
NQUTHU MUNICIPALITY

2023/24



2023-24

SECTION 72 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

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1. SDBIP
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MAYOR'S REPORT TO COUNCIL

2023/24 Mid-year Performance Assessment (Section 72(1) of the Local Government: Municipal Finance Management Act No. 56 of 2003 (1 July 2023 to 31 December 2023))

In accordance with Section 72(1)(a) and 52(d) of the Local Government: Municipal Finance Management Act No. 56 of 2003 (MFMA) and regulations made under the Act, it is a privilege to present to the council of Nquthu Local Municipality the Mid-year Performance Report for the first half of the financial year (1 July 2023 to 31 December 2023).

Nquthu Municipality continues with its mandate as envisaged in Section 195 of the Constitution of the Republic of South Africa, to govern municipality's administration in line with being responsive to the needs of the local community, furthermore, the council continually strives to give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive. Given this background the Nquthu Municipality council engages in public participation to ensure development orientated administration, this action seeks to ensure that priority projects which are addressing community needs are considered for implementation explicitly, with specific mentioning of road construction and maintenance, household electrification and other projects earmarked in the IDP document of the municipality.

The municipality has achieved at most all the targets that were set for implementation as contained in the 2023 Municipal Turn Around Strategy, which were set to be implemented by management and concluded in the municipal strategic planning session that was held in November 2023. Feedback report on implementation and status of each target has been tabled to council for consideration in the within the first half of the financial year. The municipality is in need of financial support that can be forwarded to the municipality, in the form of grant funding and donations, this is due to steep rise in expenditure for service delivery projects and other operational obligations.

The municipality's DORA allocation in respect of equitable share for the current year amounts to R179 521million, council approved funded budget, the larger portion of the equitable share budget is allocated to staff benefits and councillor allowances for salaries & allowances to the value of R135 905 586 million, operational expenditure is budgeted on remaining equitable share allocation. Capital projects are mainly funded from MIG and INEP grant funding, operational expenses allocation. The council anticipates receiving additional funding as it has been granted in the previous financial year on MIG and INEP projects. The municipality closely monitor the spending on the funds allocated for MIG, INEP grants to attain above threshold expenditure spending, in ensuring good standing when applying for additional funding. Nquthu Municipality will be implementing its' fifth general valuation roll in the coming financial year, the overall property valuation resulted in the increase in value of rateable properties to R3,3 billion compared to the values of the previous valuation roll which amounted to R2,8 billion, furthermore the municipality anticipates to collect more revenue on property rates, by implementing tariff model that will ensure property rates charges are billed properly and are collectable through credit control policy.

I wish to strongly emphasise that the ward-based need analysis will be conducted continuously to ensure that the budget for special community programmes, youth programmes and LED projects

are aligned to the needs of the community, and in all areas where possible the budgeted services must be delivered to the needy communities within the budget year. Service Delivery and Budget Implementation Plan (SDBIP) will be reviewed and revised to further align key performance indicators, development priorities and targets with the adjusted budget as will be determined in the 2023/2023 adjustment budget. I further highlight that the budget should at all times be fully funded.

Challenges noted in the first half of the year 2023-24

During the first half of the year, the notable challenges are as highlighted below;

- The municipality is experiencing high levels of depleting reserves due to withdrawal from investment accounts, in the first quarter R36.4 million has been withdrawn, subsequently R29.5 million has been withdrawn in quarter two, giving a total of investment withdrawal to R65.9 million for the first half of the 2023-24 financial year. Various engagements have been made with MANCO to put emphasis on saving of municipal funds specifically the costs drivers that results in high expenditure such as accommodation, ESKOM hall accounts, security services and others. The municipality enforce measures to stabilise the municipality's reserves, to increase own generated revenues and to apply for other relevant grant funding from respective spheres of government.
- Traffic control and traffic congestion in and around Nquthu Town, especially during peak hours, festive season.
- Heavy rains, fatalities and road damages due to unfavourable weather conditions – the state of roads is continuing to worsen due to heavy rains, resulting in municipality having to fund plant hire projects that are aimed at servicing access roads within Nquthu. The damages caused by 2021 floods has left many gravel roads inaccessible, however funding to attend to such crisis has not been released by the national government, which renders financial strain to the municipal budget.
- Low revenue collection due to default by government departments. On a yearly basis the municipality expects revenue from the Department of Public Works estimated around R16 million, however this year, the department has not been able to make payments for the property rates services, again this puts a strain on the municipal budget on basis that the original budget includes these estimates, yet in actual reality the funds are not yet received by the municipality.

Annual report outlined the following issues

- Improving integrated development planning processes to ensure that the IDP is a living document that all stakeholders, both internal and external, understand and support.
- Implement AG action plan to reverse the audit outcome achieved in previous year.
- Developing and implementing Public Participation Plan to ensure that public participation activities are well coordinated to avoid duplication and ensure efficiency.
Cascade performance management to all employees with the primary purpose of improving efficiency and accountability.

Progress in resolving issues raised in the prior year annual report & audit report

- UIFW Reduction strategy has been adopted by council to tackle the increase in the transactions added on the UIFW register and address historical UIFW expenditure.
- The municipality has been tirelessly engaging with financial system provider, internal audit unit, COGTA, AFS consultants and municipal staff to address issues raised by Auditor General in the previous audit cycle, the improvement has been noted in the financial system administration, the financial system team of officials is onsite to assist with system support where issues arise, as a result the municipality received an improved audit opinion from disclaimer to qualified audit opinion.
- Municipal ensured that critical posts are filled, internal and external posts has been advertised to ensure consideration of existing capacity and filling of crucial posts for smooth operation of the municipal administrative duties.
- Audit action plan has been formulated, executable actions with timelines are indicated for ease of monitoring and evaluation, the action plan address shortfalls noted by Auditor General, the municipality will implement remedial actions where applicable, and implement plan of action to ensure that repetition of similar queries do not occur.

Recommendation whether adjustment budget is necessary or not;

- The background and facts stated above supports the need for the adjustment budget. I therefore fully recommend that the adjustment budget be tabled for council approval, the adjustment of the budget will allow the municipality to move excess funds from projects where there is available budget yet the need to expense is no longer material to projects that have no budget yet the need to expense from these projects is high, and to release committed funds that will not be used on certain projects. The municipality is mindful of all operational and capital expenses incurred thus far with specific attention to projects that have exhausted funds.
- The savings from events that will no longer take place, should be re-directed to projects of priority as well as unforeseen projects (plant hire and re-gravelling of access roads) should be given attention and be considered for budget. Software licences, security management, insurance cover, fleet repairs, Eskom services and other projects that are crucial for daily running of the council should be budgeted fully to cover the expenses for the remaining period of the financial year.
- I wish to put emphasis on maintaining the funded budget position at all times, whether it is original, adjustment or draft budget, therefore the adjustment budget must be funded.

Name: IL Shabalala

Mayor: Nquthu Municipality

PART1 IN-YEAR REPORT

- **Resolutions**

Section 72 Mid-year budget and performance assessment resolutions

Budget and assessment report is tabled before council for consideration by Council. Hereunder are the resolutions in terms of the Municipal Budget and Reporting Regulations to be considered by Council:

- THAT the Council note Mid-Term budget assessment as required in terms of S (72) MFMA.
- THAT the Council note the finding and recommendations as detailed in Mayors 'report be considered when preparing adjustment budget.
- THAT the Council note that the Accounting Officer acting in accordance with S72(3) MFMA recommends that adjustment budget in terms of S (28) MFMA is necessary
- THAT the Council note that all budget-related documents must be placed on the website by the Accounting Officer not later than five days after tabling in the council or on the date on which it must be made public, whichever occurs first.

- **Executive Summary**

Purpose

The objective of this report is to report assessment by the accounting officer on performance of the municipality during the first half of the financial year i.e., 01 July 2023 to 31 December 2023, and to make recommendations as to whether an adjustment budget is necessary and recommend revised projections for revenue and expenditure to the extent that this may be necessary.

The purpose of this report is to comply with Sections 52(d) and 72 of the Municipal Finance Management Act (MFMA), and Sections 33 and 34 of the Municipal Budget and Reporting Regulations as promulgated in the Government Gazette No 32141 of 17 April 2009, which requires that specific financial particulars be reported on and in the formats prescribed. The report also provides a high-level overview of the organisations' financial viability and sustainability.

This report is a summary of the main budget issues arising from the monitoring process. It compares the actual results of operating income and expenditure as well as capital expenditure for the first six months against budgeted income and expenditure. The projections made by the Chief Financial Officer is simply for assessment purposes and is not suggesting any amounts to be allocated to line items in the adjustments budget. That will be an administrative exercise by senior and middle management where all departments, divisions and sections will be involved. The budget steering committee is heading this exercise, with constant engagement with all officials crucial for the finalisation of the budget.

Adjustment budget will serve as remedial or corrective step to align projections of revenue to actuals of expenditure and ensuring that revenue and expenditure remains within the municipality's budget.

- **Legal Requirement**

In terms of section 52(d) of the MFMA, the accounting officer of a municipality must by 25 January of each year—

(a) assess the performance of the municipality during the first half of the financial year, taking into account the monthly statements referred to in section 71 for the first half of the financial year, the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan and the past year's annual report, and progress on resolving problems identified in the annual report; and

(b) submit a report on such assessment to the mayor of the municipality, the National Treasury, and the relevant provincial treasury.

IN-YEAR BUDGET STATEMENT TABLES – Budget Statement Table C1

KZN242 Nquthu - Table C1 Monthly Budget Statement Summary - M06 December									
Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	36 645	52 033	52 033	4 815	32 695	26 017	6 678	26%	52 033
Service charges	23 572	36 142	36 142	2 361	14 277	18 071	-3 794	-21%	36 142
Investment revenue	10 349	-	-	6	33	-	33	#DIV/0!	-
Transfers and subsidies - Operational	10 349	2 379	2 379	71	1 279	1 189	90	8%	2 379
Other own revenue	174 084	191 449	191 449	60 479	141 949	95 724	46 224	48%	-
Total Revenue (excluding capital transfers and contributions)	254 997	282 002	282 002	67 732	190 233	141 001	49 231	35%	282 002
Employee costs	87 296	114 465	114 457	-	557	56 440	-55 883		114 457
Remuneration of Councillors	13 462	16 899	16 899	-	-	8 449	-8 449		16 899
Depreciation and amortisation	30 722	23 890	23 890	-	-	11 945	-11 945		23 890
Interest	-	0	0	-	-	0	0		0
Inventory consumed and bulk purchases	32 839	47 634	47 855	4 458	26 993	23 903	3 090		47 855
Transfers and subsidies	4 453	3 719	3 719	254	2 699	1 859	839	45%	3 719
Other expenditure	106 617	77 512	77 292	9 780	46 561	38 670	7 891	20%	77 292
Total Expenditure	275 389	284 119	284 111	14 492	76 811	141 267	-64 456	-46%	284 111
Surplus/(Deficit)	-20 392	-2 116	-2 109	53 240	113 422	-266	113 688	-42767%	-2 109
Transfers and subsidies - capital (monetary allocations)	41 026	46 675	78 412	-	21 055	35 129	-14 074	-40%	78 412
Transfers and subsidies - capital (in-kind)	2 005	-	-	-	-	-	-		-
contributions	22 639	44 559	76 304	53 240	134 477	34 863	99 614	286%	76 304
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	22 639	44 559	76 304	53 240	134 477	34 863	99 614	286%	76 304
Capital expenditure & funds sources									
Capital expenditure	-47 841	60 608	88 205	7 145	34 328	39 522	-5 193	-13%	88 205
Capital transfers recognised	-6 537	31 891	59 489	6 566	24 875	25 164	-289	-1%	59 489
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	-41 906	28 716	28 716	856	10 285	14 358	-4 074	-28%	28 716
Total sources of capital funds	-48 443	60 608	88 205	7 422	35 159	39 522	-4 363	-11%	88 205
Financial position									
Total current assets	150 840	474 448	478 571		87 607				478 571
Total non current assets	673 126	653 314	680 912		35 159				680 912
Total current liabilities	108 154	243 047	242 873		-12 145				242 873
Total non current liabilities	875	2 779	2 779		-				2 779
Community wealth/Equity	712 290	837 357	837 357		436				837 357
Cash flows									
Net cash from (used) operating	-72 644	8 771	61 567	70 280	206 536	44 976	-161 560	-359%	61 567
Net cash from (used) investing	-66 207	-69 319	-79 448	-7 836	-39 298	-37 202	2 095	-6%	-79 448
Net cash from (used) financing	-	-	-	-	557	-	-557	#DIV/0!	-
Cash/cash equivalents at the month/year end	-8 355	109 235	151 902	-	167 796	177 558	9 762	5%	-17 881
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	491	886	719	851	751	276	229	12 769	16 970
Creditors Age Analysis									
Total Creditors	372	146	174	92	45	6	51	5 911	6 797

Revenue by source

The YTD actual revenue is R190 233 million compared to R164 996 million on the same reporting date in the previous year, the comparison is against the YTD Budget of R 282 002 million this year, compared to R135 596 million in the previous year, the figures reflect collection of 35% which indicate a slight increase from 22% last year. The municipality implemented a new valuation roll in July, there has been a notable challenge in various components of the valuation roll, some were resolved through the engagement with the service provider, furthermore MPRA office from COGTA has been engaged in resolving the outstanding matters pertaining the new GV Roll. The government debt specifically the Public Works account has posed a new challenge to the municipality due to their default in paying the property rates accounts within the first quarter of the new year, to the extent that to date the Department of Public Works has not paid even half of the expected amount, yet the revenue is fully budgeted in the original budget. Additionally, Ingonyama Trust accounts are yet without a single payment from the Trust. The total of debt outstanding as per the debtors age analysis that is enclosed on Part 2 of this report shows the debtors debt balance of R94.5 million compared to R55.2 million in the previous year at the same reporting date, debtors ageing is enclosed of this report.

Operating expenditure by vote & type

Operating expenditure YTD is R76 811 million, moreover the expenditure is 46% spent when compared to YTD budget for the period ending December 2023 which is R141 267 million, certain expenditure items both operational and capital projects has been identified as cost drivers that require additional budget, these are expenditure items such as fuel & oil, waste facility construction, bulk electricity, security services and other operating expenses. Once the budget is approved, these items will be adjusted accordingly in the financial system.

Capital expenditure

The YTD expenditure on capital expenditure (actuals) amounts to R 35 159 million compared to 31 400 million in the previous year, this figure consolidates both in- house and MIG funding. The figures represent the very slight improvement in spending of both in-house and external grant funding. Reporting timelines are observed with care to avoid withholding of funds by the National Treasury.

Cash flows

Net cash from (used) from operating YTD actual amounts to R 206 536 million, while net cash from (used) investing amounts to R-39 298 million. This shows the steep level of expenditure and depleting levels from investments. Investment register is enclosed to on Part two of this report to show investment activities as well as withdrawal transactions from various investments accounts.

Allocations received (National & Provincial grants)

DORA allocations for 2023/2024 financial year (operational & capital) have been received in trenches, the total amount received stands at R73.9 million excluding equitable share, which has released two trenches at the end of quarter two. Grant register is enclosed to give full details of the funding received at mid-year reporting date.

Disposal Management

During the first half of the financial year (2023/24), no assets has been identified to be disposed as contemplated in S14 MFMA, at the reporting date, however asset verification is underway to enable accurate calculation of depreciation as well as identifying assets that are no longer in a good working condition.

Deviations

A list of all deviations from SCM processes is affixed hereto as approved by Municipal Manager, the report is available under Part 2 of this report, with notable scrutiny on all approved deviations to ensure that compliance with SCM policy and regulations is achieved.

Budget Statement Table C2

Table C2 provides the statement of financial performance by standard classification.

KZN242 Nquthu - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Revenue - Functional										
Governance and administration		221 335	274 390	274 390	65 125	191 771	137 195	54 576	40%	274 390
Executive and council		35 231	36 675	36 675	-	20 953	18 338	2 615	14%	36 675
Finance and administration		186 104	237 715	237 715	65 125	170 818	118 857	51 961	44%	237 715
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		5 191	6 071	6 071	135	3 123	3 035	88	3%	6 071
Community and social services		3 371	4 229	4 229	6	2 188	2 114	74	3%	4 229
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		1 820	1 842	1 842	130	935	921	14	2%	1 842
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		3 350	528	528	6	253	264	-11	-4%	528
Planning and development		1 345	528	528	6	253	264	-11	-4%	528
Road transport		2 005	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		31 507	47 689	79 426	2 465	16 140	35 636	-19 495	-55%	79 426
Energy sources		29 960	46 235	77 972	2 280	15 025	34 909	-19 884	-57%	77 972
Water management		-	-	-	-	-	-	-		-
Waste water management		-	-	-	-	-	-	-		-
Waste management		1 547	1 454	1 454	185	1 115	727	388	53%	1 454
Other	4	-	-	-	-	-	-	-		-
Total Revenue - Functional	2	261 384	328 677	360 415	67 732	211 287	176 130	35 157	20%	360 415

Expenditure - Functional										
<i>Governance and administration</i>		147 724	147 823	147 631	6 260	28 200	73 313	(45 113)	-62%	147 631
Executive and council		36 895	35 919	35 919	487	4 210	17 960	(13 749)	-77%	35 919
Finance and administration		106 660	108 875	108 682	4 817	21 373	53 839	(32 466)	-60%	108 682
Internal audit		4 169	3 030	3 030	956	2 617	1 515	1 102	73%	3 030
<i>Community and public safety</i>		34 361	36 420	36 420	1 895	8 084	18 210	(10 126)	-56%	36 420
Community and social services		19 663	18 109	18 109	1 183	5 485	9 054	(3 569)	-39%	18 109
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		14 698	18 311	18 311	712	2 599	9 155	(6 557)	-72%	18 311
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
<i>Economic and environmental services</i>		33 739	40 891	40 698	3 325	21 276	20 275	1 001	5%	40 698
Planning and development		11 558	24 136	23 943	2 409	9 082	11 897	(2 815)	-24%	23 943
Road transport		22 181	16 755	16 755	916	12 194	8 377	3 816	46%	16 755
Environmental protection		-	-	-	-	-	-	-		-
<i>Trading services</i>		59 566	58 984	59 363	3 012	19 251	29 469	(10 219)	-35%	59 363
Energy sources		45 123	45 414	45 243	3 012	18 905	22 464	(3 559)	-16%	45 243
Water management		-	-	-	-	-	-	-		-
Waste water management		2 190	1 937	1 937	1	92	968	(876)	-90%	1 937
Waste management		12 253	11 633	12 183	-	254	6 037	(5 783)	-96%	12 183
<i>Other</i>		-	-	-	-	-	-	-		-
Total Expenditure - Functional	3	275 389	284 119	284 111	14 492	76 811	141 267	(64 456)	-46%	284 111
Surplus/ (Deficit) for the year		(14 006)	44 559	76 304	53 240	134 477	34 863	99 614	286%	76 304

Budget Statement Table C3
Table C3

KZN242 Nquthu - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December										
Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									%	
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		35 231	36 675	36 675	-	20 953	18 338	2 615	14,30%	36 675
Vote 2 - Planning and Economic Development		1 345	528	528	6	253	264	-11	-4,30%	528
Vote 3 - Budget and Treasury		185 903	237 835	237 835	65 038	170 682	118 917	51 765	43,50%	237 835
Vote 4 - Corporate and Community Service		5 343	5 931	5 931	221	3 243	2 966	277	9,30%	5 931
Vote 5 - Technical Services		33 561	47 709	79 446	2 467	16 157	35 646	-19 489	-54,70%	79 446
Total Revenue by Vote	2	261 384	328 677	360 415	67 732	211 287	176 130	35 157	20,00%	360 415
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		27 607	19 382	19 382	1 428	6 050	9 691	-3 641	-37,60%	19 382
Vote 2 - Planning and Economic Development		11 558	24 107	23 914	2 409	9 082	11 883	-2 800	-23,60%	23 914
Vote 3 - Budget and Treasury		55 055	61 069	61 069	1 625	6 557	30 535	-23 978	-78,50%	61 069
Vote 4 - Corporate and Community Service		75 236	78 761	78 568	4 693	22 338	38 782	-16 443	-42,40%	78 568
Vote 5 - Technical Services		84 528	82 881	83 260	4 274	31 859	41 418	-9 559	-23,10%	83 260
Vote 6 - Council And General		15 159	17 918	17 918	62	824	8 959	-8 135	-90,80%	17 918
Total Expenditure by Vote	2	269 143	284 119	284 111	14 491	76 711	141 267	-64 556	-45,70%	284 111
Surplus/ (Deficit) for the year	2	-7 759	44 559	76 304	53 240	134 576	34 863	99 714	286,00%	76 304

Monthly Budget Statement_ Financial Performance

Table C4 Municipality Financial Performance

Provides information on the planned revenue and operational expenditures against the actual results for the period ending 30 December 2023

This report analyses each major component under following headings;

- Revenue by Source
- Operational Expenditure by Type

KZN242 Nquthu - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		22 456	34 732	34 732	2 218	13 421	17 366	-3 945	-23%	34 732
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 115	1 410	1 410	142	856	705	151	21%	1 410
Sale of Goods and Rendering of Services		185	246	246	5	117	123	-6	-5%	246
Agency services		-	-	-	-	-	-	-	-	-
Interest		66	-	-	6	33	-	33	#DIV/0!	-
Interest earned from Receivables		534	377	377	61	335	189	146	78%	377
Interest from Current and Non Current Assets		10 349	2 379	2 379	71	1 279	1 189	-	-	2 379
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		792	885	885	76	579	442	137	31%	885
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		321	190	190	82	108	95	13	14%	190
Non-Exchange Revenue										
Property rates		36 645	52 033	52 033	4 815	32 695	26 017	6 678	26%	52 033
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		894	2 277	2 277	104	797	1 138	-341	-	2 277
Licence and permits		957	931	931	62	485	466	20	-	931
Transfers and subsidies - Operational		177 394	186 543	186 543	59 840	138 224	93 272	44 952	-	186 543
Interest		1 886	-	-	251	1 304	-	1 304	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		1 403	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
contributions)		254 997	282 002	282 002	67 732	190 233	141 001	49 231	35%	282 002
Expenditure By Type										
Employee related costs		87 296	114 465	114 457	-	557	56 440	-55 883	-99%	114 457
Remuneration of councillors		13 462	16 899	16 899	-	-	8 449	-8 449	-100%	16 899

Bulk purchases - electricity	31 384	34 783	34 783	2 682	18 156	17 391	765		34 783
Inventory consumed	1 456	12 851	13 072	1 775	8 837	6 512	2 325		13 072
Debt impairment	-4 871	-	-	-	-	-	-		-
Depreciation and amortisation	30 722	23 890	23 890	-	-	11 945	-11 945	-100%	23 890
Interest	-	0	0	-	-	0	0	-100%	0
Contracted services	55 184	32 464	32 464	4 548	18 375	16 232	2 143	13%	32 464
Transfers and subsidies	4 453	3 719	3 719	254	2 699	1 859	839	45%	3 719
Irrecoverable debts written off	152	6 900	6 900	0	370	3 450	-3 080		6 900
Operational costs	54 802	38 148	37 927	5 232	27 816	18 988	8 828	46%	37 927
Losses on Disposal of Assets	1 350	-	-	-	-	-	-		-
Other Losses	-	-	-	-	-	-	-		-
Total Expenditure	275 389	284 119	284 111	14 492	76 811	141 267	-64 456	-46%	284 111
Surplus/(Deficit)	-20 392	-2 116	-2 109	53 240	113 422	-266	113 688	0	-2 109
Transfers and subsidies - capital (monetary)	41 026	46 675	78 412	-	21 055	35 129	-14 074	0	78 412
Transfers and subsidies - capital (in-kind)	2 005	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers &	22 639	44 559	76 304	53 240	134 477	34 863			76 304
Income Tax	-	-	-	-	-	-			-
Surplus/(Deficit) after income tax	22 639	44 559	76 304	53 240	134 477	34 863			76 304
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-			-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality	22 639	44 559	76 304	53 240	134 477	34 863			76 304
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-			-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-			-
Surplus/ (Deficit) for the year	22 639	44 559	76 304	53 240	134 477	34 863			76 304

REVENUE BY SOURCE

Property rates

Property rates YTD Actual stands at R 32 695 million compared to R 23 011 million on the same reporting date in the previous year, significant increase in property rates revenue is noted, which is due to implementation of the new GV Roll. YTD budget amounts to R26 017 million in the current year when compared to R20 528 million previous year budget resulting in R5.4 million variance. The debt collection, credit control and other measures are implemented to curb low collection rates. Low collection rate is much severe in this current financial year, due to default on payment by the Government departments, specifically the Department of Public Works. Property rates are the core service of the municipality, thus the continual efforts to ensure accurate billing and dissemination of consumer statements in a bid to enhance revenue collected by the municipality.

Service charges-electricity

The actual revenue from Service Charges Electricity as 31 December 2023 is R13 421 million which indicate much increase from two consecutive previous year's actual YTD figures whereby R11 885 million was recognised as actual revenue in 2022 thereby resulting in YTD budget figure of R17 366 million, however the original budget figure need to be thoroughly reviewed to ensure that the estimated revenue is realistic based on the trends of electricity sales for the first half of the financial year.

Interest from Current and Non-Current Assets

YTD Actual of R1 279 million compared to R1 170 in the previous year shows a slight improvement on current and non-current assets investments. YTD budget stands at R1 189 million compared to previous year figures YTD actual budget which was R1 489, there is noticeable decline in the interest earned over the past few years due to high levels of expenditure as required and budgeted for to cover service delivery needs. The financial system records are yet to be reviewed to ensure that all interest transactions are reflecting on the system data.

Transfers and subsidies

Transfers and subsidies as allocated in the DoRA has been received in December, all conditions required for release of the equitable share has been met. The municipality will receive the last tranche payment of the equitable share in March. Other grants i.e. MIG, INEP, MFMG, EPWP, BORNEM, etc are detailed in the grant register affixed hereto, on Part2.

EXPENDITURE BY TYPE

Employment related costs

The YTD Actual for employee relates costs reflects budget underspending, however the municipality is aware of journal file issue with payroll ledger update, the challenge is being attended to with the service providers, the timeline set to resolve the said problem will be the last day of the third quarter. The manual update on monthly payroll is attached on Part 2 hereto, which reflects accurately the YTD figures.

Remuneration of Councillor's

The remuneration of councillor's budget is affected negatively similarly to employee related costs, the challenge is on updating the financial system with accurate journal file, the problem is being resolved. The manual schedule on councillor remuneration

is attached on Part 2 of the report with accurate figures. YTD for councillor remuneration has increased from previous years due to the increase in the number of wards from 17 to 19 that the municipality has.

Debt impairment

The YTD actuals and budget reflects R0 amounts, the actuals will be finalised toward the end of quarter four, however budget figures will be reviewed during the budget adjustment window to ensure sufficient budget is kept for all non-cash items in the budget.

Depreciation & asset impairment

Depreciation and Asset impairment YTD Actual is under performed 100%. Asset verification process for mid-year is underway, the verifications teams will start in January to visit various sites and perform asset count and verification. There are WIP assets that has been completed and transferred to asset class which will be considered in the final asset register.

Bulk purchases

YTD Actual is R18 156 million compared to R14 436 in 2022 and R17 091 million in 2021 for the same reporting date. YTD budget of R17 391million when compared to previous year YTD budget figure of R16 264 depicts that YTD budget figure has increased to accommodate ESKOM price hikes as approved by NERSA. The electricity bill is increasing, and the municipality is currently engaging NERSA to ensure accuracy of billing by ESKOM and verification of meters billed, this will ensure that sufficient budget is provided to avoid fruitless expenditure from overdue account, any shortfall in bulk electricity budget will be corrected during the adjustment budget process.

Monthly Budget Statement_ Capital Expenditure Table C5
Capital Expenditure:

KZN242 Nquthu - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December										
Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 2 - Planning and Economic Development		1 715	-	-	248	248	-	248	#DIV/0!	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate and Community Service		628	-	0	-	-	0	0	-100%	0
Vote 5 - Technical Services		-51 278	55 060	73 850	4 669	26 818	33 793	-6 976	-21%	73 850
Vote 6 - Council And General	-	-	-	-	608	608	-	608	#DIV/0!	-
Total Capital Multi-year expenditure	4,7	-48 935	55 060	73 850	5 525	27 673	33 793	-6 120	-18%	73 850
Single Year expenditure appropriation	2									
Vote 1 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 2 - Planning and Economic Development	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate and Community Service		74	-	-	-	-	-	-	-	-
Vote 5 - Technical Services		1 020	5 548	14 356	1 620	6 655	5 729	927	16%	14 356
Vote 6 - Council And General	-	-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	1 094	5 548	14 356	1 620	6 655	5 729	927	16%	14 356
Total Capital Expenditure		-47 841	60 608	88 205	7 145	34 328	39 522	-5 193	-13%	88 205
Capital Expenditure - Functional Classification										
Governance and administration		684	-	0	608	608	0	608	60786800%	0
Executive and council	-	-	-	-	608	608	-	608	#DIV/0!	-
Finance and administration		684	-	0	-	-	0	0	-100%	0
Internal audit	-	-	-	-	-	-	-	-	-	-
Community and public safety		-26 406	53 321	53 321	4 248	26 062	26 660	-598	-2%	53 321

Community and social services		-26 640	53 321	53 321	4 248	26 062	26 660	-598	-2%	53 321
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		233	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-30 960	7 287	16 095	2 566	8 489	6 598	1 891	29%	16 095
Planning and development		-32 818	0	0	248	2 128	0	2 128	409158554%	0
Road transport		1 858	7 287	16 095	2 318	6 362	6 598	-237	-4%	16 095
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		8 240	0	18 790	-	-	6 263	-6 263	-100%	18 790
Energy sources		-	0	18 790	-	-	6 263	-6 263	-100%	18 790
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		8 240	0	0	-	-	0	0	-100%	0
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	-48 443	60 608	88 205	7 422	35 159	39 522	-4 363	-11%	88 205
Funded by:										
National Government		-6 537	31 891	31 891	4 946	23 166	15 946	7 221	45%	31 891
Provincial Government		-	-	27 598	1 620	1 708	9 218	-7 510	-81%	27 598
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-6 537	31 891	59 489	6 566	24 875	25 164	-289	-1%	59 489
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-41 906	28 716	28 716	856	10 285	14 358	-4 074	-28%	28 716
Total Capital Funding		-48 443	60 608	88 205	7 422	35 159	39 522	-4 363	-11%	88 205

The table reflects that the Technical department is the custodian of capital projects, furthermore the budget is allocated to road construction projects, funding for capital projects is received from national government as well as internally through fund investment and interest generation. Projects progress is monitored, where under-performance is noted the service providers are engaged continuously to get to the core course of missing targets as set.

FINANCIAL POSITION Table 6 Table C6 displays the financial position of the municipality as at 31 December 2023

KZN242 Nquthu - Table C6 Monthly Budget Statement - Financial Position - M06 December						
Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		108 854	170 089	170 089	58 034	170 089
Trade and other receivables from exchange transactions		7 909	14 519	14 519	4 063	14 519
Receivables from non-exchange transactions		2 185	78 103	78 103	24 890	78 103
Current portion of non-current receivables		-	-	-	-	-
Inventory		1 528	2 028	2 028	-85	2 028
VAT		30 256	209 576	213 699	705	213 699
Other current assets		108	133	133	0	133
Total current assets		150 840	474 448	478 571	87 607	478 571
Non current assets						
Investments		-	-	-	-	-
Investment property		41 405	19 371	19 371	-	19 371
Property, plant and equipment		631 626	633 694	661 292	35 159	661 292
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		79	79	79	-	79
Intangible assets		16	24	24	-	24
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	146	146	-	146
Total non current assets		673 126	653 314	680 912	35 159	680 912
TOTAL ASSETS		823 967	1 127 762	1 159 483	122 767	1 159 483
LIABILITIES						

Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Consumer deposits		2 169	3 639	3 594	-11	3 594
Trade and other payables from exchange transactions		65 589	42 974	42 974	-44 636	42 974
Trade and other payables from non-exchange transactions		4 143	1 557	1 428	30 536	1 428
Provision		9 152	10 899	10 899	-285	10 899
VAT		27 101	179 899	179 899	2 252	179 899
Other current liabilities		-	4 080	4 080	-	4 080
Total current liabilities		108 154	243 047	242 873	-12 145	242 873
Non current liabilities						
Financial liabilities		-20	-20	-20	-	-20
Provision		896	2 800	2 800	-	2 800
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		875	2 779	2 779	-	2 779
TOTAL LIABILITIES		109 029	245 826	245 652	-12 145	245 652
NET ASSETS	2	714 938	881 936	913 831	134 912	913 831
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		712 149	837 224	837 224	436	837 224
Reserves and funds		141	134	134	-	134
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	712 290	837 357	837 357	436	837 357

PERFORMANCE INDICATOR Table C7

C7 below display the Cash Flow Statement for the month ending 31 December 2023

KZN242 Nquthu - Table C7 Monthly Budget Statement - Cash Flow - M06 December										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		41 770	39 839	39 839	1 908	8 034	19 919	-11 886	-60%	39 839
Service charges		26 245	36 691	36 691	2 368	13 593	18 345	-4 752	-26%	36 691
Other revenue		3 854	2 648	2 648	395	2 492	1 324	1 167	88%	2 648
Transfers and Subsidies - Operational		177 406	186 543	186 543	59 840	141 313	93 272	48 041	52%	186 543
Transfers and Subsidies - Capital		44 780	46 376	99 722	10 000	57 809	43 738	14 070	32%	99 722
Interest		613	4 280	4 280	317	1 672	2 140	-468	-22%	4 280
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-367 312	-307 606	-308 156	-4 548	-18 375	-133 762	-115 387	86%	-308 156
Interest		-	-	-	-	-	-	-		-
Transfers and Subsidies		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-72 644	8 771	61 567	70 280	206 536	44 976	-161 560	-359%	61 567
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		-66 207	-69 319	-79 448	-7 836	-39 298	-37 202	2 095	-6%	-79 448
NET CASH FROM/(USED) INVESTING ACTIVITIES		-66 207	-69 319	-79 448	-7 836	-39 298	-37 202	2 095	-6%	-79 448

CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	557	-	557	#DIV/0!	-	-
Payments										
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	557	-	-557	#DIV/0!	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	-138 851	-60 548	-17 881	62 444	167 796	7 774				-17 881
Cash/cash equivalents at beginning:	130 495	169 784	169 784		-	169 784				-
Cash/cash equivalents at month/year end:	-8 355	109 235	151 902		167 796	177 558				-17 881

Cash flow activities as at 31December 2023 depicts cash flow from operating activities with a positive balance which is a favourable position, the municipality further reflects only increase in consumer deposits, this will be reviewed thoroughly to ensure correctness of financing activities. Cash outflow on investing show the balance of R39 million, which is a good indication that the municipality is investing in activities that are within budget and are part of the mandate in line with the constitution. No receipts have been received on proceeds from disposal of PPE or increase in receivables or increase in investments.

PART 2 – SUPPORTING DOCUMENTATION

2.1 DEBTOR’S ANALYSIS

The debtors age analysis table below reflects various classes of outstanding debtors in a summary format. The ageing is arranged as per service type, bad debts has been considered for write off during the 22/23 financial year amounting to R151 440, at the reporting date there has not been final determination on bad debts. Electricity debt is discouraged especially because the municipality has an electricity distribution licence that assist the municipality in enforcing debt collection through electricity cut-off activities. Property rates relating to government soars due to ITB land and Public Works accounts. Domestic households’ levies shows low collection levels, as a result there are payment arrangements entered into, which at times are not finalised as agreed. Business debts will be monitored closely, and new targets will be aligned with the collection policy to ensure that business class pays on time. The municipality has formulated its Revenue Enhancement strategy to address revenue growth challenges, credit control and debt management policy is implemented continually to monitor existing debts and to curb the growing debtor’s book.

DEBTORS TABLE 2.1.1

December 2023 Age Analysis								
Totals per Service Type	Total Balance	Current Amount	30 Days Amount	60 Days Amount	90 Days Amount	120 Days Amount	150 Days Amount	180+ Days Amount
Advance Payment	(R10 955 944,14)	-R10 955 944,14	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00
Adv-Pay Reverse	445,65	445,65	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00
Clearance Fee	R12,41	R0,00	R0,00	R0,00	R0,00	R0,73	R0,73	R10,95
Deposit: Electricity	R 4 993,00	R0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 4 993,00
Deposit: Waste Disposal	R 2 000,00	R0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 2 000,00
Electricity Basic	R 689 939,62	R224 203,78	R 64 447,91	R 38 810,97	R 37 503,68	R 32 872,92	R 19 459,15	R 272 641,21
Electricity Metered	R5 237 700,03	R1 870 379,69	R 529 097,35	R 495 206,51	R 618 890,69	R 581 453,66	R 79 497,51	R1 063 174,62
IEC Office rental	R 129,65	R0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 129,65
Market stalls	R1 074 209,06	R39 817,02	R 18 952,95	R 18 046,41	R 18 994,14	R 17 235,10	R 16 615,66	R 944 547,78
OFFICE RENTAL	R 134 293,33	R31 330,04	R 15 515,09	R 5 481,80	R 5 448,51	R 5 415,23	R 5 381,94	R 65 720,72
Plaza Market Stalls	R 233 348,42	R18 454,86	R 8 323,75	R 7 802,27	R 7 961,28	R 6 696,93	R 6 271,93	R 177 837,40
Property Rates	R85 686 582,96	R8 415 689,12	R3 951 533,06	R3 891 762,83	R3 838 691,29	R6 859 115,58	R 179 830,16	R58 549 960,92
Rent (M001)	R 362 036,83	R59 879,27	R 9 261,30	R 9 211,30	R 9 161,30	R 9 111,30	R 9 061,29	R 256 351,07
Repay: Waste Disposal	R 25 490,71	R0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 25 490,71
Signs (M001)	R 3 730,42	R354,48	R 16,71	R 16,71	R 16,71	R 16,71	R 16,71	R 3 292,39
Stall rental	R 26 061,41	R848,38	R 131,22	R 131,22	R 131,22	R 131,22	R 131,22	R 24 556,93
Sundries (VAT)	R 11 231,30	R11 079,51	R 151,79	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00
Tampering Fee	R 288 263,21	R187 883,36	R 100 379,85	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00
Traffic Fines	R2 932 500,00	R135 500,00	R 101 100,00	R 0,00	R 98 300,00	R 41 100,00	R 76 000,00	R2 480 500,00
Traffic Fines (M001)	R2 223 721,78	R450,00	R 0,00	R 90 000,00	R 650,00	R 3 200,00	R 363,22	R2 129 058,56
Waste Disposal	R6 526 175,11	R255 357,09	R 103 395,87	R 93 016,17	R 91 068,99	R 86 200,18	R 82 409,16	R5 814 727,65
Total	R94 506 920,76	R 295 728,11	R4 902 306,85	R4 649 486,19	R4 726 817,81	R7 642 549,56	R 475 038,68	R71 814 993,56

In comparison to the reporting date in the previous year's this year shows a very high balance of debtors, firstly when compared to 2021/22 at the same reporting date the debtors balance was R68 million, and in 2022/23 the debtors balance was R55,283 million on 31 December 2023. The default by the Department of Public Works is heavily felt combined with the fact that the municipality is implementing a new valuation roll therefore the market values has risen consequently the property rates levies are higher than the previous year.

**Debt collection rates
Collection Table 2.1.2.**

	Cash collection	Ageing - December 2023	Collection rate per BT	Billed revenue - December 2023
Rates	R -1 202 671,26	R 85 686 582,96	-1%	R 5 028 637,93
Electricity	R -1 135 288,18	R 5 932 632,65	-19%	R 1 941 527,36
Refuse	R -95 265,54	R 6 553 665,82	-1%	R 177 732,46
Stalls Rental , Traffic fines & Tampring Fee	R -32 878,91	R 6 778 103,88	0%	R 83 053,34
Other Rentals		R 511 421,53	0%	R -
Advance payments	R -717 702,87	R -10 955 486,08	0%	R -
S - Unallocated Receipt Journal	R -			R -
TOTAL CASH RECEIVED (BILLING)	R -3 183 806,76	R 94 506 920,76		R 7 230 951,09
Total Ageing	R 94 506 920,76		November 2023 billing	R 7 216 185,88
Total debtors' payments	R -3 183 806,76		December 2023 payments	R -3 183 806,76
	-3%			-44%

Cash collected on 31 December 2023 amounts to R 3.1 million compared to R R2.8 million in 2022 and R16 million in 2021 collected in previous years during the same period resulting in collection rate of 3%. Comparison of previous month billing that is November R7 216 185.88 million to December payments R3 183 806.76 million results to 44% collection rate, which is relatively similar to the previous year collection figure of 43%, this proves that the existence of increasing challenges encountered when collecting revenue in this financial year.

Debtor’s ratios

Ratios table 2.1.3

December 2023 RATIOS		
(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100	41	Collection Rate
((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue) × 365	3305,16	Net Debtors Days
(Period under review's Total Revenue / previous period's Total Revenue) / previous period's Total Revenue) x 100	0,20	Revenue Growth (%)

Collection rates stands at 41% using the ratios as provided by National Treasury circular 71. Net debtors days are 3 305.16 days meaning that it take the municipality about 9 years to collect the entire debtors balance, which signals challenges especially because some expenditure items are funded by the revenue generating projects, compared to same reporting date last year the net debtors days were 2 658.01 days, the current year shows high levels of difficulties in revenue collection. The revenue growth also is not showing any signs of significant growth since the growth is below 1%.

2.2 CREDITOR’S ANALYSIS

The municipality continues to pay creditors invoices in line with MFMA prescripts as stated that it should be within 30 days, end user departments are encouraged to attend to invoices timely to avoid delays, and to ensure accurate invoices are submitted to ensure the 30 days threshold is met. Purchase orders, payments, and all expenditure transacting are captured in the financial system. The municipality formulate a delay reason documentation that seeks to put emphasis on adherence to 30 days and holding of responsible officials accountable, hence the improvement in adherence to section 65 of the MFMA by all officials.

Creditors payment summary: Table 2.2.1

CREDITORS REPORT FOR DECEMBER 2023			
Summary of the top 10 creditors payments for the month			Amount
1	ESKOM HOLDINGS 6126932137	BULK, LIBRARY, HALLS	R 3 362 725,05
2	KUNENE MAKOPO RISK SOLUTIONS	ANNUAL RENEWAL INSURANCE COVER	R 2 350 234,73
3	TRADEWIND MAINTANANCE AND	SUPPLY AND INSTALLATION OF LIGHTNING CONDUCTORS	R 1 605 072,20
4	LONDOLOZA SOLUTIONS (PTY) LTD	CONTRUCTION OF NQUTHU WASTE MANAGEMENT FACILITY	R 1 488 339,96
5	AUDITOR GENERAL	AUDIT FEES	R 1 128 808,96
6	SEBATA MUNICIPAL SOLUTIONS	LEDGER	R 633 596,08
7	TOYOTA SOUTH AFRICA MOTORS	PURCHASE OF A TOYOTA FORTUNER	R 617 600,26
8	ASIZIQALELE CONTRACTORS	PLANT HIRE	R 607 775,00
9	NKOSINGIPHE INKAZIMULO TRADING AND PROJECTS	AFS CONSULTANT FEES	R 555 534,24
10	ADVENTURE TRAVEL	ACCOMMODATION FOR MUNICIPAL OFFICIALS ATTENDING USER GROUP	R 487 955,16
			R 12 837 641,64

The report shows in summary the highest paid creditors for the month of December 2023; however, the report is inconclusive. The remaining unpaid creditors for December month are shown in Table 2.2.2. Creditors recons are performed monthly to ensure that the creditors records are in line with the bank statement transactions to avoid duplication of payments.

Creditors ageing: Table 2.2.2

TABLE E	OUTSTANDING CREDITORS (DECEMBER 23)	AMOUNT
THOKOMELA ENGINEERING (PTY) LTD	SUPPLY AND INSTALATION 9MM TRANSMISSION POLES X5, TRACE AND	R 153 576,32
AFRILECTRICAL CONSULTING ENGINEERS	REPLACE METERS, THREE PHASE MATER, INSTALL AND TESTING	R 195 511,50
CEEYES INSTITUTE OF FASHION PTY LTD	SUPPLY AND DELIVER OF FANCING MATERIAL FOR ALL NQUTHU WARDS	R 445 250,00
KHANYALU PROJECTS (PTY) LTD	SERVICE 02 MUNICIPAL GATES MAIN BUILDING	R 37 000,00
MTHOTHOVANE TRADING	FLOOR CRACK REPAIRS	R 39 600,00
THWISHIKILE TRADING & PROJECTS	SUPPLY, DELIVER AND INSTALATION OF LIGHTS AT THE MAIN BULDING	R 166 580,00
UMLONDOLOZI TRADING ENTERPRISE (PTY)LTD	ROAD MARKING FOR NQUTHU TOWN	R 190 706,21
		R 1 228 224,03
CAPITAL		
TOTAL OUTSTANDING		R 1 228 224,03

Creditors' ageing reflects outstanding creditors between zero and thirty days, the table below provides details of the outstanding creditors on the reporting date. These creditors will be paid in the subsequent month, provided that they meet all the requirements for creditors payment.

2.3 INVESTMENT PORTFOLIO, BANK BALANCE ANALYSIS

The investment register on 31 December 2023 reflects investment state of the municipality, it must be noted that the level of investment is affected by expenditure patterns that requires withdrawal from the reserves to cover the budgeted expenditure items as a result there are not much investment activities happening in the current year that seeks to increase investment levels of the municipality. As at the end of December 2023, the investment balance is R113 757 842.29 compared to the balance of R118 593 603.75 last year. There is a slight decrease by R4 835 761 in the investment activities of the municipality. The movements in the investment activities are shown in Investment Table 2.3.1 below. Withdrawal history is shown under the investment table, giving details of all withdrawal activities that has taken place during the first half of the financial year.

Investment Table 2.3.1

NQUTHU MUNICIPALITY - INVESTMENT REGISTER- DECEMBER 2023 2023/2024						
INSTITUTION	BALANCE	INVESTED CURRENT YEAR	INTEREST RECEIVED	WITHDRAWAL	BANK CHARGES	BALANCE
NEDBANK (3)	R1 138,71	R0,00	R46,48	R0,00	R0,00	R1 185,19
ABSA CALL (5892)	R59 116,10	R4 996 649,10	R106 777,92	R3 500 000,00	R0,00	R1 662 543,12
ABSA (7106)	R34 490,25	R0,00	R1 365,56	R0,00	R0,00	R35 855,81
ABSA (1394) HOUSING A/C	R1 765 600,89	R0,00	R58 753,43	R0,00	R0,00	R1 824 354,32
ABSA (4328)	R22 375,62	R0,00	R714,35	R0,00	R200,00	R22 889,97
ABSA (0646)	R18 381 815,73	R0,00	R156 199,64	R15 000 000,00	R0,00	R3 538 015,37
ABSA (2142)	R5 646 508,86	R0,00	R252 114,62	R0,00	R0,00	R5 898 623,48
ABSA (2765)	R1 424 715,30	R0,00	R54 863,59	R0,00	R0,00	R1 479 578,89
ABSA (5014)	R281 892,07	R21 400 000,00	R235 463,45	R21 400 000,00	R0,00	R517 355,52
ABSA (9642)	R0,00	R20 000 000,00	R632 186,30	R0,00	R0,00	R20 632 186,30
ABSA (5617)	R15 521 247,38	R15 521 247,38	R486 108,46	R16 007 355,84	R0,00	R0,00
ABSA (1868)	R0,00	R20 000 000,00	R618 356,16	R0,00	R0,00	R20 618 356,16
FNB (2554)	R9 637 256,30	R0,00	R348 481,74	R0,00	R0,00	R9 637 256,30
FNB CALL (1408)	R9 334 532,89	R0,00	R366 566,29	R0,00	R0,00	R9 701 099,18
FNB (2166)	R15 199 555,53	R0,00	R518 678,29	R10 000 000,00	R0,00	R5 718 233,82
FNB (0889)	R8 149 446,25	R0,00	R294 682,75	R0,00	R0,00	R8 149 446,25
STANDARD BANK 014	R6 856,48	R0,00	R190,10	R0,00	R0,00	R7 046,58
STANDARD BANK 063	R23 438 341,72	R0,00	R875 474,32	R0,00	R0,00	R24 313 816,04
TOTAL	R108 904 890,08	R81 917 896,48	R5 007 023,44	R65 907 355,84	R200,00	R113 757 842,29

WITHDRAWAL HISTORY						
DATE	ACCOUNT FROM	AMOUNT	ACCOUNT TO	ACCOUNT TYPE	BALANCE BEFORE	WITHDRAWAL REASON
07-Jul-23	ABSA (0646)	15 000 000,00	ABSA 2762	PRIMARY	65 551 110,36	Insufficient funds to pay
01-Sep-23	ABSA (5014)	10 700 000,00	ABSA 2762	PRIMARY	2 970 284,58	Insufficient funds to pay
22-Sep-23	ABSA (5014)	10 700 000,00	ABSA 2762	PRIMARY	4 976 430,03	Insufficient funds to pay
19-Oct-23	ABSA (5892)	3 500 000,00	ABSA 2762	PRIMARY	4 490 995,62	Insufficient funds to pay
26-Oct-23	FNB (2166)	10 000 000,00	ABSA 2762	PRIMARY	4 602 293,89	Insufficient funds to pay
31-Oct-23	ABSA (5617)	16 007 355,84	ABSA 2762	PRIMARY	11 056 712,84	Insufficient funds to pay

Bank Balance Table 2.3.2

BANK RECONCILIATION (PRIMARY ACCOUNT)		4053562762
Details	Amount	
Cash book balance as at 31 December 2023	R33 768 768,64	
Outstanding deposits	R0,00	
Unknown deposits	R0,00	
Bank charges	R0,00	
Outstanding cheques	R0,00	
Transfers	R0,00	
Sundries	R0,00	
Outstanding receipts	R0,00	
Bank statement balance as at 31 December 2023		

Bank balance for primary account reflects the amount of R33.7 million at the end of December 2023, the municipality received allocation of equitable share in December to the value of R59 840 000 compared to R56 545 million received in December last financial year, additionally there is R10 million deposit in respect of MIG grant. The municipality opted to re-invest an investment that was maturing in December, and there is no new investment that will be added due to expenditure pattern which will require a withdrawal in a very near future.

2.4 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Grants register as at 31 December 2023

Grant register Table 2.4.1

Summary of Grants received and expenditure							
Grant Type	General Ledger Vote no.	Audited Balance as at 1-Jul-2023	Dora/Prov Allocation for year	Received 2023/24	Spent & transferred to income 2023/24	Balance as at 2023/24	Available funds/not committed 2023/24
MIG		-	(36 675 000,00)	(30 700 000,00)	30 281 903,08	(418 096,92)	(418 096,92)
Massification Eletrification		-	(21 608 500,00)	(21 608 500,00)	2 498 994,25	(19 109 505,75)	(19 109 505,75)
Eletrification		(3 753 798,81)	(10 000 000,00)	(5 500 000,00)	6 989 649,94	(2 264 148,87)	(2 264 148,87)
Small Town rehabilitation			(10 000 000,00)	(10 000 000,00)	1 862 618,34	(8 137 381,66)	(8 137 381,66)
Library support		-	(1 964 000,00)	(1 964 000,00)	1 045 279,27	(918 720,73)	(918 720,73)
FMG		-	(1 850 000,00)	(1 850 000,00)	424 675,86	(1 425 324,14)	(1 425 324,14)
Library Modular		-	(1 430 000,00)	(1 430 000,00)	796 229,39	(633 770,61)	(633 770,61)
EPWP		-	(1 162 000,00)	(290 000,00)	1 042 130,00	752 130,00	752 130,00
Cybercadet		-	(508 000,00)	(508 000,00)	261 190,49	(246 809,51)	(246 809,51)
Library Volunteer		(259 941,24)	(108 000,00)	(108 000,00)	40 000,00	(327 941,24)	(327 941,24)
Sportfield Maintance		(128 895,59)	-	-	101 775,00	(27 120,59)	(27 120,59)
Bornem Grant		-	-	-	-	-	-
TOTALS		(4 142 635,64)	(85 305 500,00)	(73 958 500,00)	45 344 445,62	(32 756 690,02)	(32 756 690,02)

The municipality strives to achieve hundred percent spending on grants expenditure in line with outstanding performance and high-quality projects in an attempt to apply for additional funding especially in areas where much funding is required. Projects monitoring is ongoing, and various engagements are entered into between service providers and the municipality to solve areas where challenges arise, particularly where the spending is below average, and the notice of funds withdrawal has been received from Treasury.

2.5 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Expenditure on employee benefits

Employee benefits as at 31 December 2023 amount to R46.792 million compared to reported 43 million (2022) and R41 million (2021) in the same period, there is a notable increase on salaries expense due salary collective agreement increment and filling in of vacant

position in the organogram. The municipality is reducing vacancy rate on its staff establishment, posts that are filled are budgeted for. Table 2.5.1 give details of benefits budget vs expenditure to date, there are areas where excess budget needs to be channelled to projects where there is overspending. Table 2.5.2 provide details on councillor benefits to date. Upper limits on councillor allowances and benefits are determined by COGTA and noted for consideration by council as and when the correspondence is received by the municipality.

Table 2.5.1

<i>Staff Benefits in terms of Section 66 of the MFMA</i>		
The detail breakdown of the actual staff benefits and Councillors allowances for the period ending 31 December 2023		
Staff Benefits		
Item	Budget	Year to date actuals
Salaries & Wages	R78 349 863,00	R 33 203 968,29
Contributions to pension funds	R12 900 247,00	R 4 291 357,71
Contributions to medical aids	R2 742 197,00	R 1 513 948,96
Contributions to UIF	R597 625,00	R 269 111,57
Contributions to SDL	R957 098,00	R 392 313,82
Travel, motor car	R3 982 310,00	R 1 753 751,28
Salga	R40 576,00	R 18 342,38
Housing benefits and allowances	R109 200,00	R 47 988,45
Cellphone Allowance	R0,00	R 0,00
Overtime payments	R2 113 290,00	R 1 021 877,15
Bonuses	R6 005 879,00	R 2 837 074,67
Other leave & long service	R2 273 403,00	R 297 059,59
Allowances (Standby and Drivers Allowance)	R1 061 146,00	R 1 145 586,14
Totals	R 111 132 834,00	R 46 792 380,01

Expenditure on councillor's benefits**Table 2.5.2**

Councillors Allowances		
Item	Budget	Year to date actuals
Councillors Allowances	R 14 606 745,00	R 6 645 466,36
Cellphone/Data Allowance	R 1 591 117,00	R 604 740,00
Contributions to SDL	R 24 298,00	R 66 589,92
Totals	R 16 222 160,00	R 7 316 796,28

2.6 SCM REPORTS**INVENTORY**


Inventory report at the reporting date reflects opening balance from the previous month to the value of R 1 443 526 million, compared to R2 023 180.45 in last financial year, the municipality inventory levels are controlled through issues at the stores and recons are performed monthly to ensure that all inventory items are accounted for. The issued that took place at the reporting date amount to R23 759, there are no purchases completed for the month and also no movements under adjustment of inventory were actioned.

Inventory recon: Table 2.6.1

**Nquthu Municipality
Financial Reporting
DECEMBER 2023**



Inventory Reconciliation

INVENTORY MODULE	
OPENING BALANCE AS PER INVENTORY REPORT	<u>R 1 443 526,69</u>
ADD: TOTAL RECEIPTS	R 0,00
Inventory purchases for the month	R 0,00
Correction of error	R 0,00
RT	R 0,00
LESS: TOTAL ISSUES	R 23 759,46
Inventory issued from stores during the month	R 23 759,46
ADJUSTMENTS	R 0,00
Add: stock adjustments made during the month	R 0,00
Add: stock surplus identified during the month	R 0,00
Less: Stock losses identified during the month	R 0,00
CLOSING BALANCE AS PER INVENTORY REPORT	<u>R 1 467 286,15</u>
GENERAL LEDGER VOTE BALANCE:	<u>R 1 467 286,37</u>
VARIANCE: INVENTORY MODULE VS. GENERAL LEDGER	(R 0,22)
DIFFERENCE IS MADE UP AS FOLLOWS:	
<Item 1>	R 0,00
	<u>R 0,00</u>
Preparer: 	Date: _____
Reviewer: 	Date: _____

IRREGULAR & FRUITLESS EXPENDITURE

Section 32(4) of the MFMA requires that the Accounting Officer “promptly” inform the Mayor, MEC for Local Government, and the Auditor-General of any unauthorized, irregular, and fruitless and wasteful expenditure that the municipality has incurred. Only Council can deal with these matters in the manner prescribed. The full detailed UIFW Register is tabled to council in line with the Section 32(4), fruitless register is kept within the payment/creditors section and reported on a monthly basis. Both reports are prepared with supporting voucher evidence.

Fruitless Expenditure: Table 2.6.2.

Annexure C Demarcation Board Code: KZN242 Register for Fruitless and wasteful Expenditure Year Ended 30 June 2024		Financial Year 2023/ 2024 Nquthu Local Municipality Month Summary Jul 2023- June 2024		
Description	Month	Amount		
Telkom				92,10
Interest on overdue account	Aug-23	70,97		
Interest on overdue account	Nov-23	22,59		
Interest on overdue reversal	Dec-23	-1,46		
		-		
Eskom				294,87
Interest on overdue account	Jul-23	245,78		
Interest on overdue account	Aug-23	49,09		
Interest on overdue account	Sep-23	-		
Interest on overdue account	Oct-23	-		
Interest on overdue account	Nov-23	-		
Interest on overdue account	Dec-23	-		
Car Licences				-
Penalty on late license renewal		-		
Other				
Transport Driving Licence		-		-
Total			R	386,97

The municipality has incurred fruitless expenditure amounting to R386.97 at the end of December 2023, however there were engagements with Eskom to reverse the interest on its' accounts because all Eskom payments were made timeously, and the allocation error and delays were on Eskom's end. The agreement was reached that the interest will be indeed reversed.

DEVIATIONS

Regulation 36 of the Municipal SCM Regulations of 2005 permits the Accounting Officer to "dispense with the official procurement processes established by the policy and to procure any required goods or service through any convenient process". This would typically include urgent and emergency cases, single source goods, and any other cases where it is impractical to follow normal SCM processes. In the event of such decision, the Accounting Officer is required to report deviation activities to the next Council meeting.

Date identified	Date reported to Mayor	Description	SCM Regulation Applicable	Reasons for Deviation	Supplier	Services Rendered	End User Department	Amount
24/07/2022	08/08/2023	HIRE OF MINIBUSES FROM NQUTHU TO NDE	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FOR ISIBAYA SAMADODA	CORPORATE SERVICES	R53 500,00
01/08/2023	08/09/2023	HIRE OF 19 MINIBUSES- TO NQUTHU STADIUM	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF 19 MINIBUSES- TO NQUTHU STADIUM	CORPORATE SERVICES	R53 500,00
14/08/2023	08/09/2023	HIRE OF MINIBUSES FROM NQUTHU TO GLENCOE	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FROM NQUTHU TO GLENCOE	CORPORATE SERVICES	R49 000,00
28/08/2023	08/09/2023	HIRE OF MIIBUSES -DISABILITY FESTIVAL	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MIIBUSES -DISABILITY FESTIVAL	CORPORATE SERVICES	R53 500,00
29/08/2023	08/09/2023	HIRE OF MINIBUSES FOR WOMEN'S DAY CELEBRATION	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FOR WOMEN'S DAY CELEBRATION	CORPORATE SERVICES	R50 500,00
2023/10/10		HIRE OF MINIBUSES FOR SALGA SELECTION	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FOR SALGA SELECTION	CORPORATE SERVICES	R70 000,00
2023/11/10		HIRE OF MINIBUSES FOR SALGA SELECTION	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FOR SALGA SELECTION	CORPORATE SERVICES	R298 000,00
24/10/2023		PROMO FOR MASKADI FESTIVAL	S36(1)(a)(i)	SOLE SERVICE PROVIDER	SABC	PROMO FOR MASKADI FESTIVAL	EXECUTIVE & COUNCIL	R158 182,00
2023/08/11	15/11/2023	HIRE 18 MINIBUSES FOR SALGA PRACTICE	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINUBUSES FOR SALGA PRACTISE	CORPORATE SERVICES	R70 000,00
13/11/2023	15/11/2023	PROMO FOR MAYORAL EVENTS	S36(1)(a)(i)	SOLE SERVICE PROVIDER	SABC	PROMO	EXECUTIVE & COUNCIL	R155 595,00
27/11/2023	2023/01/12	HIRE OF 19 MINIBUSES FOR SENIOR CITIZEN	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FOR SENIOR CITIZEN	CORPORATE SERVICES	R70 000,00
27/11/2023	2023/01/12	HIRE OF 17 MINUBUSES FOR WORLD AIDS DAY	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FOR WORLD AIDS DAY	CORPORATE SERVICES	R67 000,00
TOTAL								R1 148 777,00

2.7 PERFORMANCE REPORT AND SDBIP

1. Introduction

Section 40 of the Local Government: Municipal Systems Act, 32 of 2000 provides for regular review of performance. The 2023/24 Second Quarter Performance Report is prepared and compiled in terms of these and Section 72 provisions of the Municipal Finance Management Act in order to make an assessment of performance for the two first quarters. The report provides a performance review of how the municipality has performed during the first two quarters of 2023/24 financial year that is from 01 July 2023 to 31 December 2023 and is based on the 2023/24 Approved Service Delivery and Budget Implementation, as approved by the Mayor. A mid-year review of the SDBIP will be conducted in February 2024 and this report identify all the areas where changes are required, provided that Council reserves the right to effect changes when the reviewed SDBIP is tabled. In summary, the report deals with the following aspects:

- Overall municipal performance per each Key Performance Area;
- Reasons and corrective measures for unachieved or partially achieved targets;
- Performance comparison of Quarter One and Quarter Two;
- Mid-year assessment per each performance indicator;
- Half-year performance per department, and
- Proposed changes for mid-year review.

2. Performance management process

The municipality had in the past partly migrated to a system-based performance management system, so the electronic system and manual were used parallelly, however; the municipality has reverted back to a manual system and is working on introducing an electronic performance management system that will be implemented as soon as the system administrator has installed the system.

The IDP and the SDBIP is captured on the system at the beginning of the financial year so that reporting can be done during the year. On a quarterly basis, internal departments populate their scorecards and submit together with their portfolio of evidence to IDP/PMS

unit for capturing on the system. The system then produces a report and portfolio of evidence can be viewed by logging on to the system. Based on the information extracted from the system, errors are identified and the report is compiled and sent to Internal Auditors. Internal Auditors make findings to which management must respond and corrections are made where possible before the report is tabled to Council. Furthermore, there will be a follow-up report issued by Internal Auditors every quarter to ensure that all matter identified in the previous report are fully addressed by implementing corrective measures that would have been agreed to. The table below shows colours used to achieved, partially achieved, not achieved and not reported indicators for ease of use:

ACHIEVED (Green)	
PARTIALLY ACHIEVED (Yellow)	
NOT ACHIEVED (Red)	
NOT REPORTED (Grey)	

3. Organizational performance overview

	No. KPIs FOR Q2	ACHIEVED	NOT ACHIEVED	PARTIALLY ACHIEVED	NOT REPORTED
KPA 01	12	9	2	1	0
KPA 02	32	17	12	3	0
KPA 03	15	12	2	1	0
KPA 04	13	9	0	4	0
KPA 05	17	10	3	4	0
KPA 06	11	7	2	1	0
TOTAL	100	64	21	14	0

Figure 01: Overall performance per KPA

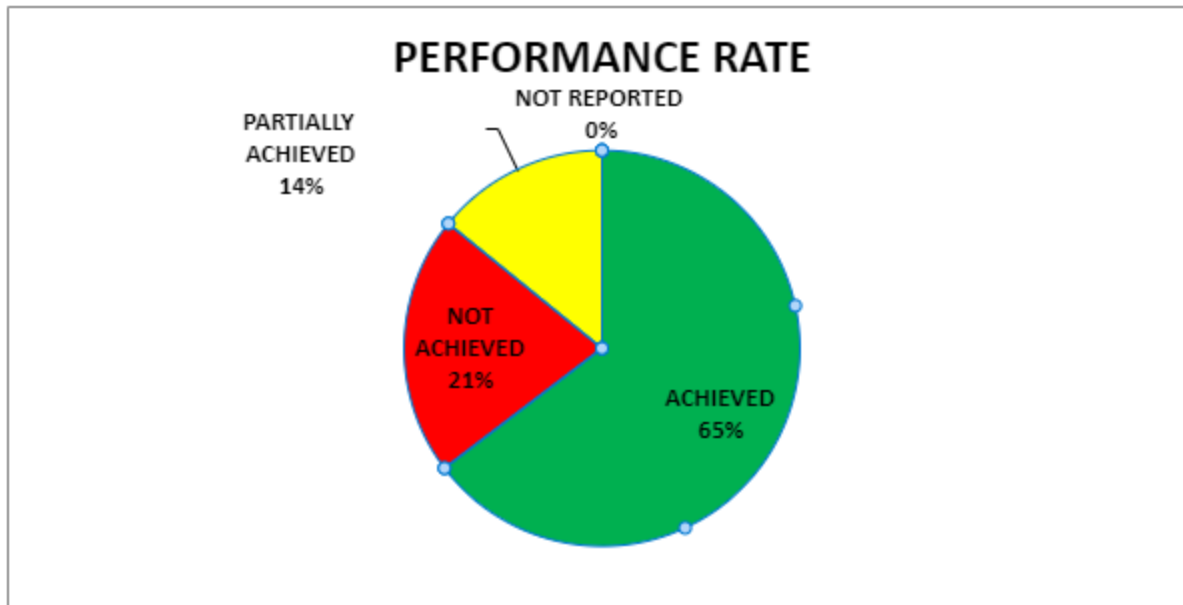


Figure 02: Quarter two performance rate

As shown in Figure 1 and 2 above, a total of 100 indicators were applicable for Q2, out of those indicators, 65% were achieved, 21% not achieved, 14% partially achieved and no indicator was unreported.

4. Performance per department

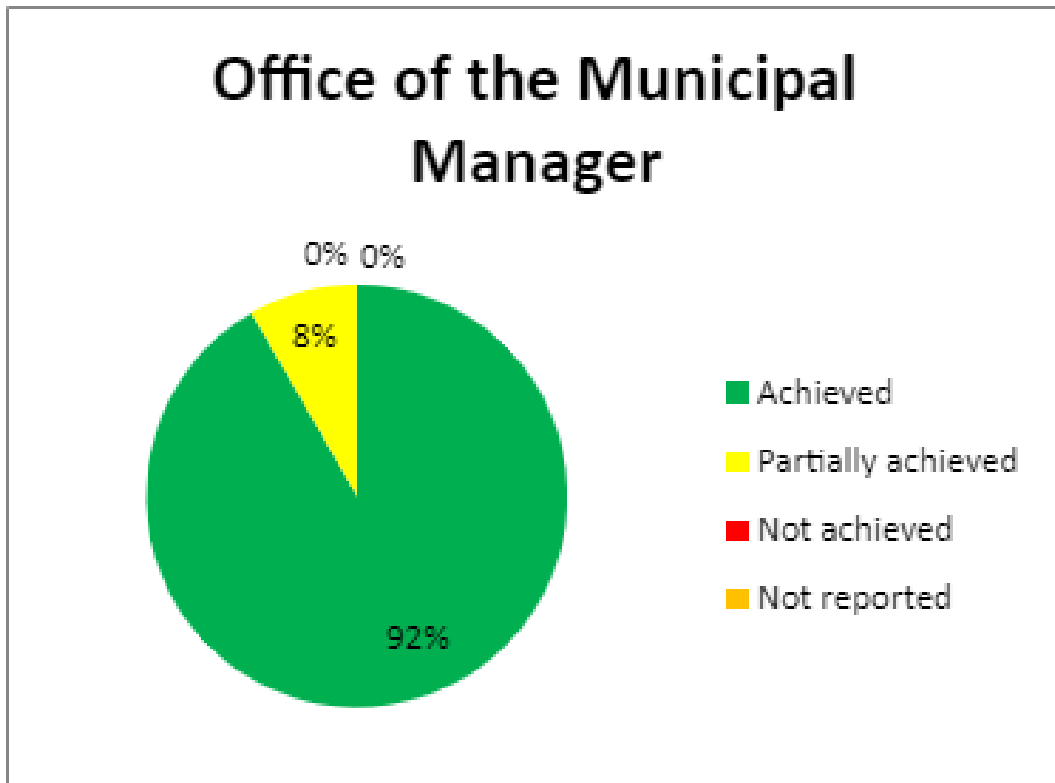


Figure 03: Office of the MM Q2 performance

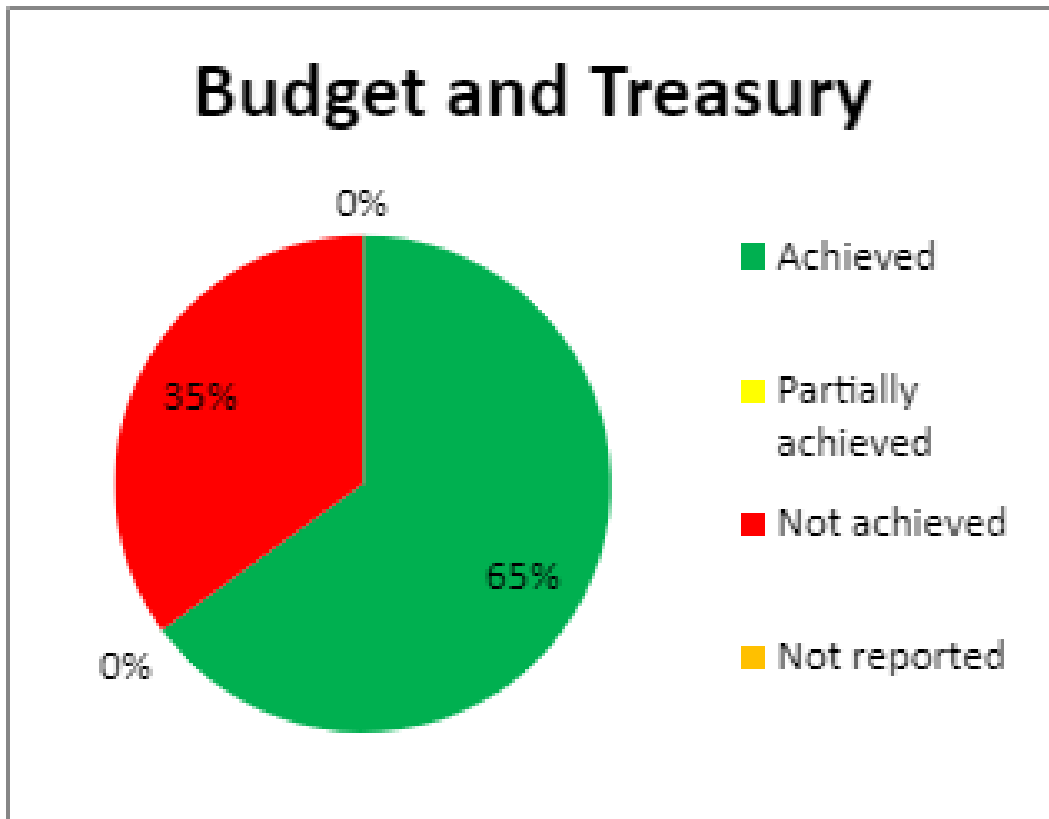


Figure 04: Budget and Treasury department Q2 performance

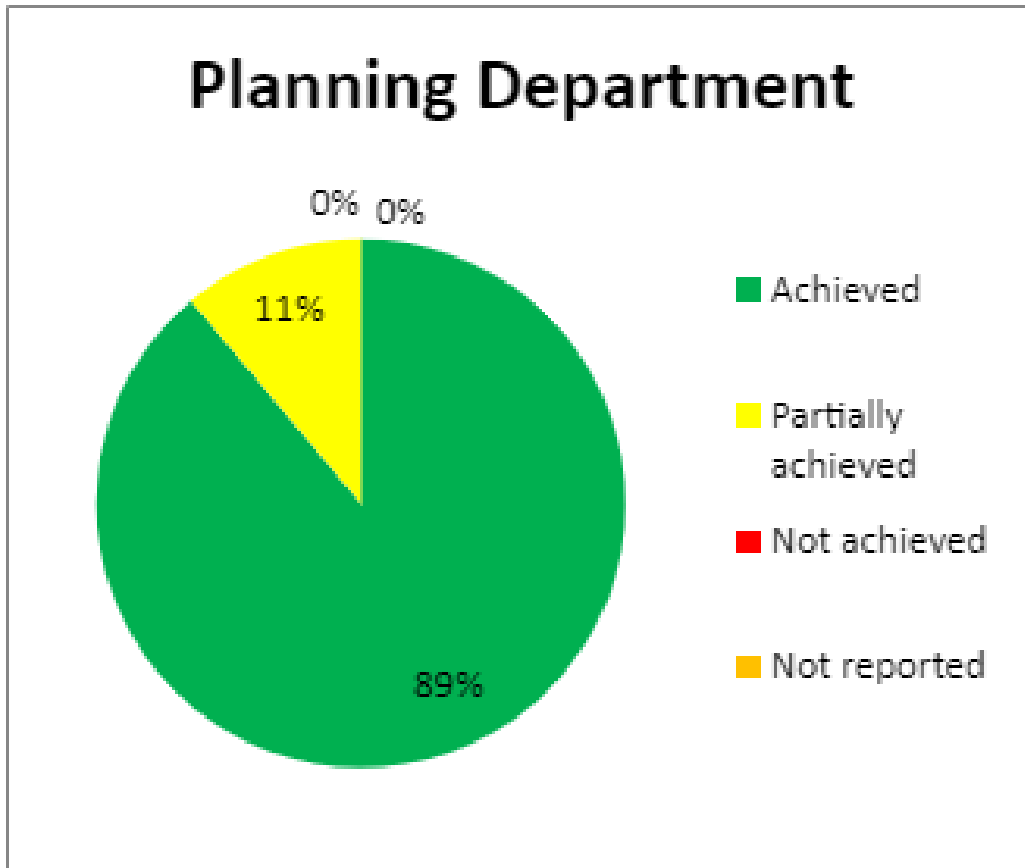


Figure 05: Planning department Q2 performance

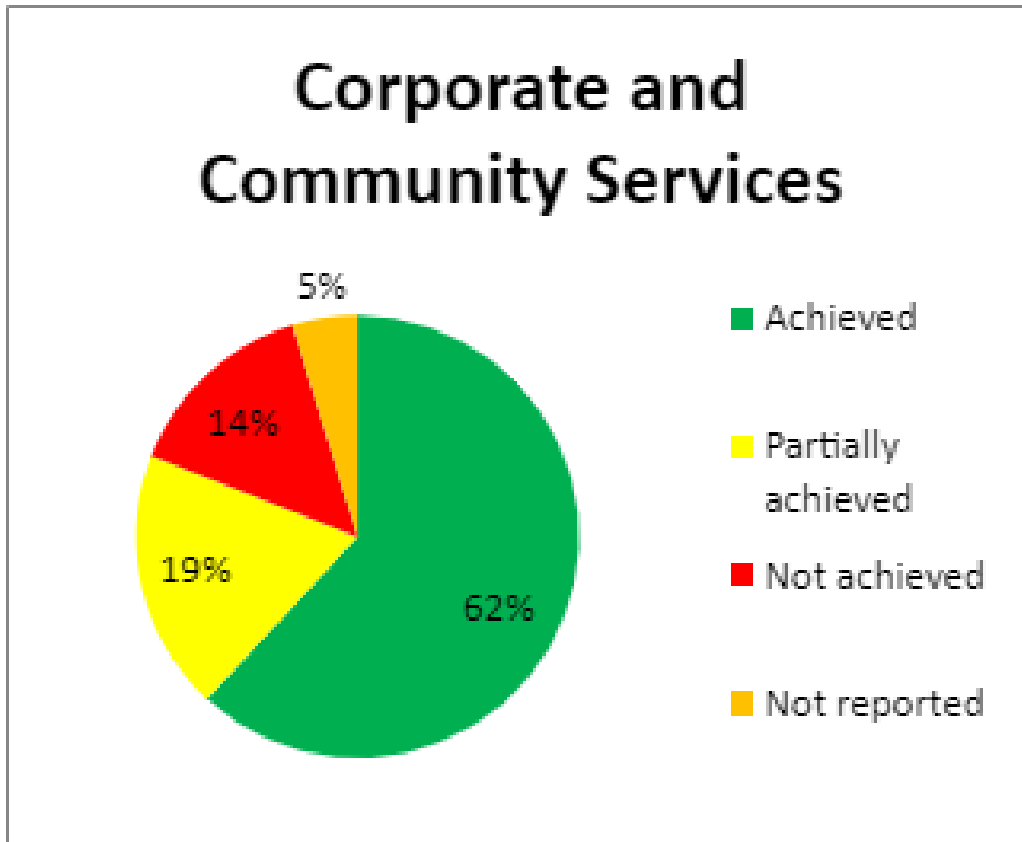


Figure 06: Corporate and Community Services Q2 performance

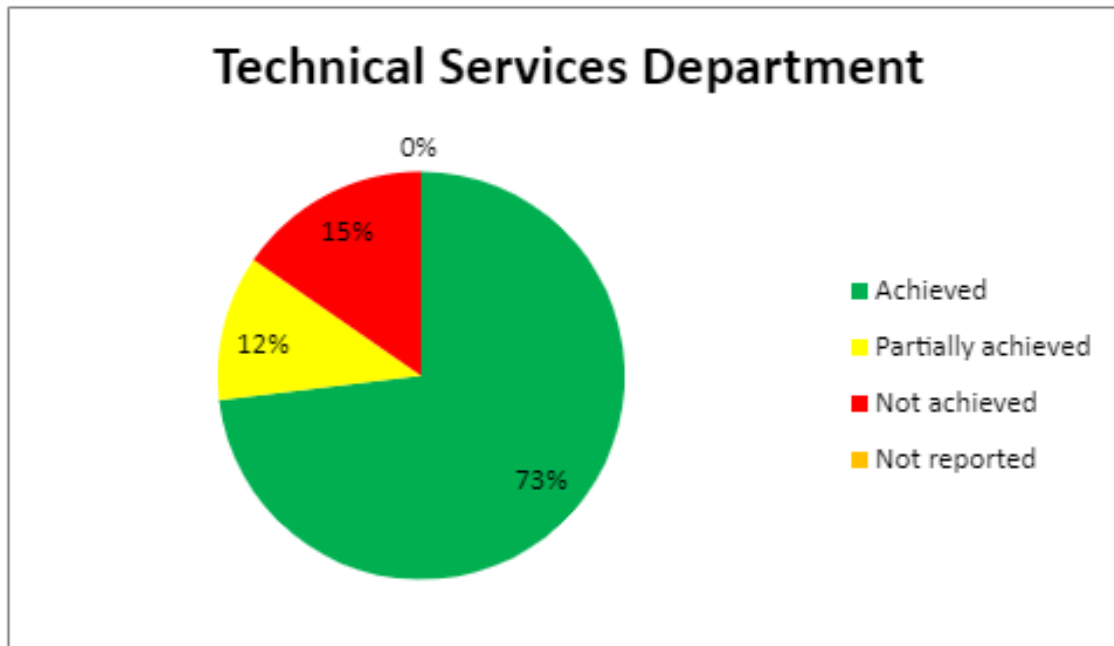


Figure 07: Technical Services Q2 performance

Summary:

The Office of the Municipal Manager achieved most target in Q2 with its overall performance standing at 92%, followed by the Planning Department at 89%, Technical Services at 73%, Budget and Treasury at 65% and Corporate and Community Services at 62%.

5. Mid-year performance assessment

This section compares Q1 and Q2 performance to determine whether performance is improving or not, identify annual targets that have the potential of not being achieved and make necessary interventions and, if required; effect some adjustments in the SDBIP. However, it should be noted that mid-year is not meant to condone poor performance or to lower the bar for targets that are actual achievable.

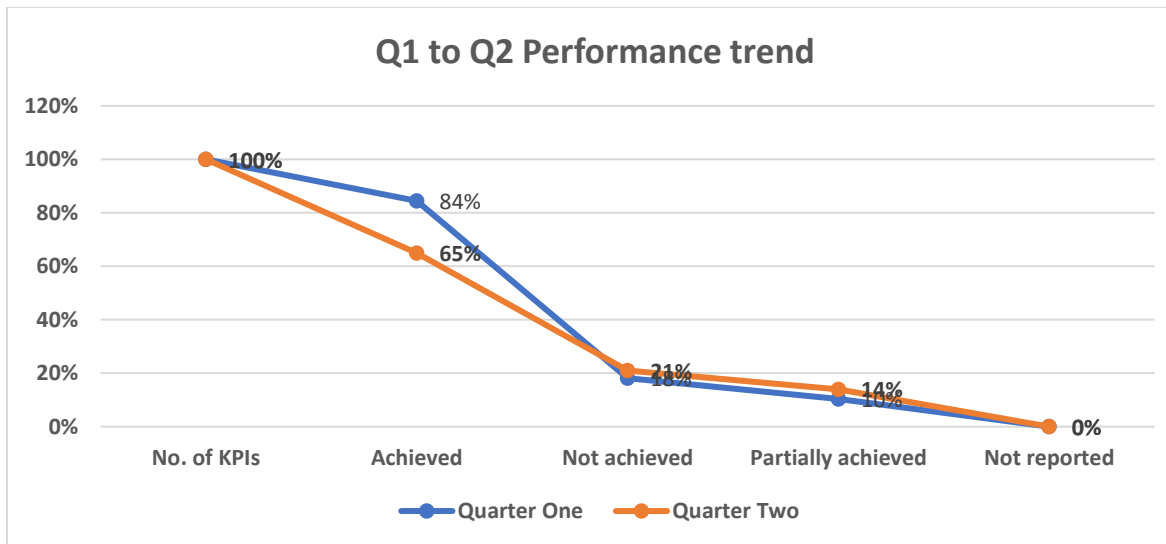


Figure 08: Quarter one to two performance trend

Figure 8 above shows a performance decline from Q1 to Q2 as explained below:

- Achieved targets were 84% in Q1 and dropped to 65% in Q2, representing a performance decline of a whopping 19%.
- Targets that were not achieved increased by 3% to 21% in Q2 from 18% in Q1, which means that there is an urgent to implement take corrective action that has been developed by all departments.
- Partially achieved targets increased from 10% in Q1 to 14% in Q2 which represent an increase of 4% in partially achieved targets.
- Unreported targets have been eliminated in the new financial year which represent an improvement in reporting by all departments. This has been made possible by the introduction of PMS Champions for all departments and OneDrive based reporting which as shared platform that allows the PMS Unit and all departments to work of the document simultaneously.

More effort needs to put to reverse the negative performance trend shown above.

6. Mid-year review

A mid-year review of the SDBIP is going to be conducted at the beginning of quarter and a reviewed SDBIP will be approved by the Mayor and also be tabled to Council. The purpose of the review is to address the following matters, among others:

- Developing technical indicator description as per the recommendation of AG to determine the source supporting evidence clearly and precisely, correct report period, purpose of the indicator, formula to calculate the actual, and other related matters.
- To review targets that have become unrealistic due to a number of factors which may include inadequate funding and other factors.
- To incorporate other necessary indicators that were omitted when the SDBIP was compiled before the beginning of the financial year to avoid a situation whereby some sections of functions are not measured in the municipality.
- To incorporate capital projects that were excluded in the SDBIP, especially those with significant budgeted amounts.
- To address issues raised by AG during 2022/23 audit that are still applicable to this SDBIP and also address a number of weaknesses identified by Internal Auditors including non-alignment and indicators and targets that do not meet required standards.
- To incorporate changes made to the IDP since it is going to undergo an amendment in February as per the Council resolution.
- To respond to the adjustment budget and to cater for any other relevant matters.

7. Quarter two performance scorecard

The half-year SDBIP scorecard has been structured differently to ensure a more detailed reporting. As a result, some SDBIP columns that remain the same as the first quarter have been removed to make way for Q1 and Q2 performance information and mid-year assessment columns. IDP reference, goals, objective and strategy columns have been removed but its provisions remain applicable. The last two columns seeks to assess the half-year performance and propose necessary intervention which may take different forms including implementing corrective measures or changes at mid-year review.

The SDBIP at the end of Q2 shows that the Municipality has managed to achieve most of the objectives of the planned target as at midyear. Special attention is given to the areas of concern which relates to infrastructure developments, the targets hereto are under strict monitoring of the Accounting Officer with constant meetings and other engagements to fast-track progress and to avoid extension of completion dates for all MIG and In-house projects. Due to Covid-19 restrictions there is a notable decrease in revenue generation of traffic fines and there is also a notable decrease in revenue collection, it is therefore necessary for the municipality to review and adjust the expenditures in line with actual collection rates.

Detailed SDBIP report will be tabled to council and is affixed hereto.

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24 Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance	Corrective Measure		
2023/2024 FINANCIAL YEAR																		
NATIONAL DEVELOPMENT PLAN: GOAL 7- BUILDING A CAPABLE STATE																		
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS): Priority 1: A capable, ethical and developmental state.																		
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - GOVERNANCE AND MANAGEMENT																		
NATIONAL KEY PERFORMANCE AREA 01: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION																		
Building capable human	Ensure municipal capability (1.1)	To improve municipal capability (1.1)	Implementation of WSP by ensuring the training	Corp - 01	Number of staff members trained as per WSP	50	12	0	SCM delays in advertising	SCM delays in advertising	SCM to develop a work plan	12	13	13 Staff members attended trainings	N/A	N/A	Ineffective training programmes	Compromised service delivery. Inability to deliver timely.

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
			of staff and councillors as per the WSP (1.1.1)													Compromised quality of work performed. Increased staff turnover. Inability to meet training needs Low staff moral		
				Corp - 02	No. of councillors trained as per WSP [accumulative]	8	N/A	N/A	N/A	N/A	N/A	8	0	Cllrs did not attend trainings	HR did not receive any training request from Cllrs HR will submit Skills Audit forms to the Office of the Speaker	Ineffective training programmes Compromised quality of work performed. Increased staff turnover. Inability to meet		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
																	training needs Low staff moral	
			Ensure that appointment for advertised posts are finalized on time. (1.1.2)	Corp - 04	Percentage of vacant posts filled within 3 months	3 months	3 months	3 months	23 employees were appointed within 3 months period	N/A	N/A	3 months	3 months	24 employees were appointed during 3 months period	N/A	N/A		
			Ensuring that critical posts and all budgeted for vacant and filled. (1.1.3)	Corp - 05	Number of Section 54 & 56 managers filled and maintained.	5	5	5	All senior managers post are filled	N/A	N/A	5	5	All senior managers post are filled	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
			Implement EAP Policy and plans (1.1.4)	Corp - 06	Percentage of EAP Plan implemented	100%	N/A	N/A	N/A	N/A	N/A	100%	100%	HR to develop EAP Plan to be submitted in Q3	N/A	N/A	Failure to implement Employee Assistance Programmes.	Low staff morale. Human trauma. High rate of absenteeism. Loss of life. Compromised service delivery. Stress and depression
			Create and maintain sound labour relations between employer and employees (1.1.5)	Corp - 07	Number of Local Labour Forum Meetings conducted	12	3	2	3 LLF Meetings conducted	There were no items for discussion for the month of July 2023	Chairperson must ensure that the forum meetings as per approved schedule of meetings	3	LLF meetings held on 30 November and 13 December 2023	#REF!	There were no items for discussion for the month of October 2023	Chairperson must ensure that the forum meetings as per approved schedule of meetings		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
			Strive to attain demographic equity in municipal workforce. (1.1.6)	Corp - 08	Percentage of Employment Equity Plan achieved	95%	N/A	N/A	N/A	N/A	N/A	95%	95%	N/A	N/A	N/A		
	To ensure an effective municipal ICT system (1.2)	Monitor the ICT systems (1.2.1)		Corp - 09	Number of IT Steering Committee meetings conducted	4	1	1	IT Steering Committee conducted on the 28 Sep 2023	N/A	N/A	1	1	IT Steering Committee conducted on 21 December 2023	N/A	N/A		
Corp - 10				Annual review of ICT policies and approval by council	31-May-24	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
	To ensure effective management of municipal perform	Implementation of Municipal PMS Policy and Framework		MM - 01	Number of Performance reports tabled to Council	4	1	1	Performance report tabled to Council meeting on the 30/08/2023.	N/A	N/A	1	1	Performance Report tabled to Council on the 2024/10/27	N/A	N/A	Inability to identify poor performance and reward good performance.	Compromised service delivery. adverse audit opinion. Non-compliance.

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
		ance (1.3)	ork (1.3.1)	M - 02	Date of PMS policy Reviewed and adopted by council	31-May-24		N/A	N/A	N/A	N/A			N/A	N/A		with legislation promoting of unethical culture reduction of staff moral.	
		To ensure effective fleet management system (1.4)	Review and Implement Fleet	Corp - 11	To table monthly fleet management reconciliation report to MANCO.	12	3	3	Fleet Management reports was tabled to Manco meetings held on 07 July 2023,29 August 2023 and 19 September 2023	N/A	N/A	3	3	Fleet Manam ent reports was tabled to Manco meetin gs held on 12 Oct 2023,0 6 November 2023 and 13 November 2023	N/A	N/A	Ineffective fleet managem ent.	Loss of service warranty. Increase in road accidents. Reduced lifespan of vehicles. Injuries/fatalities. Theft of municipal vehicles. Compromised service delivery. Non-compliance with the Fleet Management Policy. Private usage of municipal fleet.
			Management Plan (1.4.1)	Corp - 12	Percentage of implementation of Fleet Management Plan	100%	100%	82%	82% of Fleet Management Plan implemented	Vehicles are assigned to the departments	Vehicles are assigned to the departments	100%	100%	N/A	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
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							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
				Corp - 13	Keep the fuel bill within the budgeted amount.	≤R 4 200 000	≤R 1 050 000	10620 53	The municipality exceed it fuel bill with 1% of targeted budget amount	N/A	N/A	≤R 1 050 000	1617 401	Fuel bill is above budgeted amount	0	0	Waste of fuel Excessive maintenance.	
NATIONAL DEVELOPMENT PLAN: GOAL 2- EXPAND INFRASTRUCTURE																		
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 4: Consolidating social wage through reliable and quality basic services.																		
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - INFRASTRUCTURE PROVISION																		
NATIONAL KEY PERFORMANCE AAREA 02: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT																		
Service delivery	Improved access to basic services (2.)	Ensure quality of municipal road network and expansion of access road network (2.1)	To ensure improved quality of municipal road network (2.1.1)	Tech - 01	Kilometres of un surfaced road graded by year end	55km	20km	24,97 2km	Municipal Plant and Plant Hire	N/A	N/A	15km	17,41 5KM	Municipal Plant and Plant Hire	N,A	N/A	Inability to construct/r ehabilitate and maintain roads and storm water drainage, street lights, roads, building infrastructure. Lack of access to homesteads/ facilities Increase road accidents and damaging of vehicles. Financial loss. Loss of life. Compromised service delivery. Delays in the delivering services by various	
				Tech - 02	Percentage of potholes fixed as per Inspection Register	100 %	100 %	0%	Awaiting the purchase of pedestrian roller	No compaction machine	IR has been submitted to SCM and currently awaiting roller delivered	100 %	0%	Awaiting purchase of pedestrian roller	No compaction Machine	Service provider has been appointed, current awaiting Delivery		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
																	departments (e.g. Health and Education). Tarnished image of the municipality. Compromised economic development.	
			To ensure the expansion of access road network (2.1.2)	Tech - 03	Percentage of construction of Gubazi Road	100%	100%	100%	The project is Practical complete and local SMME's are busy completing kerbs and channels	N/A	N/A		100%	The project is complete and handed over to community by office of the Mayor	N/A	N/A	1. Financial loss to the municipality resulting from Project budget overruns. Compromised	

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
				Te ch - 04	Percentage of Construction of Malanga Road in Ward 02	100%		0%	advertised and item to serve on BEC and BAC for the appointment of a successful contractor.	N/A	N/A	30%	0%	Site Establishment, sod turning was conducted on the 18 December 2023	delays from BID committees for the appointment of a contractor.	The contractor will be instructed to speed up the progresses during Technical handover meeting. Service has been appointed on 17 Dec 2023	service delivery. Tarnished image of the municipality. Compromised quality of workmanship. 2. Community unrest. Compromised service delivery. Withdrawal of funding. Failure to meet target time frames. Overlapping of projects. Financial loss (substandard work/poor quality).	
				Te ch - 05	Percentage of Construction of Philani Road in Ward 14	100%	70%	95%	The project is almost complete, contractor attending to minor items and finishes	N/A	N/A	100%	100%	The project is complete and handed over to community by office of the Mayor	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
				Tech - 06	Percentage of Construction of Nomkhosi Road in Ward 19	100%	90%	99%	The project is practical complete, contract or attending snaglist issued.	N/A	N/A	100%	100%	The project is complete and handed over to community by office of the Mayor	N/A	N/A		
				Tech - 08	Percentage of Construction of Nkalankala Gravel Road in Ward 10	100%	100%	90%	Construction of stormwater structures, contract or to bring smooth roller for final layer works	Local business forum stopped work on site disputing appointment of SMME's	New sub-contractor under local business forum has been appointed to finish outstanding works.		100%	The project is complete and handed over to community by office of the Mayor	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
		Improvement of electricity services, affordability, access, connection, and energy sustainability (2.2)	Improved affordability of electricity (2.2.1)	BT-01	Number of FBE units (50kwh) given to consumers	48000	12000	276200	0	Only Ontec KhW are considered in the distribution loss report because Eskom invoices have only rand values for FBE	0	12000	20698	20698 units issued to consumers	N/A	N/A		
		To ensure improved access to electricity (2.2.2)		Tech-10	Percentage of valid customer applications for new electricity connections processed within 14 days	100%	100%	100%	N/A	N/A	N/A	100%	67%	N/A	customer skipped connection process	our team will review application process for new connection		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																			
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)	
							July - Sep					Oct-Dec							
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance			Corrective Measure
2023/2024 FINANCIAL YEAR																			
					Te ch - 11	Number of new households connected to the grid	840	140	0%	0%	Network Constrains	we are currently looking other closer alternative options	200	0	Installation of prepaid metre	Delivery delays from supplier to supply prepaid metre	the consultant will speed up the process of inspection with Eskom and booking of outages	1. Inability to effectively and proactively manage infrastructure projects. 2. Inability to complete projects within the set time frames.	1. Financial loss to the municipality resulting from Project budget overruns. Compromised service delivery. Tarnished image of the municipality. Compromised quality of workmanship. 2. Community unrest. Compromised service delivery. Withdrawal of funding. Failure to meet target time frames.

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1				Quarter 2				RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep				Oct-Dec					
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual		
2023/2024 FINANCIAL YEAR																
																Overlapping of projects. Financial loss (substandard work/poor quality).
			Improve energy sustainability (2.2.3)	Tech - 12	Implementation of Electricity Master Plan	100%		0%	0%	0%	0%	100%	0%	0%	0%	

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
				BT-02	Percentage total electricity losses	10%	10%	35%	above target because FBE is issued with purchase - target is too low	0%	Technical department to implement control measures, Finance will ensure accurate reading and billing of meters.	10%	32%	0%	Some buildings are not metered like Mpumalanga	Install outstanding metres to relevant sites		
	Improve access to public facilities including community halls, Sport fields, residential develop	Ensuring access to public facilities by construction of community halls (2.3.1)		Tech-13	Percentage of Construction of KLWANA HALL in Ward 03	100%	0%	23%	Excavation for foundations and site Establishment	N/A	N/A	30%	49%	Wall plate and Fencing	N/A	N/A	1. Inability to effectively and proactively manage infrastructure projects. 2. Inability to complete projects within the set time frames.	1. Financial loss to the municipality resulting from Project budget overruns. Compromised service delivery. Tarnished
				Tech-14	Percentage of Construction of NHLOPHE NI HALL in Ward 5	100%	0%	15%	Site Clearing, levelling the site and site Establishment	N/A	N/A	30%	40%	casting concrete for foundations and floor slab	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
		ments and ECDs and Taxi Rank (2.3)		Te ch - 15	Percentage of Construction of MAGONG OLOZA HALL in Ward 08	100%	0%	28%	Bricklaying from foundations for both main Hall and ablutions	N/A	N/A	30%	81%	The Construction is ahead of work programme	N/A	N/A	image of the municipality. Compromised quality of workmanship. 2. Community unrest. Compromised service delivery. Withdrawal of funding. Failure to meet target time frames. Overlapping of projects. Financial loss (substandard work/poor quality).	
			Te ch - 16	Percentage of Construction of ISANDLWANA HALL in Ward 12	100%	0%	0%	Planning Stage	N/A	N/A	30%	0%	Planning Stage	N/A	N/A			
			Te ch - 17	Percentage of Construction of NKOSI ELFAS HALL in Ward 16	100%	0%	26%	Site establishment, Fencing and pouring foundation concrete	N/A	N/A	30%	42%	Bricklaying from foundations	N/A	N/A			
			Te ch - 18	Percentage of Construction of NCOME HALL in Ward 15	100%	0%	0%	advertise and item to serve on BEC and BAC for the appointment of a successful	N/A	N/A	30%	0%	intention to Award	delays from BID committees for the appointment of a contractor.	Sodturning planned to take place January 2024			

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
									contract or.									
					Percentage of Construction of NHLABAM KHOSI HALLS in Ward 04	100%	0%	0%	advertised and item to serve on BEC and BAC for the appointment of a successful contractor.	N/A	N/A	30%	0%	intention to Award	delays from BID commitments for the appointment of a contractor.	Sodturning planned to take place January 2024		
					Percentage of Construction of Ndatshana Community Hall Ward 18	100%	0%	0%	advertised and item to serve on BEC and BAC for the appointment of a successful contractor.	N/A	N/A	30%	0%	intention to Award	delays from BID commitments for the appointment of a contractor.	Sodturning planned to take place January 2024		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
				Te ch - 21	Percentage of Construction of Nyakaza Hall	100%	0%	0%	advertised and item to serve on BEC and BAC for the appointment of a successful contractor.	N/A	N/A	30%	0%	Inten to Award	delays from BID committees for the appointment of a contractor.	Sodturning planned to take place January 2024		
				Te ch - 22	Percentage of Construction of MBEWUN YE HALL in Ward 11	100%	0%	15%	Site Establishment, surveying and levelling platform	N/A	N/A	30%	30%	The construction progress is within work programme	N/A	N/A		
				Te ch - 23	Percentage of Construction of Mphondi Hall in Ward 07	100%	0%	15%	Site Establishment and Fencing	N/A	N/A	30%	40%	The construction progress is within work programme	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
				Te ch - 24	Percentage of Construction of Ntanyandlovu Hall in Ward 10	100%	0%	22%	Foundation brickwork	N/A	N/A	30%	92%	The construction progress is ahead of work programme	N/A	N/A		
				Te ch - 25	Percentage of completion of Ezinkondwandeni community hall in Ward 09	100%	100%	73%	Electrification, ablation blocks finishes and finalisation of steel roof sheeting	Installation of roof sheets under cessionary agreement delayed	roof sheets installation to commence on the 09th October 2023	100%	84%	Painting, floor covering and finishing	Non performance from service provider	one on one meeting with contractor Manager has been recommended		
				Te ch - 28	Percentage of completion of Fire Station in Ward 09	100%	65%	95%	The contract is busy with paving and other internal work	N/A	N/A	100%	98%	The contractor is finalizing installation of paving, water connection and other minor work	payment delays, rain delays and materials delivery delays	Final payment to be released once all activities complete		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
			Expanding access to Early Childhood Development facilities (2.3.2)	Te ch - 29	Construction of Bhekukhanya Creche in Ward 06	100%	0%	0%	advertised and item to serve on BEC and BAC for the appointment of a successful contractor.	N/A	N/A	30%	0%	Inten to Award	Delays from BID committees for the appointment of a contractor.	Sodturning planned to take place January 2024		
		Te ch - 30		Construction of Mntanyandlovu Creche in Ward 13	100%	0%	10%	Excavation for foundations and ground beam steel fixing	N/A	N/A	30%	37%	The construction progress is within work programme	N/A	N/A			
		Te ch - 31		Construction of Zwelisha Creche Ward 06	100%	0%	5%	Excavation for foundations and site Establishment	N/A	N/A	30%	50%	bricklaying from foundations	N/A	N/A			
		Te ch - 32		Construction of Elihlekhaya Creche in Ward 01	100%	0%	22%	Excavation for foundation and site establishment	N/A	N/A	30%	47%	Wall plate and Fencing	N/A	N/A			

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							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
			Expanding access to Sportfield facilities (2.3.3)	Tech - 33	Percentage utilisation rate of sports fields	100%	100%	0%	0%	0%	100%	0%	0%	0%				
			Improve ment of residential development (2.3.4)	Tech - 34	Constructi on of Nquthu Residential Developm ent phase II (Preparati on of land set aside for residential and commerci al purposes)	100%	75%	100%	The project is complet e	N/A	N/A	85%	100%	The project is comple te	N/A	N/A	1. Inability to effectively and pro-actively manage infrastru ctu re projects. 2. Inability to complete projects within the set time frames.	1. Financial loss to the municipali ty resulting from Project budget overruns. Compromi sed service delivery. Tarnished image of

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
			Improve ment of Nquthu Taxi Rank (2.3.5)	Te ch - 35	Renovatio n of Old Nquthu Tazi Rank in Ward 09	21 %	0%	2%	Site Establishment	N/A	N/A	5%	16%	Site clearing and excavat ion	N/A	N/A	the municipality. Compromi sed quality of workmans hip. 2. Community unrest. Compromi sed service delivery. Withdraw al of funding. Failure to meet target time frames. Overlappi ng of projects. Financial loss (substand ard work/ poor quality).	
NATIONAL DEVELOPMENT PLAN: GOAL 1- CREATEING JOBS AND LIVELYHOOD, GOAL 5 - IMPROVING EDUCATION AND TRAINING & GOAL 9 - TRANSFORMING SOCIETY AND UNITING THE NATION																		
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 2: Economic transformation and job creation and Priority 6: Social cohesion and safe communities.																		
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - ECONOMIC POSITIONING AND PEOPLE DEVELOPMENT																		
NATIONAL KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT																		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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2023/2024 FINANCIAL YEAR																		
Service delivery	Achieve inclusive Economic growth and development to alleviate poverty (3.)	Ensure growing the local economy (3.1)	Development and Implementation of Local Economic Development Agricultural Strategy (3.1.1)	PI an - 01	Percentage of implementation of LED Strategy	100%		N/A	N/A	N/A	N/A	30%	30%	supported 23 cooperatives	0%	0%	1. Failure to create an enabling environment to develop and grow the local economy. 2. Uncoordinated business license approval. 3. Inability to attract/retain investment opportunities. 4. Failure to support small businesses in order to contribute into mainstream economy.	1. Inability to retain existing investors. Inability to attract new investors. Loss of revenue. Lack of economic growth. Increase in unemployment rate. Outward migration of critical skills. Unsustainable businesses. Increase in social ills. 2. Loss of potential revenue. Non-compliance with business regulations. Loss of potential Funding.
				PI an - 02	Percentage of implementation of Agricultural plan	100%		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
			Promote the formalization of SMMEs (3.1.2)	PI an - 03	Average time taken to process business registrations	90 Days	90 Days	90 Days	5 Cooperatives registered	N/A	N/A	90 Days	90 Days	4 Cooperatives registered	N/A	N/A		
				PI an - 22	Number of Informal Trading Shelters constructed	15		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
			Reduce regulatory redtape to promote a suitable environment for businesses thrive	PI an - 04	Average time taken to process business license applications	30 Days	30 Days	30 Days	4 business licenses processed	N/A	N/A	30 Days	5 business licenses processed	All the applications failed	N/A	N/A		

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2023/2024 FINANCIAL YEAR																		
			and attract investment (3.1.3)													3. Loss of potential revenue. High unemployment rate. Slow economic growth. High poverty levels. Community unrest and instability. Loss of potential jobs and income by the community. 4. Stagnant economy. Lack of business		
			Build the capacity of local SMMEs to make them competitive and sustainable (3.1.4)	Plan - 05	Number of capacity building seminars for SMMEs (Women in Business, Business Fair, SMMEs Trainings and youth in Business, Carpentry)	3	1	6	Agricultural Training - 4-6 Sep 2023. Caterting Textile Training 19-22 Sep 2023. Women in Business Semi	N/A	N/A	one training conducted	most trainings were done in quarter	N/A	N/A			

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2023/2024 FINANCIAL YEAR																		
			Implementation of the emerging contract or development programme (3.1.5)	Plan - 06	Percentage of capital projects (exceeding R1 million) utilising sub-contractors.	100%		N/A	N/A	N/A	N/A	100%	0%	The program is still on hold due to the challenges among the committees that are managing subcontracting	0%	The municipality is still trying to resolve the conflicts between the committees	opportunities. High poverty levels. High unemployment rate. Increase in crime rate. High dependency on municipalities. increased social ills.	
			Support local youth enterprises to unleash their potential and innovation (3.1.6)	Plan - 07	Number of youth SMMEs supported	N/A		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		
				Plan - 08	Report to council on skills/support gaps for youth SMMEs	30-Dec-23		N/A	N/A	N/A	N/A	30-Dec-23	No report to council	The LED team is currently collecting data	The amount of work required in collecting data was miscalculated	The report will be finalized and submitted to council in the third quarter		

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2023/2024 FINANCIAL YEAR																		
		To ensure growing the tourism sector in the municipality (3.2)	Development and implementation of Tourism Strategy (3.2.1)	Plan - 09	Number of tourism programmes implemented (Educational Excursion, Tourism Promotion Brochure, Africa Indaba, Tourism promotion affiliation, Ongoing NCTO Support)	4		N/A	N/A	N/A	N/A	2	1	LED and Tourism Educational Excursion took place on the 13-17 Nov 2023. The program failed due to budget constraints	The money will be used to improve the accessibility of the NCTO office	The program will be done next financial year		
				Plan - 10	Date of Approval of Tourism Strategy/ Trade and Investment Strategy by Council	30-Jun-24		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		

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							July - Sep				Oct-Dec							
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual			Comment	Reason for Variance
2023/2024 FINANCIAL YEAR																		
		Promotion of Social cohesion through Arts and Culture development programmes (3.3)	Implementation of Arts, Cultural Affairs and Heritage Programmes (3.3.1))	Plan - 11	Number of Art, Culture and Heritage programmes implemented	7	5	2	Umkhosi wohlanga, umkhosi welemba and	N/A	N/A	1	4	Crafters Workshop- 9 Oct 2023, Ingoma yoMama nezi Ntombi - 5 Oct 2023, Maskandi Festival -28 Oct 2023, SeSotho Dance- 06 Oct 2023	N/A	N/A		
		To ensure more effective poverty alleviation (3.4)	Creation of jobs to alleviate poverty by implementing local, economic development initiatives including capital	Tech - 39	Number of work opportunities created through Public Employment Programmes (incl. EPWP, CWP and other related employment	221	221	205	The annual target is the same as quarterly target, i feel this need to be revised	N/A	N/A	221	231	Additional of 26 from Klwana Hall and Ntanyandlovu Hall	N/A	N/A		

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2023/2024 FINANCIAL YEAR																		
			projects (3.4.1)		programmes)													
			Implementation of LED Mayoral Project Policy (3.4.2)	Plan - 13	Number of beneficiaries benefitted from LED Mayoral Project/Poverty Alleviation Programme implemented	25		N/A	N/A	N/A	N/A			N/A	N/A	N/A		
				Plan - 21	Number of beneficiaries benefiting from Fencing Project	25		N/A	N/A	N/A	N/A			N/A	N/A	N/A		
				Plan - 14	Number of beneficiaries benefiting from Drivers Licence Assistance Projects	45		N/A	N/A	N/A	N/A			N/A	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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2023/2024 FINANCIAL YEAR																		
Ensure accelerated social development of the	Promotion of all sports codes in the municipality (11.1)	Ensure the implementation of all sports development and plans (11.1.1)	Corp - 14	Percentage Implementation of the municipality's sports annual plan	100%	100%	100%	Local Goldens games selection done, participated in district golden games selections, and participated in provincial golden games	0%	0%	100%	100%	Salga Games Local Selections- 14 & 15 Oct 2023. District selection - 25 Nov 2023.	N/A	N/A			

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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2023/2024 FINANCIAL YEAR																		
		To ensure the welfare of vulnerable groups within the municipality (11.2)	Establish and ensure the functionality of representative forums for the targeted social groups (11.2.1)	Corp - 15	Number of Functional representative forums for social sectors Meetings conducted	28	7	14	Womans Month Celebration, Womans Forum, Widows and Widowers, Traditional Healers, Senior Citizen, Mens Months Celebration, Mens Forum, LGBTQI Plus Meeting, HIV Aids Awareness, Faith Based Forum, Disability Festival, Civil Society Forum, Centenarians Event, LAC	N/A	N/A	7	9	Civil Society Forum, Disability Forum, LAC Forum, LGBTQI A+ Forum, Mens Forum, Senior Citizen Forum, Traditional Healers Forum, Widowers Forum, Womens Forum.	N/A	N/A	Ineffective implementation of community programmes.	Compromised service delivery. Tarnished image of the municipality. Increase in poverty rate High rate of orphans/unwanted pregnancies. Community unrest. Escalation of gender based violence and sexual violence cases Increase in child headed households. Decreased number of economically active people within the

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2023/2024 FINANCIAL YEAR																		
		Ensuring Early Childhood Development in Nquthu (11.3)	Providing support to ECD centres (11.3.1)	MM-03	Number of early childhood development activities conducted	4	1	1	Nquthu Municipality together with Assupol visited Four ECD Centres.	N/A	N/A	1	1	Nquthu Municipality in partnership with Assupol Community Trust conducted the sod turning of four ECD Centres. On the 04 December 2023, The Mayor handed over the crech material at Mdumezulu Crech, ward 10 and Sizameleni Crech,	N/A	N/A		

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2023/2024 FINANCIAL YEAR																		
													Ward 18.					

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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2023/2024 FINANCIAL YEAR																		
		Ensuring youth development in Nquthu (11.4)	Initiating and implementing youth development initiatives (11.4.1)	MM-04	Percentage of youth development programmes implemented	100%	100%	100%	1. Nelson Mandela Day conducted on the 1/9/23. 2. Youth Empowerment in Agricultural Program conducted on the 01/09/23. 3. Youth council meetings conducted at Umzinyathi District Municipality on the 19/09/23. 4. Nquthu Municipality worked with	N/A	N/A	100%	100%	Nquthu Municipality in partnership with Assupol Community Trust, conducted the sod turning at Four ECD centres, which are Zamokuhle Crech, ward 4, Khumani Crech, ward 8, Shayamoya Crech ward 10, and Masixhasane Crech ward 11. On the 4	N/A	N/A	Lack of youth growth and development.	High unemployment rate (above 70%). High poverty rate. Negative impact on emotional wellbeing (depression, anxiety). Substance abuse. Increase in crime rate. Increase in fraud and corruption. Increase in unplanned in and out of school pregnancies. Increase in STI's.

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2023/2024 FINANCIAL YEAR																		
									Department of Rural Development to recruit 7 unemployed youth under ward 1 to participate in the NARYSE C program .								October 2023, The Mayor handed the Youth Empowerment in Agriculture Materials to eight youth cooperatives. On the 6 December 2023, about 190 Youth Headed Households received food vouchers worth a value of R 1000 each.	

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2023/2024 FINANCIAL YEAR																		
		To render library services to communities. (N/A)	Improve library services accessibility through different programmes (N/A)	Corp - 16	Number of library outreach activities conducted	36	9	9	9 library outreach conducted	N/A	N/A	9	9	9 Library outreach conducted	N/A	N/A	Insufficient and under resourced libraries.	Compromised service delivery. Financial loss. Theft.
				Corp - 17	Average number of library visits per library	3877	3877	6942	Average number of library with total of 20828 = 6942	N/A	N/A	3877	3877	0	0	0		
KPA 04: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																		
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 1: A capable, ethical and developmental state																		
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - GOVERNANCE AND MANAGEMENT																		
KEY PERFORMANCE AREA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																		
Putting people first and Good Governance	To attain a well governed and accessible municipality that	Ensure effective strategic planning by developing a credible IDP (4.1)	Ensure that the IDP is compliant and meet all prescribed timelines (4.1.1)	MM - 05	Number of IDP Steering Committee conducted	4	1	1	0	0	0	1	2	IDP Steering committee conducted on the 10 October 2023 and 14 December 2023	N/A	N/A	Non credible Integrated Development Plan.	Compromised service delivery. Community unrest. Tarnished image of the Municipality. Poor implementation of Integrated Development Plan projects. Non alignment
				MM - 06	Date of approval of Draft IDP 2024/25	30-March-24		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		

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2023/2024 FINANCIAL YEAR																		
				M-07	Date of approval of FinalDP 2024/25	31-May-24		N/A	N/A	N/A	N/A		N/A	N/A	N/A		of SDBIP with Integrated Development Plan. Misallocation of resources (developments etc.). Loss of investor confidence. Incurring UIFW expenditure.	
				M-08	Date of Strategic Planning conducted	28-Feb-24		N/A	N/A	N/A	N/A		N/A	N/A	N/A			
				M-09	Number of IDP presentations to OSS Stakeholders	4	1	1	IDP office made the presentation to OSS Stakeholders on the 11 July 2023.	0	0	1	1	IDP Presentation presented to OSS on the 30 November 2023	N/A	N/A		
				M-10	Date of IDP/Budget Consultation	30-Apr-24		N/A	N/A	N/A	N/A		N/A	N/A	N/A			

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
		Improved municipal responsiveness (4.2)	Ensure that all complaints received are attended to on time (4.2.1)	MM-11	Percentage of received complaints responded to within 14 day	100%	100%	100%	All four received complaints were attended	N/A	N/A	100%	N/A	N/A	N/A	N/A	Failure to improve customer care.	Non-compliance with Batho Pele principles Tarnished image of the Municipality. Dissatisfied customers . Compromised service delivery. Community unrest. Financial loss.

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
			Ensure that all ward committees are functional (4.2.2)	Corp - 18	Percentage of Ward Committee Functionality	100%	100%	0%	The Quarter 1 assessment for Ward Committees will take place on the 18th of October 2023	Verification results will be submitted in Quarter 2	N/A	100%	84%	Ward 2 - 2 out of 3 WC Meetings held, Ward 4 - WC meeting chaired by Cllr & minutes for W/C meetings not stamped & signed by Cllr and Ward 17 - All community meetings held minutes and attendance register not signed	The Speaker must call a meeting and present the verification results to all Ward Cllrs	Cogta will be requested to set up a meeting with all Ward Cllrs	Ineffective functionality of the ward committees.	Communication breakdown. Compromised service delivery. Low staff morale. Community unrest.

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
		Improve council functionality (4.3)	Prevent disruption of council meetings to ensure smooth functioning of council (4.3.1)	Corp - 19	Number of agenda items deferred to the next council meeting	0	0	0%	Council meetings held on 26 July 2023, 27 July 2023, 30 August 2023 and 29 September 2023	N/A	N/A	0	0	Council meetings held on 27 October and 14 December 2023	Council meetings sits on quarterly basis	N/A		
			Reporting of council (4.3.1)	Corp - 20	Percentage of councillors attending council meetings	100%	100%	94%	6% of Cllrs applied for leave of absence	N/A	N/A	100%	93%	7% of Cllrs applied for leave of absence	N/A	N/A		
		To ensure the municipality abide with Circular No. 88 of the MFMA (4.4)	Reporting to Provincial Cogta on Indicators prescribed in Circular No.88 (4.4.1)	MM - 12	Number of Circular No.88 Reports submitted to Provincial Cogta	4	1	1	Circular 88 Submitted to COGTA on the 8/09/2023	N/A	N/A	1	1	Circular 88 was submitted to Cogta in Q2	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
		To ensure improved communication with communities (4.5)	Engaging communities about all development or infrastructure projects (4.5.1)	MM-13	Number of SOD/trunings for infrastructure projects	18	10	13	13 SOD Turnings projects conducted. Elihlikha ya Crech, Kgosi Elphas Hall, Klwane Hall, Magong oloza Hall, Mbuwunye Hall, Mphondi Hall, Nhlophe ni Hall, Taxi Rank, Ntanyandlovu Hall (Ward 10), Ntanyandlovu Crech (Ward 13), Zwelisha Crech, Nquthu Road Phase III	N/A	N/A	8	6	6 SOD Turnings were conducted	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
				MM-14	Number of handovers for infrastructure projects	17	5	6	Nquthu Municipality in partnership with Assupol Community Trust handed over five ECD Centres, Siyazama, Nkanyisweni, Toy Library, Sunrise and Sinenhlahla Crech.	N/A	N/A	5	4	4 Handover of projects were conducted	0	0		
	To ensure effective risk management (4.6)	Implement the municipality's risk management policy and		MM-15	Percentage of risk action plan implemented	100%	100%	82%	About 82% of the risk matters resolved.	0%	0%	100%	100%	All risk action plan were implemented	N/A	N/A	Ineffective risk management.	Lack of risk management maturity level growth. Poor governance leading to

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																	
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							July - Sep				Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual			Comment
2023/2024 FINANCIAL YEAR																	
			strategy (4.6.1)	M - 16	Number of Risk Management Committee Meeting Conducted	4	1	1	RMC Meeting conducted 3 August 2023	N/A	N/A	1	1	Risk committee conducted on the 10 Nov 2023	N/A	N/A	financial losses and non-achievement of strategic objectives . Compromised business continuity . Non-compliance with Municipal Finance Management Act, Treasury Regulations and other relevant and appropriate prescripts. Negative impact on the audit opinion.

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							July - Sep				Oct-Dec							
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual			Comment	Reason for Variance
2023/2024 FINANCIAL YEAR																		
		Strive to attain a clean audit (4.7)	Ensure that the AG Action Plan is implemented and that Audit Committee sits and reports to Council (4.7.1)	M - 17	Number of Audit Committee reports to Council	2		N/A	N/A	N/A	N/A	1	1	AC Report to Council on 2023/11/10	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																	
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							July - Sep				Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual			Comment
2023/2024 FINANCIAL YEAR																	
				MM-18	Percentage of AG Action Plan implemented	100%		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	Ineffective internal audit function. Regression of Auditor General's audit opinion. Fraud and Corruption. Non-compliance with Municipal Finance Management Act and other applicable legislation. Tarnished image of the municipality. Compromised service delivery, recurring audit findings.

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2023/2024 FINANCIAL YEAR																		
				MM - 19	Number of audit committee meetings	4	1	4	Four audit committee meetings were conducted on 05 July 2023, 15 August 2023, 22 August 2023 and 29 August 2023	N/A	N/A	1	1	AC Meeting conducted on the 22 November 2023	N/A	N/A		
	To ensure effective records management	Implementation of Records Procedure		Corp - 21	Number of Records Management Awareness conducted	1		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		

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2023/2024 FINANCIAL YEAR																		
		system (4.8)	Manual (4.8.1)		Percentage of implementation of Approved File Plan	100%	100%	100%	The filing plan was approved on 30 May 2023	N/A	N/A	100%	100%	The filing plan was approved on 30 May 2023	N/A	N/A	Inability to safeguard and adequately track municipal records.	Loss of information. Audit queries, limitation of scope. Possible litigations against the municipality. Failure to account. Financial (electronic system procured and not in use).
National Development Plan: Goal 8 - Fighting corruption and enhancing accountability. Goal 7 - Building a capable state.																		
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS): Priority 1: A capable, ethical and developmental state.																		
UMZINYATHI DISTRICT ONE PLAN: PRIORITY- GOVERNANCE AND MANAGEMENT																		
KPA 05: FINANCIAL MANAGEMENT AND VIABILITY																		
Sound financial improved and sound		To ensure effective expenditure management (5.1)	Ensuring that the municipality execute its procurement plan	BT 0-03	Percentage of Procurement Plan implemented	100%	100%	24%	below target	0%	CFO to encourage HODs	100%	47%	0%	0	0		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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2023/2024 FINANCIAL YEAR																		
		Ensure municipal financial sustainability (5.2)	Maintain proper municipal financial sustainability	BT O-04	Percentage of Level of Cash Backed Reserves	100%	100%	795%	7 times above norm	0%	0%	100%	239%	0%	N/A	0	Inability to identify future events/threats/conditions that may cause a municipality to cease as a going concern.	Material misstatement of going concern (disclosures). Possible liquidation of municipal assets. Municipality can be placed under administration.
		To ensure improved municipal liquidity position (5.3)	Ensure that the municipality is in a good position to meet its short-term liabilities by maintaining a set current ratio	BT O-05	Current Ratio	2:01	2:01	0.57:1	Below norm	0%	To ensure that all transactions reflect in the TB timeously	2:01	18.24:01	0%	Value of assets are high current liabilities	0		
			Prudent management of municipal finances to ensure sustainability	BT O-06	Liquidity Ratio	1.5-2:1	1.5-2:1	133.20:1	Above norm	0%	0%	1.5-2:1	29.47:1	0%	0	0		

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2023/2024 FINANCIAL YEAR																		
			Ensure municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month.	BT O-07	Number of months for municipality's ability to meet at least its monthly fixed operating commitments	3 months	3 months	9.23 months	above norm	Financial stable for next 9 months.	0%	3 months	12 months	0%	0	0		
	To ensure improved debt management (5.4)	Improve debt collection by billing of all municipal debtors (5.4.1)	BT O-08	Net Debtors Days	30 Days	30 Days	2941.09	below target	Revenue collection challenges	to enforce debt collection and credit control measures		30 Days	215 days	0%	0	0		

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							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
				BT O-09	Collection Rate	95%	95%	43%	below norm	Revenue collection challenges	to enforce debt collection and credit control measures	95%	86%	0%	Monthly billings	0	Inability to collect and maximise revenue.	Loss of revenue. Compromised service delivery. Financial loss due to replacement of damaged meters. High dependence on municipal grants. Community unrest.

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
			Keep municipal assets in good state by efficient spending of maintenance budget (5.4.2)	BT O-10	Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value)	8%	8%	0.32%	above norm	please refer to actual R&M schedule POE.	To import all opening balances and calculate impairment on all assets	8%	2%	0%	0	0	Inability to construct/rehabilitate and maintain roads and storm water drainage, street lights, building infrastructure.	Lack of access to homesteads/facilities Increase road accidents and damaging of vehicles. Financial loss. Loss of life. Compromised service delivery. Delays in the delivering services by various departments (e.g. Health and Education). Tarnished image of the municipality. Compromised economic

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2023/2024 FINANCIAL YEAR																		
																	development.	

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
			Invest optimally in infrastructure by spending budgeted capital expenditure (5.4.3)	BT O-11	Capital Expenditure to Total Expenditure	30%	30%	53%	above norm	0%	0%	30%	29%	0%	0	0		
	To ensure improved financial management (5.5)	Ensure proper budget implementation and that expenditure is incurred in acceptable standards (5.5.1)		BT O-12	Percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	100%	10%	0%	0%	0%	0%	30%	53%	0%	0	0	Poor spending on allocated grants.	Withdrawal of funding Poor Service Delivery Non improvement of economic lives of the citizens Incurring UIFW expenditure.
				BT O-13	Percentage of operating budget spend	100%	10%	0%	Simple to submit	0%	0%	50%	38%	0%	0	0		

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2023/2024 FINANCIAL YEAR																		
				BT O-15	Number of days taken to pay trade creditors	30 days	30 days	0.08 days	0%	0%	0%	30 days	27 days	0%	N/A	N/A	Inability to pay creditors within 30 days.	Unauthorized, irregular fruitless and wasteful expenditure. Cash flow problems. Non-compliance with Municipal Finance Management Act (30 days). Financial loss due to interest expenses. Tarnished image of the Municipality. Adverse credit rating. Audit query. Possible litigation. unsupported payments

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2023/2024 FINANCIAL YEAR																		
				BT O-16	Number of Budget Steering Committee meetings convened	4	1	1	target met	0	0	1	1	0	N/A	N/A		
				BT O-17	Submit 2024/25 Draft Annual Budget to the Council	30-March-24			resolution attached	0%	0%		N/A	N/A	N/A	N/A		
				BT O-18	Submit 2024/25 Annual Budget to the Council	31-May-24			resolution attached	0%	0%		N/A	N/A	N/A	N/A		

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2023/2024 FINANCIAL YEAR																		
			Ensure effective procurement management by adhering a set average turn-around time for awarding of bids (5.5.2)	BT O-19	Average length of time from advertisement of a tender to the letter of award	3 months	3 months	2 months	within target	0%	0%	3 months	3 months	0%	0	0	Ineffective Bid Committees.	Delays in conclusion of Tender processes. Compromised service delivery. Community unrest. Withdrawal of funding/Cancellations of Memorandum of Understandings. Cancellation of grants. Irregular and fruitless expenditure.

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2023/2024 FINANCIAL YEAR																		
			Ensure that electricity distribution losses does not exceed 10% (5.5.3)	BT O-20	Percentage of electricity Distribution Losses	10%	10%	34%	0%	0%	0%	10%	32%	0%	0	0	Electricity distribution losses.	Loss of revenue. Inaccurate billing Inaccurate meter reading Compromised service delivery. Tarnished image of the municipality.
			Ensure effective and consistent reporting (5.5.4)	BT O-21	Submission of 2022/23 AFS to AG by 31 August 2023	30-Aug-23	30-Aug-23	31/08/2023	confirmation by AG attached	0%	0%	n/a	0%	0	0			
				BT O-22	Number of S72 reports tabled to Council	1		n/a	n/a	0	0	1	0	0	0			

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2023/2024 FINANCIAL YEAR																		
				BT O-23	Number of S52 reports tabled to Council	4	1	1	0	0	0	1	1	0	0	0		
National Development Plan: Goal 4 - Transforming urban and rural spaces.																		
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 5: Spatial integration, human settlements and local government.																		
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - SPATIAL RESTRUCTURING AND ENVIRONMENTAL SUSTAINABILITY																		
NATIONAL KEY PERFORMANCE AREA 6: CROSS CUTTING																		
Service delivery	Improve strategic planning and	To ensure effective land use management and development planning (6.1)	Reviewing of SDF to address spatial challenges in Nquthu Town (6.1.1)	Plan - 15	Date of submission of reviewed SDF to council for approval	30-Jun-24		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		

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2023/2024 FINANCIAL YEAR																		
		To ensure provision of gathering, managing, and analyzing spatially related data through GIS (6.2)	Implementation of GIS Strategy (6.2.1)	Plan - 16	Percentage of GIS services requests responded to within 30 days	100%	100%	100%	3 requirements done	N/A	N/A	100%	100%	100%	N/A	N/A	Non-integration of geographic information systems to municipal business processes.	Under usage of Geographic Information System benefits. Hindrance in development (restricts planning). Uncoordinated development. Possible loss of revenue. Non-compliance with legislation. Loss of data. Inability to map all municipal infrastructure.
				Plan - 17	Percentage of implementation of GIS Action Plan as per strategy	100%	100%	100%	registered esri certificate	N/A	N/A	100%	100%	GIS Manager and Officer appointed in December. In process of paying ESRI company	GIS Office was vacant, GIS Strategy is outdated	In process of paying ESRI company GIS licence for current financial year. Update		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
		Ensure compliance with National building Regulations Act and Building Standards and Bylaws (6.3)	Creating awareness to local community National Building Regulations Act and building standards (6.3.1)	Plan - 18	Number of Building Inspections conducted	80	20	56	56 Building Inspections conducted	N/A	N/A	20	39	39 Building inspections conducted	N/A	N/A		
				Plan - 19	Number of Building Regulations Act and building standards awareness conducted	4	1	1	One awareness campaign done	N/A	N/A	1	1	Awareness campaign conducted on the 6 Nov 2023	N/A	N/A		

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
BACK TO BASIC	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Quarter 1					Quarter 2					RISK DESCRIPTION (As per operational risk register)	CONSEQUENCES (As per operational risk register)
							July - Sep					Oct-Dec						
							2023/24	Target	Actual	Comment	Reason for Variance	Corrective Measure	Target	Actual	Comment	Reason for Variance		
2023/2024 FINANCIAL YEAR																		
Achieve improved response to disasters and crime management (7.)	Improve mitigation effects of emergencies and disasters (7.1)	Improve disaster response time and Alerts to the community (7.1.1)	Corp - 23	Percentage (%) of callouts responded to within 1 hours for structural fire incidents	100%	100%	100%	All callout responded to within 1 hours	N/A	N/A	100%	100%	All callout responded to within 1 hours	N/A	N/A	Inability to respond timeously in the event of a disaster.	Destruction of property. Injuries/fatalities. Financial loss. Tarnished image of the municipality. Community unrest. Compromised service delivery. Litigations.	
			Corp - 24	Number of Lightning conductors installed	326	81	112	112 lightning conductors installed	N/A	N/A	81	204	204 lightning conducted installed	N/A	N/A			
			Corp - 25	Number of Disaster Management Awareness Campaign	60	15	17	17 Disaster Awareness Campaigns conducted	N/A	N/A	15	8	under achieved	stakeholder were overcommitted during this period of the year	More campaigns to be conducted in Q3			

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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2023/2024 FINANCIAL YEAR																		
Safe municipal environment (8.)		Ensure a secure and safe municipal environment (8.1)	Implementation of municipal safety plan (8.1.1)	Corp - 26	Percentage of implementation of Safety Plan	100 %		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	Inadequate security management within municipal buildings.	Compromised safety of municipal officials/Councillors. Theft of municipal assets. Financial losses. Loss of confidential information.
		To ensure safer local roads (8.2)	Maximum enforcement of road traffic laws and municipal bylaws (.8.2.1)	Corp - 27	Number of road blocks conducted	45	10	14	14 roadblocks were conducted	N/A	N/A	15	27	27 Road blocks conducted	More road blocs were required for festive season	0%	Ineffective Law enforcement management.	Increase in traffic. Increase in road accidents. Loss of potential revenue. Validity of traffic fines issued. Increase in traffic violations.

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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2023/2024 FINANCIAL YEAR																		
Sustainable development and environmental management (9.)	To ensure effective environmental protection (9.1)	Review and Implementation of Integrated Waste Management Plan (9.1.1)	Tech - 36	Percentage of scheduled waste collection service users reporting non-collection	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	Inadequate waste management.	Untidy town. Loss of revenue. Health hazards. Tarnished image of the Municipality. Inability to attract investor. Slow economic growth. Non-compliance with National Environmental Management Act. Non-compliance with Integrated Waste Management Plan.		
			Tech - 37	Review of Integrated Wasted Management Plan	30-Jun-24	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
			Tech - 38	Number of Waste management Campaigns conducted	4	1	2	Two campaign Achieved for this Quarter	N/A	N/A	1	0	0	0%			0%	

MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN MID-YEAR/QUARTER TWO PERFORMANCE																		
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2023/2024 FINANCIAL YEAR																		
		Effective environmental management. (9.2)	Partner with relevant government departments and NGOs to implement environmental management programmes or projects. (9.2.1)	Plan - 20	Number of reports to Council on the implementation of the Cleaning and Greening (Community-based) project.	4	1	1	One clean up Campaign done	N/A	N/A	1	0	0	0	0		

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **M.B. Jiyane**, municipal manager of Nquthu Municipality, hereby certify that the:

Mid-year budget and Performance assessment

for the month of **December** of 2023 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act,

Print Name **Mr Mpumelelo B. Jiyane**

Municipal manager of Nquthu Municipality (KZN 242)

Signature _____

Date **16 January 2023**