

NQUTHU MUNICIPALITY (KZN 242)



SECTION 52(d) QUARTELY REPORT – Q1 2023/24 FINANCIAL YEAR

Table of Contents

PART 1 – FIRST QUARTER REPORT

1.1 MAYORS' REPORT	3
1.2 RESOLUTIONS	4
1.3 EXECUTIVE SUMMARY	4
1.4 LEGAL REQUIREMENTS.....	4
1.5 IN-YEAR BUDGET STATEMENT TABLES	6

PART 2 – SUPPORTING DOCUMENTATION

2.1 INVESTMENT PORTFOLIO ANALYSIS	17
2.2 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS	18
2.3 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE	19
2.4 DEBTOR'S ANALYSIS	19
2.5 CREDITOR'S ANALYSIS	20
2.6 SUPPLY CHAIN MANAGEMENT	23
2.7 COST CONTAINMENT MEASURES	25
2.8 MUNICIPAL MANAGER'S QUALITY CERTIFICATE.....	26

List of Tables

Table 1 MBRR Table C1 -Monthly Budget Statement Summary	6
Table 2 MBRR Table C2 _ Monthly Financial Performance (standard Classification	9
Table 3 MBRR Table C3 -Financial Performance (revenue and expenditure by municipal vote)	10
Table 4 MBRR Table C4 -Financial Performance (revenue and expenditure)	11
Table 5 MBRR Table C5 -Capital expenditure (municipal vote and funding).....	14
Table 6 MBRR Table C6 -Financial Position	15
Table 7 MBRR Table C7 - Cash Flow	16
Table 8 Debtor's Analysis	19
Table 9 Creditor's Analysis	20
Table 13 Supply Chain Management	21

PART1

IN-YEAR REPORT

Mayors Report

Nquthu Municipality strives to fulfil the 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. In this spirit the council adopted funded budget and credible IDP document within the timelines as set out in the MFMA, additionally the SDBIDP has been formulated with attainable performance indicators. 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 management of the municipality implements and monitors the resolution register of council to ensure and enforce good governance, enhance financial viability, and instil ethical behaviour amongst officials and councillors. The areas of concern that the municipality is attending closely affect the financial liquidity of the municipality, hence the review of the cost containment measures whereby the council will be continuously provide oversight in this regard , and eventually reduce transactions contributing to UIFW.

The municipality's DORA allocation in respect of equitable share for the current year amounts to R179 521 compared to R169 636 million in the previous year, there is an increase of R9.8 million in allocation for equitable share for 23-24 financial year. The Nquthu Municipal council approved funded original budget within Treasury timelines, the larger portion of the equitable share budget is allocated to staff benefits and councillor allowances for salaries & allowances, additionally fuel and oil line item has significantly surged over the last two years, pushing management to closely monitor all fleet management challenges closely. Other DORA allocations are for MFMA (R1.8 million), INEP (R10 million), MIG (R36.6 million), EPWP (1.1 million). The municipality received other grant funding from the Provincial COGTA, amounting to R10 million for Energy Efficiency and Demand grant, as well as Mass Electrification grant amounting to R21.6 million. The municipality experienced challenges on grant spending therefore the municipality is working with departments concerned to resolve spending issues in ensuring that no funds are withheld because that would have negative repercussions financially in completing the ongoing projects. Nquthu Municipality is implementing the fifth general valuation roll since July 2023 until 30 September 2028, there were notable challenges in reconciliation of the billing system GV and manual GV due to enormous shift from the previous roll as this roll is compiled by the new Valuer.

Finally, the municipality has developed and approved risk registers, encompassing the element of operational risks, fraud risk and enterprise risks. Challenges in relation to financial management are followed through when assessing Section 71 monthly budget statements, additionally non-financial information such as UIFW registers, commitment and contract management matters are attended and reported on a monthly basis to ensure that all financial related matters are fully incorporated when reporting to council.

Resolutions

Section 52d quarterly report resolutions for period ending 30 September 2023

Section 52d quarterly report is tabled before council for consideration by Council. Hereunder are the resolutions in terms of the Municipal Budget and Reporting Regulations Schedule-C (In Year Reporting) requirements for consideration by council:

- THAT the Council note the quarterly report on implementing of the budget and the financial affairs for the municipality referred to in Section (52d) MFMA.
- THAT the Council note the review by the Honourable Mayor as detailed in Mayors’ report be considered as the financial status of the municipality.
- THAT the Council note the mayor’s quarterly report in terms of Section 30 MFMA Regulations, be placed on the municipality’s website within five days of tabling of the report in the council.
- THAT the Council note the mayor’s quarterly report in terms of Section 31(c) MFMA Regulations, be submitted to the National Treasury and the relevant provincial treasury within five days of tabling of the report in the council.

Executive Summary

Purpose

The fundamental purpose of this report is to comply with section 52(d) of the Municipal Finance Management Act (MFMA), by submission of a report to the Council on the implementation of the budget. The report provides a quarterly overview of the financial performance of the municipality, whilst it also provides a monitoring tool for Council on the non-financial indicators which is part of the service delivery and budget implementation plan.

The report strategic objective is to ensure good governance, provide a monitor tool for financial viability as well as to provide Council with the necessary information to make informed decisions. Section 52 (d) of the MFMA requires that: The mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

The report in alignment with each table as extracted from C-Schedule is providing corrective measures taken to ensure that budget is aligned to expenditure and revenue projection. All adjustments made to original budget were a result of Mid-year assessment review, consequently adjusting items during the adjustment budget process period.

Legal Requirement

In terms of section 52(d) of the MFMA, the Mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state affairs of the municipality.

In terms of S6 of MBRR, the Statement of Financial Performance shown in Table C4 for Month 03 (September) serves as a consolidated municipality’s performance in relation to both approved annual budget and the latest approved adjustment budget. The consolidated summary of the financial performance is indicated in Table C4 below:

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Year TD actual	Year TD budget	YTD varian	YTD varian %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		22 456	34 732	34 732	1 770	6 725	8 683	(1 958)	-23%	34 732
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 115	1 410	1 410	143	429	353	76	22%	1 410
Sale of Goods and Rendering of Services		185	246	246	6	103	62	41	67%	246
Agency services		-	-	-	-	-	-	-	-	-
Interest		66	-	-	6	16	-	16	#DIV/0!	-
Interest earned from Receivables		534	377	377	55	161	94	66	71%	377
Interest from Current and Non Current Assets		10 349	2 379	2 379	144	479	595	-	-	2 379
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		792	885	885	53	162	221	(59)	-27%	885
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		321	190	190	-	27	48	(21)	-44%	190
Non-Exchange Revenue										
Property rates		36 645	52 033	52 033	4 814	18 253	13 008	5 244	40%	52 033
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		894	2 277	2 277	-	139	569	(430)	-	2 277
Licence and permits		957	931	931	91	263	233	30	-	931
Transfers and subsidies - Operational		177 394	186 543	186 543	-	75 968	46 636	29 332	-	186 543
Interest		1 886	-	-	211	589	-	589	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		253 594	282 002	282 002	7 293	103 313	70 501	####	47%	282 002
Expenditure By Type										
Employee related costs		87 581	114 465	114 465	-	-	28 616	(28 616)	-100%	114 465
Remuneration of councillors		13 462	16 899	16 899	-	-	4 225	(4 225)	-100%	16 899
Bulk purchases - electricity		31 384	34 783	34 783	4 978	8 855	8 696	160	-	34 783
Inventory consumed		1 449	12 851	12 851	1 121	3 090	3 213	(123)	-	12 851
Debt impairment		(6 122)	-	-	-	-	-	-	-	-
Depreciation and amortisation		30 722	23 890	23 890	-	-	5 973	(5 973)	-100%	23 890
Interest		-	0	0	-	-	0	(0)	-100%	0
Contracted services		55 184	32 464	32 464	958	6 695	8 116	(1 421)	-18%	32 464
Transfers and subsidies		4 453	3 719	3 719	-	660	930	(269)	-29%	3 719
Irrecoverable debts written off		152	6 900	6 900	6	361	1 725	(1 364)	-	6 900
Operational costs		54 802	38 148	38 148	651	6 464	9 537	(3 073)	-32%	38 148
Losses on Disposal of Assets		1 350	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		274 417	284 119	284 119	7 714	26 126	71 030	####	-63%	284 119
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary)		41 026	46 675	46 675	-	5 116	11 669	(6 553)	(0)	46 675
Transfers and subsidies - capital (in-kind)		2 005	-	-	-	-	-	-	(0)	-
Surplus/(Deficit) after capital transfers & Income Tax		22 209	44 559	44 559	(421)	82 303	11 140			44 559
Surplus/(Deficit) after income tax		22 209	44 559	44 559	(421)	82 303	11 140			44 559
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
municipality		22 209	44 559	44 559	(421)	82 303	11 140			44 559
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		22 209	44 559	44 559	(421)	82 303	11 140			44 559

As indicated in Table C4 above, as of 30 September 2023 the revenue excluding capital grants amounted to R103 313 million in comparison to R282 002 million budget resulting in 47%. Capital monetary allocation recognised in the Statement of financial performance reflects a R0 variance, additionally all DORA allocations as budgeted for has been received by the municipality as at the reporting date. Total Operational Expenditure amounts to R26 126 million compared to budgeted figure of R274 417 resulting in a variance of 63% which is significantly lower, this is due to payroll data not uploaded in the financial system and other expenditure data that is not fully captured on the system. In terms of Material variances, all material variances noted in the financial performance as well as on the monthly budget statement summary will be verified during adjustment budget period.

IN-YEAR BUDGET STATEMENT TABLES – TABLE C1

Choose name from list - Table C1 Monthly Budget Statement Summary - M03 September									
Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD varianc	YTD varianc %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	36 645	52 033	52 033	4 814	18 253	13 008	5 244	40%	52 033
Service charges	23 572	36 142	36 142	1 913	7 154	9 035	(1 881)	-21%	36 142
Investment revenue	10 349	-	-	6	16	-	16	#DIV/0!	-
Transfers and subsidies - Operational	10 349	2 379	2 379	144	479	595	(115)	-19%	2 379
Other own revenue	172 681	191 449	191 449	417	77 411	47 862	29 549	62%	-
Total Revenue (excluding capital transfers and contributions)	253 594	282 002	282 002	7 293	103 313	70 501	###	47%	282 002
Employee costs	87 581	114 465	114 465	-	-	28 616	(28 616)		114 465
Remuneration of Councillors	13 462	16 899	16 899	-	-	4 225	(4 225)		16 899
Depreciation and amortisation	30 722	23 890	23 890	-	-	5 973	(5 973)		23 890
Interest	-	0	0	-	-	0	(0)		0
Inventory consumed and bulk purchases	32 833	47 634	47 634	6 099	11 945	11 908	37		47 634
Transfers and subsidies	4 453	3 719	3 719	-	660	930	(269)	-29%	3 719
Other expenditure	105 366	77 512	77 512	1 615	13 520	19 378	(5 858)	-30%	77 512
Total Expenditure	274 417	284 119	284 119	7 714	26 126	71 030	###	-63%	284 119
Surplus/(Deficit)	(20 822)	(2 116)	(2 116)	(421)	77 187	(529)	###	###	(2 116)
Transfers and subsidies - capital (monetary)	41 026	46 675	46 675	-	5 116	11 669	##	-56%	46 675
Transfers and subsidies - capital (in-kind)	2 005	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	22 209	44 559	44 559	(421)	82 303	11 140	71 164	639%	44 559
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	22 209	44 559	44 559	(421)	82 303	11 140	71 164	639%	44 559
Capital expenditure & funds sources									
Capital expenditure	(47 841)	60 608	60 720	5 682	14 543	15 180	(637)	-4%	60 720
Capital transfers recognised	(6 537)	31 891	32 003	4 948	9 396	8 001	1 396	17%	32 003
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	(41 906)	28 716	28 716	735	5 373	7 179	(1 806)	-25%	28 716
Total sources of capital funds	(48 443)	60 608	60 720	5 682	14 770	15 180	(410)	-3%	60 720
Financial position									
Total current assets	149 832	474 448	474 448		91 530				474 448
Total non current assets	674 049	653 314	653 426		14 770				653 426
Total current liabilities	109 361	243 047	242 873		24 046				242 873
Total non current liabilities	875	2 779	2 779		-				2 779
Community wealth/Equity	722 032	837 357	837 357		-				837 357
Cash flows									
Net cash from (used) operating	(72 648)	8 771	30 379	13 700	126 517	17 595	#####	-619%	30 379
Net cash from (used) investing	(66 207)	(69 319)	(69 319)	(6 418)	(16 868)	(17 330)	(462)	3%	(69 319)
Net cash from (used) financing	-	-	-	-	-	-	-		-
Cash/cash equivalents at the month/y	(8 360)	109 235	130 844	-	109 648	170 049	###	36%	(38 940)
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dgs	151-180 Dgs	181 Dgs- 1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	3 028	800	558	246	247	270	273	12 365	17 787
Creditors Age Analysis									
Total Creditors	6 224	2 410	1 367	1 316	34	28	-	0	11 379

Budget statement table shows that at the end of quarter one the municipality has recognised surplus of R77 million, which is more than the budget of R44 million. Monthly budget statement summary (Table C1), for first quarter of the year, shows expenditure YTD

of R26.1 million compared to budgeted figure of R284 million resulting in 63% variance, furthermore the YTD actual revenue amounts to R103 313 million compared to expenditure to date of R26.1 million, this shows that municipal expenditure spending is well within means and within budget, however payroll data is yet to be captured in the financial system.

In the first quarter of this financial year under reporting there are no major financial problems or major risks facing the municipality based on this report, risk registers will be updated according for this quarter reporting. The items below are brought to attention for the purposing of disclosing financial information in a transparent manner.

Revenue by source

The YTD actual revenue in relation to high contributing sources i.e., property rates R18 253 million versus the YTD Budget of R52 033 million, which reflects collection of revenue by 40%, additionally transfers and subsidies YTD actual amounts to R5.1 million compared to YTD Budget figure of R46 million resulting in 56% variance, however this figure is not aligned with the grant register figures for received grants. Service charges revenue recognised TYD actual figure amounts to R7.1 million, however various challenges are noted in service charges revenue recognition owing to expenditure costs in relation to providing refuse removal and electricity services, hence overall the municipality is recognising losses on electricity distribution and waste removal services.

Operating expenditure by vote & type

Operating expenditure is underspent by 63% when compared to YTD budget for the period ending 30 September 2023, the municipality is spending and procuring in line with the procurement plan as well as planned or scheduled activities that the municipality budgeted for. There are ongoing engagement with system service provider to ensure that payroll data is captured for quarter one, since there are zero transactions as at 30 September 2023.

Capital expenditure.

The YTD expenditure on capital expenditure stands at 3% underspending, PMU unit with is working together with Technical Directorate to ensure that MIG, INEP and other capital grants are spent within timelines provided by COGTA and Treasury. Grant register is enclosed in this report to disclose all details of grants receipts and expenditure.

Cash flows

Surplus cash is invested at approved banking institutions in accordance with current cash and investment policy.

Allocations received (National & Provincial grants)

DORA allocations for 2023/2024 financial year (operational & capital) have been received furthermore the grant register is enclosed on Part2 of this report to reflect the incoming funds, expenditures, and grants closing balances.

Disposal Management

There were assets identified for disposal at the end of the period, the processes of reporting these assets to council is ongoing.

Deviations

A list of deviations from SCM is affixed hereto as approved by Municipal Manager.

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

Choose name from list - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September										
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										
<i>Governance and administration</i>		219 932	274 390	274 390	5 215	99 563	68 597	30 965	45%	274 390
Executive and council		35 231	36 675	36 675	-	5 116	9 169	(4 053)	-44%	36 675
Finance and administration		184 701	237 715	237 715	5 215	94 446	59 429	35 018	59%	237 715
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5 191	6 071	6 071	87	1 235	1 518	(283)	-19%	6 071
Community and social services		3 371	4 229	4 229	7	846	1 057	(211)	-20%	4 229
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 820	1 842	1 842	80	388	461	(72)	-16%	1 842
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3 350	528	528	14	30	132	(102)	-78%	528
Planning and development		1 345	528	528	14	30	132	(102)	-78%	528
Road transport		2 005	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		31 507	47 689	47 689	1 977	7 602	11 922	#####	-36%	47 689
Energy sources		29 960	46 235	46 235	1 792	7 042	11 559	(4 517)	-39%	46 235
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1 547	1 454	1 454	186	561	363	197	54%	1 454
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	259 981	328 677	328 677	7 293	108 429	82 169	#####	32%	328 677
Expenditure - Functional										
<i>Governance and administration</i>		146 468	147 823	147 823	1 277	10 162	36 956	(26 794)	-73%	147 823
Executive and council		36 895	35 919	35 919	124	1 881	8 980	(7 099)	-79%	35 919
Finance and administration		105 404	108 875	108 875	1123	7 460	27 219	(19 758)	-73%	108 875
Internal audit		4 169	3 030	3 030	29	821	757	64	8%	3 030
<i>Community and public safety</i>		34 646	36 420	36 420	322	2 153	9 105	(6 952)	-76%	36 420
Community and social services		19 948	18 109	18 109	289	2 104	4 527	(2 423)	-54%	18 109
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		14 698	18 311	18 311	33	49	4 578	(4 529)	-99%	18 311
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33 737	40 891	40 891	1 051	4 652	10 223	(5 571)	-54%	40 891
Planning and development		11 558	24 136	24 136	496	2 071	6 034	(3 963)	-66%	24 136
Road transport		22 179	16 755	16 755	554	2 581	4 189	(1 608)	-38%	16 755
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		59 566	58 984	58 984	5 065	9 159	14 746	#####	-38%	58 984
Energy sources		45 123	45 414	45 414	4 985	9 014	11 354	(2 340)	-21%	45 414
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2 190	1 937	1 937	80	80	484	(404)	-84%	1 937
Waste management		12 253	11 633	11 633	-	66	2 908	(2 843)	-98%	11 633
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	274 417	284 119	284 119	7 714	26 126	71 030	#####	-63%	284 119
Surplus (Deficit) for the year		(14 436)	44 559	44 559	(421)	82 303	11 140	71 164	639%	44 559

Table C3: Monthly Budget Statement_ Financial Performance

Choose name from list - Table C3 Monthly Budget		Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September								
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										
Vote 1 - Office of the Municipal Manager	1	35 231	36 675	36 675	-	5 116	9 169	(4 053)	-44.2%	36 675
Vote 2 - Planning and Economic Development		1 345	528	528	14	30	132	(102)	-77.5%	528
Vote 3 - Budget and Treasury		184 500	237 835	237 835	5 210	94 407	59 459	34 949	58.8%	237 835
Vote 4 - Corporate and Community Service		5 343	5 931	5 931	90	1 262	1 483	(220)	-14.9%	5 931
Vote 5 - Technical Services		33 561	47 709	47 709	1 979	7 614	11 927	(4 313)	-36.2%	47 709
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	259 981	328 677	328 677	7 293	108 429	82 169	26 260	32.0%	328 677
Expenditure by Vote										
Vote 1 - Office of the Municipal Manager	1	27 607	19 382	19 382	91	2 207	4 846	(2 638)	-54.5%	19 382
Vote 2 - Planning and Economic Development		11 558	24 107	24 107	496	2 071	6 027	(3 956)	-65.6%	24 107
Vote 3 - Budget and Treasury		53 804	61 069	61 069	59	1 757	15 267	(13 510)	-88.5%	61 069
Vote 4 - Corporate and Community Service		75 516	78 761	78 761	1 360	7 794	19 690	(11 896)	-60.4%	78 761
Vote 5 - Technical Services		84 526	82 881	82 881	5 635	11 756	20 720	(8 964)	-43.3%	82 881
Vote 6 - Council And General		15 159	17 918	17 918	63	494	4 479	(3 985)	-89.0%	17 918
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	268 170	284 119	284 119	7 704	26 080	71 030	(44 950)	-63.3%	284 119
Surplus/ (Deficit) for the year	2	(8 189)	44 559	44 559	(411)	82 349	11 140	71 210	639.2%	44 559

Table C4 Municipality Financial Performance

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

This report analyses each major component under following headings.

- Revenue by Source
- Operational Expenditure by Type

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Year TD actual	Year TD budget	YTD varian	YTD varian %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		22 456	34 732	34 732	1 770	6 725	8 683	(1 958)	-23%	34 732
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 115	1 410	1 410	143	429	353	76	22%	1 410
Sale of Goods and Rendering of Services		185	246	246	6	103	62	41	67%	246
Agency services		-	-	-	-	-	-	-	-	-
Interest		66	-	-	6	16	-	16	#DIV/0!	-
Interest earned from Receivables		534	377	377	55	161	94	66	71%	377
Interest from Current and Non Current Assets		10 349	2 379	2 379	144	479	595	-	-	2 379
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		792	885	885	53	162	221	(59)	-27%	885
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		321	190	190	-	27	48	(21)	-44%	190
Non-Exchange Revenue										
Property rates		36 645	52 033	52 033	4 814	18 253	13 008	5 244	40%	52 033
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		894	2 277	2 277	-	139	569	(430)	-	2 277
Licence and permits		957	931	931	91	263	233	30	-	931
Transfers and subsidies - Operational		177 394	186 543	186 543	-	75 968	46 636	29 332	-	186 543
Interest		1 886	-	-	211	589	-	589	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		253 594	282 002	282 002	7 293	103 313	70 501	####	47%	282 002
Expenditure By Type										
Employee related costs		87 581	114 465	114 465	-	-	28 616	(28 616)	-100%	114 465
Remuneration of councillors		13 462	16 899	16 899	-	-	4 225	(4 225)	-100%	16 899
Bulk purchases - electricity		31 384	34 783	34 783	4 978	8 855	8 696	160	-	34 783
Inventory consumed		1 449	12 851	12 851	1 121	3 090	3 213	(123)	-	12 851
Debt impairment		(6 122)	-	-	-	-	-	-	-	-
Depreciation and amortisation		30 722	23 890	23 890	-	-	5 973	(5 973)	-100%	23 890
Interest		-	0	0	-	-	0	(0)	-100%	0
Contracted services		55 184	32 464	32 464	958	6 695	8 116	(1 421)	-18%	32 464
Transfers and subsidies		4 453	3 719	3 719	-	660	930	(269)	-29%	3 719
Irrecoverable debts written off		152	6 900	6 900	6	361	1 725	(1 364)	-	6 900
Operational costs		54 802	38 148	38 148	651	6 464	9 537	(3 073)	-32%	38 148
Losses on Disposal of Assets		1 350	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		274 417	284 119	284 119	7 714	26 126	71 030	####	-63%	284 119
Surplus/(Deficit)		(20 822)	(2 116)	(2 116)	(421)	77 187	(529)	####	(0)	(2 116)
Transfers and subsidies - capital (monetary)		41 026	46 675	46 675	-	5 116	11 669	(6 553)	(0)	46 675

Revenue by Source

Property rates

Property rates YTD Actual for R18.2 million over an YTD budget of R52 million shows under collection of 40%, billing module is reconciled with ledger accordingly monthly to ensure variances are accounted for.

Service charges-electricity

The actual revenue from Service Charges Electricity as 30 September 2023 is R7.1 million or 21 percent less than the budgeted income of R36 million. Significant variance is noted and will be attended during adjustment budget period when the actuals were compared to budgeted figure.

Interest earned-external investments.

YTD Actual of figure is R479 thousand at the reporting date compared to the original budget of R2 379 million, there is a challenge with capturing investment transactions and updating system register of investments hence the figure of R479 thousand is far below the actual balance of investments in the register enclosed on Part2. The municipality withdrawn 3 times in the first quarter to cover operational expense of the municipality. Investment register is enclosed to present the details of all investment movements during the year.

Transfers and subsidies

YTD Actual for Transfers and subsidies amounts to R5.1 million compared to R46 million original budget has been achieved, entire population of transfers and subsidies transactions are not complete due to line item not yet identified for grants not in the DORA. The municipality is engaging with system provider to ensure that all grants have project line items in the system to allocate receipts and expenditure.

Expenditure by type

Employment related costs

The YTD Actual for employee relates costs will only reflect in PART 2 of this report, c-schedule has no data for payroll for quarter one, the municipality uses two distinct systems to capture employee costs, therefore there are numerous challenges regarding seamless transmission of journal files from CCG System to Inzalo System . The manual table has been appended on Part 2 of this report reflecting all items relating to employee costs and councillor benefits.

Remuneration of Councillor's

The YTD Actual for employee relates costs will only reflect in PART 2 of this report, c-schedule has no data for payroll for quarter one, the municipality uses two distinct systems to capture employee costs, therefore there are numerous challenges regarding seamless transmission of journal files from CCG System to Inzalo System . The manual table has been appended on Part 2 of this report reflecting all items relating to employee costs and councillor benefits.

Debt impairment

The YTD budget is unspent at 100% due to provisions calculations that will be finalised half-yearly for debt impairment.

Depreciation & asset impairment

Depreciation and Asset impairment YTD Actual figure has R0 figure because no depreciation calculations have been finalised and approved for capturing in the system. Depreciation and impairment calculations will be finalised monthly in quarter two.

Bulk purchases

YTD Actual is R8.8 million for bulk purchases over original budget of R34 million, the budget during quarter one. The municipality is engaging Eskom to resolve halls electrification, since there is a growing number of connected halls yet the revenue generation capacity of these result in Rnil revenue recognition and high maintenance costs.

Monthly Budget Statement_ Capital Expenditure Table 5

Capital Expenditure:

Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September										
Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD varian	YTD varian %	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	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	-	-
Vote 4 - Corporate and Community Service		628	-	-	-	-	-	-	-	-
Vote 5 - Technical Services		(51 278)	55 060	55 060	4 846	12 514	13 765	(1 251)	-9%	55 060
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4.7	(48 935)	55 060	55 060	4 846	12 514	13 765	(1 251)	-9%	55 060
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	5 660	837	2 029	1 415	614	43%	5 660
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	1 094	5 548	5 660	837	2 029	1 415	614	43%	5 660
Total Capital Expenditure		(47 841)	60 608	60 720	5 682	14 543	15 180	(637)	-4%	60 720
Capital Expenditure - Functional Classification										
Governance and administration		684	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		684	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(26 406)	53 321	53 321	4 836	11 773	13 330	(1 557)	-12%	53 321
Community and social services		(26 640)	53 321	53 321	4 836	11 773	13 330	(1 557)	-12%	53 321
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		233	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		(30 960)	7 287	7 399	847	2 997	1 850	1 147	62%	7 399
Planning and development		(32 818)	0	0	-	1 171	0	1 171	#####	0
Road transport		1 858	7 287	7 399	847	1 826	1 850	(24)	-1%	7 399
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		8 240	0	0	-	-	0	(0)	-100%	0
Energy sources		-	0	0	-	-	0	(0)	-100%	0
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	60 720	5 682	14 770	15 180	(410)	-3%	60 720
Funded by:										
National Government		(6 537)	31 891	31 891	4 846	9 295	7 973	1 322	17%	31 891
Provincial Government		-	-	112	102	102	28	74	263%	112
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		(6 537)	31 891	32 003	4 948	9 396	8 001	1 396	17%	32 003
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		(41 906)	28 716	28 716	735	5 373	7 179	(1 806)	-25%	28 716
Total Capital Funding		(48 443)	60 608	60 720	5 682	14 770	15 180	(410)	-3%	60 720

The YTD expenditure on capital expenditure stands at 3% underspending, PMU unit with is working together with Technical Directorate to ensure that MIG, INEP and other capital grants are spent within timelines provided by COGTA and Treasury. Grant register is enclosed in this report to disclose all details of grants receipts and expenditure.

Table C6 – Monthly Budget Statement – Financial Position

Choose name from list - Table C6 Monthly Budget Statement - Financial Position - M03 September						
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	74 827	170 089
Trade and other receivables from exchange transactions		6 901	14 519	14 519	1 446	14 519
Receivables from non-exchange transactions		2 185	78 103	78 103	15 957	78 103
Current portion of non-current receivables		-	-	-	-	-
Inventory		1 528	2 028	2 028	37	2 028
VAT		30 256	209 576	209 576	(737)	209 576
Other current assets		108	133	133	0	133
Total current assets		149 832	474 448	474 448	91 530	474 448
Non current assets						
Investments		-	-	-	-	-
Investment property		41 405	19 371	19 371	-	19 371
Property, plant and equipment		632 548	633 694	633 806	14 770	633 806
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 transaction		-	-	-	-	-
Other non-current assets		-	146	146	-	146
Total non current assets		674 049	653 314	653 426	14 770	653 426
TOTAL ASSETS		823 881	1 127 762	1 127 874	106 300	1 127 874
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Consumer deposits		2 169	3 639	3 594	13	3 594
Trade and other payables from exchange transactions		65 589	42 974	42 974	(13 722)	42 974
Trade and other payables from non-exchange transaction		4 143	1 557	1 428	36 659	1 428
Provision		10 359	10 899	10 899	-	10 899
VAT		27 101	179 899	179 899	1 096	179 899
Other current liabilities		-	4 080	4 080	-	4 080
Total current liabilities		109 361	243 047	242 873	24 046	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		110 237	245 826	245 652	24 046	245 652
NET ASSETS	2	713 644	881 936	882 222	82 254	882 222
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		721 891	837 224	837 224	-	837 224
Reserves and funds		141	134	134	-	134
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	722 032	837 357	837 357	-	837 357

The table C6 reflects that the is R0 accumulated surplus, this will be followed up with system service provider to ensure that Table C6 is accurate.

Table C7 – Monthly Budget Statement – Cash Flow

Choose name from list - Table C7 Monthly Budget Statement - Cash Flow - M03 September

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										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		41 766	39 839	39 839	1 279	2 802	9 960	(7 158)	-72%	39 839
Service charges		26 245	36 691	36 691	2 176	6 316	9 173	(2 857)	-31%	36 691
Other revenue		3 854	2 648	2 648	231	880	662	218	33%	2 648
Transfers and Subsidies - Operational		177 406	186 543	186 543	-	76 940	46 636	30 304	65%	186 543
Transfers and Subsidies - Capital		44 780	46 376	67 985	10 700	45 509	16 996	28 512	168%	67 985
Interest		613	4 280	4 280	272	766	1 070	(304)	-28%	4 280
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(367 312)	(307 606)	(307 606)	(958)	(6 695)	(66 901)	(60 206)	90%	(307 606)
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(72 648)	8 771	30 379	13 700	126 517	17 595	(108 922)	-619%	30 379
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)	(69 319)	(6 418)	(16 868)	(17 330)	(462)	3%	(69 319)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(66 207)	(69 319)	(69 319)	(6 418)	(16 868)	(17 330)	(462)	3%	(69 319)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(138 855)	(60 548)	(38 940)	7 283	109 648	265			(38 940)
Cash/cash equivalents at beginning:		130 495	169 784	169 784			169 784			-
Cash/cash equivalents at month/year end:		(8 360)	109 235	130 844		109 648	170 049			(38 940)

The tables C7 cash flow statement reflects that cash and cash equivalents has a favourable balance at the end of the quarter one.

PART 2 – SUPPORTING DOCUMENTATION

2.1 INVESTMENT PORTFOLIO ANALYSIS

The investment register at 30 September 2023 reflects a sound financial status for the municipality, for quarter one, there has been three withdrawal instructions effected on reserves to cover operations shortfalls as budgeted for by council. Summary of withdrawal history is enacted below to give details on investment withdrawals.

SUMMARY OF INVESTMENT REGISTER 2023/2024						
INSTITUTION	BALANCE	INVESTED IN CURRENT YEAR	INTEREST RECEIVED	WITHDRAWAL	BANK CHARGES	BALANCE
ABSA (0646)	R18 381 815.73	R0.00	R85 444.80	R15 000 000.00	R0.00	R3 467 260.53
ABSA (1394) HOUSING A/C	R1 765 600.89	R0.00	R27 059.41	R0.00	R0.00	R1 792 660.30
ABSA (1868)	R0.00	R20 000 000.00	R0.00	R0.00	R0.00	R20 000 000.00
ABSA (2142)	R5 646 508.86	R0.00	R121 211.20	R0.00	R0.00	R5 767 720.06
ABSA (2765)	R1 424 715.30	R0.00	R22 059.77	R0.00	R0.00	R1 446 775.07
ABSA (4328)	R22 375.62	R0.00	R287.57	R0.00	R100.00	R22 563.19
ABSA (5014)	R281 892.07	R21 400 000.00	R226 377.96	R21 400 000.00	R0.00	R508 270.03
ABSA (5617)	R15 521 247.38	R15 521 247.38	R0.00	R0.00	R0.00	R15 521 247.38
ABSA (7106)	R34 490.25	R0.00	R668.52	R0.00	R0.00	R35 158.77
ABSA (9642)	R0.00	R20 000 000.00	R0.00	R0.00	R0.00	R20 000 000.00
ABSA CALL (5892)	R59 116.10	R4 996 649.10	R55 058.49	R0.00	R0.00	R5 110 823.69
FNB (0889)	R7 854 763.50	R0.00	R0.00	R0.00	R0.00	R7 854 763.50
FNB (2166)	R15 199 555.53	R0.00	R335 749.50	R0.00	R0.00	R15 535 305.03
FNB (2554)	R9 288 774.56	R0.00	R0.00	R0.00	R0.00	R9 288 774.56
FNB CALL (1408)	R9 334 532.89	R0.00	R181 512.28	R0.00	R0.00	R9 516 045.17
NEDBANK (3)	R1 138.71	R0.00	R22.75	R0.00	R0.00	R1 161.46
STANDARD BANK 014	R6 856.48	R0.00	R77.13	R0.00	R0.00	R6 933.61
STANDARD BANK 063	R23 438 341.72	R0.00	R370 363.29	R0.00	R0.00	R23 808 705.01
TOTAL	R88 114 308.97	R61 917 896.48	R1 313 388.47	R21 400 000.00	R100.00	R114 424 246.54

Withdrawals

DATE	ACCOUNT FROM	AMOUNT	ACCOUNT TO	ACCOUNT TYPE	BALANCE BEFORE	WITHDRAWAL REASON
07-Jul-23	ABSA (0646)	15 000 000.00	ABSA 4053	PRIMARY	65 551 110.36	Insufficient funds to pay for normal operations
01-Sep-23	ABSA (5014)	10 700 000.00	ABSA 4053	PRIMARY	2 970 284.58	Insufficient funds to pay for normal operations
22-Sep-23	ABSA (5014)	10 700 000.00	ABSA 4053	PRIMARY	4 976 430.03	Insufficient funds to pay for normal operations

2.2 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Expenditure on councillors and employee benefits

Nquthu municipality as at the end of quarter one has incurred employee costs in line with SALGABC collective agreement and the upper limits determinations by the Minister of COGTA, to date the detailed actual costs in comparison with the budget are as per below tables;

<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 30 September 2023		
Staff Benefits		
Item	Budget	Year to date actuals
Salaries & Wages	R78 349 863.00	R 16 179 226.21
Contributions to pension funds	R12 900 247.00	R 2 138 534.91
Contributions to medical aids	R2 742 197.00	R 758 645.40
Contributions to UIF	R597 625.00	R 129 854.62
Contributions to SDL	R957 098.00	R 191 871.22
Travel, motor car	R3 982 310.00	R 859 710.48
Salga	R40 576.00	R 8 840.08
Housing benefits and allowances	R109 200.00	R 22 394.61
Cellphone Allowance	R0.00	R 0.00
Overtime payments	R2 113 290.00	R 519 436.01
Bonuses	R6 005 879.00	R 1 468 875.20
Other leave & long service	R2 273 403.00	R 127 871.97
Allowances (Standby and Drivers Allowance)	R1 061 146.00	R 562 397.73
Totals	R 111 132 834.00	R 22 967 658.44
Councillors Allowances		
Item	Budget	Year to date actuals
Councillors Allowances	R14 606 745.00	R 2 980 749.44
Cellphone/Data Allowance	R1 591 117.00	R 304 356.00
Contributions to SDL	R24 298.00	R 29 909.96
Totals	R16 222 160.00	R 3 315 015.40

2.3 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE - Grants register as at 30 September 2023

The municipality has partially received grants as per DORA allocation, overall, for quarter one all grant portions has been transferred and expenditure reported accordingly, in addition new grants that were approved by COGTA in the previous financial year has been received by the municipality, that is 21.6 million and R10 million respectively. Grant register encompasses all receipts of grants, it further reflects spending as at year the end of the quarter.

Summary of Grants received and expenditure 23-24							
Grant Type	General Ledger Vote no.	Audited Balance as at 2023/07/01	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)	(10 700 000.00)	11 322 208.27	622 208.27	622 208.27
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)	(2 500 000.00)	701 656.70	(5 552 142.11)	(5 552 142.11)
Small Town rehabilitation			(10 000 000.00)	(10 000 000.00)	-	(10 000 000.00)	(10 000 000.00)
Library support		-	(1 964 000.00)	-	616 845.31	616 845.31	616 845.31
FMG		-	(1 850 000.00)	(1 850 000.00)	278 934.45	(1 571 065.55)	(1 571 065.55)
Library Modular		-	(1 430 000.00)	-	497 292.93	497 292.93	497 292.93
EPWP		-	(1 162 000.00)	(290 000.00)	260 820.00	(29 180.00)	(29 180.00)
Cybercadet		-	(508 000.00)	-	151 912.64	151 912.64	151 912.64
Sportfield Maintance		(128 895.59)	-	-	101 775.00	(27 120.59)	(27 120.59)
Bornem Grant		-	-	-	-	-	-
Library Volunteer		(259 941.24)	(108 000.00)	-	24 000.00	(235 941.24)	(235 941.24)
TOTALS		(4 142 635.64)	(85 305 500.00)	(46 948 500.00)	16 454 439.55	(34 636 696.09)	(34 636 696.09)

2.4 Debtors' analysis – Age analysis 30 September 2023

September 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	(R8 936 497.38)	-R8 936 497.38	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Adv-Pay Reverse	R 3 422.52	R0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 3 422.52
Clearance Fee	R13.14	R0.00	R0.73	R0.73	R0.73	R0.73	R0.73	R9.49
Desposit: 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
Desposit: 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 598 425.15	R218 965.28	R 45 250.83	R 19 730.90	R 19 578.25	R 19 246.63	R 18 103.23	R 257 550.03
Electricity Metered	R4 542 146.12	R2 439 027.50	R 605 017.26	R 336 636.85	R 60 520.86	R 53 524.57	R 54 434.53	R 992 984.55
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 060 822.09	R40 585.32	R 17 938.71	R 17 677.11	R 17 365.47	R 17 084.84	R 16 658.73	R 933 511.91
OFFICE RENTAL	R 87 448.20	R10 930.31	R 5 415.23	R 5 381.94	R 5 689.66	R 696.50	R 5 110.44	R 54 224.12
Plaza Market Stalls	R 224 022.82	R18 475.01	R 7 762.35	R 7 361.83	R 7 089.63	R 6 596.42	R 6 184.10	R 170 553.48
Property Rates	R75 710 202.64	R8 641 436.38	R7 643 914.10	R 181 935.22	R 176 949.31	R2 184 084.86	R2 012 835.07	R54 869 047.70
Rent (M001)	R 292 896.26	R18 372.60	R 9 111.30	R 9 061.29	R 9 011.28	R 8 961.30	R 8 911.29	R 229 467.20
Repay: Waste Disposal	R 25 728.85	R0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 25 728.85
Signs (M001)	R 3 680.29	R354.48	R 16.71	R 16.71	R 16.71	R 16.71	R 16.71	R 3 242.26
Stall rental	R 25 796.30	R976.93	R 131.22	R 131.22	R 131.22	R 131.22	R 131.22	R 24 163.27
Sundries (VAT)	R 11 232.03	R11 079.52	R 152.51	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Traffic Fines	R2 695 900.00	R98 300.00	R 41 100.00	R 76 000.00	R 54 350.00	R 0.00	R 90 720.00	R2 335 430.00
Traffic Fines (M001)	R2 276 271.78	R90 650.00	R 3 200.00	R 363.22	R 0.00	R 72 300.00	R 0.00	R2 109 758.56
Waste Disposal	R6 526 084.49	R299 427.18	R 109 964.41	R 105 223.95	R 91 418.85	R 88 116.38	R 87 584.99	R5 744 348.73
Total	R85 154 717.95	R2 952 083.13	R8 488 975.36	R 759 520.97	R 442 121.97	R2 450 760.16	R2 300 631.04	R67 760 565.32

There is a significant growth in the balance of outstanding debtors from R67 million on 30 June 2023 compared to R85 million at the end of quarter one. The collection ratio, net debtors' days and revenue growth ratios reflect very slow revenue collection, negative revenue growth and huge debtors' days of 2 941 days against the norm that has 30 days, revenue enhancement strategy has been adopted to address revenue growth challenges, credit control and debt management policy is being implemented to monitor existing debts and to curb the growing debtor's book.

2.5 Creditor's analysis – Creditors outstanding on 30 September 2023

Monthly creditors report reflects payment to creditors in an arranged format that will reflect ten highly paid creditors and outstanding creditors at the end of the month, for the month of September, R12.4 million has been paid to top ten creditors, Eskom continues to be the highest paid creditors. Outstanding creditors amounts to R1.3 million, the creditors will be paid within 30 days.

CREDITORS REPORT FOR SEPTEMBER 2023				
Summary of the top 10 creditors payments for the month			Amount	
1	ESKOM	CONSUMPTION	BULK PURCHASES AND OTHER ACCOUNTS	5 982 216.02
2	NTSHIDI ASSOCIATES		INTERNAL AUDIT FEES	1 580 416.50
3	ASIZIQALELE CONTRACTORS		PLANT HIRE	1 567 478.75
4	LONDOLOZA SOLUTIONS		LAND EREDIATION	905 469.75
5	NKOSINGIPHILE INKAZIMULO TRADING		DRAFT ANNUAL FINANCIAL STATEMENT FY 2023	493 639.55
6	ADVENTURE TRAVEL PTY LTD		ACCOMMODATION FOR MUNICIPAL OFFICIALS AND COUNCILLORS	412 595.92
7	AUDITOR GENERAL SA		AUDIT FEES	411 894.47
8	SIYEJABULA SECURITY SOLUTION		VIP CLOSE PROTECTION FOR THE MAYOR AND SPEAKER FOR AUG 23/ FACILITIES	409 753.41
9	SIZOWAKHA SECURITY AND CLEANING		PROVISION OF SECURITY GUARD FOR MUNICIPAL FACILITIES DAY AND NIGHT SHIFT FOR AUG 23	372657.39
10	FEZILE SECURITY SERVICES PTY LTD		PROVISION OF SECURITY GUARD FOR MUNICIPAL FACILITIES DAY AND NIGHT SHIFT FOR AUG 23	352 703.50
				12 488 825.26

TABLE E		OUTSTANDING CREDITORS (SEPTEMBER 23)	AMOUNT
	SUID AFRIKAANSE	VEHICLE LICENSE NTU 6572	R 606.00
	SUID AFRIKAANSE	VEHICLE LICENSE	R 1 020.00
	SUID AFRIKAANSE	VEHICLE LICENSE NTU 3882	R 1 020.00
	MANGOLA GIRLS GROUP	EXHIBITION	R 1 500.00
	DLAMINI SINDISIWE ROSE	EXHIBITION	R 1 500.00
	MABASO NOMBUSO	EXHIBITION	R 1 500.00
	NTSELE HLONIPHILE	EXHIBITION	R 1 500.00
	NGOBESE YEKIWE	EXHIBITION	R 1 500.00
	ZULU EMMACULATE KHANYISILE	EXHIBITION	R 1 500.00
	BUTHELEZI AWANDA	EXHIBITION	R 1 500.00
	NTSHANGASE PHUMZILE	EXHIBITION	R 1 500.00
	MPANZA MUNTU NQOBILE	EXHIBITION	R 1 500.00
	NGOBESE NONDUMISO	EXHIBITION	R 1 500.00
	MAZIBUKO NOMPUMELELO	EXHIBITION	R 1 500.00
	NGCOBO BRIGHTNESS	EXHIBITION	R 1 500.00
	GUMEDE WENDILE	EXHIBITION	R 1 500.00
	MDLALOSE CEBISILE	EXHIBITION	R 1 500.00
	AMATSHITSHI AMHLOPHE	EXHIBITION	R 3 500.00
	NISUCRAFT	VEHICLE LICENSE NTU 1236	R 4 990.20
	NQUTHU SERVICE STATION	FUEL & OIL	R 12 415.11
	NISUCRAFT	VEHICLE LICENSE NTU 1644	R 112 430.32
	THOKOMELA	DISMANTLE AND REMOVE BROKEN POLES 9M AS WELL AS SUPPLYING AND INSTALL OF 9M	R 143 057.64
	FITI TRADING ENTERPRISE	SUPPLY & DELIVERY OF TRACKSUITS FOR GOLDEN GAMES	R 232 000.00
	VANGISA PROJECTS	NQUTHU FIRE STATION OFFICES	R 845 058.56
			R 1 377 097.83

2.6 SCM IMPLEMENTATION

SCM unit has put in place measures to improve performance, enhance sound internal controls and curb unnecessary deviations from SCM processes and to ensure sound SCM management. Due to some services being rendered by only specific providers, the practicality to apply competitive is defeated, deviations are inevitable, however any unnecessary deviations are rejected.

Contract management unit is currently being assisted by Provincial Treasury to maintain performance management of contracts entered into with the municipality as well as ensuring timely appointment of service providers in case contracts expire.

Deviations Register – 30 September 2023

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 this to the next Council meeting.

Section 114 of the MFMA permits the Accounting Officer to approve a Bid “other than the one recommended through the normal procurement processes”. The Accounting Officer is required to report such deviation to the Auditor-General, Provincial Treasury, and the National Treasury, stating the reasons that necessitated such a decision. If such expenditure is not defined as ‘unauthorized expenditure’ then it is irregular expenditure

NO.	DESCRIPTION OF ITEM PROCURED	ORDER NO.	DATE OF AWARD	AWARDED TO	CONTRACT AMOUNT	REASON FOR DEVIATION
1.	PROMO FOR THE UPCOMING MAYORAL EVENT	78048	01/09/2023	SABC	R155 319,00	SOLE SERVICE PROVIDER
2.	HIRE OF MINIBUSES FOR DISTRICT SELECTIONS	78119	18/09/2023	NQUTHU PIONEER TAXI ASSOCIATION	R49 000,00	SOLE SERVICE PROVIDER

Spend Analysis

In order for the council to have an oversight role the following information is supplied.

1. All bids awarded above R 100 000
2. Top 10 suppliers by value of contracts awarded
3. Top 10 suppliers by number of contracts awarded

Bids awarded –

Top 10 suppliers by value of contracts (bids and quotations)

NO.	SERVICE PROVIDER	CONTRACT AMOUNT	DATE AWARD	OF	BBBEEE CONTRIBUTION LEVEL
1.	ZG THEMBA LENSHA	R199 962.00	01/09/2023		
2.	FANA MANUFACTURING CC	R199 755.00	01/09/2023		
3.	EJX PHAPHAMA TRADING	R198 000.00	19/09/2023		
4.	S & M KUHLE TRADING	R162 374.25	18/09/2023		
5.	INQABA COMMUNICATIONS	R120 000.00	11/09/2023		
6.	ADVENTURE TRAVEL	R117 895.79	20/09/2023		
7.	FANA MANUFACTURING CC	R113 850.00	05/09/2023		
8.	BARGAIN UNIFORMS & SPORT	R112 125.00	01/09/2023		
9.	SPARKS AND ELLIS	R109 335.00	19/09/2023		
10	VEVOSCORE FIRE	R62 710.65	26/09/2023		

Top 10 suppliers by number of contracts awarded

NO.	SERVICE PROVIDER	CONTRACT AMOUNT	DATE AWARD	OF	BBBEEE CONTRIBUTION LEVEL
1.	ADVENTURE TRAVEL	R213 869.90	30/09/2023		
2.	FANA MANUFACTURING CC	R393 530.00	30/09/2023		
3.	CUWANA TRADING	R58000.00	30/09/2023		
4.	MO MTWANA	R30 300.00	30/09/2023		
5.	VEZULWEZI TRADING	R16 000.00	30/09/2023		
6.					
7.					
8.					
9.					
10.					

2.7 COST CONTAINMENT MEASURES

Cost Containment Measures Policy was adopted by council in light of compliance with the regulations to curb nice to have items by the council and ensure municipal funds are channelled to areas of need to accelerate service delivery. The council ensures compliance at all times, furthermore the UIFW register is maintained monthly to ensure proper recording of transactions deemed to have not fully complied with all relevant prescript whilst procuring the goods and services.

Fruitless Register for the month ending 30 September 2023 reflects R365.84 emanating from interest from Eskom accounts, the municipality is engaging with the parastatal to resolve the allocation of payment made to Eskom, to eliminate the unnecessary interest charges.

Annexure C		Financial Year 2023/ 2024	
Demarcation Board Code: KZN242		Nquthu Local Municipality	
Register for Fruitless and wasteful Expenditure		Month Summary Jul 2023- June 2024	
Year Ended 30 June 2024			
Description	Payment no./EFT no/ Cheque No. / Month	Amount	
Telkom			
Interest on overdue account	NOVEMBER	-	-
Interest on overdue account	MARCH	-	-
Interest on overdue reversal	MAY	-	-
Eskom			
Interest on overdue account	JULY	245.78	365.84
Interest on overdue account	AUGUST	120.06	
Interest on overdue account	SEPTEMBER	-	
Interest on overdue account	OCTOBER	-	
Car Licences			
Penalty on late license renewal		-	-
Other			
Transport Driving Licence	MARCH	-	-
		-	-
Total			R 365.84

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

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

Section 52(d) 1st Quarter Report – 30 September 2023

has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act,

Name : Mr Mpumelelo B. Jiyane

Designation : Municipal Manager of Nquthu Municipality (KZN 242)

Signature: :



Date : 09/10/2023