

NQUTHU MUNICIPALITY (KZN 242)



SECTION 52(d) QUARTELY REPORT – Q2 2023/24 FINANCIAL YEAR

Table of Contents

PART 1 – SECOND QUARTER REPORT

1.1 MAYORS' REPORT	3
1.2 RESOLUTIONS	4
1.3 EXECUTIVE SUMMARY	4
1.4 LEGAL REQUIREMENTS.....	4
1.5 IN-YEAR BUDGET STATEMENT TABLES	7

PART 2 – SUPPORTING DOCUMENTATION

2.1 INVESTMENT PORTFOLIO ANALYSIS	19
2.2 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS	20
2.3 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE	21
2.4 DEBTOR'S ANALYSIS	22
2.5 CREDITOR'S ANALYSIS	23
2.6 SUPPLY CHAIN MANAGEMENT	23
2.7 COST CONTAINMENT MEASURES	25
2.8 MUNICIPAL MANAGER'S QUALITY CERTIFICATE.....	27

List of Tables

Table 1 MBRR Table C1 -Monthly Budget Statement Summary	7
Table 2 MBRR Table C2 _ Monthly Financial Performance (standard Classification	9
Table 3 MBRR Table C3 -Financial Performance (revenue and expenditure by municipal vote)	10
Table 4 MBRR Table C4 -Financial Performance (revenue and expenditure)	11
Table 5 MBRR Table C5 -Capital expenditure (municipal vote and funding).....	14
Table 6 MBRR Table C6 -Financial Position	16
Table 7 MBRR Table C7 - Cash Flow	18
Table 8 Debtor's Analysis	22
Table 9 Creditor's Analysis	23
Table 13 Supply Chain Management	23

PART1

IN-YEAR REPORT

Mayors Report

Nquthu Municipality strives to fulfil the mandate as envisaged in Section 195 of the Constitution of the Republic of South Africa, to govern municipality's administration in line with being responsive to the needs of the local community, furthermore, the council continually strives to give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive. In this spirit the council adopted funded budget and credible IDP document within the timelines as set out in the MFMA, additionally the SDBIDP has been formulated with attainable performance indicators. Given this background the Nquthu Municipality council engages in public participation to ensure development orientated administration, this action seeks to ensure that priority projects which are addressing community needs are considered for implementation explicitly, with specific mentioning of road construction and maintenance, household electrification and other projects earmarked in the IDP document of the municipality.

The management of the municipality implements and monitors the resolution register of council to ensure and enforce good governance, enhance financial viability, and instil ethical behaviour amongst officials and councillors. The areas of concern that the municipality is attending closely affect the financial liquidity of the municipality, hence the review of the cost containment measures whereby the council will be continuously provide oversight in this regard, and eventually reduce transactions contributing to UIFW.

The municipality's DORA allocation in respect of equitable share for the current year amounts to R179 521 compared to R169 636 million in the previous year, there is an increase of R9.8 million in allocation for equitable share for 23-24 financial year. The Nquthu Municipal council approved funded original budget within Treasury timelines, the larger portion of the equitable share budget is allocated to staff benefits and councillor allowances for salaries & allowances, additionally fuel and oil line item has significantly surged over the last two years, pushing management to closely monitor all fleet management challenges closely. Total cash outflow (expenditure) for the first half of the financial year based on bank statements amounts to R262 million, and total cash inflow (revenue) including grants for the first half of the financial year amounts to R 315 million.

In conclusion the municipality is risk alert, taking into consideration the approved risk registers which embrace various components including operational risks, fraud risk and enterprise risks. Financial management issues are noted from C-schedule reports and followed through monthly, additionally non-financial information such as UIFW registers, commitment and contract management matters are attended and reported on a monthly basis to ensure that all financial related matters are fully incorporated when reporting to council.

Resolutions

Section 52d quarterly report resolutions for period ending 31 December 2023

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

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

Executive Summary

Purpose

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

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

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

Legal Requirement

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

In terms of S6 of MBRR, the Statement of Financial Performance shown in Table C4 for Month 06 (December) serves as a consolidated municipality's performance in relation to both approved annual budget and the latest approved adjustment budget. The consolidated summary of the financial performance is indicated in Table C4 below:

KZN242 Nquthu - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		22 456	34 732	34 732	2 218	13 421	17 366	-3 945	-23%	34 732
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 115	1 410	1 410	142	856	705	151	21%	1 410
Sale of Goods and Rendering of Services		185	246	246	5	117	123	-6	-5%	246
Agency services		-	-	-	-	-	-	-	-	-
Interest		66	-	-	6	33	-	33	#DIV/0!	-
Interest earned from Receivables		534	377	377	61	335	189	146	78%	377
Interest from Current and Non Current Assets		10 349	2 379	2 379	71	1 279	1 189	-	-	2 379
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		792	885	885	76	579	442	137	31%	885
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		321	190	190	82	108	95	13	14%	190
Non-Exchange Revenue										
Property rates		36 645	52 033	52 033	4 815	32 695	26 017	6 678	26%	52 033
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		894	2 277	2 277	104	797	1 138	-341	-	2 277
Licence and permits		957	931	931	62	485	466	20	-	931
Transfers and subsidies - Operational		177 394	186 543	186 543	59 840	138 224	93 272	44 952	-	186 543
Interest		1 886	-	-	251	1 304	-	1 304	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		1 403	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
contributions)		254 997	282 002	282 002	67 732	190 233	141 001	49 231	35%	282 002
Expenditure By Type										
Employee related costs		87 296	114 465	114 457	-	557	56 440	-55 883	-99%	114 457
Remuneration of councillors		13 462	16 899	16 899	-	-	8 449	-8 449	-100%	16 899
Bulk purchases - electricity		31 384	34 783	34 783	2 682	18 156	17 391	765	-	34 783
Inventory consumed		1 456	12 851	13 072	1 775	8 837	6 512	2 325	-	13 072
Debt impairment		-4 871	-	-	-	-	-	-	-	-
Depreciation and amortisation		30 722	23 890	23 890	-	-	11 945	-11 945	-100%	23 890
Interest		-	0	0	-	-	0	0	-100%	0
Contracted services		55 184	32 464	32 464	4 548	18 375	16 232	2 143	13%	32 464
Transfers and subsidies		4 453	3 719	3 719	254	2 699	1 859	839	45%	3 719
Irrecoverable debts written off		152	6 900	6 900	0	370	3 450	-3 080	-	6 900
Operational costs		54 802	38 148	37 927	5 232	27 816	18 988	8 828	46%	37 927
Losses on Disposal of Assets		1 350	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		275 389	284 119	284 111	14 492	76 811	141 267	-64 456	-46%	284 111
Surplus/(Deficit)		-20 392	-2 116	-2 109	53 240	113 422	-266	113 688	0	-2 109
Transfers and subsidies - capital (monetary)		41 026	46 675	78 412	-	21 055	35 129	-14 074	0	78 412
Transfers and subsidies - capital (in-kind)		2 005	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & Income Tax		22 639	44 559	76 304	53 240	134 477	34 863			76 304
Surplus/(Deficit) after income tax		22 639	44 559	76 304	53 240	134 477	34 863			76 304
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		22 639	44 559	76 304	53 240	134 477	34 863			76 304
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		22 639	44 559	76 304	53 240	134 477	34 863			76 304

Property rates YTD Actual stands at R 32 695 million compared to R 23 011 million on the same reporting date in the previous year, significant increase in property rates revenue is noted, which is due to implementation of the new GV Roll. YTD budget amounts to R26 017 million in the current year when compared to R20 528 million previous year budget resulting in R5.4 million variance. The debt collection, credit control and other measures are implemented to curb low collection rates. Low collection rate is much poor in this current financial year, due to default on payment by the Government

departments, specifically the Department of Public Works. Property rates are the core service of the municipality, thus the continual efforts to ensure accurate billing and dissemination of consumer statements in a bid to enhance revenue collected by the municipality.

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

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

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

The remuneration of councillor's budget is affected negatively similarly to employee related costs, the challenge is on updating the financial system with accurate journal file, the problem is persistent, inherent from previous year, however engagements are ongoing to sync all the system data. The manual schedule on councillor remuneration is attached on Part 2 of the report with accurate figures. YTD for councillor remuneration has increased from previous years due to the upper limits approved in the first half of the financial year.

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

IN-YEAR BUDGET STATEMENT TABLES – TABLE C1

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

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

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

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

KZN242 Nquthu - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		221 335	274 390	274 390	65 125	191 771	137 195	54 576	40%	274 390
Executive and council		35 231	36 675	36 675	-	20 953	18 338	2 615	14%	36 675
Finance and administration		186 104	237 715	237 715	65 125	170 818	118 857	51 961	44%	237 715
Internal audit	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5 191	6 071	6 071	135	3 123	3 035	88	3%	6 071
Community and social services		3 371	4 229	4 229	6	2 188	2 114	74	3%	4 229
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety		1 820	1 842	1 842	130	935	921	14	2%	1 842
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3 350	528	528	6	253	264	-11	-4%	528
Planning and development		1 345	528	528	6	253	264	-11	-4%	528
Road transport		2 005	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		31 507	47 689	79 426	2 465	16 140	35 636	-19 495	-55%	79 426
Energy sources		29 960	46 235	77 972	2 280	15 025	34 909	-19 884	-57%	77 972
Water management	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-
Waste management		1 547	1 454	1 454	185	1 115	727	388	53%	1 454
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	261 384	328 677	360 415	67 732	211 287	176 130	35 157	20%	360 415
Expenditure - Functional										
<i>Governance and administration</i>		147 724	147 823	147 631	6 260	28 200	73 313	(45 113)	-62%	147 631
Executive and council		36 895	35 919	35 919	487	4 210	17 960	(13 749)	-77%	35 919
Finance and administration		106 660	108 875	108 682	4 817	21 373	53 839	(32 466)	-60%	108 682
Internal audit		4 169	3 030	3 030	956	2 617	1 515	1 102	73%	3 030
<i>Community and public safety</i>		34 361	36 420	36 420	1 895	8 084	18 210	(10 126)	-56%	36 420
Community and social services		19 663	18 109	18 109	1 183	5 485	9 054	(3 569)	-39%	18 109
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety		14 698	18 311	18 311	712	2 599	9 155	(6 557)	-72%	18 311
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33 739	40 891	40 698	3 325	21 276	20 275	1 001	5%	40 698
Planning and development		11 558	24 136	23 943	2 409	9 082	11 897	(2 815)	-24%	23 943
Road transport		22 181	16 755	16 755	916	12 194	8 377	3 816	46%	16 755
Environmental protection	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		59 566	58 984	59 363	3 012	19 251	29 469	(10 219)	-35%	59 363
Energy sources		45 123	45 414	45 243	3 012	18 905	22 464	(3 559)	-16%	45 243
Water management	-	-	-	-	-	-	-	-	-	-
Waste water management		2 190	1 937	1 937	1	92	968	(876)	-90%	1 937
Waste management		12 253	11 633	12 183	-	254	6 037	(5 783)	-96%	12 183
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	275 389	284 119	284 111	14 492	76 811	141 267	(64 456)	-46%	284 111
Surplus/ (Deficit) for the year		(14 006)	44 559	76 304	53 240	134 477	34 863	99 614	286%	76 304

Table C3: Monthly Budget Statement_ Financial Performance

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

Table C4 Municipality Financial Performance

Table C4 provides information on the planned revenue and operational expenditures against the actual results for the period ending 30 December 2023

This report analyses each major component under following headings.

- Revenue by Source
- Operational Expenditure by Type

KZN242 Nquthu - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2022/23	Budget Year 2023/24							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		22 456	34 732	34 732	2 218	13 421	17 366	-3 945	-23%	34 732
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 115	1 410	1 410	142	856	705	151	21%	1 410
Sale of Goods and Rendering of Services		185	246	246	5	117	123	-6	-5%	246
Agency services		-	-	-	-	-	-	-	-	-
Interest		66	-	-	6	33	-	33	#DIV/0!	-
Interest earned from Receivables		534	377	377	61	335	189	146	78%	377
Interest from Current and Non Current Assets		10 349	2 379	2 379	71	1 279	1 189	-	-	2 379
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		792	885	885	76	579	442	137	31%	885
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		321	190	190	82	108	95	13	14%	190
Non-Exchange Revenue										
Property rates		36 645	52 033	52 033	4 815	32 695	26 017	6 678	26%	52 033
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		894	2 277	2 277	104	797	1 138	-341	-	2 277
Licence and permits		957	931	931	62	485	466	20	-	931
Transfers and subsidies - Operational		177 394	186 543	186 543	59 840	138 224	93 272	44 952	-	186 543
Interest		1 886	-	-	251	1 304	-	1 304	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		1 403	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
contributions)		254 997	282 002	282 002	67 732	190 233	141 001	49 231	35%	282 002
Expenditure By Type										
Employee related costs		87 296	114 465	114 457	-	557	56 440	-55 883	-99%	114 457
Remuneration of councillors		13 462	16 899	16 899	-	-	8 449	-8 449	-100%	16 899
Bulk purchases - electricity		31 384	34 783	34 783	2 682	18 156	17 391	765	-	34 783
Inventory consumed		1 456	12 851	13 072	1 775	8 837	6 512	2 325	-	13 072
Debt impairment		-4 871	-	-	-	-	-	-	-	-
Depreciation and amortisation		30 722	23 890	23 890	-	-	11 945	-11 945	-100%	23 890
Interest		-	0	0	-	-	0	0	-100%	0
Contracted services		55 184	32 464	32 464	4 548	18 375	16 232	2 143	13%	32 464
Transfers and subsidies		4 453	3 719	3 719	254	2 699	1 859	839	45%	3 719
Irrecoverable debts written off		152	6 900	6 900	0	370	3 450	-3 080	-	6 900
Operational costs		54 802	38 148	37 927	5 232	27 816	18 988	8 828	46%	37 927
Losses on Disposal of Assets		1 350	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		275 389	284 119	284 111	14 492	76 811	141 267	-64 456	-46%	284 111
Surplus/(Deficit)		-20 392	-2 116	-2 109	53 240	113 422	-266	113 688	0	-2 109
Transfers and subsidies - capital (monetary)		41 026	46 675	78 412	-	21 055	35 129	-14 074	0	78 412
Transfers and subsidies - capital (in-kind)		2 005	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers &		22 639	44 559	76 304	53 240	134 477	34 863			76 304
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		22 639	44 559	76 304	53 240	134 477	34 863			76 304
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-			-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		22 639	44 559	76 304	53 240	134 477	34 863			76 304
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-			-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		22 639	44 559	76 304	53 240	134 477	34 863			76 304

Revenue by Source

Property rates

Property rates YTD Actual stands at R 32 695 million compared to R 23 011 million on the same reporting date in the previous year, significant increase in property rates revenue is noted, which is due to implementation of the new GV Roll. YTD budget amounts to R26 017 million in the current year

when compared to R20 528 million previous year budget resulting in R5.4 million variance. The debt collection, credit control and other measures are implemented to curb low collection rates. Low collection rate is much severe in this current financial year, due to default on payment by the Government departments, specifically the Department of Public Works. Property rates are the core service of the municipality, thus the continual efforts to ensure accurate billing and dissemination of consumer statements in a bid to enhance revenue collected by the municipality.

Service charges-electricity

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

Interest from Current and Non-Current Assets

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

Transfers and subsidies

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

Expenditure by type

Employment related costs

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

Remuneration of Councillor's

The YTD Actual for employee relates costs will only reflect in PART 2 of this report, c-schedule has no data for payroll for quarter two, the municipality uses two distinct systems to capture employee costs, therefore there are numerous challenges regarding seamless transmission of journal files from CCG

System to Inzalo System. The manual table has been appended on Part 2 of this report reflecting all items relating to employee costs and councillor benefits.

Debt impairment

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

Depreciation & asset impairment

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

Bulk purchases

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

Monthly Budget Statement_ Capital Expenditure Table 5

Capital Expenditure:

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

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

The YTD expenditure on capital expenditure stands at 13% underspending, PMU unit with is working together with Technical Directorate to ensure that MIG, INEP and other capital grants are spent within timelines provided by COGTA and Treasury.

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

Table C6 – Monthly Budget Statement – Financial Position

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

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

The table C6 reflects R436 million YTD actual accumulated surplus against original budget of R837 224 million , reserves and funds have a nil YTD actual amount against R134 million budget, review will be done to ensure that Table C6 contains accurate data.

Table C7 – Monthly Budget Statement – Cash Flow

KZN242 Nquthu - Table C7 Monthly Budget Statement - Cash Flow - M06 December										
Description	Ref	2022/23	Budget Year							
		Audited Outcome	2023/24 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		41 770	39 839	39 839	1 908	8 034	19 919	-11 886	-60%	39 839
Service charges		26 245	36 691	36 691	2 368	13 593	18 345	-4 752	-26%	36 691
Other revenue		3 854	2 648	2 648	395	2 492	1 324	1 167	88%	2 648
Transfers and Subsidies - Operational		177 406	186 543	186 543	59 840	141 313	93 272	48 041	52%	186 543
Transfers and Subsidies - Capital		44 780	46 376	99 722	10 000	57 809	43 738	14 070	32%	99 722
Interest		613	4 280	4 280	317	1 672	2 140	-468	-22%	4 280
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-367 312	-307 606	-308 156	-4 548	-18 375	-133 762	-115 387	86%	-308 156
Interest		-	-	-	-	-	-	-		-
Transfers and Subsidies		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-72 644	8 771	61 567	70 280	206 536	44 976	-161 560	-359%	61 567
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		-66 207	-69 319	-79 448	-7 836	-39 298	-37 202	2 095	-6%	-79 448
NET CASH FROM/(USED) INVESTING ACTIVITIES		-66 207	-69 319	-79 448	-7 836	-39 298	-37 202	2 095	-6%	-79 448
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	557	-	557	#DIV/0!	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	557	-	-557	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at beginning:		130 495	169 784	169 784		-	169 784			-
Cash/cash equivalents at month/year end:		-8 355	109 235	151 902		167 796	177 558			-17 881

The tables C7 cash flow statement reflects that cash and cash equivalents has a favourable balance at the end of the quarter two. Cash flow activities as at 31December 2023 depicts cash flow from operating activities with a positive balance which is a favourable position, the municipality further reflects only increase in consumer deposits, this will be reviewed thoroughly to ensure correctness of financing activities. Cash outflow on investing show the balance of R39 million, which is a good indication that the municipality is investing in activities that are within budget and are part of the mandate in line with the constitution. No receipts have been received on proceeds from disposal of PPE or increase in receivables or increase in investments.

PART 2 – SUPPORTING DOCUMENTATION

2.1 INVESTMENT PORTFOLIO ANALYSIS

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

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

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

2.2 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Expenditure on councillors and employee benefits

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

<i>Staff Benefits in terms of Section 66 of the MFMA</i>		
The detail breakdown of the actual staff benefits and Councillors allowances for the period ending 31 December 2023		
Staff Benefits		
Item	Budget	Year to date actuals
Salaries & Wages	R78 349 863,00	R 33 203 968,29
Contributions to pension funds	R12 900 247,00	R 4 291 357,71
Contributions to medical aids	R2 742 197,00	R 1 513 948,96
Contributions to UIF	R597 625,00	R 269 111,57
Contributions to SDL	R957 098,00	R 392 313,82
Travel, motor car	R3 982 310,00	R 1 753 751,28
Salga	R40 576,00	R 18 342,38
Housing benefits and allowances	R109 200,00	R 47 988,45
Cellphone Allowance	R0,00	R 0,00
Overtime payments	R2 113 290,00	R 1 021 877,15
Bonuses	R6 005 879,00	R 2 837 074,67
Other leave & long service	R2 273 403,00	R 297 059,59
Allowances (Standby and Drivers Allowance)	R1 061 146,00	R 1 145 586,14
Totals	R 111 132 834,00	R 46 792 380,01
Councillors Allowances		
Item	Budget	Year to date actuals
Councillors Allowances	R14 606 745,00	R 6 645 466,36
Cellphone/Data Allowance	R1 591 117,00	R 604 740,00
Contributions to SDL	R24 298,00	R 66 589,92
Totals	R16 222 160,00	R 7 316 796,28

2.3 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE - Grants register as at 31 December 2023

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

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

2.4 Debtors' analysis – Age analysis 31 December 2023

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

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

Debt collection rates

Collection Table

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

Cash collected on 31 December 2023 amounts to R 3.1 million compared to R R2.8 million in 2022 and R16 million in 2021 collected in previous years during the same period resulting in collection rate of 3%. Comparison of previous month billing that is November R7 216 185.88 million to December payments R3 183 806.76 million results to 44% collection rate, which is relatively similar to the

previous year collection figure of 43%, this proves that the existence of increasing challenges encountered when collecting revenue in this financial year.

2.5 Creditor's analysis – Creditors outstanding on 31 December 2023

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

CREDITORS REPORT FOR DECEMBER 2023			
Summary of the top 10 creditors payments for the month			Amount
1	ESKOM HOLDINGS 6126932137	BULK, LIBRARY, HALLS	R 3 362 725,05
2	KUNENE MAKOPO RISK SOLUTIONS	ANNUAL RENEWAL INSURANCE COVER	R 2 350 234,73
3	TRADEWIND MAINTANANCE AND	SUPPLY AND INSTALLATION OF LIGHTNING CONDUCTORS	R 1 605 072,20
4	LONDOLOZA SOLUTIONS (PTY) LTD	CONTRUCTION OF NQUTHU WASTE MANAGEMENT FACILITY	R 1 488 339,96
5	AUDITOR GENERAL	AUDIT FEES	R 1 128 808,96
6	SEBATA MUNICIPAL SOLUTIONS	LEDGER	R 633 596,08
7	TOYOTA SOUTH AFRICA MOTORS	PURCHASE OF A TOYOTA FORTUNER	R 617 600,26
8	ASIZIQALELE CONTRACTORS	PLANT HIRE	R 607 775,00
9	NKOSINGIPHE INKAZIMULO TRADING AND PROJECTS	AFS CONSULTANT FEES	R 555 534,24
10	ADVENTURE TRAVEL	ACCOMMODATION FOR MUNICIPAL OFFICIALS ATTENDING USER GROUP	R 487 955,16
			R 12 837 641,64
TABLE E			OUTSTANDING CREDITORS (DECEMBER 23)
	THOKOMELA ENGINEERING (PTY) LTD	SUPPLY AND INSTALATION 9MM TRANSMISSION POLES X5, TRACE AND	R 153 576,32
	AFRILECTRICIAL CONSULTING ENGINEERS	REPLACE METERS, THREE PHASE MATER, INSTALL AND TESTING	R 195 511,50
	CEEYES INSTITUTE OF FASHION PTY LTD	SUPPLY AND DELIVER OF FANCING MATERIAL FOR ALL NQUTHU WARDS	R 445 250,00
	KHANYALU PROJECTS (PTY) LTD	SERVICE 02 MUNICIPAL GATES MAIN BUILDING	R 37 000,00
	MTHOTHOVANE TRADING	FLOOR CRACK REPAIRS	R 39 600,00
	THWISHIKILE TRADING & PROJECTS	SUPPLY, DELIVER AND INSTALATION OF LIGHTS AT THE MAIN BULDING	R 166 580,00
	UMLONDOLOZI TRADING ENTERPRISE (PTY)LTD	ROAD MARKING FOR NQUTHU TOWN	R 190 706,21
			R 1 228 224,03
	CAPITAL		
	TOTAL OUTSTANDING		R 1 228 224,03

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

2.6 SCM IMPLEMENTATION

SCM unit has put in place measures to improve performance, enhance sound internal controls and curb unnecessary deviations from SCM processes and to ensure sound SCM management. Due to some

services being rendered by only specific providers, the practicality to apply competitive is defeated, deviations are inevitable, however any unnecessary deviations are rejected.

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

Deviations Register – 31 December 2023

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

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

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

Spend Analysis

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

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

3. Top 10 suppliers by number of contracts awarded

Bids awarded –

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

NO.	SERVICE PROVIDER	CONTRACT AMOUNT	DATE OF AWARD	DESCRIPTION
1	S & M KUHLE	R199,904.50	06/12/2023	ATTIRE FOR PROVINCIAL SALGA GAMES
2.	FANA MANUFACTURING	R199,814,00	12/12/2023	TRACKSUITS FOR DISTRICT SELECTION
3.	AFRILECTRICAL	R195,511,50	29/11/2023	METER REPLACEMENT FOR NQUTHU MUNICIPALITY
4.	THOKOMELA TRADING	R153,576,53	04/12/2023	SUPPLY AND INSTALL 9M POLE, TRACE AND REPAIR CABLE
5.	FIRST TECHNOLOGY	R152,798.20	06/12/2023	SUPPLY AND INSTALLATION OF SENTINEL THREAT MANAGEMENT
6.	BELL EQUIPMENT	R140 562.21	13/12/2023	MAINTANANCE & REPAIR OF NQUTHU 1644
7.	COMCO INTERLECTUAL	R124,775,00	04/12/2023	SUPPLY AND DELIVERY OF 07 GRASS CUTTERS
8.	ADVENTURE TRAVEL	R117,338,97	04/12/2023	ACCOMODATION, FLIGHT SHUTTLE FOR CFO, MONDLI, WANDILE, MRS JIYANE TO CAPE TOWN
9.	RVV INVESTMENT	R83,500,00	04/12/2023	CATERING EQUIPMENT
10.	NQUTHU PIONER TAXI ASS	R70,000,00	01/12/2023	HIRE OF 19 MINIBUSES FOR SENIOR CITIZEN

Top 10 suppliers by number of contracts awarded

NO.	SERVICE PROVIDER	CONTRACT AMOUNT	DATE OF AWARD	BBBEE CONTRIBUTION LEVEL
1.	ADVENTURE TRAVEL	R148,543,42	31/12/2023	
2.	NQUTHU PIONEER	R137,000.00	31/12/2023	
3.	THEMBALINE TRADING	R29,800,00	31/12/2023	
4.	WENZILEOVAYO	R32,070,00	31/11/2023	
5.	NTOMBI EZAZIYO	R6,750,00	31/11/2023	

2.7 COST CONTAINMENT MEASURES

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

Fruitless Register for the month ending 31 December 2023 reflects R386.97 emanating from interest from Eskom accounts, the municipality is engaging with the parastatal to resolve the allocation of payment made to Eskom, to eliminate the unnecessary interest charges. There have been

engagements with Eskom to reverse the interest on its' accounts because all Eskom payments were made timeously, and the allocation error and delays were on Eskom's end. The agreement was reached that the interest will be indeed reversed.

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

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

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


Section 52(d) 2nd Quarter Report – 31 December 2023

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

Name : Mr Mpumelelo B. Jiyane

Designation : Municipal Manager of Nquthu Municipality (KZN 242)

Signature:

:  _____

Date : 17/01/2024