

COVER PAGE

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I, Sibusiso Mchunu, declare that the information in this report is adequately researched with the information at my disposal and is correct and credible to the best of my knowledge.

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Deputy City Manager's Signature		
Name In Block Letters Contact number: Date:		
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FINANCIAL REPORT AS AT 31 MARCH 2024**PURPOSE**

1. To submit to Council, the financial position of the uMhlathuze Municipality for the quarter ended 31 March 2024, 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, 72 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 compliant
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all related financial policies
		5.1.1.4 Compliance with all MFMA and relevant local government financial legislation
	5.2.1 Sustainable Financial management (Expenditure and Revenue)	5.2.1.1 Provide continuous Internal Communication and support 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 Accurate and timeous payments of creditors
		5.2.1.6 Apply adequate financial management methodologies
	5.3.1 Supply Chain Management	5.3.1.1 Demand and acquisition management
		5.3.1.2 Accurate contracts and logistics management
		5.3.1.3 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 2010/11 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 1647709**);
- ❑ Component 2: Monthly projections of expenditure (operating and capital) and revenue for each vote (**Annexure AB - DMS 1647709**);
- ❑ Component 3: Quarterly projections of service delivery targets and performance indicators for each vote (**Annexure AC - AK - DMS 1647709**);
- ❑ Component 4: Ward information for expenditure and service delivery (**Annexure AL and AM - DMS 1647709**); and
- ❑ Component 5: Detailed capital works plan broken down by ward over three years (**Annexure AN - DMS 1647709**).

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 2024

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 2024, and the performance of the Municipality against its budget is in line with the adjusted budget that was approved by Council in 22 February 2024. 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 2024 (year to date actual) shows a surplus of R96,2 million. However, it needs to be noted that although end of March shows a surplus, the Revenue is overstated by Equitable Share received for the last three months of the year in March 2024. This amount for April 2024 to June 2024 amounts to R130m and the sale of land to RBIDZ for the amount of R90m. The performance in this area is **Acceptable but only in the context that the year-end projection is R163m deficit.**

Capital Budget

Council is at the end of third quarter of the financial year and capital expenditure is at R646 million (79,08%). This is based on the Adjusted Budget of R817,4 million. The performance in this area is **Acceptable.**

Cash Flow

In terms of Council’s Adopted 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 1,32:1 (Cash in Bank against average monthly liabilities – R481 355/R365 301). This is not the best rate so far but better than the previous month and hoping to do better next time. 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 **Operating Budget**

The following table represents an executive summary for the financial period ended 31 March 2024:

DESCRIPTION	ADJUSTED BUDGET 2023/2024	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL MARCH 2024 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue (excl capital grants)	5 122 626 700	3 833 085 778	3 904 521 944	101,86%
Expenditure	5 286 027 200	3 832 725 536	3 808 347 299	99,36%
Operating Surplus/(Deficit)	(163 400 500)	360 241	96 174 646	
Less:				
Equitable Share Received in Advance	-	-	(130 215 000)	
Proceeds from Land Sales (IDZ)	-	-	(90 000 000)	
Net Operating Surplus/(Deficit)	(163 400 500)	360 241	(124 040 354)	

Although actual results as at 31 March 2024 shows a surplus of R96m, there is a distortion to this surplus due to two major transactions.

The results as at 31 March 2024 is a deficit of R124m. These two transactions are the following:

- Total equitable share of R520m that is already received in full. R130m of equitable share has been received in advance; and
- Proceeds from sale of land to RBIDZ for the amount of R90m.

Below is the financial performance dashboard extracted from **SAP Reports and Dashboard Module**. It depicts the results as at the end of the month of March 2024 (year to date).

NB: Management is encouraged to make use of the dashboard for ease of reference on the financial performance and capital expenditure. Department to liaise with the Budget Office and ICT for assistance with reports and dashboard.



COU - FINANCIAL PERFORMANCE DASHBOARD FOR: MARCH, 2024



Operating Revenue (R '000)

4,931,451	Original Budget
5,122,627	Adjusted Budget
614,961	Monthly Actual
3,904,522	YTD Actual
3,806,984	YTD Budget
5,122,627	System Budget

Operating Expenditure (R '000)

4,937,024	Original Budget
5,286,027	Adjusted Budget
380,500	Monthly Actual
3,808,347	YTD Actual
3,797,380	YTD Budget
5,286,027	System Budget

Capital Transfers & Subsidies (R '000)

218,836	Original Budget
218,530	Adjusted Budget
41,366	Monthly Actual
195,772	YTD Actual
203,611	YTD Budget
218,530	System Budget

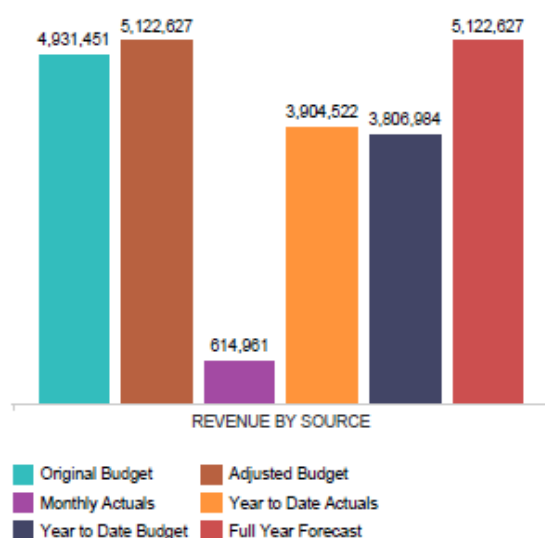
Surplus/(Deficit) for the year excluding Transfers & Subsidies (R '000)

-5,573	Original Budget
-163,401	Adjusted Budget
234,461	Monthly Actual
96,175	YTD Actual
9,604	YTD Budget
-163,401	System Budget

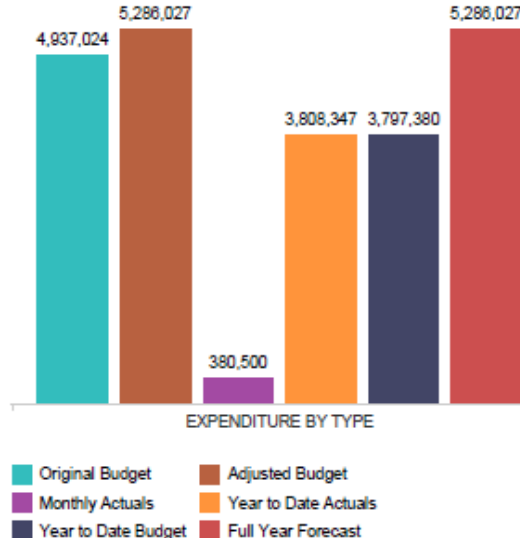
Overview Revenue & Expenditure Analysis

- ☒ Original Budget
- ☐ Adjusted Budget
- ☐ Monthly Actual
- ☐ YTD Actual
- ☐ YTD Budget
- ☐ System Budget

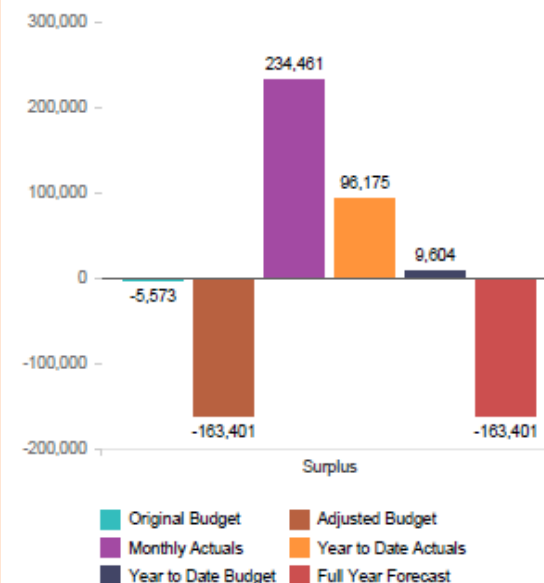
Operating Revenue (R '000)



Operating Expenditure (R '000)



Surplus (R '000)



NOTES:

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3.2 Cash Flow Situation

Council's Working Capital Policy:

In terms of Council's Adopted 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 1,32:1 (481 355/365 301).

3.3 Grants Balances

DESCRIPTION OF GRANT	ADJUSTED GRANTS BUDGET 2023/24 (2)	AMOUNT RECEIVED AS AT 31/03/2024	ACTUAL EXPENDITURE AS AT 31/03/2024	% EXPENDITURE TO AMOUNT RECEIVED	COMMENTS
NATIONAL TREASURY					
Equitable Share	520 860 000	520 860 000	390 645 000	75%	In terms of the Constitution, this allocation is to provide for an equitable sharing of National Revenue. It is primarily for the provision of Basic Services.
Intergrated Urban Development Grant-IUDG	171 579 000	171 579 000	144 553 602	84%	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. An Additional allocation of 18 Million Rands has been received as per the amended DORA issued in March 2024.
Financial Management Grant	2 500 000	2 500 000	946 776	38%	The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement Finamace Management Act (MFMA). There will be significant improvement on expenditure in the last quarter.
Water services infrastructure grant	52 000 100	52 000 100	32 690 846	63%	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. An Additional allocation of 12 Million Rands has been received as per the amended DORA issued in March 2024.
Extended Public Works Pogramme	2 916 000	2 916 000	2 320 350	80%	The grant is for the operational expenditure for EPWP. This grant has been reduced with an amount of R 173 000 as per the amended DORA. Reductions are focused on grants and programmes where there has been significant underspending in recent years
Integrated National Electrification Programme Grant	13 840 000	13 840 000	4 014 506	29%	The grant is to provide capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings. This grant has been reduced with an amount of R 160 000 as per the amended DORA issued in March 2024.
Municipal Disaster Recovery Grant	26 590 338	26 590 338	13 603 563	51%	The Grant is for reconstruction and rehabilitation of damaged municipal infrastructure due to the 2022 storms. The amount shown is the rollover of funds that has been fully granted by National Treasury into 2023/2024 financial year.
Energy Efficiency and Demand Management	5 000 000	5 000 000	2 416 139	48%	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. Most of the expenditure is planned for the third and last quarter.
TOTAL NATIONAL TREASURY GRANTS	795 285 438	795 285 438	591 190 781	74%	

NOTES:

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DESCRIPTION OF GRANT		AMOUNT RECEIVED AS AT 31/03/2024	ACTUAL EXPENDITURE AS AT 31/03/2024	% EXPENDITURE TO AMOUNT RECEIVED	COMMENTS
PROVINCIAL TREASURY					
Provincialisation of Libraries	9 593 000	9 593 000	27 455 086	286%	Expenditure shown is the total actual operating costs of the Libraries for the period under review.
Community Library Services Grant (Cyber cadets)	2 032 800	2 032 800	2 202 767	108%	Expenditure shown is the total actual operating costs of the Cyber cadets for the period under review.
Housing Operating Account	4 429 000	4 664 925	16 578 647	355%	Expenditure shown is the total actual operating cost of the Human Settlements Section excluding Hostel Operating costs for the period under review.
Museum Subsidy	249 000	249 000	2 966 541	1191%	Expenditure shown is the total actual operating costs of the Museum for the period under review.
TOTAL PROVINCIAL TREASURY GRANTS	16 303 800	16 539 725	49 203 042	297%	
				-	
TOTAL GRANTS AND SUBSIDIES	811 589 238	811 825 163	640 393 823	79%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 31 March 2024:

FUNCTION	ADJUSTED BUDGET 2023/2024	ACTUAL MARCH 2024 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	64 434 300	16 841 480	26,14%
Community and Social Services	57 555 300	30 393 759	52,81%
Energy Sources	106 705 000	61 161 837	57,32%
Executive and Council	123 000	56 962	46,31%
Environmental Protection	4 578 800	150 370	3,28%
Air Transport - Air port	13 424 000	4 587 330	34,17%
Planning and Development	14 777 000	7 140 934	48,32%
Public Safety	1 565 000	773 008	49,39%
Road Transport	133 381 600	75 331 878	56,48%
Sport and Recreation	77 578 400	66 567 354	85,81%
Waste Management	7 530 000	1 936 068	25,71%
Waste Water Management	75 002 900	74 088 750	98,78%
Water Management	260 751 200	307 350 939	117,87%
	817 406 500	646 380 670	79,08%

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2023/2024	ACTUAL MARCH 2024 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	418 774 900	339 305 236	81,02%
Capital Replacement Reserve	177 535 900	130 085 923	73,27%
Integrated Urban Development Grant	145 186 200	123 957 526	85,38%
Government Grants - National	71 150 500	50 838 379	71,45%
Insurance	2 565 300	-	0,00%
Public Contribution (Donation)	2 193 700	2 193 606	100,00%
TOTAL	817 406 500	646 380 670	79,08%



COU - CAPEX DASHBOARD AS AT: MAR 2024



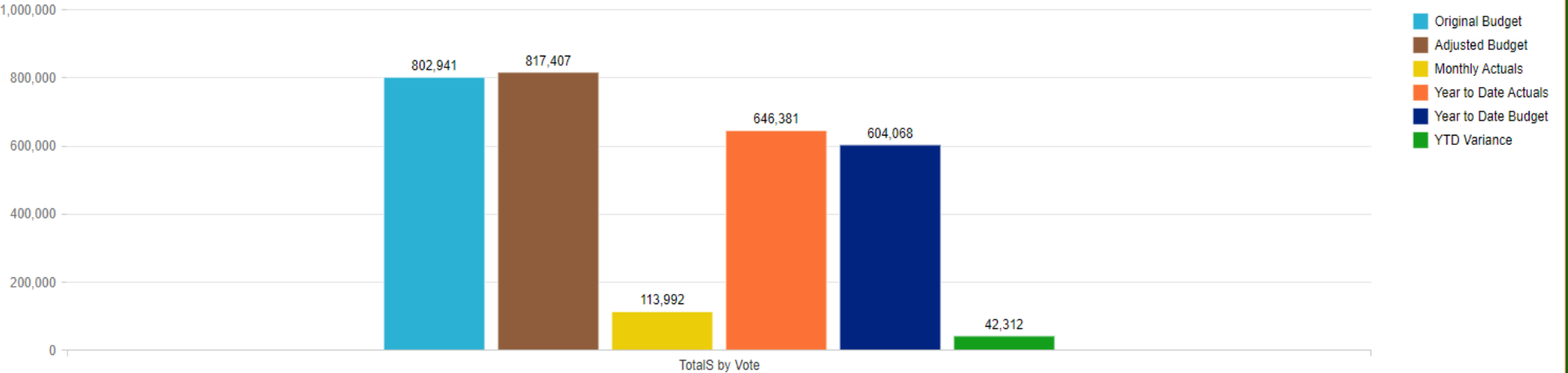
Original Budget (R '000)	Adjusted Budget (R '000)	Monthly Actual (R '000)	YTD Actual (R '000)	YTD Budget (R '000)	YTD Variance (R '000)
802,941	817,407	113,992	646,381	604,068	42,312

Overview C5C CAPEX-MAIN SC13A-NEW SC13B-RENEW SC13E-UPGRADE C5C CAPEX-MAIN-Detail SC13A-NEW-Detail SC13B-RENEW-Detail SC13E-UPGRADE-Detail

ALL VOTES Total by Vote Functional Classification Funded By

ALL VOTES

Total Capex (R '000)



3.5 Expenditure per Category

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2023/2024	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL MARCH 2024 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	1 186 691 700	872 905 573	861 914 684	98,74%
Remuneration of Councillors	35 509 700	26 632 275	22 991 999	86,33%
Bulk Purchases - Electricity	1 627 634 200	1 132 352 628	1 142 946 897	100,94%
Inventory consumed - Water	306 540 400	261 408 484	256 758 172	98,22%
Inventory consumed - Materials	188 177 000	123 540 000	125 775 631	101,81%
Debt Impairment	238 596 600	125 307 176	124 240 793	99,15%
Depreciation and asset impairment	320 159 500	236 107 106	232 665 805	98,54%
Finance Charges	158 678 000	119 030 263	111 602 107	93,76%
Contracted Services	493 057 300	369 792 975	371 172 286	100,37%
Transfers and Subsidies	9 959 300	6 909 244	4 954 060	71,70%
Irrecoverable debts written off	-	-	13 844 009	0,00%
Operational costs	377 359 300	283 019 475	241 170 432	85,21%
Loss on Disposal of Land	-	-	7 520 221	0,00%
Losses - Water Inventory (note 1)	343 664 200	275 720 337	290 790 202	105,47%
TOTAL	5 286 027 200	3 832 725 536	3 808 347 299	99,36%

The above table represents operating expenditure per category as at 31 March 2024.

Note 1 and 2 above:

In terms of Version 6.5 of the mSCOA Chart it is required that municipalities account for their water purchases, water production as well their losses 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.

Note 1 and 2 above:

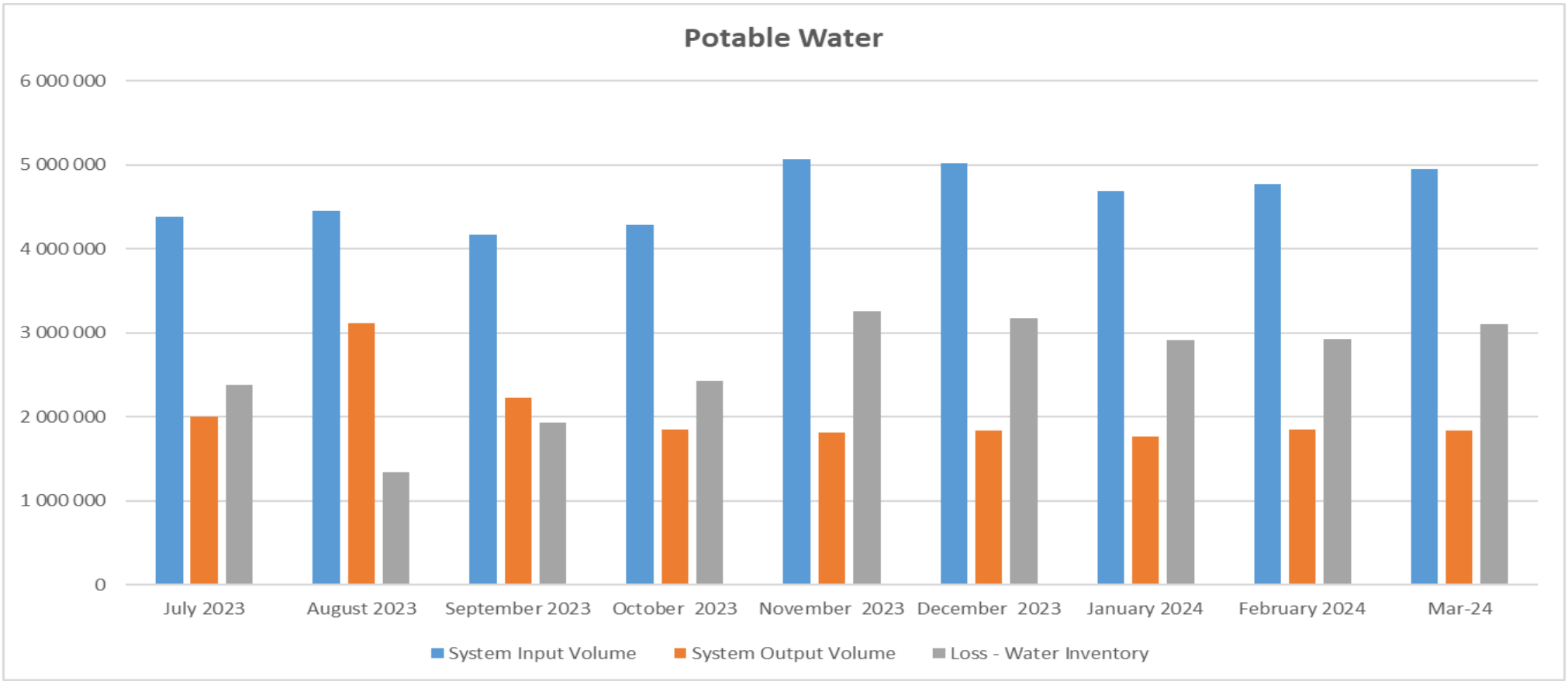
In terms of Version 6.5 of the mSCOA Chart it is required that municipalities account for their water purchases, water production as well their losses in accordance with the water balance model. This model has been derived after consultation with the National Water and Sanitation Department and will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

Water Inventory - in Rands						
Water Inventory	Adjusted Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	R	R	R	R	R	R
Output						
Inventory consumed - Water Billed (Authorised)	300 038 800	282 415 300	17 623 500	254 216 012	235 871 161	18 344 851
Inventory consumed - Water Unbilled (Authorised)	6 501 600	6 304 900	196 700	2 542 160	2 358 712	183 449
Total - Inventory consumed - Water	306 540 400	288 720 200	17 820 200	256 758 172	238 229 873	18 528 299
Loss - Water Inventory	343 609 600	341 765 500	1 844 100	290 308 729	289 847 952	460 777
Total Water Inventory (Consumed plus losses)	650 150 000	630 485 700	19 664 300	547 066 901	528 077 825	18 989 076

Water Inventory - in Units (kl)						
Water Inventory	Adjusted Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	kl	kl	kl	kl	kl	kl
Output						
Inventory consumed - Water Billed (Authorised)	28 981 398	24 231 398	4 750 000	20 814 434	18 144 594	2 669 840
Inventory consumed - Water Unbilled (Authorised)	593 960	540 960	53 000	208 144	181 446	26 699
Total - Inventory consumed - Water	29 575 358	24 772 358	4 803 000	21 022 578	18 326 039	2 696 539
Loss - Water Inventory	29 820 657	29 323 657	497 000	23 497 837	23 423 485	74 352
% Loss - Water Inventory	50,2%	54,2%	9,4%	52,8%	56,1%	2,7%
Total Water Inventory (Consumed plus losses)	59 396 015	54 096 015	5 300 000	44 520 415	41 749 524	2 770 890

Potable Water Inventory - in Units (kl)

Water Inventory	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	Mar-24
System Input Volume	4 380 459	4 445 271	4 162 506	4 280 083	5 064 544	5 014 460	4 681 883	4 775 757	4 944 566
System Output Volume	1 997 129	3 110 282	2 232 445	1 851 578	1 810 557	1 840 458	1 764 586	1 845 747	1 836 434
Loss - Water Inventory	2 383 330	1 334 989	1 930 061	2 428 505	3 253 987	3 174 002	2 917 297	2 930 010	3 108 132



Water Losses per Zone

	Mar-24				Ytd Actual As At 31 March 2024			
	Zone 1 (Richards Bay , Nseleni, Khoza, Mandlanzini, Meerensee , Mzingazi)	Zone 2 (Empangeni, Ngwelezane, Zungu)	Zone 3 (Esikhaleni, Felixton, Vulindlela, Mkwanazi North & South)	Zone 4 (Richards Bay Clarified Water)	Zone 1 (Richards Bay , Nseleni, Khoza, Mandlanzini, Meerensee , Mzingazi)	Zone 2 (Empangeni, Ngwelezane,Z ungu)	Zone 3 (Esikhaleni, Felixton, Vulindlela, Mkwanazi North & South)	Zone 4 (Richards Bay - Clarified Water)
	KL	KL	KL	KL	KL	KL	KL	KL
System Input (Purchased and Produced)	1 956 706	2 137 488	850 372	208 999	19 053 207	14 279 082	8 417 240	2 749 932
Kl/Day	63 120	68 951	27 431	6 742	614 620	460 616	271 524	88 707
System Out Put - Inventory Consumed	1 103 890	606 095	144 813	211 089	11 258 673	5 518 244	1 549 123	2 696 538
Kl/Day	35 609	19 551	4 671	6 809	363 183	178 008	49 972	86 985
Inventory consumed - Water Billed (Authorised)	1 092 961	600 094	143 379	208 999	11 147 201	5 463 608	1 533 785	2 669 840
Inventory consumed - Water Unbilled (Authorised)	10 930	6 001	1 434	2 090	111 472	54 636	15 338	26 698
Water Lossess	852 816	1 531 393	705 559	-	7 794 534	8 760 838	6 868 117	74 352
Kl/Day	27 510	49 400	22 760		258 961	289 576	229 133	2 464
Water Losses:Apparent Losses:Customer Meter Inaccuracies	76 753	137 825	63 500	-	701 508	788 475	618 131	1 185
Water Losses:Apparent Losses:Unauthoried Consumption (Theft)	42 641	76 570	35 278	-	389 727	438 042	343 406	6 165
Water Losses:Real Losses:Leakage and Overflows at Storage Tanks/Reservoirs	34 539	62 021	28 575	-	315 679	354 814	278 159	35 526
Water Losses:Real Losses:Leakage on Service Connections up to the point of Customer Meter	196 873	353 522	162 878	-	1 799 368	2 022 439	1 585 505	5 670
Water Losses:Real Losses:Leakage on Transmission and Distribution Mains	459 369	824 885	380 049	-	4 198 526	4 719 025	3 699 511	22 088
Water Losses:Data Transfer and Management Errors	42 641	76 570	35 278	-	389 727	438 042	343 406	3 718
% Loss - Water Inventory	43,6%	71,6%	83,0%	0,0%	40,9%	61,4%	81,6%	2,7%
Total Water Inventory (Consumed plus losses)	1 956 706	2 137 488	850 372	211 089	19 053 207	14 279 082	8 417 240	2 770 890

3.6 Revenue by Source

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

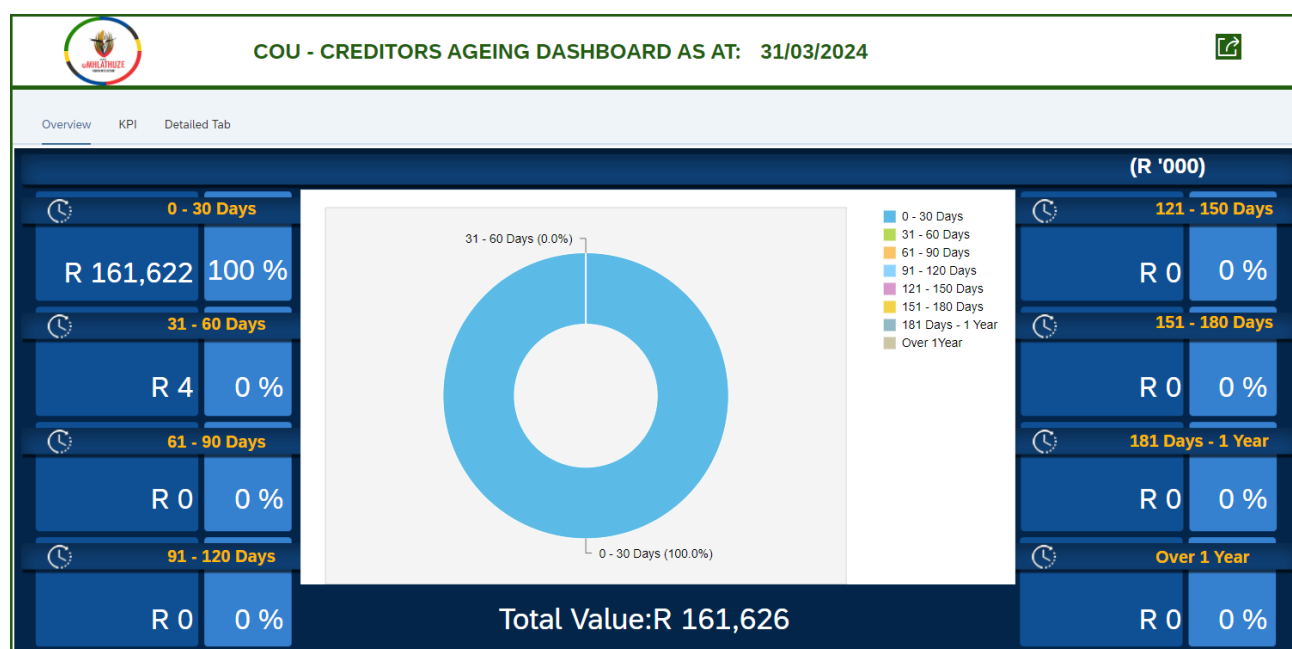
REVENUE BY SOURCE	ADJUSTED BUDGET 2023/2024	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL MARCH 2024 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Exchange Revenue				
Service Charges – Electricity revenue	2 290 831 000	1 534 929 607	1 538 354 454	100,22%
Service Charges – Water revenue	585 000 000	430 122 684	424 202 871	98,62%
Service charges - Waste Water Management	120 256 200	90 322 621	90 553 449	100,26%
Service charges - Waste management	114 668 500	81 836 830	87 994 455	107,52%
Sale of Goods and Rendering of Services	94 780 800	96 152 537	108 016 297	112,34%
Agency services	8 364 800	6 114 656	5 941 185	97,16%
Interest earned from Receivables	29 400	22 050	-	0,00%
Interest from Current and Non Current Assets	40 000 000	29 065 113	22 283 541	76,67%
Rent on Land	1 949 900	1 400 893	1 421 812	101,49%
Rental from Fixed Assets	15 018 500	11 263 875	8 840 032	78,48%
Operational Revenue	11 130 600	8 347 950	9 257 870	110,90%
Non-Exchange Revenue				
Property rates	713 966 800	531 939 700	519 358 307	97,63%
Surcharges and Taxes	6 332 000	3 816 882	7 776 186	203,73%
Fines, penalties and forfeits	12 283 500	4 509 680	2 195 118	48,68%
Licence and permits	3 631 700	2 723 775	2 479 200	91,02%
Transfers and subsidies - Operational	568 972 600	555 420 682	553 160 395	99,59%
Interest	870 000	652 500	957 834	146,79%
Other Gains	26 321 900	19 741 425	90 000 000	455,89%
Gains - Water Inventory	508 218 500	424 702 317	431 728 937	101,65%
TOTAL OPERATING REVENUE	5 122 626 700	3 833 085 778	3 904 521 944	101,86%

The above table represents operating revenue by source as at 31 March 2024.

3.7 Creditors Age Analysis

Creditors age analysis by customer type

Creditors Age Analysis By Customer Type	0 - 30 Days	31 - 60 Days	Total
	R		R
Bulk Electricity	141 941 366	-	141 941 366
Trade Creditors	19 675 572	3 954	19 679 525
Other	5 000	-	5 000
Total By Customer Type	161 621 937	3 954	161 625 891



The above table represents the ageing of creditors outstanding as at 31 March 2024. 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 2024 is **27 days**. It must be noted that amounts over 90 days are invoices that were accrued due to year-end cut-off however final sign off and verification still needed 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:

Nil

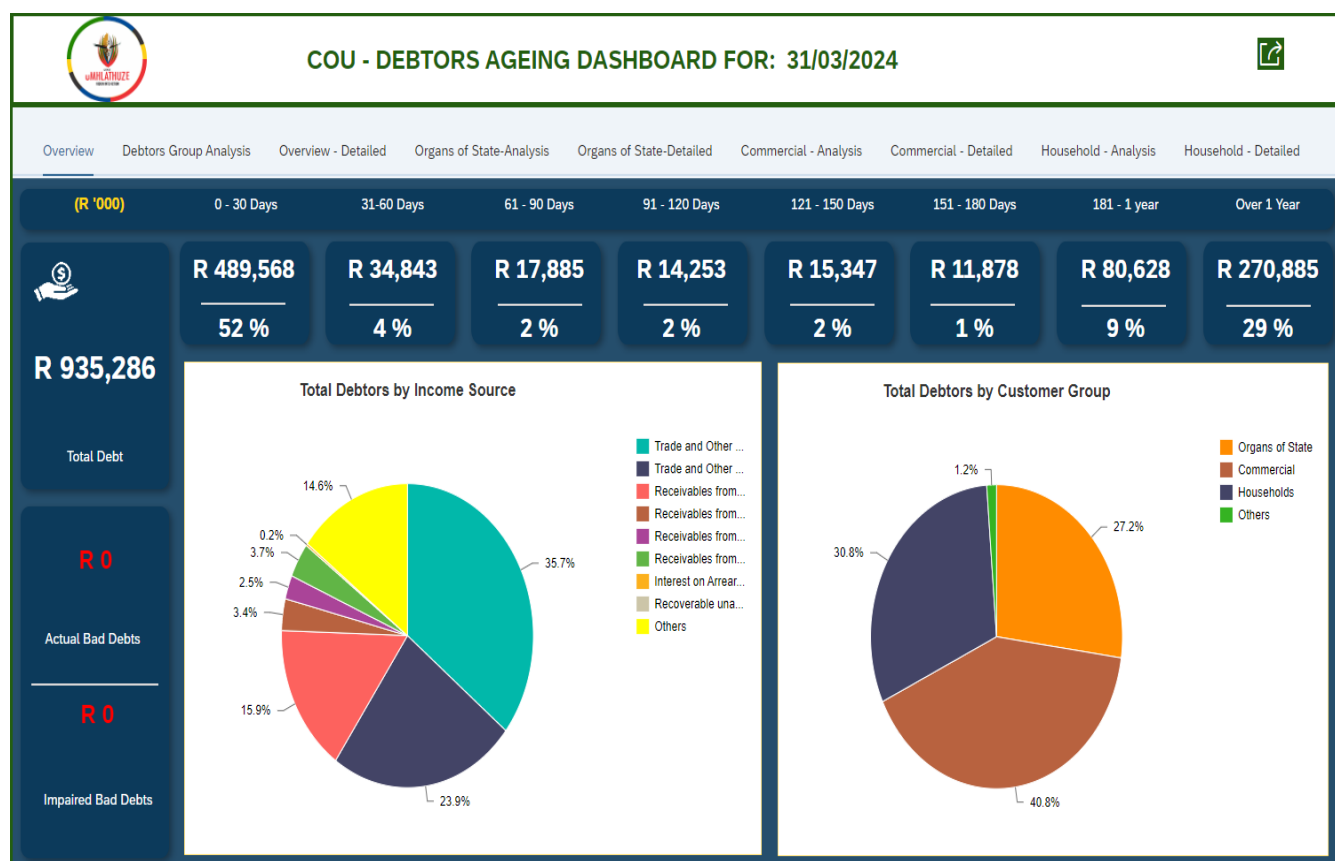
3.8 Debtors Age Analysis

➤ 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	150 754 108	10 729 314	8 058 479	85 150 637	254 692 538
Business	273 244 238	11 079 292	3 902 019	92 989 267	381 214 816
Households	64 484 648	12 393 441	5 493 782	205 349 435	287 721 307
Other	1 085 430	640 473	430 977	9 500 739	11 657 619
Total	489 568 424	34 842 521	17 885 257	392 990 079	935 286 280
%	52,34%	3,73%	1,91%	42,02%	

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%		97%	Please refer to page 5 of MFMA Circular No. 71
			Gross Debtors closing balance March 2024	802 941 514	
			Gross Debtors opening balance April 2023	891 238 989	
			Bad debts written Off April 2023 to March 2024	186 207 505	
			Billed Revenue April 2023 - March 2024	3 691 893 462	

➤ 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		52 days	Please refer to page 6 of MFMA Circular No. 71
			Gross Debtors closing balance March 2024	802 941 514	
			Bad debts Provision 2023 / 2024	274 153 400	
			Billed Revenue April 2023 - March 2024	3 691 893 462	

➤ **Top 10 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
1854904	PRIVATE BUSINESS	-	-	-	-	22 377 590	22 377 590
531788	STATE OWNED ENTITIES	-	-	-	-	21 328 793	21 328 793
1675831	STATE OWNED ENTITIES	-	21 964	-	6 569	11 191 070	11 219 603
416383	PRIVATE BUSINESS	81 048	81 048	81 048	81 048	6 301 714	6 625 907
1610626	PRIVATE BUSINESS	78 346	-	-	-	6 106 823	6 185 169
501543	STATE OWNED ENTITIES	192 917	521 990	-	366 227	5 999 162	7 080 296
2328365	STATE OWNED ENTITIES	-	-	-	-	5 516 250	5 516 250
30000543	SUNDRIES AND OTHER	275 741	275 741	275 741	275 741	5 452 114	6 555 077
2289941	PRIVATE BUSINESS	2 578	322	1 118	-	5 046 137	5 050 155
2369555	STATE BUSINESS PROV	406 670	203 335	201 197	203 335	4 093 074	5 107 611
		1 037 300	1 104 400	559 104	932 920	93 412 727	97 046 451

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	3 708	124	79	25	(1 388)	2 547
Dept of Agriculture, Rural Development & Land Reform	14	3	(62)	0	366	320
Department of Water Affairs and Sanitation	-	-	-	-	(183)	(183)
	3 722	127	16	25	(1 206)	2 684
Provincial Departments	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Public Works	43 224	21 479	(24 280)	20 726	4 793 632	4 854 780
Education	2 072 867	335 213	114 126	307 037	5 746 441	8 575 684
Tvet Colleges	4 855 599	1 081 510	595 043	367 660	2 700 228	9 600 041
Human Settlement	81 042	5 257	4 423	4 742	588 225	683 689
Department of Transport	178 593	12 684	12 528	11 229	65 833	280 865
Department of Health	2 527 075	150 156	-	2 738	3 640 343	6 320 312
COGTA	-	-	-	-	-	-
Department of Social Welfare	178 678	175 215	3 300	43 721	-	400 913
SANRAL	-	-	-	-	(0)	(0)
	9 937 077	1 781 513	705 140	757 852	17 534 701	30 716 283
Other Organs of State	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Transnet	6 324 098	154 933	97 376	89 858	(1 065 498)	5 600 765
ESKOM	280 088	10 474	1 819	2 298	93 465	388 144
Ingonyama Trust Board	799 699	399 849	395 880	402 469	21 634 123	23 632 020
Telkom	826 554	838	852	852	16 708	845 804
Foskor	35 556 515	7 527	-	-	-	35 564 041
SA Post Office	53 421	26 984	3 779	3 653	47 177	135 013
Richards Bay IDZ	3 365 840	-	-	-	-	3 365 840
Mhlathuze Water Board	2 981 776	-	-	-	21 328 793	24 310 569
King Cetshwayo District Municipality	16 511 568	8 276 568	6 659 650	829 709	17 211 402	49 488 897
	66 699 557	8 877 172	7 159 355	1 328 838	59 266 170	143 331 093

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 R309 230,19 as per **Annexure AP - DMS 1647709**.

Councillors' debt amounts to R20 649,43 as per **Annexure AO - DMS 1647709**.

3.10 MFMA Circular number 71 Uniform Financial Ratios

MFMA Circular 71 contained on **DMS 928606** sets out requirements for financial ratios and norms. This Circular covers various aspects of a municipality's finances, such as financial position, financial performance and budget implementation. These ratios also aid in long-term financial planning and can be used to track progress over a number of years. Norms or standards have been assigned to each financial ratio.

This template is included as **Annexure AT on DMS 1647709**.

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 October to 31 March 2024:

GLASS REPLACEMENT CLAIMS									
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	VEHICLE	AREA	DPT/SECT	EXCESS	DAMAGE	CLL COST
18/02/2024	222023/91	Glass Replacement	Mr NN Nduli the driver of V1232 states that the windscreen of V1232 was shattered by a stone that fell from a truck that drove past him	V1232 - NRB 77893	Nseleni	Electrical Energy Services	-	2 593	2 593
11/01/2024	222023/97	Glass Replacement	Mr Ndlela, the driver of V2038 reported that the truck door was damaged by a car that was carry big bags causing it not to close properly	V2038 - NRB 43725	Richards Bay	Comms - Solid Waste		6 664	6 664
22/03/2024	222023/100	Glass Replacement	Mr Nyadeni , The driver of V0280 reports that the car window was damaged by intruders and a battery& 2x size 13 spanners were stolen	V0280 - NRB 76637	Empangeni	I&TS - Roads & Stormwater	-	1 755	1 755
28/03/2024	222023/103	Glass Replacement	Mr Ncube, the driver of NUF 14202 reported that after dropping people at Essenwood he realised that the emergency exit had fled away	V2040 - NUF 14202	Richards Bay	I&TS - Roads & Stormwater	-	-	-
30/03/2024	222023/106	Glass Replacement	V1365 - Driven by DW Mbele - was involved in an incident - a stone picked up and damaged the windscreen	V1365 - NRB 66955	N2	Comms - Cemetery	-	2 694	2 694
							-	13 706	13 706

PERSONEL ACCIDENT					
DATE	CLAIM	CATEGORY	DETAILS OF INCIDENT	AREA	DPT/SECT
28/03/2024	222023/105	Personel Accident	Mr N Mthembu was shot and killed whilst at the Richards Bay Civic Centre	Richards Bay	Office of the Mayor

The above table represents personnel accident.

PROPERTY DAMAGE CLAIMS						
DATE	CLAIM	CATEGORY	DETAILS OF INCIDENT	VEHICLE	AREA	DPT/SECT
03/01/2024	222023/86	Property damage	It was reported that MR JV Mthembu allegedly damaged a public member's	V1623 - NRB 56105	Esikhawni	Comms - Parks
16/02/2024	222023/89	Property damage	It was reported that Bhelizwe Hall fence was damaged by heavy winds		Esikhawini	Comms - Parks

The above table represents property damage claims.

THEFT CLAIMS									
DATE	CLAIM	CATERGORY	DETAILS OF INCIDENT	VEHICLE	AREA	DPT/SECT	EXCESS	DAMAGE	CLL COST
15/01/2024	222023/66	Theft	5X Brush cutters and 2 bakkie keys were Allegedly stolen by intruders		Richards Bay	Comms - Parks		41 975	
15/10/2024	222023/80	Theft	5 Aircons and 3 condensers we allegedly stolen by Intruders		Richards Bay	I&TS - Roads & Stormwater			
02/03/2024	222023/93	Theft	Mr NL Mpanza, the driver of V228 reported that two batteries were stolen off	V2028 - NRB 36896	Empangeni	Comms - Solid Waste	-	3 086	3 086
							-	45 061	3 086

The above table represents theft claims.

DAMAGES TO COUNCIL VEHICLES									
DATE	CLAIM	CATERGORY	DETAILS OF INCIDENT	VEHICLE	AREA	DPT/SECT	EXCESS	DAMAGE	CLL COST
26/02/2024	222023/88	Vehicle Damage	Mr K Ndulini driver of V1653 was trying to protect himself from bees ,he slammed the door and unfortunately the glass broke	V1653 - NRB 69365	eNseleni	I&TS - Water & Sanit	-	30 000	30 000
28/02/2024	222023/90	Vehicle Damage	Mr L Makhunga, the driver of V1233 bumped into a Toyota quntaum which allegedly turned right infront of him witout indicating	V1233 - NRB 77807	Esikhawini	I&TS - Roads & Stormwater	-	-	-
08/03/2024	222023/94	Vehicle Damage	Mr M Mndaba ,the driver of V 2043 reported that on the 8th of March he noticed a crack in the windscreen and reported it	V2043 - JTN 668 L	Richards Bay	I&TS - Roads & Stormwater	-	3 462	3 462
12/03/2024	222023/95	Vehicle Damage	Mr SM Gumede , the driver of V2058 reported that the truck was bumped by IKHWEZI whilst parking which resulted in the mirror breaking	V2058 -	Empangeni	Comms - Solid Waste	-	1 811	1 811
26/01/2024	222023/96	Vehicle Damage	Mr Ndlela, the driver of V2038 reported that in the process of washing the truck,it head overflipped and damaged bonnet and windscreen	V2038 - NRB 43725	Richards Bay	Comms - Solid Waste	-	6 664	6 664
19/03/2024	222023/98	Vehicle Damage	Mr Magwaza , the driver of V1392 reported that he was knocked fro behind by SAPS van whilst he was avoiding a truck that made a dead brake	V1392 - NRB 89109	Richards Bay	I&TS - Roads & Stormwater	-	-	-
22/03/2024	222023/99	Vehicle Damage	Mr Khanyile, the driver of V2016 reported thad the water tanker was dented by unavoidable tree branches whilst he was delivering water	V2016 - - NRB 33606	Nseleni	I&TS - Water & Sanit	-	-	-
21/03/2024	222023/104	Vehicle Damage	Mr Dladla, the driver of V2037 reported that the truck suddenly moved unexpectedly at the washing bay and knocked a Ford ranger	V2037 - NRB 92698	Empangeni	Comms - Solid Waste	-	12 397	12 397
21/03/2024	222023/107	Vehicle Damage	Mr Dladla, the driver of V2037 reported that the truck suddenly moved unexpectedly at the washing bay and knocked a Ford ranger	V1432 - NRB 85631	Empangeni	Comms - Solid Waste	-	76 580	76 580
							-	130 913	130 913

The above table represents damages to Council vehicles.

PUBLIC LIABILITY CLAIMS								
DATE	CLAIM	CATEGORY	DETAILS OF INCIDENT	AREA	DPT/SECT	EXCESS	DAMAGE	CLL COST
07/01/2024	222023/60	Public Liability	J.L.P Gilliomee is claiming from the Council for damages to his TV Set allegedly due to power failure	Arboretum	Electrical Energy Services	25 000	7 999	-
25/01/2024	222023/62	Public Liability	HN Munguni is claiming for damages to his vehicle glass allegedly caused by a stone that picked up during grass cutting operations	Richards Bay	Comms - Parks	-	-	-
11/01/2024	222023/67	Public Liability	Mr Mngadi alleges that his fridge was damaged Due to the power lines sparks which led to power outage	Mzingazi	Electrical Energy Services	-	-	-
26/01/2024	222023/68	Public Liability	V2057 Driver reversed and hit NRB 66228 which led to It's bumper and Bonnet damaged	Richards Bay	Comms - Solid Waste	-	-	-
05/02/2024	222023/71	Public Liability	Letta Manzini , the driver of ND439066 alleges that her car was hit by a stone and broke her windscreen during grass cutting	Esikhawini	Comms - Parks	-	-	-
13/01/2024	222023/76	Public Liability	It is alleged that the property of Mrs Pretorius was damaged during a flooding incident allegedly caused by a blocked storm water drain	Richards Bay	I&TS - Roads & Stormwater	-	45 745	-
06/03/2024	222023/92	Public Liability	Mr BR Zuma, the driver of V1417 states that a boom gate fell in between the head and trailer of a truck causing it to break	Meerensee	Comms - Solid Waste	-	-	-
02/04/2024	222023/102	Public Liability	Mr Kunene, the driver of BB 53 MS ZN, reports that his car hit an avoidable pothole causing his 2 left hand side tyres to be damaged	Meerensee	I&TS - Roads & Stormwater	25 000	12 966	2 966
						50 000	66 710	2 966

The above table represents public liability claims. Council only becomes liable when there is proven gross negligence on the part of the Municipality.

- Public liability claims remain problematic, damages allegedly caused by potholes and vehicle collisions were increased this term. It is also noticed that legal costs have also increased;
- The roads section was consulted on the major increase in potholes on our roads;
- Pothole claims do not necessarily imply poor repairs and maintenance, there are other contributing factors. Due to extreme weather conditions and heavy traffic usage (specifically haulage trucks), exceeding that what the road was designed for. The extent to which pothole risks arise are often beyond the capacity which a Municipality can contain;
- ***Important to be noted is that Council can only be held liable when there is evident gross negligence on the part of the Municipality;***
- There has been an increase in motor vehicle accidents, this category as well lacks thorough investigations and consequence management, the urgency of this cannot be expressed enough;
- It is also noted that vehicle inspections are still not being done;
- Delayed reporting of incidents and lack of co-operation from departments remain a challenge in finalising claims and attract unnecessary legal action;
- Vehicle inspection check sheets must be re-introduced as it has been very effective previously; and
- It is important to highlight the fact that the buildings and premises that were robbed all have 24-hour manned security. This is risk has been with the Municipality for many years, illustrating the ineffectiveness of “warm body” security.

4.2 PROCEEDS FROM LAND SALES

As required in terms of the Chief Financial Officer's Performance Plan (**DMS 1308528**), 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:

Date received	Amount	Erf Number	Details
	R		
27/11/2023	4 796 000,00	Erf 5333	Karpowership SA
27/11/2023	1 450 000,00	Erf 5333	Eskom Holdings SOC Limited
27/11/2023	2 400 000,00	Erf 5333	Eskom Holdings SOC Limited
11/03/2024	103 500 000,00	Erf 11376	IDZ
	112 146 000,00		

4.3 **COST CONTAINMENT POLICY**

The implementation of Municipal Cost Containment Regulations (MCCR) was effective from 1 July 2019. The 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 2024				
COST CONTAINMENT MEASURES	ADJUSTED BUDGET 2023/24	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL MARCH 2023 (YTD)	SURPLUS/ (DEFICIT)
Advertisement & Marketing	4 520 800	3 390 600	2 168 189	1 222 411
Sponsorship Events and Catering Services	3 433 100	2 574 825	2 372 290	202 535
Conference, meetings and study tours	686 600	514 950	216 796	298 154
Communications:SMS Bulk Message Service	3 041 800	2 281 350	2 525 876	(244 526)
Credit card	240 000	180 000	82 367	97 633
Consultants Sevices	201 175 400	150 881 550	188 203 309	(37 321 759)
Travel and subsistence allowance (incl accommodation)	3 619 600	2 714 700	2 020 908	693 792
Vehicle hire for Public office bearers	166 200	124 650	175 740	(51 090)
TOTAL	216 883 500	162 662 625	197 765 475	(35 102 850)

Due to over expenditure on consultancy expenses all other savings have been offset, hence no nett savings.

4.4 Over-expenditure

The table below represents operating budget over-expenditures as at 31 March 2024:

Commitment Item	Commitment Item Description	Adjusted Budget 2023/24	Pro-rata Adjust Budget	Actuals Expenditure as at 31 March 2024 (YTD)	over-expenditure
4400000200	IE:CS:Busi Advi:Audit Committee	345 000	258 750	290 739	(31 989)
4400000900	IE:CS:Busi Advi:Project Management (SAP)	80 000 000	60 000 000	75 351 004	(15 351 004)
4400001450	IE:CS:Busi Advi:Organisational	693 200	519 900	651 010	(131 110)
4400004600	IE:CS:Contr:Sports and Recreation	177 800	133 350	158 800	(25 450)
4400004750	IE:CS:Contr:Shark Nets	2 886 400	2 164 800	2 409 027	(244 227)
4400005000	IE:CS:Alien Vegetation Control	566 400	424 800	446 538	(21 738)
4400005400	IE:CS:Occupational Health and Safety	709 500	532 125	605 910	(73 785)
4400005800	IE:CS:Busi Advi:Research and Advisory	1 670 800	1 253 100	1 285 500	(32 400)
4400006000	IE:CS:Burial Services	722 900	542 175	735 066	(192 891)
4400006300	IE:CS:Outsour Services:Cleaning Services	8 964 900	6 723 675	6 868 775	(145 100)
4400006500	IE:CS:Conne/Dis-connection:Water	10 132 000	7 599 000	8 469 866	(870 866)
4400007900	IE:CS:Outsour Services:Clearing & Grass Cutting	12 000	9 000	183 351	(174 351)
4500000500	IE:Op Cost:Adver&Market:Gifts & Promotional Items	274 700	206 025	248 479	(42 454)
4500001800	IE:Op Cost:Radio and TV Transmissions	1 915 100	1 436 325	1 807 888	(371 563)
4500001900	IE:Op Cost:Communication:Rent Pri Bag & Postal Box	10 000	7 500	8 840	(1 340)
4500002800	IE:Op Cost:External Audit Fees	6 506 300	4 879 725	6 571 145	(1 691 420)
4500003100	IE:Op Cost:Software Licences	24 231 400	18 173 550	21 477 145	(3 303 595)
4500003200	IE:Op Cost:Specialised Computer Service	8 237 000	6 177 750	6 271 134	(93 384)
4500004200	IE:Op Cost:Licenc:Motor Vehicle Licence &Registra	4 273 200	3 204 900	3 282 074	(77 174)
4500005200	IE:Op Cost:Resettlement Cost	58 500	43 875	52 200	(8 325)
4500007700	IE:Op Cost:Uniform and Protective Clothing PPE	10 261 700	7 696 275	8 241 359	(545 084)
4500008050	IE:Op Cost:Hire Charges:Mach & Equip: Other	2 560 400	1 920 300	2 333 596	(413 296)
4500008100	IE:Op Cost:Hire Charges:Transport Assets	6 030 700	4 523 025	5 183 593	(660 568)
4500008600	IE:Op Cost:Telephone, Fax, Telegraph and Telex	1 631 200	1 223 400	1 358 235	(134 835)

Most of commitment items are not overspent however a few shown above are over-spent when compared to pro-rata budget as at 31 March 2024. This shows that if the organisation continue to spent this way going forward, these commitment items will be overspent before the financial year end.

Most concerning commitment items are:

Project Management (SAP) – this commitment item is overspent by R15m over the pro-rata budget but what is even more concerning is that actual expenditure is R75m. There has been an over-expenditure request of R75m to cover the rest of the financial year's expenditure.

External Audit Fee – costs for Auditor General for providing audit to municipality's Annual Financial Statements. These costs include planning and execution of audit throughout the year.

Software Licences – these are costs for different software systems paid by council on yearly basis where the bulk of it is paid for SAP system.

5. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1663964**) 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

7. 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.”

SUPPLY CHAIN MANAGEMENT REGULATIONS AMENDMENT

The Local Government: Municipal Finance Management Act, 2003 – Regulations Regarding Supply Chain Management has been amended, the amendment affected the following Regulations:

- **Regulation 1**

Regulation 1 of the Regulations is hereby amended by the deletion of the definition of “written or verbal quotations”.

- **Regulations 12**

Regulation 12 of the Regulations is hereby amended as follows:

- a) by the deletion of paragraph (b) of sub-regulation (1);
- b) by the substitution for paragraphs (c) and (d) of sub-regulation (1) of the following paragraphs:
- c) “formal written price quotations for procurement of a transaction value over:
 - (i) R2000 up to R300 000 (VAT included), in the case of a local municipality;
 - (ii) R2000 up to R200 000 (VAT included), in the case of a district municipality;
 - (iii) R2000 up to R750 000 (VAT included), in the case of a metropolitan municipality;and
- a) a competitive bidding process for-
 - (i) procurement above a transaction value of R300 000 (VAT included), in the case of a local municipality;
 - (ii) procurement above a transaction value of R200 000 (VAT included), in the case of a district municipality; and
 - (iii) procurement above a transaction value of R750 000 (VAT included), in the case of a metropolitan municipality.”

- (a) by the deletion of subparagraph (i) of paragraph (b) of sub-regulation (2); and
- (b) by the substitution for subparagraph (iii) of paragraph (b) of sub-regulation (2) of the following subparagraph:
 - “(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than the competitive bidding thresholds specified in sub-regulation (1)(c)(i) to (iii).”

- **Regulation 14**

Regulation 14 of the Regulations is hereby amended by the substitution for subparagraph (i) of paragraph (a) of sub-regulation (1) of the following sub-paragraph:

- “(i) to keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipality or municipal entity through formal written price quotations;”

- **Regulation 16**

Regulation 16 is hereby deleted.

- **Regulation 18**

Regulation 18 of the Regulations is hereby amended as follows:

- (a) by the substitution for the heading of the following heading: “Procedures for procuring goods or services through formal written price quotations”;
- (b) by the substitution for the words preceding paragraph (a) of the following words: “A supply chain management policy must determine the procedure for the procurement of goods or services through formal written formal written price quotations, and must stipulate”; and
- (c) by the substitution for paragraph (c) and (d) of the following paragraphs: “(c) that the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused;” and
- (d) that the accounting officer or chief financial officer must on a monthly basis be notified in writing of all formal written price quotations accepted by an official acting in terms of a sub-delegation; and

- **Regulation 19**

Regulation 19 of the Regulations is hereby substituted for the following regulation: “A supply chain management policy must specify—

- (a) that goods or services above a transaction value of-
 - (i) R300 000 (VAT included), in the case of a local municipality;
 - (ii) R200 000 (VAT included), in the case of a district municipality; and
 - (iii) R750 000 (VAT included), in the case of a metropolitan municipality, may be procured by the municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2); and

- (b) that no requirement for goods or services above an estimated transaction value of-
 - (i) R300 000 (VAT included), in the case of a local municipality;
 - (ii) R200 000 (VAT included), in the case of a district municipality; and
 - (iii) R750 000 (VAT included), in the case of a metropolitan municipality, may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.”

- **Regulation 35**

Regulation 35 of the regulations is hereby amended by the substitution for sub-regulations (1) and (2) of the following sub-regulations:

- 1) a supply chain management policy may allow the accounting officer to procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurement is made.
- 2) a contract for the provision of consultancy services to a municipality or municipal entity must be procured through competitive bids if-
 - (a) the value of the contract exceeds-
 - (i) R300 000 (VAT included), in the case of a local municipality;
 - (ii) R200 000 (VAT included), in the case of a district municipality; or
 - (iii) R750 000 (VAT included), in the case of a metropolitan municipality; or
 - (b) the period of the contract exceeds one year.”
- o These Regulations commenced on 14 December 2023.

CONTRACT MANAGEMENT POLICY

- **Statutory reporting and compliance**

Clause 7(4) of Contract Management Policy requires 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 December 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 vacancies filled during the quarter under review:

Nil

- **Internal Audit**

There was one Internal Audit in Quarter 3 of 2023/24 financial year.

- **Training and workshops**

The Supply Chain Management Policy, Clause 8, 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. The following training was attended:

Nil

- **Supply Chain Management Module - uMSAP**

During the quarter, as a requirement from National Treasury, we embarked on a project to interface Central Supply Database with Council's database. After the complete exercise, it will reduce the time and resources required to complete the database application forms. We will only need 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-24	33
Feb-24	11
Mar-24	29
	73

- **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 July 2006, in terms of 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 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 AQ on DMS 1647709.**

- **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, prescribe 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.

Number of Deviations for Quarter 3 amounting to R 3 659 991.43 (view Annexure AR – DMS 1647709):

DEVIATIONS AS AT THE QUARTER ENDED 31 MARCH 2024								
	QUARTER 1		QUARTER 2		QUARTER 3		TOTAL NUMBER OF DEVIATION (YTD)	TOTAL AMOUNT OF DEVIATIONS (YTD)
DEPARTMENT	No.	Value	No.	Value	No.	Value		
Financial Services (FS)	1	12 758 445		-	-	-	1	12 758 445
Technical Services (TS)	-	-	1	14 398 074	-	-	1	14 398 074
Electricity and Energy Services (EES)	-	-	-	-	2	3 659 991	2	3 659 991
Community Services (COMS)	1	Rate based	-	-	-	-	1	-
Total	2	12 758 445	1	14 398 074	2	3 659 991	5	30 816 511

AWARDED TENDERS FOR THE THIRD QUARTER

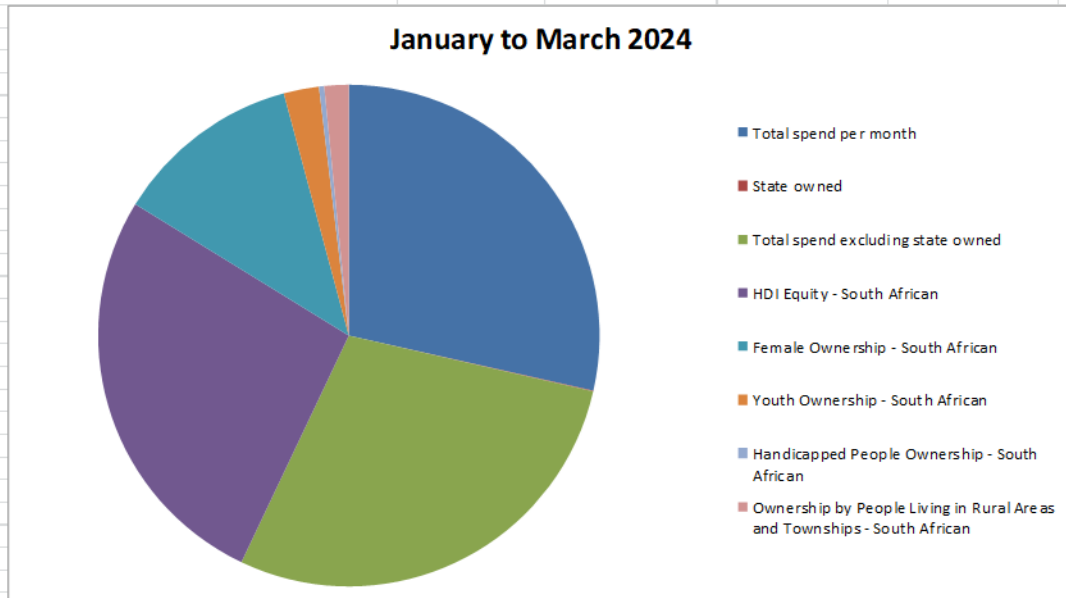
MONTH	NUMBER OF AWARDS	TOTAL
Oct-23	4	20 890 100
Nov-23	2	178 918 715
Dec-23	7	323 103 980
TOTAL	13	522 912 795

TENDER NUMBERS ISSUED, PUBLISHED, CANCELLED AND SITTING OF BID COMMITTEES				
Tender numbers issued to user departments	Number of tenders published	Number of tenders Cancelled	Number of Bid Committees seated and cancelled	
			Seated	Cancelled
20	9	3	BSC 11	1
			BEC 15	2
			BAC 15	4

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

- **Purchase Order report reflecting how SCM performed on each category in Quarter 2:**

	January 2024	February 2024	March 2024	Total per group	Percentages
Total spend per month	63,641,082.41	100,967,951.40	131,099,465.24	295,708,499.05	
State owned	108,174.00	25,102,744.54	953,630.84	26,164,549.38	
Total spend excluding state owned	63,532,908.41	75,865,206.86	130,145,834.40	269,543,949.67	
HDI Equity - South African	59,631,639.42	69,196,296.47	125,757,214.23	254,585,150.12	94.45%
Female Ownership - South African	26,867,597.22	46,340,696.37	62,954,648.36	136,162,941.95	50.52%
Youth Ownership - South African	5,068,795.31	10,770,452.33	8,687,975.29	24,527,222.93	9.10%
Handicapped People Ownership - South African	751,014.90	451,813.00	81,386.06	1,284,213.96	0.48%
Ownership by People Living in Rural Areas and Townships - South African	3,507,344.03	8,573,992.52	6,971,861.12	19,053,197.67	7.07%



- **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 JULY TO 30 SEPTEMBER 2023	
REPORT ON OBJECTIONS AND COMPLAINTS (In terms of SCMP, clause 49)	
Details of objections or complains for tenders	During quarter 3, three (3) objections were received as follows; <ul style="list-style-type: none">• 1 for Tender 8/2/1/UMH1243-22/23; and• 2 for Tender 8/2/1/UMH1212-22/23
Against the procurement process	2
Against the decision or action	1
MUNICIPAL BIDS APEALS TRIBUNAL (in terms of SCMP, clause 50A)	
Case referred by bidder	1 – Amasundu Quarry, Tender 8/2/1/UMH1212-22/23
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;	The three (3) objections are being handled as follows: <ul style="list-style-type: none">• Tender 8/2/1/UMH1243-22/23 – Contour Technology; a response is still being drafted by Legal Services together with SCM;• Tender 8/2/1/UMH1212-22/23 – Mevamhlophe Sands Netshe (Pty) Ltd; a response correspondence has been sent to the complainant; and• Tender 8/2/1/UMH1212-22/23 – Amasundu Quarry; a response correspondence together with all the relevant information has been sent to Provincial Treasury, however the bidder was not satisfied and the matter will proceed as an appeal.

CONTRACT AND LOGISTICS MANAGEMENT

CONTRACT REGISTER – QUARTER 3	
Details	Number
Contracts Expiring in 6 months	45
Total Contracts Carried Over from 01/01/2024	112
Total Effective Contracts 2023/24 - Quarter 3	146
Total Contracts closed in 2023/24 - Quarter 3	41
Total Captured in Quarter 3	55
Number of Contracts amended using 15% and 20 threshold	6

VIRIATION 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
8/2/1/UMH837-20/21	SUPPLY, DELIVERY, OFFLOADING AND INSTALLATION OF 132KVA POWER TRANSFORMENRS	SPM ALENG JV	R4 965 958,59
8/2/1/UMH844-20/21	SUPPLY, DELIVERY, OFFLOADING AND INSTALLATION OF 132/11KV POWER TRANSFORMENRS BAY EQUIPMENT AT PHOENIX SUBSTATION	SPM ALENG JV	R4 023 823,87
8/2/1/UMH1177-22/23 PR07	REFURBISHMENT OF AIRPORT BUILDINGS	DLAMINDLOVU CONSULTING ENGINEERS	R1 428 199,38
8/2/1/UMH587-19/20	CONSTRUCTION OF VULINDLELA SWIMMING POOL FACILITY	RIVER QUEEN TRADING CC JV	R1 073 461,90
8/2/1/UMH745-21/22	MKHWANAZI NORTH PHASE 5: RETICULATION ZONE R	IBUTHO PROJECTS (PTY) LTD	R82 178,54
8/2/1/UMH792-20/21	RENEWAL OF LICENSES FOR THE SAP ENTERPRISE RESOURCE PLANNING SOLUTION (ERP) AND THE PROCUREMENT OF ADDITIONAL LICENSES	NEW DAWN TECHNOLOGIES 9PTY) LTD	R7 528 088,53

- Monthly Stock Count**

The stock count results for Quarter 2 ending 31 December 2023 are as follows:

STOCK TAKE RECONCILLIATION FOR THE PERIOD ENDED 31 MARCH 2024	
DESCRIPTION	AMOUNT
Stock value before stocktake	26 101 304,05
Positive Variance	13 074,42
Negative Variance	-26 226,81
Fuel Value Before Stock Take	5 562 479,73
Unfavourable Variances - Fuel	-
Favourable Variances - Fuel	-
Inventory Value After Stock Take (Before receipt and issues during stock take)	31 650 631,39
Issues from Stock Take to 31 March 2024	-
Receipts from Stock Take to 31 March 2024	-
Stock Written Off	-
Inventory for the Quarter	31 650 631,39
Differences	-

PART 3 - SUPPORTING DOCUMENTATION

7. DEBTORS ANALYSIS

Refer to supporting Table SC3 - Aged Debtors (**Annexure M – DMS 1663964**) for the month ended 31 March 2024.

8. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N – DMS 1663964**) for the month ended 31 March 2024.

9. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment portfolio (**Annexure O – DMS 1663964**) for the month ended 31 March 2024.

10. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Refer to supporting table SC6 - Transfers and Grant receipts (**Annexure P – DMS 1663964**) and supporting table SC7 - Transfers and Grant expenditure (**Annexure Q – DMS 1663964**) for the month ended 31 March 2024.

11. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and Staff Benefits (**Annexure R – DMS 1663964**) for the month ended 31 March 2024.

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 AN (DMS 1647709)**.

Although the detailed Component 5 as **Annexure AN (DMS 1647709)**, 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 AN (DMS 1647709)** each Vote is illustrated in number order on the extreme left, Vote details of which is illustrated over 3 pages):

DEPARTMENT	ADJUSTED BUDGET 2023/2024	SUPPLEMENTS/ (RETURNS)	VIREMENTS	FINANCIAL SYSTEM BUDGET 2023/24	ACTUAL MARCH 2024 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT	49 231 000	-	(8 267 600)	40 963 400	29 977 600	73%
CITY DEVELOPMENT	49 231 000	-	(8 267 600)	40 963 400	29 977 600	73%
DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES	97 080 500	-	(10 440 800)	86 639 700	69 556 274	80%
COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY	2 960 000		(1 717 800)	1 242 200	743 375	60%
COMMUNITY SERVICES - RECREATION AND ENVIRONMENTAL SERVICES	89 646 800	-	(7 723 000)	81 923 800	66 574 860	81%
COMMUNITY SERVICES - PROTECTION SERVICES	4 473 700	-	(1 000 000)	3 473 700	2 238 040	64%
DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES	43 352 500	-	(7 922 100)	35 430 400	12 979 536	37%
CORPORATE SERVICES - ADMINISTRATION	28 209 000		(3 071 900)	25 137 100	11 081 858	44%
CORPORATE SERVICES - ICT	14 784 500		(4 846 200)	9 938 300	1 863 135	19%
CORPORATE SERVICES - LEGAL SERVICES	1 000	-	-	1 000	-	0%
CORPORATE SERVICES - HUMAN RESOURCES	358 000	-	(4 000)	354 000	34 543	10%
CHIEF FINANCIAL OFFICER	13 633 500	300 000	(69 500)	13 864 000	5 582 128	40%
FINANCIAL SERVICES	13 633 500	300 000	(69 500)	13 864 000	5 582 128	40%
DEPUTY MUNICIPAL MANAGER: ELECTRICAL AND ENERGY SERVICES	141 830 300	3 917 300	(16 713 000)	129 034 600	73 597 055	57%
ELECTRICAL SUPPLY SERVICES	141 830 300	3 917 300	(16 713 000)	129 034 600	73 597 055	57%
DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE SERVICES	472 135 700	-	43 414 000	515 549 700	454 615 312	88%
ENGINEERING SUPPORT SERVICES	154 671 800	-	(1 683 600)	152 988 200	137 762 526	90%
TRANSPORT, ROADS AND STORMWATER	94 422 500	-	(4 353 000)	90 069 500	50 422 085	56%
WATER AND SANITATION	223 041 400	-	49 450 600	272 492 000	266 430 701	98%
OFFICE OF THE MUNICIPAL MANAGER	143 000	-	-	143 000	72 765	51%
TOTAL OFFICE OF THE MUNICIPAL MANAGER	143 000	-	-	143 000	72 765	51%
TOTAL CAPITAL BUDGET	817 406 500	4 217 300	1 000	821 624 800	646 380 670	79%

13. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 31 March 2024:

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure G – DMS 1663964**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure H – DMS 1663964**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U – DMS 1663964**).
- ❑ Table SC13a - Monthly capital expenditure on new assets by asset class (**Annexure V – DMS 1663964**).
- ❑ Table SC13b - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W – DMS 1663964**).
- ❑ Table SC13c - Monthly repairs and maintenance expenditure by asset class (**Annexure X – DMS 1663964**).
- ❑ Table SC13d - Monthly depreciation by asset class (**Annexure Y– DMS 1663964**).
- ❑ Table SC13e - Monthly capital expenditure on upgrading of existing assets by assets class (**Annexure Z - DMS 1663964**).

14. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Refer to **DMS 1664159 (Annexure AV)**.

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 AS (DMS 1647709)** 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 882 839,95 (NPA vehicle licence pay over).

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

R23 823,48

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

R844 836,85 (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**.

16. CRITERIA ASSESSMENT: FINANCIAL PROBLEM AT MUNICIPALITY IN TERMS OF SECTION 138 AND 140 OF THE MFMA

CRITERIA TO ASSESS FINANCIAL PROBLEMS AT MUNICIPALITY'S	Yes/No	Comment where applicable
Section 138 of the MFMA:		
a) The municipality has failed to make payments as and when due.	NO	
b) The municipality has defaulted on financial obligations for financial reasons.	NO	
c) The actual current expenditure of the municipality has exceeded the sum of its actual current revenue plus available surpluses for at least two consecutive financial years.	NO	
d) The municipality had an operating deficit in excess of 5% revenue in the most recent financial year for which financial information is available.	NO	
e) The municipality is more than 60 days late in submitting its annual financial statements to the AGSA in accordance with section 126 of the MFMA.	NO	
f) The AGSA has withheld an opinion or issued a disclaimer due to to inadequacies in the financial statements or records of the municipality or has issued an opinion which identifies a serious financial problem in the municipality.	NO	
g) Any of the above conditions exist in a municipal entity under the municipality's sole control, or in a municipal entity for whose debts the municipality may be responsible, and then municipality has failed to intervene effectively; or	N/A	
h) Any other material condition exist which indicates that the municipality, or municipal entity under the municipality's sole control, is likely to be unable for financial reasons to meet its obligations.	N/A	
Section 140(2) of the MFMA:		
a) The municipality has failed to make any payment to a lender or investor as and when due.	NO	
b) The municipality has failed to meet a contractual obligation which provides security in terms of section 48 of the MFMA,	NO	
c) The municipality has failed to make any other payment as and when due, which individually or in aggregate is more than an amount as may be prescribed or, if none is prescribed, more than 2% of the budgeted operating expenditure, or	NO	
d) The municipality's failure to meet its financial commitments has impacted, or is likely to impact, on the availability or price of credit to other municipalities.	NO	
M. KUNENE: _____		B. MKHWANAZI: _____
COMPLETED BY THE CHIEF FINANCIAL OFFICER		VERIFIED BY CAE/MANAGER: INTERNAL AUDIT

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 2024, 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 1663964)** 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.