

16282

FINANCIAL REPORTING FOR THE QUARTER ENDED 31 MARCH 2023

This report is submitted simultaneously to the Financial Services Portfolio, Executive Committee and Council.

PURPOSE

1. To submit to Council, the financial position of the uMhlathuze Municipality for the quarter ended 31 March 2023, as required in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003). The monthly and quarterly requirements in terms of Section 71 and Section 52(d) respectively are also included in this report.
2. To disclose to Council, the cost containment savings as required in terms of Regulation 15 of Municipal Cost Containment Regulations (MCCR).

IDP STRATEGY AND OBJECTIVES

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial and Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 GRAP compliance
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all financial related policies
		5.1.1.4 Compliance with all MFMA and related local government financial legislation
	5.2.1 Sustainable Financial and supply chain Management	5.2.1.1 Provide continuous Internal Communication on Budget and Financial Management matters
		5.2.1.2 Asset Accounting Management
		5.2.1.3 Accurate and timeous billing and receipting of revenue
		5.2.1.4 Apply Adequate Internal controls
		5.2.1.5 Demand and acquisition management
		5.2.1.6 Contracts and Logistics management
		5.2.1.7 Apply adequate financial management methodologies

BACKGROUND

Section 71 of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) prescribes certain conditions that need to be complied with in terms of the mentioned Act.

The Accounting Officer of the Municipality must report, by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury, a statement in the **prescribed format** on the state of the Municipality's budget.

Section 66 of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported upon in a format and for the prescribed period. It is considered appropriate to report on this section of the Act on a monthly basis, to coincide with the reporting requirements of Section 71(1) of the Act.

Section 52 (d) of the Municipal Finance Management Act prescribes that the Mayor of a Municipality must within 30 days of the end of each quarter submit a report to Council on the implementation of the budget and the financial state of affairs of the Municipality.

The additional monthly reporting as required by Council is also included herein. The MFMA requires that the reporting of the budget (Annual, monthly, mid-year and adjustment) be in terms of a prescribed format.

As mentioned above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. The National Treasury has issued MFMA Circular No 51 (**DMS 633560**) in which this prescribed format has been set out.

Furthermore, National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare the 2010/2011 Budget as well as the in-year reporting effective from January 2010.

The objectives of the budget formats reforms in terms of these regulations are:

- ❖ To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of Municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

The Minister of Finance has, in terms of Section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003), and acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs issued the Municipal Regulations on Standard Chart of Accounts as set out in Government Gazette No 37577 (**DMS 974357**) dated 22 April 2014.

These Regulations apply to all Municipalities and Municipal entities and indicate its applicability and relevance to each specific Municipal environment while accommodating organisational uniqueness and structural differences. These regulations took effect on 1 January 2017.

The objective of these regulations is to provide for a national standard, uniform recording and classification of municipal budget and financial information at transactional level by prescribing a standard chart of accounts for municipalities.

Once these regulations are effective the financial reporting will be aligned (budget reporting and financial statements reporting). The regulations require that the financial system used by Municipalities must be compliant with the standard chart of accounts. This means that the financial systems of Municipalities must be capable to accurately record all financial transactions in terms of the required segments. The current financial system used by the Municipality does not provide for the recording of financial transactions as required by the regulations.

The implementation of these regulations requires that the Municipality must proactively procure a financial system solution that will be compliant with the standard chart of accounts. Of similar importance is the provision for training of responsible officials to ensure that they attend the trainings and workshops to be provided by National Treasury.

- ❖ In terms of Council Resolution 8901 dated 26 November 2013, Council was selected as a Pilot Site for the mSCOA implementation.

Section 1 of the MFMA defines the Service Delivery and Budget Implementation Plan (SDBIP) as:

“A detailed plan approved by the mayor of a municipality in terms of section 53(l)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate:

- (a) *Projections for each month of:*
 - (i) *Revenue to be collected, by source; and*
 - (ii) *Operational and capital expenditure, by vote.*
- (b) *service delivery targets and performance indicators for each quarter.”*

The Service Delivery and Budget Implementation Plan (SDBIP) have been segmented into five components. These are:

- ❑ Component 1: Monthly projections of revenue (including capital grants) to be collected for each source (**Annexure AA - DMS 1576693**);
- ❑ Component 2: Monthly projections of expenditure (operating and capital) and revenue for each vote (**Annexure AB - DMS 1576693**);
- ❑ Component 3: Quarterly projections of service delivery targets and performance indicators for each vote (**Annexure AC - AJ - DMS 1576693**);
- ❑ Component 4: Ward information for expenditure and service delivery (**Annexure AK and AL - DMS 1576693**); and
- ❑ Component 5: Detailed capital works plan broken down by ward over three years (**Annexure AM - DMS 1576693**).

DISCUSSION

This report and the supporting schedules will be forwarded to National and Provincial Treasury as required in terms of Section 71 and Section 74 of the MFMA in both printed and electronic formats.

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PART 1 - IN-YEAR REPORTING

1. MAYORAL REPORT FOR THE MONTH OF MARCH 2023

In terms of the Budget Regulations, Part 1 in-year reporting, the Mayor is required to provide a report / comments on:

“(a) **a summary of whether the Municipality’s budget is being implemented in accordance with the service delivery and budget implementation plan and any service delivery agreements with municipal entities;**

The Mayor has considered the Section 71 report for the month of March 2023, and the performance of the Municipality against its budget is in line with the adjusted budget that was approved by Council in January 2023. A detail of all the points highlighted by the Mayor is included in the report.

Operational Budget

The monthly budget statement summary (Table C1) for the month of March 2023 (year to date actual) shows a deficit of R37,8 million. The performance in this area is **Not Acceptable**.

Capital Budget

Council is in the third quarter of the financial year and capital expenditure is at R688 million (61%). This is based on the Adjusted Budget of R1,04 billion. Expenditure is expected to rise as the year progresses. The performance in this area although is **Acceptable**.

Cash Flow

In terms of Council’s Adjusted Working Capital Policy, the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 1.49:1 (448 073/300 600). This is below the norm therefore the performance in this area is **Not acceptable**.

2. RESOLUTIONS

Refer to the recommendations contained in this report.

3. **EXECUTIVE SUMMARY**

This section deals with the financial status of the Municipality at executive level and highlights matters that are of particular importance from the Chief Financial Officer's perspective.

3.1 The following table represents an executive summary for the financial period ended 31 March 2023:

DESCRIPTION	ADJUSTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL MARCH 2023 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue	4 003 702 700	3 005 300 042	2 897 059 180	96,40%
Expenditure	4 159 611 500	3 022 542 912	2 934 858 466	97,10%
Operating Surplus/(Deficit)	(155 908 800)	(17 242 870)	(37 799 286)	

3.2 **Cash Flow Situation**

Council's Working Capital Policy:

In terms of Council's Adjusted Working Capital Policy, the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 1.49:1 (448 073/300 600).

3.3 Grants Balances

DESCRIPTION OF GRANT	ORIGINAL GRANTS BUDGET 2022/23	REVISED GRANTS BUDGET 2022/23	AMOUNT RECEIVED AS AT 31/03/2023	ACTUAL EXPENDITURE AS AT 31/03/2023	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
NATIONAL TREASURY							
Equitable Share	471 939 000	471 939 000	471 939 000	353 954 250	75%	75%	In terms of the Constitution, this allocation is to provide for an equitable sharing of National Revenue. This grant is primarily for the provision of basic municipal Services.
Intergrated Urban Development Grant-IUDG	147 172 000	209 302 000	209 302 000	131 273 042	63%	63%	IUDG aims to provide funding for public investment in infrastructure for the poor and to promote increased access to municipal own sources of capital finance in order to increase funding for investment in economic infrastructure.
Financial Management Grant	2 500 000	2 500 000	2 500 000	1 396 012	56%	56%	Spending is in accordance with the support plan submitted to National Treasury for the grant. Most of the expenditure is planned for the last quarter for this financial year.
Water services infrastructure grant	50 000 000	37 000 000	30 000 000	12 831 545	43%	35%	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service.
Extended Public Works Pogramme	3 213 000	3 213 000	3 213 000	1 712 072	53%	53%	The grant is for the operational expenditure for EPWP. Expenditure shown is the total actual operating costs of the EPWP for the period under review.
Municipal Disaster Relief Grant	-	39 466 000	34 966 000	6 270 950	18%	16%	Grant to reconstruct and rehabilitate damaged municipal infrastructure due to the 2022 storms. There was an amount of R4 500 000 which was erroneously paid to the municipality. The aforesaid amount has been transferred to KDCM to correct the error.
Energy Efficiency and Demand-side Management	5 000 000	2 000 000	2 000 000	4 010 708	201%	201%	To provide subsidies to municipalities to implement energy efficiency and demand side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.
TOTAL NATIONAL TREASURY GRANTS	679 824 000	765 420 000	753 920 000	511 448 579	68%	75%	

DESCRIPTION OF GRANT	ORIGINAL GRANTS BUDGET 2022/23	REVISED GRANTS BUDGET 2022/23	AMOUNT RECEIVED AS AT 31/03/2023	ACTUAL EXPENDITURE AS AT 31/03/2023	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
PROVINCIAL TREASURY							
Provincialisation of Libraries	9 593 000	9 593 000	9 593 000	24 204 967	252%	252%	Expenditure shown is the total actual operating costs of the Libraries for the period under review. The allocation was received in the current period under review.
Community Library Services Grant (Cyber cadets)	2 032 000	2 032 000	2 032 000	2 178 085	107%	107%	Expenditure shown is the total actual operating costs of the Cyber cadets for the period under review. The allocation was received in the current period under review.
Housing Operating Account	3 177 000	4 264 786	4 264 786	12 598 880	295%	295%	Expenditure shown is the total actual operating cost of the Human Settlements Section excluding Hostel Operating costs for the period under review.
Museum Subsidy	235 000	235 000	235 000	2 673 732	1138%	1138%	Expenditure shown is the total actual operating costs of the Museum for the period under review.
Sports and Recreation - Capital	10 944 000	-	-	-		0%	This grant is for capital to help build sports facilities and develop sports and recreation,
TOTAL PROVINCIAL TREASURY GRANTS	25 981 000	16 124 786	16 124 786	41 655 664	258%	160%	
TOTAL GRANTS AND SUBSIDIES	705 805 000	781 544 786	770 044 786	553 104 244	72%	78%	

Amended Grants Gazette as at 31 March 2023

The Division of Revenue Amended Act 2022 (DoRA) as Gazetted **DMS 1597015**. The table below shows a new receipt for Municipal Disaster Relief Grant, An Additional allocation to the Integrated Urban Development Grant. There's a reduction in allocation for both Water Services Infrastructure Grant and Energy Efficiency and Demand-Side Management Grant. These amendments will be taken into account in the adjustment budget in August 2023.

GRANT NAME	ADJUSTED BUDGET 2022/2023	AMENDED GAZETTE AS AT 31 MARCH 2023	INCREASE/ (DECREASE)
	R	R	R
Municipal Disaster Relief Grant (MDRG)	39 466 000	39 466 000	-
Intergrated Urban Development Grant (IUDG)	147 172 000	209 302 000	62 130 000
Water services infrastructure grant (WSIG)	50 000 000	37 000 000	(13 000 000)
Energy Efficiency and Demand-side Management (EEDSM)	5 000 000	2 000 000	(3 000 000)
TOTAL	241 638 000	287 768 000	46 130 000

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 31 March 2023:

FUNCTION	ADJUSTED BUDGET 2022/2023	ACTUAL MARCH 2023 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	113 382 900	80 784 153	71,25%
Community and Social Services	42 182 700	7 437 025	17,63%
Energy Sources	56 265 400	46 311 848	82,31%
Executive and Council	106 000	34 654	32,69%
Environmental Protection	4 500 000	422 245	9,38%
Air Transport - Air port	14 800 000	2 902 516	19,61%
Planning and Development	50 420 500	1 933 773	3,84%
Public Safety	2 399 900	1 018 078	42,42%
Road Transport	112 433 200	33 074 729	29,42%
Sport and Recreation	220 066 100	94 501 792	42,94%
Waste Management	10 872 800	264 399	2,43%
Waste Water Management	103 409 900	98 066 261	94,83%
Water	350 769 300	321 205 326	91,57%
	1 081 608 700	687 956 798	63,60%

The total adjusted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2022/2023	ACTUAL MARCH 2023 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	598 387 100	402 382 342	67,24%
Capital Replacement Reserve	259 627 000	142 273 545	54,80%
Integrated Urban Development Grant	201 944 000	127 165 348	62,97%
Government Grants - National	57 065 000	15 038 796	26,35%
Government Grants - Provincial	11 444 000	1 096 767	9,58%
TOTAL	1 128 467 100	687 956 798	60,96%

3.5 Expenditure per Category

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL MARCH 2023 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	1 142 648 200	835 624 321	789 041 135	94,43%
Remuneration of Councillors	37 291 100	26 441 848	24 289 902	91,86%
Debt Impairment	172 510 200	130 140 839	131 810 557	101,28%
Depreciation and asset impairment	340 536 500	251 853 438	248 699 208	98,75%
Finance Charges	88 221 900	66 166 425	56 127 722	84,83%
Bulk Purchases - Electricity	1 236 241 700	926 884 057	928 687 553	100,19%
Inventory consumed - Water	401 327 100	234 603 263	219 297 671	93,48%
Inventory consumed - Materials	171 908 300	137 000 215	128 062 277	93,48%
Contracted Services	464 066 000	348 049 500	253 440 402	72,82%
Transfers and grants	9 528 000	7 973 194	7 312 807	91,72%
Other Expenditure	350 506 800	249 186 538	240 839 957	96,65%
Losses - Water Inventory (note 1)	214 797 800	161 098 350	264 674 153	164,29%
Inventory consumed - Capitalisation (note 2)	(469 972 100)	(352 479 075)	(357 424 880)	101,40%
TOTAL	4 159 611 500	3 022 542 912	2 934 858 466	97,10%

The table above represents operating expenditure per category as at 31 March 2023.

Note 1 and 2 above:

In terms of Version 6.5 of the mSCOA Chart it is required that municipality's account for their water purchases, water production as well their losses are in accordance with the water balance model. This model has been derived after consultation with the National Water and Sanitation Department and will ensure that water inventory is correctly reflected.

Water Inventory - in Rands						
Water Inventory	Original Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	R	R	R	R	R	R
Output						
Inventory consumed - Water Billed (Authorised)	395 165 900	371 793 500	23 372 400	217 126 407	202 756 526	14 369 881
Inventory consumed - Water Unbilled (Authorised)	6 161 200	5 884 700	276 500	2 171 264	2 027 565	143 699
Total - Inventory consumed - Water	401 327 100	377 678 200	23 648 900	219 297 671	204 784 092	14 513 580
Loss - Water Inventory	214 797 800	210 792 600	4 005 200	263 836 785	260 726 450	3 110 336
Total Water Inventory (Consumed plus losses)	616 124 900	588 470 800	27 654 100	483 134 457	465 510 541	17 623 915

Water Inventory - in Units (kl)						
Water Inventory	Original Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	kl	kl	kl	kl	kl	kl
Output						
Inventory consumed - Water Billed (Authorised)	35 474 796	30 842 250	4 632 546	19 913 618	18 041 906	1 871 713
Inventory consumed - Water Unbilled (Authorised)	542 980	488 168	54 812	199 136	180 419	18 717
Total - Inventory consumed - Water	36 017 776	31 330 418	4 687 358	20 112 755	18 222 325	1 890 430
Loss - Water Inventory	18 074 971	17 284 759	790 212	23 978 276	23 144 326	833 950
% Loss - Water Inventory	33,4%	35,6%	14,4%	54,4%	55,9%	30,6%
Total Water Inventory (Consumed plus losses)	54 092 747	48 615 177	5 477 570	44 091 031	41 366 651	2 724 380

3.6 Revenue by Source

The source of funding for the above comprises the following revenue categories:

REVENUE BY SOURCE	ADJUSTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL MARCH 2023 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	680 990 200	515 907 087	475 251 483	92,12%
Service Charges – Electricity revenue	1 866 242 400	1 348 281 168	1 330 475 746	98,68%
Service Charges – Water revenue	491 148 100	375 132 140	377 712 648	100,69%
Service Charges – Sanitation revenue	114 066 300	83 167 750	80 711 525	97,05%
Service Charges – Refuse revenue	106 813 300	77 087 083	80 300 914	104,17%
Rental of facilities and equipment	6 976 500	5 232 375	7 326 253	140,02%
Interest earned – external investments	66 700 000	50 025 000	22 298 012	44,57%
Interest earned – outstanding debtors	28 000	21 000	-	0,00%
Fines, penalties and forfeits	57 691 000	43 268 250	2 945 002	6,81%
Licences and permits	3 525 900	2 644 425	2 165 291	81,88%
Agency services	6 179 400	4 634 550	5 221 328	112,66%
Operating Transfers and Subsidies	525 345 100	469 835 313	489 184 405	104,12%
Other Revenue	40 085 200	30 063 900	23 466 571	78,06%
Gains - Employee related costs	37 911 300	-	-	0,00%
TOTAL OPERATING REVENUE	4 003 702 700	3 005 300 042	2 897 059 180	96,40%

The above table represents operating revenue by source as at 31 March 2023.

As previously requested, the following table contains a breakdown of the Revenue Source – Fines:

DETAILS	ADJUSTED BUDGET 2022/23	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL MARCH 2023 (YTD)	% ADOPTED BUDGET SPENT
	R	R	R	
Fines:Illegal Connections	1 397 400	1 048 050	488 352	47%
Fines:Overdue Books	16 000	12 000	1 364	11%
Fines:Pound Fees	5 100	3 825	38 987	1019%
Fines:Traffic:Court Fines	391 500	293 625	32 956	11%
Fines:Traffic:Municipal	50 322 300	37 741 725	905 713	2%
Forfeits:Deposits	1 161 400	871 050	698 493	80%
Fines:Motor Vehicle Licence	1 100	825	-	0%
Fines, Penalties and Forfeits:Penalties:Property Rates	4 396 200	3 297 150	779 138	24%
TOTAL	57 691 000	43 268 250	2 945 003	7%

3.7 Creditors Report

Creditors Age Analysis by Category

Creditors Age Analysis By Customer Type	0 - 30 Days	31 - 60 Days	91 - 120 Days	181 Days - 1 Year	Over 1 Year	Total
	R			R	R	R
Bulk Electricity	108 783 293	-	-	-	-	108 783 293
Bulk Water	18 694 055	18 989 470	-	-	-	37 683 525
PAYE deductions	14 122 595	-	-	-	-	14 122 595
Trade Creditors	5 540 831	-	1 307 504	7 813 591	1 099 362	15 761 288
Total By Customer Type	147 140 774	18 989 470	1 307 504	7 813 591	1 099 362	176 350 702

The above table represents the ageing of creditors outstanding as at 31 March 2023. As per the National Treasury Circular 71 uniform ratios the formula to calculate the creditors payment period is as follows - *Trade creditors outstanding/credit purchases (operating and capital) x 365*. Based on the formula, the creditors payment period as at end of March 2023 is **27 days**. It must be noted that amounts over 90 days are invoices that were accrued due to year-end cut-off. However, the final sign off and verification still needs to be done by user departments.

Outstanding Creditors

At a previous Financial Services Portfolio Committee meeting, Councillors requested that creditors greater than R100 000 outstanding for 90 days and longer be submitted to Council:

Creditor	Amount	Reason
King Cetshwayo District Municipality	R1 099 362,00	Invoice in dispute as it relates to services for the former Ntambanana Municipality

3.8 Debtors Report

➤ Debtors Age Analysis by Category

DEBTORS AGE ANALYSIS BY CATEGORY	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Organs of State	159 261 432	17 393 478	13 546 436	235 515 021	425 716 367
Business	93 067 957	5 235 465	4 992 973	78 622 846	181 919 241
Households	45 092 952	5 503 488	4 125 852	208 574 867	263 297 160
Other	1 114 397	475 747	355 936	4 916 424	6 862 504
Total	298 536 738	28 608 179	23 021 198	527 629 158	877 795 272
%	34,01%	3,26%	2,62%	60,11%	

FINANCIAL REPORTING ON INCOME / DEBT

Section 216 (1)(c) of the Constitution and section 2 of the Municipal Finance Management Act (MFMA) enable National Treasury to introduce uniform treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National Treasury determined the formulas for every financial ratio in terms of Circular 71. These formulas will therefore be used in the reporting.

Debt Collection Rate

The Ratio indicates the collection rate, *i.e.* level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. The following formula and norm is included in the circular:

Formula (As per circular 71)	Norm
Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100	The norm is 95%

PAYMENT RATIO					
RATIO	FORMULA	NORM / RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION
1	Collection Rate - Rolling 12 Months	95%		102%	Please refer to page 5 of MFMA Circular No. 71
			Gross Debtors closing balance March 2023	877 258 864	
			Gross Debtors opening balance April 2022	975 936 809	
			Bad debts written Off April 2022 to March 2023	29 739 962	
			Billed Revenue April 2022 - March 2023	3 211 818 473	
			Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100		

➤ **Net Debtors Days**

This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for a Municipality or Municipal Entity to receive payment from its Consumers for bills/invoices issued to them for services.

The Ratio exclude balances for Debtors, which the Municipality or Municipal Entity has assessed as potentially irrecoverable, and is also a good indication of the effectiveness of credit control procedures within the Municipality as well as the extent to which the Municipality has provided for doubtful Debts:

Formula (As per circular 71)	Norm
(Gross Debtors - Bad Debt Provision) / Billed Revenue) × 365	The norm is 30 Days

NETT DEBTORS IN DAYS					
RATIO	FORMULA	NORM / RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION
2	Net Debtors Days	30 days		83,00 days	Please refer to page 6 of MFMA Circular No. 71
			Gross Debtors closing balance March 2023	877 258 864	
			Bad debts Provision 2022 / 2023	146 879 700	
			Billed Revenue April 2022 - March 2023	3 211 818 473	
			((Gross Debtors - Bad Debt Provision) / Billed Revenue)) x 365		

➤ **Top Ten Debtors**

TOP TEN DEBTORS FROM ALL CATEGORIES							
Account No	Consumer Type	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days +	Total
1088329	STATE OWNED ENTITIES	13 631 140	5 941 026	5 247 965	6 468 349	82 421 596	113 710 075
501543	STATE OWNED ENTITIES	7 945 746	3 620 224	4 495 652	-	71 942 851	88 004 473
1854904	PRIVATE BUSINESS	-	-	-	-	22 377 590	22 377 590
551583	STATE OWNED ENTITIES	1 105 822	2 117 450	1 002 236	-	12 097 369	16 322 877
1610626	PRIVATE BUSINESS	-	-	-	-	6 106 823	6 106 823
1632348	STATE OWNED ENTITIES	1 081 624	203 323	1 004 989	-	5 650 751	7 940 687
416383	PRIVATE BUSINESS	227 664	151 776	-	-	5 289 370	5 668 809
2289941	PRIVATE BUSINESS	214	-	-	-	5 044 907	5 045 121
2328365	STATE OWNED ENTITIES	-	-	-	-	4 615 650	4 615 650
2273109	STATE OWNED ENTITIES	36 733	-	-	-	3 853 332	3 890 064
TOTAL		24 028 942	12 033 798	11 750 841	6 468 349	219 400 238	273 682 169

Government Debt

The Top Ten (10) Government debtors are as follows:

GOVERNMENT DEPARTMENTS						
National Departments	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
National Public Works	2 477 889	481 094	326 784	323 308	1 998 750	5 607 826
Dept of Agriculture and Rural Development & land Reform	12 310	0	0	0	12 543	24 854
Department of Water Affairs and Sanitation	0	0	0	0	-1 998 715	-1 998 715
	2 490 199	481 094	326 784	323 308	12 579	3 633 964
Provincial Departments	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Public Works	72 198	35 101	35 632	33 086	4 152 004	4 328 022
Education	1 147 238	2 393 243	285 872	58 548	2 577 943	6 462 844
Tvet Colleges	2 299 128	515 465	266 134	184	1 817 210	4 898 122
Human Settlement	81 193	4 541	4 215	4 271	608 237	702 457
Department of Transport	272 698	106 975	78 178	49 919	424 084	931 854
Department of Health	3 041 095	105 629	-80 715	42 727	4 383 262	7 491 997
Department of Social Welfare	95 542	57 464	0	0	0	153 006
	7 009 092	3 218 419	589 316	188 734	13 962 740	24 968 302
Other Organs of State	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Transnet	10 304 986	480 443	8 154	-121 126	-1 513 249	9 159 208
ESKOM	88 006	-6 042	685	2 114	80 662	165 426
Ingonyama Trust Board	733 636	361 545	361 545	364 784	14 911 648	16 733 158
Telkom	1 269 031	51 001	699	694	4 742	1 326 167
Foskor	24 976 167	11 994,55	11 994,55	11 994,55	1 668 920	26 681 071
SA Post Office	14 557	25	0	0	-7 473	7 109
Richards Bay IDZ	3 146 879	0	0	0	0	3 146 879
Mhlathuze Water Board	5 558 858	1 481	1 441	21 328 768	-1	26 890 547
King Cetshwayo District Municipality	24 616 271	12 647 020	12 150 136	6 569 931	171 364 933	227 348 292
	70 708 391	13 547 470	12 534 654	28 157 160	186 510 181	311 457 856

NOTES:

OFFICIAL FINAL VERSION

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Government Debt Comments

The main issues on Government Debt remain the lack of available budget to the relevant government departments. The debt owing by government departments appear to be a long term issue that will require constant monitoring and intervention.

A dedicated team of officials are working on the Government debt to ensure that the debt remain as low as practically possible.

The Government debt for this time of year will also appear to be higher due to the annual rates that are levied in January of each year.

3.9 Employee Debt / Councillor Debt

At a previous Financial Services Portfolio Committee meeting, Councillors requested that Officials' and Councillors' debt be submitted to Council.

Employees' debt amounts to R337 402,46 as per **Annexure AO - DMS 1576693**.

Councillors' debt amounts to R20 887,24 as per **Annexure AN - DMS 1576693**.

4. EXCEPTION REPORTING ON OPERATING EXPENSES FOR ENTIRE MUNICIPALITY

4.1 LOSSES TO COUNCIL'S PROPERTY

The table below represents losses to Council's property for the period 1 January 2022 to 31 March 2023:

GLASS REPLACEMENT CLAIMS									
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	AREA	TKT	DPT/SECT	EXCESS	DAMAGE	CLL COST
03/01/2023	222022/60	Glass Replacem	V0322 - driven by GK Myeza - side window was damaged by a stone during grass cutting.	Esikhaleni	739	Comms - Traffic	25 000	7 590	7 590
19/01/2023	222022/62	Glass Replacem	V2001 - Driven by R Pillay - windscreen was cracked by a fly away stone that during use.	John Ross	750	Comms - Traffic	-	4 686	4 686
24/02/2023	222022/83	Glass Replacem	V1498 - Driven by Ntombi Chamane - the windscreen was damaged by a stone passing truck.	RichardsBay	794	Comms - Traffic	-	5 201	5 201
17/03/2023	222022/92	Glass Replacem	The canopy glass of V1434 was broken whilst it was parked at Public Works offices in Durban.	Durban	806	CD	-	1 317	1 317
							25 000	18 794	18 794

PROPERTY CLAIMS									
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	AREA	TKT	DPT/SECT	EXCESS	DAMAGE	CLL COST
13/02/2023	222022/82	Property damage	The Council Chambers at the Civic Centre was damaged by heavy rainfall.	RichardsBay	781	I&TS - Buildings	-	-	-
12/02/2023	222022/87	Property damage	The Ngwelezane Hall was damaged during heavy rainfall.	Ngwelezane	774	Comms - Halls	-	-	-
28/03/2023	222022/96	Property damage	The Banquet Hall at Council Chamber was damaged due to a fire that broke out; all the furniture, ceiling, roof and entire interior were completely destroyed.	RichardsBay	811	CS - Facilities	-	-	-
							-	-	-

PUBLIC LIABILITY CLAIMS									
DATE	CLAIM NUMBER	CATERGORY	DETAILS OF INCIDENT	AREA	TKT	DPT/SECT	EXCESS	DAMAGE	CLL COST
01/02/2023	222022/72	Public Liability	Salim Ebrahim Bux is claiming for damages to her vehicle windscreen. It is alleged that a flyaway stone cracked the windscreen.	RichardsBay	760	Comms - Parks	25 000	950	950
01/02/2023	222022/74	Public Liability	Eben Scholtz is claiming for damages to his electrical appliances allegedly caused by under voltage that causes the electricity to drop.	Mandlazini		I&TS - Electrical	25 000	-	-
08/02/2023	222022/79	Public Liability	Bongani Myeni is claiming for damages to his vehicle allegedly caused by an electric pole that fell on his vehicle.	Ngwelezane		I&TS - Electrical	25 000	-	-
13/02/2023	222022/81	Public Liability	The Body Corporate of Sunrise Mews is claiming for damages to the property boundary wall that is collapsing due to the stormwater drain and erosion.	RichardsBay		I&TS - Roads & S/Water	-	-	-
23/02/2023	222022/89	Public Liability	V1418 - Driven by Buhle Zuma was involved in an incident whereby the tyres of V1418 hit into KF 14 X GP and allegedly into another third party vehicle.	Esikhaleni	782	Comms - Waste	-	-	-
01/07/2023	222022/90	Public Liability	Fikile Cebekhulu is claiming for damages alledgedly due to sewerage coming through her taps.	Esikhaleni		I&TS - Water & S	25 000	-	-
03/04/2023	222022/94	Public Liability	Neelan Naidoo is claiming for damages allegedly caused by a light pole that fell on the boundary wall of 50 Gibbum Grove, Brackenhham.	RichardsBay		I&TS - Electricity	25 000	1 495	1 495
							125 000	2 445	2 445

THEFT CLAIMS									
DATE	CLAIM NUMBER	CATERGORY	DETAILS OF INCIDENT	AREA	TKT	DPT/SECT	EXCESS	DAMAGE	CLL COST
21/12/2023	222022/75	Theft	Zenzele Khumalo's laptop was allegedly stolen from his vehicle whilst parked at the Boardwalk.	RichardsBay	735	I&TS - Water & Sanitation	-	-	-
25/02/2023	222022/88	Theft	Nkanyiso Khumalo's laptop was stolen from his home.	RichardsBay		I&TS - Electricity	-	-	-
08/03/2023	222022/91	Theft	The keys of V1353 were stolen from the safe of Ntshangase's property in Bucanana.	Ntambanana		I&TS - Water & Sanitation	-	7 603	7 603
							-	7 603	7 603

COUNCIL VEHICLES									
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	AREA	TKT	DPT/SECT	EXCESS	DAMAGE	CLL COST
01/01/2023	222022/65	Vehicle Damage	V0276 - Driven by Z Shenge was damaged when he knocked into the Veldenvlei robot. It is alleged that he tried to avoid another third party vehicle that allegedly skipped the red robot.	RichardsBay	740	Comms - Halls	0.00	37 805	37 805
05/02/2023	222022/76	Vehicle Damage	V1248 - Driven by Siyabonga Hlabisa had minor damage when he knocked V1489 damaging the door of V1489.	RichardsBay	765	I&TS - Water & Sanitation	-	30 212	30 212
27/02/2023	222022/84	Vehicle Damage	V1494 - Driven by Nomvelo Mkhwanazi - the rim and tyre were damaged when the driver hit a pothole,	RichardsBay	795	Comms - Traffic	0.00	10 051	10 051
25/02/2023	222022/86	Vehicle Damage	V472 tipper truck hit a pole and damaged the side(left)mirror left indicator & bumper as the driver was reversing to offload of kwandaya reserve	Esikaleni	785		-	-	-
03/04/2023	222022/93	Vehicle Damage	V2023 - was damaged dy hail stones during a storm	Empangeni		Comms	-	-	-
14/04/2023	222022/98	Vehicle Damage	V2037 - driven by Bhekisisa Mjadu was damaged when he misjudged the distance between the gate when exiting the area at Bay Shore Inn	RichardsBay	824	Comms - Waste	-	-	-
02/04/2023	222022/99	Vehicle Damage	V1418 - Driven by PraiseGod Mthumkulu was damaged when he allegedly had a black out	Empangeni			-	-	-
							-	78 068	78 068

Notes:

- Public liability claims remain problematic, damages allegedly caused during or after service delivery, grass cutting incidents of fly away stones damaging property and vehicles as well as vehicle collisions.
- Thorough investigations must be done regarding the guard covers on the machines as well as tool box talks should be done regularly on grass cutting and tree felling. The roads section was consulted on the major increase of potholes on municipal roads.
- Burst water pipes causing damage to third party property remains a problem as the claims are exceptionally high.
- There have also been incidents of trees falling over and allegedly causing damage to private property. It has been found that homeowners are negligent to a certain extent as they do not report overgrown trees timeously and only notify Council once an incident had occurred.
- Many claimants have referred their claims to Attorneys as they are of the opinion that Council employees were negligent, therefore the point of thorough investigations is of utmost importance.
- There has been an increase in motor vehicle accidents, this category as well lacks thorough investigations and consequence management.
- Theft of laptops have once again increased. However, the laptops were not stolen off Council property, but from the vehicles and private homes. It is advised that laptops should not be left unattended in a vehicle or exposed and special caution should be taken at home as well, laptops should be locked away or concealed.
- It is noted that theft from Municipal property still occurs although there is security onsite.
- Delayed reporting of incidents and lack of co-operation from Departments remain a challenge in finalising claims and attract unnecessary legal action.

4.2 PROCEEDS FROM LAND SALES

As required in terms of the Chief Financial Officer's Performance Plan, the following progress on land sales that have been prepared by the Department: City Development and approved by Council for sale, the process followed by the Department Financial Services be noted:

Nil

4.3 **COST CONTAINMENT POLICY**

The implementation of Municipal Cost Containment Regulations (MCCR) was effective from 1 January 2019. The Cost Containment Policy (**DMS 1407523**) was approved by Council in terms of Council Resolution number 14091 dated 26 August 2020 (RPT 167608):

ANNEXURE D: COST CONTAINMENT REPORT AS AT 31 MARCH 2023				
COST CONTAINMENT MEASURES	ADOPTED BUDGET 2022/23	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL MARCH 2023 (YTD)	SAVINGS
Advertisement&Marketing	4 604 700	3 453 525	2 171 306	1 282 219
Artists and Performers	501 300	375 975	353 890	22 085
Catering Services	3 851 700	2 888 775	1 975 628	913 147
Entertainment	350 000	262 500	189 809	72 691
Communications:SMS Bulk Message Service	1 172 800	879 600	659 872	219 728
Internal Audit Fees	6 359 400	4 769 550	5 795 105	(1 025 555)
Consultants Sevices	167 675 600	125 756 700	92 898 929	32 857 771
Contracted services - Cleaning Services	9 488 600	7 116 450	6 055 324	1 061 126
Contracted services - Security	75 620 600	56 715 450	57 174 483	(459 033)
Legal Advice and Litigation	11 724 100	8 793 075	6 822 169	1 970 906
Travel and subsistence allowance	6 568 700	4 926 525	4 070 879	855 646
Vehicle hire for Public office bearers	159 200	119 400	156 415	(37 015)
TOTAL	288 076 700	216 057 525	178 323 810	37 733 715

4.4 **OVER-EXPENDITURE**

The table below represents operating budget over-expenditures from 1 January to 31 March 2023:

OVER EXPENDITURE NUMBER	DATE RECEIVED	FUNCTION	FUNCTION DESCRIPTION	PROJECT NUMBER	GL CODE	GL DESCRIPTION	REASON	AMOUNT
1000002939	15/02/2023	BV	Airport	D/BV7BA1.001	4400004500	Contracted Services: Safeguard and Security	Payment of outstanding invoices	3 400 000
1000002940	15/02/2023	BK	Information Technology	D/BK7BA1.001	4400006700	Contracted Services: Internal Auditors	Payment for Qualith Assurance on SAP ERP system for Revenue and HCM modules	1 439 000
1000003055	01/03/2023	DM	Water Distribution - Rural Water	D/DM6BA1.001	4500008100	Hire Charges	Payment of outstanding invoices	9 077 800
1000003092	31/03/2023	DC	Solid Waste Removal	D/DC4BA1.001	4450000300	Inventory Consumed:Materials and Supplies	Purchase of plastic bags/trolley bins	1 450 000
								15 366 800

5. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1594323**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEX
Table C1	Monthly Budget Statement Summary	A
Table C2	Monthly Budget Financial Performance (Standard Classification)	B
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	C
Table C3	Monthly Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	D
Table C3C	Monthly Budget Financial Performance (Detail) (Revenue and Expenditure by Municipal Vote)	E
Table C4	Monthly Budget Financial Performance (Revenue by source and Expenditure by Item)	F
Table C5	Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding	G
Table C5C	Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding	H
Table C6	Monthly Budgeted Financial Position	I
Table C7	Monthly Budgeted Cash Flows	J
Table SC1	Material variance explanations	K
Table SC2	Monthly Performance indicators	L
Table SC3	Aged Debtors	M
Table SC4	Aged Creditors	N
Table SC5	Investment Portfolio	O
Table SC6	Transfers and grant receipts	P
Table SC7(1)	Transfers and grant expenditure	Q
Table SC7(2)	Expenditure Against Approved Rollovers	R
Table SC8	Councillor and Staff Benefits	S
Table SC9	Monthly actuals and revised targets for cash receipts (cash flow)	T
Table SC12	Monthly capital expenditure trend	U
Table SC13a	Monthly capital expenditure on new assets by asset class	V
Table SC13b	Monthly capital expenditure on the renewal of existing assets by asset class	W
Table SC13c	Monthly repairs and maintenance expenditure by asset class	X
Table SC13d	Monthly depreciation by asset class	Y
Table SC13e	Monthly capital expenditure on upgrading of existing assets by assets class	Z

PART 2 - SUPPORTING DOCUMENTATION

6. SUPPLY CHAIN MANAGEMENT POLICY

LEGISLATIVE FRAMEWORK

- Supply Chain Management Policy.
- Contract Management Policy.

SUPPLY CHAIN MANAGEMENT POLICY

- **Oversight Role of Council**

Clause 6 of the Municipal Supply Chain Management Policy requires:

“6.3 The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Mayor.

6.4 The reports must be made public in accordance with section 21A of the Municipal Systems Act.”

CONTRACT MANAGEMENT POLICY

- **Statutory reporting and compliance**

Clause 7(4) of Contract Management Policy requires the Contract Management Unit to maintain contract register and Provincial Circular No. 2 of 2016/2017 in relation to Contract Management also required all municipalities to submit updated Contract Registers by the 7th of every month. As from 7 November 2017, the submission of this report commenced.

- **Staffing**

Staffing in Supply Chain Management Unit (SCMU) remains critical considering the legislative requirements that should be fulfilled to avoid Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure. Furthermore, certain functions were transferred to the unit without increasing the staff, i.e. travelling and bid report writing. There are five (5) vacancies during the quarter under review:

POSITION	REASONS FOR VACANCY	STATUS
SCM Practitioner – Acquisitions Management	Promotion	Selection process underway
Administrative Officer – Bid Administration	Lost Appeal and Dismissed in November 2022	Selection Process
Fuel Attendant - Logistics	Retirement	Recruitment process underway
Accountant Bid Administration	New position	Appointed 1 November 2022
Bid Administrators X 4 – 12 Months Fixed Term	New Position	Appointed 1 November 2022

- **Internal Audit**

There was no internal audit in Quarter 3 of 2022/23 financial year.

- **Training and Workshops**

The Supply Chain Management Policy, Clause 8 stipulates that the training of officials involved in implementing the Supply Chain Management Policy should be in accordance with National Treasury guidelines on Supply Chain Management Training. Trainings for the quarter are as follows:

Programme description	Date	Service provider	Number of Beneficiaries
Rollout of Preferential Procurement Regulations of 2022	28 November 2022	National Treasury	8

- **Supply Chain Management Module - uMSAP**

During the quarter, as a requirement from National Treasury, the Department embarked on a project to interface the Central Supplier Database with Council's database. After the complete exercise, it will reduce the time and resources required to complete the database application forms. The SCMU will only require the MAAA_CSD registration number and the confirmation of the bank details.

DEMAND AND ACQUISITION MANAGEMENT

- **Capturing of vendors on Council's database**

The total number of vendors registered in this quarter:

MONTH	NUMBER OF VENDORS
Jan-23	12
Feb-23	23
Mar-23	128
	163

- **Reporting of Supply Chain Management awards above R100 000 captured on the National Treasury database.**

Sections 74(1) and 104(1)(b) of the Municipal Finance Management Act (MFMA) prescribes the following regarding general reporting obligations:

"The accounting officer of a municipality [and municipal entity] must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required."

Since 1 January 2006, in terms of the National Treasury Circular, MFMA, Circular No 34, Municipalities and Municipal Entities are required to submit a separate report for each contract awarded (and signed) above R100 000, and which must be submitted within fifteen (15) days of the end of each month. A backlog still exists with the capturing of data, mainly due to the fact that the database is very slow during working hours.

A list of orders in excess of R100 000 is included under - **Annexure AP on DMS 1576693.**

- **Reporting on the Supply Chain Management Policy in terms of Section 36 (2) in which any deviation from the Supply Chain Management Policy must be approved by the Municipal Manager.**

The Supply Chain Management Policy, prescribes on Clause 36(2) *The Accounting Officer must record the reasons for any deviations in terms of sub Clauses (1)(a) and (b) of this policy and report them to the next meeting of the Council and include as a note to the annual financial statements.* The reporting is delegated to the User Department to complete this task.

There were Four (4) deviations for the third quarter which amounts to R25 786 548.00 (Annexure AQ - DMS 1576693):

DEVIATIONS AS AT THE QUARTER ENDED 31 MARCH 2023								
	QUARTER 1		QUARTER 2		QUARTER 3		TOTAL NUMBER OF DEVIATION (YTD)	TOTAL AMOUNT OF DEVIATIONS (YTD)
DEPARTMENT	No.	Value	No.	Value	No.	Value		
Corporate Services (CS)	-	-	2	1 470 739	1	2 678 098	3	4 148 837
Infrastructure Services (IS)	-	-			1	14 179 327	1	14 179 327
Electricity and Energy Services (EES)	3	6 477 985	1	61 400	-	-	4	6 539 384
Office of the Municipal Manager	1	672 000	-	-	2	247 000	3	919 000
Total	4	7 149 985	3	1 532 139	4	17 104 425	11	25 786 548

AWARDED TENDERS QUARTER 3 – 2022/23

MONTH	NUMBER OF AWARDS	TOTAL
Jan-23	3	5 339 166
Feb-23	4	91 086 548
Mar-23	5	231 228 288
TOTAL	12	327 654 002

TENDER ADMINISTRATION

TENDER NUMBERS ISSUED, PUBLISHED, CANCELLED AND SITTING OF BID COMMITTEES				
Number of tenders numbers issued to user departments	Number of tenders published	Number of tenders Cancelled	Number of Bid Committees seated and cancelled	
			Seated	Cancelled
22	8	2	BSC 8	3
			BEC 20	1
			BAC 17	4

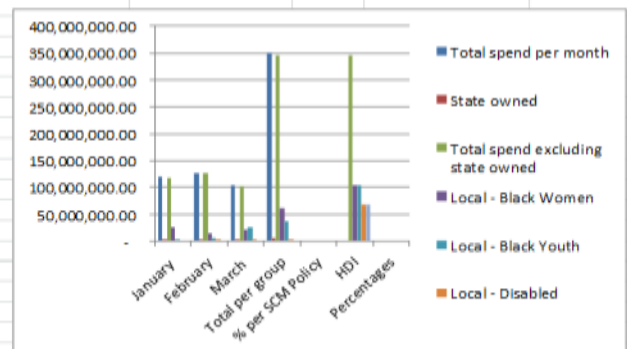
Number of Tenders where Validity Period were extended	
Number	Reasons
27	Due to the tender being referred back from the Committees for various reasons such as lack of supporting documentation and information.

Number of section 32 and value			
Number	The name of the Entity that SCM Regulation 32 was sourced from.	Awarded to	Total value of tenders awarded through SCM Regulation 32.
NONE			

APPROVAL OF TENDERS NOT RECOMMENDED	
	Total
Number of approved Tenders not recommended by Bid Evaluation in terms of Supply Chain Management Policy clause 29(7)(a)	0

- Purchase Order report reflecting Supply Chain Management performance in terms of the category of suppliers in Quarter 3:

	January	February	March	Total per group	% per SCM Policy	HDI	Percentages
Total spend per month	120,302,734.23	127,059,130.27	103,855,755.41	351,217,619.91			
State owned	2,514,279.25	1,403,953.31	1,312,158.91	5,230,391.47			
Total spend excluding state owned	117,788,454.98	125,655,176.96	102,543,596.50	345,987,228.44	0%	345,987,228.44	
Local - Black Women	25,284,341.15	14,598,515.08	20,522,090.20	60,404,946.43	30%	103,796,168.53	58%
Local - Black Youth	3,966,728.44	5,921,475.42	26,152,192.79	36,040,396.65	30%	103,796,168.53	35%
Local - Disabled	-	110,590.82	90,556	201,146.82	20%	69,197,445.69	0%
Military Veterans	-	-	-	-	20%	69,197,445.69	0%



• Report on Objections and Complaints

Refer to Section 1 of this report for a detailed list:

In terms of the Supply Chain Management Policy, Clause 49, *Persons aggrieved by **decisions** or **actions** taken in the implementation of this Supply Chain Management system, may lodge within 14 days of the decision or action:*

- (a) *if the **objection or complaint is against the procurement process**, submit a written **objection or complaint against the decision or action** to the accounting officer of the municipality who shall, in turn, within 24 hours refer the written objection or complaint to the dependent and impartial refer the written objection or complaint to the dependent and impartial person referred to in Clause 50 for resolution:*

(b) Objections and Complaints Table:

01 JANUARY TO 31 MARCH 2023	
REPORT ON OBJECTIONS AND COMPLAINTS (In terms of SCMP, clause 49)	
Details of objections or complains for tenders	8/2/1/UMH986-21/22: Provision of Professional Consulting Engineering Services for Updating and Implementation of Projects Related to Built and Civil Environment for a 3 Year Period (Panel of Consultants as and when Required).
Against the procurement process	N/A
Against the decision or action	Yes
MUNICIPAL BIDS APEALS TRIBUNAL (in terms of SCMP, clause 50A)	
Case referred by bidder	None
RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES (In terms of SCMP, Clause 50)	
Details of decision or action and queries taken in the implementation of the procurement process in terms of the supply chain management system or any matter arising from a contract awarded in the course of the supply chain management system.	One (1) service provider has withdrawn and the other four (4) were sent ruling letters on 29 March 2023.

CONTRACT AND LOGISTICS MANAGEMENT

CONTRACT REGISTER – QUARTER 3	
Details	Number
Contracts Expiring in 6 months	51
Total Contracts Carried Over from 01/01/2023	164
Total Effective Contracts 2022/23 - Quarter 3	142
Total Contracts closed in 2022/23 - Quarter 3	36
Total Captured in Quarter 3	14
Number of Contracts amended using 15% and 20 threshold	0

VARIATION ORDER AND EXPANSIONS			
Contracts which were amended using the 15% and 20% thresholds contained in MFMA Circular 62			
Number	Tender	Awarded to	Total Variance Order
None			

MONTHLY STOCK COUNT

The Stock Count results for Quarter 3 ending 31 March 2023 are as follows:

STOCK TAKE RECONCILLIATION FOR THE PERIOD ENDED 31 MARCH 2023	
DESCRIPTION	AMOUNT
Stock value before stocktake	31 109 188,54
Positive Variance	43 943,97
Negative Variance	-244 323,73
Stock Written off	-
Stock value after stocktake	30 908 808,78
Stock Value Report After Stock Take	30 908 808,78
Bulk Water Clarified	28 604,32
Bulk Water Potable	2 249 133,23
Stock Value After Stock Take	33 186 546,33

PART 3 - SUPPORTING DOCUMENTATION

7. DEBTORS ANALYSIS

Refer to supporting Table SC3 - Aged Debtors (**Annexure M – DMS 1594323**) for the month ended 31 March 2023.

8. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N – DMS 1594323**) for the month ended 31 March 2023.

9. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment portfolio (**Annexure O – DMS 1594323**) for the month ended 31 March 2023.

10. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Refer to supporting table SC6 - Transfers and Grant receipts (**Annexure P – DMS 1594323**) and supporting table SC7 - Transfers and Grant expenditure (**Annexure Q – DMS 1594323**) for the month ended 31 March 2023.

11. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and Staff Benefits (**Annexure R – DMS 1594323**) for the month ended 31 March 2023.

12. MATERIAL VARIANCES TO THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP COMPONENT 5 SUMMARISED)

The first Quarter progress on the quarterly projections of Service Delivery Targets and Performance Indicators is indicated on **Annexures AM (DMS 1576693)**.

Although the detailed Component 5 as **Annexure AM (DMS 1576693)**, the tables below depict a summary of the most applicable components thereof.

NB: (Please note when looking at the detailed version of Component 5 - **Annexure AM (DMS 1576693)** each Vote is illustrated in number order on the extreme left, Vote details of which is illustrated over 3 pages):

DEPARTMENT	ADJUSTED BUDGET 2022/2023	SUPPLEMENTS/ (RETURNS)	VIREMENTS	FINANCIAL SYSTEM BUDGET 2022/23	ACTUAL MARCH 2023 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT	77 346 600	-	(49 600 000)	27 746 600	2 514 857	9%
CITY DEVELOPMENT	77 346 600	-	(49 600 000)	27 746 600	2 514 857	9%
DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES	237 483 800	4 000 000	(11 645 000)	229 838 800	103 610 993	45%
COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY	15 487 000		(1 763 000)	13 724 000	7 090 849	52%
COMMUNITY SERVICES - RECREATION AND ENVIRONMENTAL SERVICES	221 665 900	4 000 000	(9 882 000)	215 783 900	96 486 136	45%
COMMUNITY SERVICES - PROTECTION SERVICES	330 900			330 900	34 009	10%
DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES	85 822 100	-	1 637 200	87 459 300	49 324 329	56%
CORPORATE SERVICES - ADMINISTRATION	35 528 000		194 000	35 722 000	9 771 713	27%
CORPORATE SERVICES - ICT	49 934 100		1 443 200	51 377 300	39 417 116	77%
CORPORATE SERVICES - LEGAL SERVICES	25 000	-	-	25 000	-	0%
CORPORATE SERVICES - HUMAN RESOURCES	335 000	-	-	335 000	135 500	40%
CHIEF FINANCIAL OFFICER	10 461 400	-	(22 000)	10 439 400	1 929 074	18%
FINANCIAL SERVICES	10 461 400		(22 000)	10 439 400	1 929 074	18%
DEPUTY MUNICIPAL MANAGER: ELECTRICAL AND ENERGY SERVICES	85 492 000	6 965 000	11 500 000	103 957 000	65 202 285	63%
ELECTRICAL SUPPLY SERVICES	85 492 000	6 965 000	11 500 000	103 957 000	65 202 285	63%
DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE SERVICES	584 867 800	35 893 400	48 198 800	668 960 000	465 340 604	70%
ENGINEERING SUPPORT SERVICES	119 852 600	22 000 000	(48 277 400)	93 575 200	52 196 249	56%
TRANSPORT, ROADS AND STORMWATER	89 205 200	263 400	(7 960 000)	81 508 600	24 967 057	31%
WATER AND SANITATION	375 810 000	13 630 000	104 436 200	493 876 200	388 177 298	79%
OFFICE OF THE MUNICIPAL MANAGER	135 000	-	(69 000)	66 000	34 654	53%
TOTAL OFFICE OF THE MUNICIPAL MANAGER	135 000	-	(69 000)	66 000	34 654	53%
TOTAL CAPITAL BUDGET	1 081 608 700	46 858 400	-	1 128 467 100	687 956 798	61%

13. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 31 March 2023:

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure G – DMS 1594323**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure H – DMS 1594323**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U – DMS 1594323**).
- ❑ Table SC13a - Monthly capital expenditure on new assets by asset class (**Annexure V – DMS 1594323**).
- ❑ Table SC13b - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W – DMS 1594323**).
- ❑ Table SC13c - Monthly repairs and maintenance expenditure by asset class (**Annexure X – DMS 1594323**).
- ❑ Table SC13d - Monthly depreciation by asset class (**Annexure Y– DMS 1594323**).
- ❑ Table SC13e - Monthly capital expenditure on upgrading of existing assets by assets class (**Annexure Z - DMS 1594323**).

14. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Refer to **DMS 1596755 (Annexure AR)**.

PART 4 - OTHER LEGISLATION REQUIREMENTS

15. WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

In accordance with Section 11(4) of the Municipal Finance Management Act 2003 (No 56 of 2003), the Accounting Officer must within 30 days after the end of each quarter, table a consolidated report of all withdrawals made in terms of Sub-section (1) (b) to (j) during that quarter and submit a copy of the report to the relevant Provincial Treasury and the Auditor-General. Refer to **Annexure AP (DMS 1576693)** for Form D.

“Withdrawals from municipal bank accounts-

“(a) to defray expenditure authorised in terms of Section 26(4).”

None

“(b) to defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1).”

None

“(c) in the case of a bank account opened in terms of Section 12 to make payments from the account in accordance with Sub-section (4) of that section.”

None

“(d) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state:”

R29 167 947,21 (NPA vehicle licence pay over).

“(e) to refund money incorrectly paid into a bank account.”

R32 317,76

“(f) to refund guarantees sureties and security deposits.”

R3 876 970,76 (Refund of credit balances and deposits debtors accounts).

“(g) for cash management and investment purposes in accordance with Section 13.”

Refer to **Annexure O** and **Annexure S**.

ENVIRONMENTAL IMPLICATIONS

None

FINANCIAL IMPLICATIONS

This has been covered in details throughout the report.

LEGAL IMPLICATIONS

The monthly and quarterly financial report is prepared in terms of Section 71 and Section 72 of the Municipal Finance Management Act, 2003 (MFMA), (Act 56 of 2003).

COMMENTS OF THE CHIEF FINANCIAL OFFICER

Refer to the Executive Summary contained in this report for comments.

COMMENTS OF THE MUNICIPAL MANAGER

The report is noted by the Office of the Municipal Manager.

RECOMMENDED THAT:

1. the financial position of the uMhlathuze Municipality as at 31 March 2023, as required in terms of Section 71 and Section 66 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003), and as set out in the monthly budget statement tables **(DMS 1594323)** including the quarterly requirements in terms of Section 52(d) be noted; and
2. savings as per Municipal Cost Containment Regulations **(under 4.3)** be noted.