.3%)
Cash Flow from Financing Activities															
Receipts	546 915	539 115	(43)	-	(50)	-	(63)	-	(131)	-	(286)	(.1%)	125	15.9%	(204.8%)
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	548 014	540 214	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(1 099)	(1 099)	(43)	3.9%	(50)	4.5%	(63)	5.7%	(131)	11.9%	(286)	26.0%	125	(975.2%)	(204.8%)
Payments	(60 061)	(54 023)	(12 160)	20.2%	(10 940)	18.2%	(17 704)	32.8%	(12 829)	23.7%	(53 632)	99.3%	(23 306)	92.4%	(45.0%)
Repayment of borrowing	(60 061)	(54 023)	(12 160)	20.2%	(10 940)	18.2%	(17 704)	32.8%	(12 829)	23.7%	(53 632)	99.3%	(23 306)	92.4%	(45.0%)
Net Cash from/(used) Financing Activities	486 854	485 093	(12 203)	(2.5%)	(10 990)	(2.3%)	(17 766)	(3.7%)	(12 959)	(2.7%)	(53 918)	(11.1%)	(23 182)	(401.2%)	(44.1%)
Net Increase/(Decrease) in cash held															
Net Increase/(Decrease) in cash held	6 526 162	5 739 810	1 138 763	17.4%	1 424 663	21.8%	4 350 145	75.8%	(857 846)	(14.9%)	6 055 725	105.5%	(314 948)	274.6%	172.4%
Cash/cash equivalents at the year begin	5 466 734	6 121 997	4 368 764	79.9%	5 587 193	102.2%	7 482 482	121.9%	11 830 732	193.2%	4 368 764	71.4%	15 289 197	(104.4%)	(22.6%)
Cash/cash equivalents at the year end	11 992 896	11 861 806	5 595 229	46.7%	7 438 120	62.0%	11 883 849	100.2%	11 051 383	93.2%	11 051 383	93.2%	15 132 262	725.1%	(27.0%)

Annexure E: MINIMUM COMPETENCY REGULATIONS

Table: EC - Minimum Competency Levels (MCL) - 30 June 2022

Table: EC - Minimum Competency Levels (MCL) - 30 June 2022						
No.	Municipality	Accounting Officer	Chief Financial Officer	Number of Other Senior Managers		
				Total Senior Managers	With MCL	Without NO MCL
NON-DELEGATED						
1	Buffalo City Metro	✓	✓	6	4	2
2	Nelson Mandela Bay Metro	✓	✓	6	2	4
3	OR Tambo District	Acting MM	Acting CFO	5	4	1
Total positions		3	3	17		
Completed		2	2		10	
Not Incompleted		0	0			7
ALFRED NZO						
1	Alfred Nzo District	✓	✓	4	4	0
2	Umzimvubu LM	✓	✓	5	4	1
3	Matatiele LM	✓	✓	4	3	1
4	Mbizana LM	✓	✓	4	3	1
5	Ntabankulu LM	✓	✓	4	4	0
Total positions		5	5	21		
Completed		5	5		18	
Not Incompleted		0	0			3
AMATHOLE DISTRICT						
1	Amathole District	✓	✓	4	2	2
2	Amahlati LM	✓	✓	6	2	4
3	Great Kei LM	✓	✓	1	1	0
4	Mbhashe LM	✓	✓	5	1	4
5	Ngqushwa LM	✓	✓	4	2	2
6	Raymond Mhlaba LM	✓	Acting CFO	2	2	0
7	Mnquma LM	✓	✓	5	2	3
Total positions		7	7	27		
Completed		7	6		12	
Not Incompleted		0	0			15
SARAH BAARTMAN						
1	Sarah Baartman District	Acting MM	✓	2	2	0
2	Blue Crane Route LM	✓	✓	5	5	0
3	Kou Kamma	✓	✓	2	1	1
4	Kouga	✓	✓	4	4	0
5	Makana	✓	✓	3	3	0
6	Ndlambe	✓	✓	3	3	0
7	Sundays River Valley	✓	✓	2	2	0
8	Dr Beyers Naudé	✓	Acting CFO	0	0	0
Total positions		8	8	21		
Completed		7	7		20	
Not Incompleted		0	0			1
CHRIS HANI DISTRICT						
1	Chris Hani District	✓	✓	4	4	0
2	Engcobo LM	Acting MM	✓	4	3	1
3	Intsika Yethu LM	Acting MM	✓	4	3	0
4	Inxuba Yethemba LM	✓	✓	4	0	0
5	Sakhisizwe LM	✓	✓	2	2	0
6	Emalahleni (EC) LM	✓	✓	4	3	1
7	Enoch Mgijima LM	✓	✓	7	7	0
Total positions		7	7	29		
Completed		5	7		22	
Not Incompleted		0	0			2
JOE GQABI DISTRICT						
1	Joe Gqabi District	✓	✓	5	5	0
2	Elundini LM	Acting MM	✓	3	3	0
3	Walter Sisulu LM	✓	✓	3	3	0
4	Senqu LM	✓	✓	4	3	1
Total positions		4	4	15		
Completed		3	4		14	
Not Incompleted		0	0			1
OR TAMBO DISTRICT						
1	King Sabata Dalindyebo LM	✓	✓	8	7	1
2	Mhlontlo LM	✓	✗	4	1	3
3	Nyandeni LM	✓	✓	3	3	0
4	Port St. Johns LM	✓	✓	4	2	2
5	Ingquza Hill LM	Acting MM	✓	5	5	0
Total positions		5	5	24		
Completed		4	4		18	
Not Completed		0	1			6

Table 16: EC Minimum Competency Levels - 31 March 2022

Provincial Summary Status	Accounting Officers	Chief Financial Officers	Other Senior Managers	Other SM with MCL	Other SM with No MCL
<i>Total positions</i>	39	39	154		
<i>Completed</i>	33	35		114	
<i>Not Completed</i>	0	1			35
<i>Acting Capacity</i>	0	3			
% Completed	85%	90%		74%	
% Not Completed	0%	3%			23%
% Acting Capacity	0%	8%			0%

Source: Eastern Cape Municipal Submissions

Legends

✗	No information Submitted
✗	Not Meeting MCL Criteria
✓	Meets MCL Criteria

