

NQUTHU MUNICIPALITY (KZN 242)



MONTHLY BUDGET STATEMENT FOR MONTH ENDING

31 MAY 2024

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1.1. MAYORS' REPORT

This report represents the S71 MFMA monthly budget statement of Nquthu Local Municipality for the month ending 31 May 2024 and it reflects on the implementation of the budget and the financial state of affairs of the municipality. I hereby wish to submit a report to the Municipal Council on the implementation of the budget and the financial state of affairs of the Municipality as at the end of 31 May 2024. Further to the above, Section 54(1) of the MFMA determines that the Mayor must consider the Section 71 report submitted by the Accounting Officer thereafter check whether the Municipality's approved budget is implemented in accordance with the approved Service Delivery Budget Implementation Plan (SDBIP) and if necessary, issue appropriate instructions to the Accounting Officer.

Quarter four marks the approval of the final budget of the municipal council, budgeting is a crucial step in the financial management planning and sets the tone for the entire financial year in terms of expenditure management, achievement of key performance indicators, revenue collection, grant allocation approval, procurement planning and implementation of budget related policies. The approved draft budget was funded, however the feedback on assessment of tabled draft budget depicts a negative picture it shows unfunded budget position after the assessment, which requires the revision of budget items and certain projects. The final budget should therefore be without a doubt funded, as I always put emphasis in ensuring proper budgeting that results in a funded budget position.

The council adopted final budget on 17 May 2024, complementary budget related policies have been reviewed thoroughly in terms of policy content specifically the Tariff policy, Rates by-laws, Indigent Policy, SCM Policy and all other policies were effected with minor changes during the review.

1.2. RESOLUTIONS

The resolutions enclosed hereto will be presented to Council when the In-Year Report (IYR) is tabled. Recommendations are detailed hereunder in terms of the Municipal Budget and Reporting Regulations Schedule-C (In Year Reporting) requirements for consideration by council:

- a) That council notes the section 71 monthly budget monitoring report and the supporting documentation.
- b) That Council notes the submission of section 71 monthly budget monitoring report for May 2024 to National Treasury, Provincial Treasury and Auditor General.
- c) That the council authorise the Accounting Officer to sign the quality certificate.
- d) That the council authorise the Accounting Officer to place the report on the municipal website, within five working days of council seating.

1.3. EXECUTIVE SUMMARY

The objective of reporting on the financial results of the municipality is to enhance sound financial management and promote transparency and accountability of officials and councillors. Monthly budget statement report of a municipality must be in the format specified as per Schedule C and include all the required tables, charts and explanatory information.

In terms of S6 of MBRR, the Statement of Financial Performance shown in Table C4 for Month 10 May serves as a consolidated municipality's performance in relation to both approved annual budget and the latest approved adjustment budget, highlighting sound financial management considering total revenue and total expenditure year to date figures (YTD). Critical revenue sources such as property rates YTD actual figure is R51.9 million yielding no change from the previous month figure due to property rates instalments spreading over ten months, electricity revenue source year to date actual figure of R25 million results in 24% variance whilst the bulk expenditure year to date figure is R30.2 million, the municipality received -R3.9 million bulk invoice for the month of May, the electricity losses challenge is ongoing, however there are engagement underway to mitigate the loss of electricity in the municipality. Accurate employee related costs expenditure is shown in Part 2 of this document due to incomplete data transfer between the two different systems used by the municipality for financial management and payroll management, so far only expenditure amounting to R6.3 million compared to R4.8 million that was captured until April month end, has been transferred to the financial system relating to S56, 57 employees.

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) - M11 May										
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	35 801	2 193	25 038	32 926	(7 889)	-24%	35 801
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 115	1 410	1 410	143	1 570	1 293	277	21%	1 410
Sale of Goods and Rendering of Services		185	246	274	6	170	250	(80)	-32%	274
Agency services		-	-	-	-	-	-	-	-	-
Interest		66	-	35	6	63	35	28	79%	35
Interest earned from Receivables		534	377	555	54	613	526	87	17%	555
Interest from Current and Non Current Assets		10 349	2 379	7 619	201	9 370	6 236	-	-	7 619
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		792	885	1 008	62	892	890	3	0%	1 008
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		321	190	200	-	189	160	29	18%	200
Non-Exchange Revenue										
Property rates		36 645	52 033	51 009	0	51 932	48 272	3 660	8%	51 009
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		894	2 277	2 622	193	1 500	2 434	(934)	-	2 622
Licence and permits		957	931	939	88	942	861	81	-	939
Transfers and subsidies - Operational		177 394	186 543	186 803	-	185 340	171 270	14 070	-	186 803
Interest		1 886	-	1 520	277	2 637	1 520	1 117	-	1 520
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		1 403	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		254 997	282 002	289 794	3 222	280 256	266 673	13 583	5%	289 794
Expenditure By Type										
Employee related costs		87 296	114 465	106 389	-	6 355	87 370	(81 015)	-93%	106 389
Remuneration of councillors		13 462	16 899	16 899	-	-	15 491	(15 491)	-100%	16 899
Bulk purchases - electricity		31 384	34 783	34 783	-	30 294	31 884	(1 590)	-	34 783
Inventory consumed		1 456	12 851	15 809	1 282	13 072	14 224	(1 151)	-	15 809
Debt impairment		(4 871)	-	-	-	-	-	-	-	-
Depreciation and amortisation		30 722	23 890	32 775	-	22 757	26 220	(3 463)	-13%	32 775
Interest		-	0	0	-	-	-	-	-	0
Contracted services		55 184	32 464	35 611	810	31 643	32 224	(580)	-2%	35 611
Transfers and subsidies		4 453	3 719	4 476	777	3 143	4 099	(956)	-23%	4 476
Irrecoverable debts written off		152	6 900	6 900	0	371	6 325	(5 954)	-	6 900
Operational costs		54 802	38 148	59 061	1 519	55 105	51 401	3 704	7%	59 061
Losses on Disposal of Assets		1 350	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		275 389	284 119	312 703	4 388	162 740	269 237	(106 497)	-40%	312 703
Surplus/(Deficit)		(20 392)	(2 116)	(22 909)	(1 165)	117 516	(2 564)	120 079	(0)	(22 909)
Transfers and subsidies - capital (monetary allocations)		41 026	46 675	84 959	-	46 199	75 615	(29 415)	(0)	84 959
Transfers and subsidies - capital (in-kind)		2 005	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		22 639	44 559	62 051	(1 165)	163 715	73 051			62 051
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		22 639	44 559	62 051	(1 165)	163 715	73 051			62 051
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		22 639	44 559	62 051	(1 165)	163 715	73 051			62 051
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		22 639	44 559	62 051	(1 165)	163 715	73 051			62 051

1.4. IN-YEAR BUDGET STATEMENT TABLES

IN-YEAR BUDGET STATEMENT TABLES – TABLE C1

KZN242 Nquthu - Table C1 Monthly Budget Statement Summary - M11 May									
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	51 009	0	51 932	48 272	3 660	8%	51 009
Service charges	23 572	36 142	37 212	2 335	26 608	34 219	(7 611)	-22%	37 212
Investment revenue	10 349	-	35	6	63	35	28	79%	35
Transfers and subsidies - Operational	10 349	2 379	7 619	201	9 370	6 236	3 134	50%	7 619
Other own revenue	174 084	191 449	193 921	680	192 284	177 911	14 373	8%	-
Total Revenue (excluding capital transfers and contributions)	254 997	282 002	289 794	3 222	280 256	266 673	13 583	5%	289 794
Employee costs	87 296	114 465	106 389	-	6 355	87 370	(81 015)		106 389
Remuneration of Councillors	13 462	16 899	16 899	-	-	15 491	(15 491)		16 899
Depreciation and amortisation	30 722	23 890	32 775	-	22 757	26 220	(3 463)		32 775
Interest	-	0	0	-	-	-	-		0
Inventory consumed and bulk purchases	32 839	47 634	50 592	1 282	43 366	46 108	(2 741)		50 592
Transfers and subsidies	4 453	3 719	4 476	777	3 143	4 099	(956)	-23%	4 476
Other expenditure	106 617	77 512	101 572	2 329	87 119	89 950	(2 830)	-3%	101 572
Total Expenditure	275 389	284 119	312 703	4 388	162 740	269 237	(106 497)	-40%	312 703
Surplus/(Deficit)	(20 392)	(2 116)	(22 909)	(1 165)	117 516	(2 564)	120 079	-4684%	(22 909)
Transfers and subsidies - capital (monetary allocations)	41 026	46 675	84 959	-	46 199	75 615	###	-39%	84 959
Transfers and subsidies - capital (in-kind)	2 005	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	22 639	44 559	62 051	(1 165)	163 715	73 051	90 664	124%	62 051
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	22 639	44 559	62 051	(1 165)	163 715	73 051	90 664	124%	62 051
Capital expenditure & funds sources									
Capital expenditure	(47 841)	60 608	107 206	1 342	34 142	95 999	(61 856)	-64%	107 206
Capital transfers recognised	(6 537)	31 891	61 576	540	34 199	54 485	(20 286)	-37%	61 576
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	(41 906)	28 716	46 350	802	(11 610)	42 233	(53 843)	-127%	46 350
Total sources of capital funds	(48 443)	60 608	107 926	1 342	22 589	96 718	(74 129)	-77%	107 926
Financial position									
Total current assets	150 840	208 877	207 743		212 442				207 743
Total non current assets	674 049	654 154	760 297		728 085				760 297
Total current liabilities	109 076	249 213	112 882		40 986				112 882
Total non current liabilities	875	2 779	3 363		875				3 363
Community wealth/Equity	734 929	881 916	853 322		898 644				853 322
Cash flows									
Net cash from (used) operating	(98 050)	8 771	62 772	(612)	226 424	77 201	(149 224)	-193%	62 772
Net cash from (used) investing	(66 207)	(69 319)	(101 285)	(1 496)	(31 824)	(70 023)	(38 199)	55%	(101 285)
Net cash from (used) financing	-	-	-	-	6 355	-	(6 355)	#DIV/0!	-
Cash/cash equivalents at the month/year end	(33 762)	(104 084)	70 340	-	309 809	116 031	(193 778)	-167%	70 340
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	3 413	515	326	450	292	448	384	13 286	19 114
Creditors Age Analysis									
Total Creditors	3 589	2 577	608	232	-	5	173	46	7 231

The YTD actual revenue is R280 million compared to R275 million reported from the previous month, which shows that the revenue streams of the municipality is growing, however YTD budget figure is R266 million resulting in 5% variance.

Operating expenditure YTD is R162 million compared to R147 million reported in the previous month, however payroll expenditure is partially included in the total expenditure, only R4.8 million is on the system, therefore the YTD expenditure figure is supported by

PART 2 document on employee costs that is understated on C-schedule due to information being not available on the system.

Capital expenditure allocation budget has been received in full as allocated by National Treasury, including the additional grants approved in March. Capital project implementation is underway, with the expectation that there will be no grant roll over requests to National Treasury, however in instances beyond the control of the municipality sufficient motivation will be made.

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

KZN242 Nquthu - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M11 May										
Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue - Functional										
<i>Governance and administration</i>		257 980	274 390	282 716	534	284 110	261 966	22 144	8%	282 716
Executive and council		35 231	36 675	39 222	-	39 093	37 868	1 225	3%	39 222
Finance and administration		222 749	237 715	243 494	534	245 017	224 097	20 919	9%	243 494
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5 191	6 071	6 344	285	6 078	5 826	252	4%	6 344
Community and social services		3 371	4 229	4 499	5	4 038	4 135	(96)	-2%	4 499
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 820	1 842	1 845	281	2 040	1 691	349	21%	1 845
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3 350	528	696	6	298	606	(308)	-51%	696
Planning and development		1 345	528	696	6	298	606	(308)	-51%	696
Road transport		2 005	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		31 507	47 689	84 998	2 397	35 969	73 890	(37 921)	-51%	84 998
Energy sources		29 960	46 235	83 388	2 212	33 928	72 398	(38 470)	-53%	83 388
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1 547	1 454	1 610	186	2 042	1 492	549	37%	1 610
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	298 028	328 677	374 754	3 222	326 455	342 288	(15 833)	-5%	374 754
Expenditure - Functional										
<i>Governance and administration</i>		147 724	147 823	162 312	2 234	71 188	139 424	(68 236)	-49%	162 312
Executive and council		36 895	35 919	36 577	1 338	9 393	32 568	(23 175)	-71%	36 577
Finance and administration		106 660	108 875	121 112	768	58 291	102 649	(44 358)	-43%	121 112
Internal audit		4 169	3 030	4 623	128	3 503	4 207	(703)	-17%	4 623
<i>Community and public safety</i>		34 361	36 420	36 638	433	11 491	31 295	(19 804)	-63%	36 638
Community and social services		19 663	18 109	18 535	395	8 399	16 400	(8 001)	-49%	18 535
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		14 698	18 311	18 102	38	3 092	14 895	(11 803)	-79%	18 102
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33 739	40 891	55 419	1 673	45 458	47 353	(1 895)	-4%	55 419
Planning and development		11 558	24 136	21 945	813	14 567	19 108	(4 541)	-24%	21 945
Road transport		22 181	16 755	33 473	861	30 891	28 245	2 646	9%	33 473
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		59 566	58 984	58 335	44	34 598	51 164	(16 566)	-32%	58 335
Energy sources		45 123	45 414	44 435	5	33 723	40 029	(6 307)	-16%	44 435
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2 190	1 937	1 852	39	179	1 503	(1 324)	-88%	1 852
Waste management		12 253	11 633	12 048	-	697	9 631	(8 934)	-93%	12 048
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	275 389	284 119	312 703	4 384	162 736	269 237	(106 501)	-40%	312 703
Surplus/ (Deficit) for the year		22 639	44 559	62 051	(1 162)	163 719	73 051	90 668	124%	62 051

Table C3: Monthly Budget Statement_ Financial Performance

KZN242 Nquthu - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M11 May										
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										
Vote 1 - Office of the Municipal Manager		35 231	36 675	39 222	-	39 093	37 868	1 225	3,2%	39 222
Vote 2 - Planning and Economic Development		1 345	528	696	6	298	606	(308)	-50,9%	696
Vote 3 - Budget and Treasury		222 548	237 835	243 591	528	244 776	224 162	20 615	9,2%	243 591
Vote 4 - Corporate and Community Service		5 343	5 931	6 227	288	6 287	5 744	543	9,5%	6 227
Vote 5 - Technical Services		33 561	47 709	85 017	2 400	36 001	73 908	(37 907)	-51,3%	85 017
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	298 028	328 677	374 754	3 222	326 455	342 288	(15 833)	-4,6%	374 754
Expenditure by Vote										
Vote 1 - Office of the Municipal Manager	1	27 607	19 382	21 429	1 475	11 690	18 896	(7 206)	-38,1%	21 429
Vote 2 - Planning and Economic Development		11 558	24 107	21 917	813	14 567	19 085	(4 519)	-23,7%	21 917
Vote 3 - Budget and Treasury		55 055	61 069	67 582	187	32 864	56 296	(23 432)	-41,6%	67 582
Vote 4 - Corporate and Community Service		75 236	78 761	84 911	955	36 166	73 270	(37 103)	-50,6%	84 911
Vote 5 - Technical Services		84 528	82 881	98 717	943	65 970	85 063	(19 093)	-22,4%	98 717
Vote 6 - Council And General		15 159	17 918	18 147	11	1 282	16 626	(15 344)	-92,3%	18 147
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	269 143	284 119	312 703	4 384	162 539	269 237	(106 698)	-39,6%	312 703
Surplus/ (Deficit) for the year	2	28 886	44 559	62 051	(1 162)	163 916	73 051	90 865	124,4%	62 051

Table C3 provides information by vote, dividing the overall municipality administration into departments. BTO office reflects much higher revenue by vote allocation. Expenditure by vote shows that technical unit has much higher expenditure.

Table C4 Municipality Financial Performance

KZN242 Nquthu - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May										
Description	Ref	Budget Year 2023/24								
		2022/23 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	35 801	2 193	25 038	32 926	(7 889)	-24%	35 801
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 115	1 410	1 410	143	1 570	1 293	277	21%	1 410
Sale of Goods and Rendering of Services		185	246	274	6	170	250	(80)	-32%	274
Agency services		-	-	-	-	-	-	-	-	-
Interest		66	-	35	6	63	35	28	79%	35
Interest earned from Receivables		534	377	555	54	613	526	87	17%	555
Interest from Current and Non Current Assets		10 349	2 379	7 619	201	9 370	6 236	-	-	7 619
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		792	885	1 008	62	892	890	3	0%	1 008
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		321	190	200	-	189	160	29	18%	200
Non-Exchange Revenue										
Property rates		36 645	52 033	51 009	0	51 932	48 272	3 660	8%	51 009
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		894	2 277	2 622	193	1 500	2 434	(934)	-	2 622
Licence and permits		957	931	939	88	942	861	81	-	939
Transfers and subsidies - Operational		177 394	186 543	186 803	-	185 340	171 270	14 070	-	186 803
Interest		1 886	-	1 520	277	2 637	1 520	1 117	-	1 520
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		1 403	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		254 997	282 002	289 794	3 222	280 256	266 673	13 583	5%	289 794
Expenditure By Type										
Employee related costs		87 296	114 465	106 389	-	6 355	87 370	(81 015)	-93%	106 389
Remuneration of councillors		13 462	16 899	16 899	-	-	15 491	(15 491)	-100%	16 899
Bulk purchases - electricity		31 384	34 783	34 783	-	30 294	31 884	(1 590)	-	34 783
Inventory consumed		1 456	12 851	15 809	1 282	13 072	14 224	(1 151)	-	15 809
Debt impairment		(4 871)	-	-	-	-	-	-	-	-
Depreciation and amortisation		30 722	23 890	32 775	-	22 757	26 220	(3 463)	-13%	32 775
Interest		-	0	0	-	-	-	-	-	0
Contracted services		55 184	32 464	35 611	810	31 643	32 224	(580)	-2%	35 611
Transfers and subsidies		4 453	3 719	4 476	777	3 143	4 099	(956)	-23%	4 476
Irrecoverable debts written off		152	6 900	6 900	0	371	6 325	(5 954)	-	6 900
Operational costs		54 802	38 148	59 061	1 519	55 105	51 401	3 704	7%	59 061
Losses on Disposal of Assets		1 350	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		275 389	284 119	312 703	4 388	162 740	269 237	(106 497)	-40%	312 703
Surplus/(Deficit)		(20 392)	(2 116)	(22 909)	(1 165)	117 516	(2 564)	120 079	(0)	(22 909)
Transfers and subsidies - capital (monetary allocations)		41 026	46 675	84 959	-	46 199	75 615	(29 415)	(0)	84 959
Transfers and subsidies - capital (in-kind)		2 005	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		22 639	44 559	62 051	(1 165)	163 715	73 051			62 051
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		22 639	44 559	62 051	(1 165)	163 715	73 051			62 051
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		22 639	44 559	62 051	(1 165)	163 715	73 051			62 051
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		22 639	44 559	62 051	(1 165)	163 715	73 051			62 051

TABLE C4: REVENUE BY SOURCE

Property rates

Property rates YTD Actual remain unchanged at R 51 million as reported last month on account of having rates billed over a period of ten months with ten equal instalment proportion instead of 12 instalments to give customers two months of catching up with payments before the start of the new financial year. Action plan has been formulated to track collection of revenue challenges and policy enforcement is monitored closely.

Service charges electricity.

The actual revenue from Service Charges Electricity is R25million indicating an increase from R22 million reported last month, however electricity losses are experienced, and cost of supply study has been conducted indicating a 40% increase for electricity that will enable the municipality to recover all electricity costs.

Interest from Current and Non-Current Assets

YTD Actual of R9.3 million compared to R7.5 million reported in the previous month, reflecting a slight improvement on current and non-current assets investments, thereby exceeding YTD budget of R6.2 million.

Transfers and subsidies

Transfers and subsidies as allocated in the DoRA has been received, furthermore the additional funding has been allocated to the municipality in March, year to date the municipality has received an amount of R185 million in allocations.

TABLE C4: EXPENDITURE BY TYPE

Employment related costs

The YTD Actual for employee relates costs reflects budget underspending, to date the employee costs data relating to S56&57 has been transferred to the financial system, and reflecting a total of R6.3 million which has improved from R4.8 captured in the previous months on employee costs line item, the initial set timeline set to resolve the issue at hand was the last day of the third quarter, however the activities to transfer data requires much more time allocation than initially anticipated.. 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 still has no data for councillors' remuneration for the reporting month, 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 captured once reviewed as final during the interim AFS preparation.

Depreciation & asset impairment

Depreciation and Asset impairment YTD Actual shows depreciation calculation until Month 11 amounting to R22 million, increased from previous reporting month of April as was reported at R15 million, asset verification process is still underway. 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 for electricity bulk purchase remains unchanged at R30.2 million, the municipality has received a bulk invoice for the month of May with negative consumption charges of R3.4 million and negative amount due of R3.9 million. The municipality is engaged in processes to convert community hall conventional meters to prepaid meters in an effort to reduce electricity bill. Eskom bulk statement meter reading will be verified against meter readings taken by the municipality once the capacitation of electricity department officials has been finalised.

Monthly Budget Statement_ Capital Expenditure Table 5

KZN242 Nquthu - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M11 May										
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	-	310	-	663	310	353	114%	310
Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	-	-
Vote 4 - Corporate and Community Service		628	-	0	64	64	0	64	6360600%	0
Vote 5 - Technical Services		(51 278)	55 060	86 667	1 278	15 920	76 913	(60 993)	-79%	86 667
Vote 6 - Council And General		-	-	608	-	608	592	16	3%	608
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	(48 935)	55 060	87 585	1 342	17 255	77 815	(60 560)	-78%	87 585
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	19 622	-	16 888	18 184	(1 296)	-7%	19 622
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-

Nquthu Municipality Monthly Budget Statement

Total Capital single-year expenditure	4	1 094	5 548	19 622	-	16 888	18 184	(1 296)	-7%	19 622
Total Capital Expenditure		(47 841)	60 608	107 206	1 342	34 142	95 999	(61 856)	-64%	107 206
Capital Expenditure - Functional Classification										
Governance and administration		684	-	608	64	671	592	79	13%	608
Executive and council		-	-	608	-	608	592	16	3%	608
Finance and administration		684	-	0	64	64	0	64	6360600%	0
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(26 406)	53 321	67 262	738	51 473	59 828	(8 355)	-14%	67 262
Community and social services		(26 640)	53 321	67 262	738	51 473	59 828	(8 355)	-14%	67 262
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		233	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		(30 960)	7 287	21 033	-	(32 308)	19 362	(51 670)	-267%	21 033
Planning and development		(32 818)	0	2 269	-	4 351	2 269	2 082	92%	2 269
Road transport		1 858	7 287	18 764	-	(36 659)	17 093	(53 752)	-314%	18 764
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		8 240	0	19 024	540	2 753	16 936	(14 183)	-84%	19 024
Energy sources		-	0	18 790	540	2 480	16 702	(14 222)	-85%	18 790
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		8 240	0	234	-	273	234	39	17%	234
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	(48 443)	60 608	107 926	1 342	22 589	96 718	(74 129)	-77%	107 926
Funded by:										
National Government		(6 537)	31 891	33 978	-	25 696	29 950	(4 254)	-14%	33 978
Provincial Government		-	-	27 598	540	8 502	24 534	(16 032)	-65%	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	61 576	540	34 199	54 485	(20 286)	-37%	61 576
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		(41 906)	28 716	46 350	802	(11 610)	42 233	(53 843)	-127%	46 350
Total Capital Funding		(48 443)	60 608	107 926	1 342	22 589	96 718	(74 129)	-77%	107 926

Total capital expenditure by function classification stands at 77% from 76 % reported last month. Internally funded projects funding was increased from R28 million to R46 million, thereby ensuring projects that has been incomplete for prolonged duration are given attention and completed, the actual YTD variance of -127% is noted in this regard.

Table C6 – Monthly Budget Statement – Financial Position

KZN242 Nquthu - Table C6 Monthly Budget Statement - Financial Position - M11 May						
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	(43 230)	108 649	125 448	108 649
Trade and other receivables from exchange transactions		7 909	9 051	8 228	8 886	8 228
Receivables from non-exchange transactions		2 185	31 527	25 945	45 584	25 945
Current portion of non-current receivables		-	-	-	-	-
Inventory		1 528	2 087	1 528	1 720	1 528
VAT		30 256	209 576	63 285	30 636	63 285
Other current assets		108	(133)	108	168	108
Total current assets		150 840	208 877	207 743	212 442	207 743
Non current assets						
Investments		-	-	-	-	-
Investment property		41 405	19 371	41 405	41 355	41 405
Property, plant and equipment		632 548	634 533	718 797	686 638	718 797
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		79	79	79	79	79
Intangible assets		16	24	16	12	16
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	146	0	-	0
Total non current assets		674 049	654 154	760 297	728 085	760 297
TOTAL ASSETS		824 889	863 031	968 040	940 526	968 040
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Consumer deposits		2 169	3 639	2 124	2 168	2 124
Trade and other payables from exchange transactions		65 589	49 140	64 497	(22 028)	64 497
Trade and other payables from non-exchange transactions		4 143	1 557	4 014	17 037	4 014
Provision		10 074	10 899	10 074	12 562	10 074
VAT		27 101	179 899	32 172	31 248	32 172
Other current liabilities		-	4 080	-	-	-
Total current liabilities		109 076	249 213	112 882	40 986	112 882
Non current liabilities						
Financial liabilities		(20)	(20)	(20)	(20)	(20)
Provision		896	2 800	3 384	896	3 384
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		875	2 779	3 363	875	3 363
TOTAL LIABILITIES		109 951	251 993	116 245	41 862	116 245
NET ASSETS	2	714 938	611 038	851 795	898 664	851 795
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		734 788	881 782	853 180	898 503	853 180
Reserves and funds		141	134	141	141	141
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	734 929	881 916	853 322	898 644	853 322

The table C6 reflects R898 million YTD actual vs R904 reported last month for accumulated surplus. Total assets (R940 million) exceed total liabilities (R41 million), resulting in net assets of R898 million.

Table C7 – Monthly Budget Statement – Cash Flow

KZN242 Nquthu - Table C7 Monthly Budget Statement - Cash Flow - M11 May										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		16 364	39 839	39 839	555	34 311	36 519	(2 208)	-6%	39 839
Service charges		26 245	36 691	36 691	1 579	29 123	33 633	(4 510)	-13%	36 691
Other revenue		3 854	2 648	2 734	529	4 479	2 387	2 091	88%	2 734
Transfers and Subsidies - Operational		177 406	186 543	186 543	-	186 543	170 998	15 545	9%	186 543
Transfers and Subsidies - Capital		44 780	46 376	102 568	-	74 831	76 658	(1 827)	-2%	102 568
Interest		613	4 280	6 530	336	3 314	5 401	(2 087)	-39%	6 530
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(367 312)	(307 606)	(312 133)	(3 611)	(106 175)	(248 395)	(142 220)	57%	(312 133)
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(98 050)	8 771	62 772	(612)	226 424	77 201	(149 224)	-193%	62 772
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)	(101 285)	(1 496)	(31 824)	(70 023)	(38 199)	55%	(101 285)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(66 207)	(69 319)	(101 285)	(1 496)	(31 824)	(70 023)	(38 199)	55%	(101 285)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	6 355	-	6 355	#DIV/0!	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	6 355	-	(6 355)	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD		(164 258)	(60 548)	(38 514)	(2 108)	200 955	7 178			(38 514)
Cash/cash equivalents at beginning:		130 495	(43 536)	108 854		108 854	108 854			108 854
Cash/cash equivalents at month/year end:		(33 762)	(104 084)	70 340		309 809	116 031			70 340

The tables C7 cash flow statement reflects that cash and cash equivalents has a favourable balance at the end of the third quarter. Cash flow from operating activities year to date actual is R226 million. Cash flow from investing activities is channelled to capital expenditure investment with a YTD figure of R70 million. Only the consumer deposits increase is reflected under financing activities, the municipality has not financed its activities through short-term or long-term loans. 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

Table 1(a) Investment register for the month ending 31 May 2024

INSTITUTION	BALANCE	INVESTED IN CURRENT YEAR	INTEREST RECEIVED	DEPOSIT	WITHDRAWAL	BANK CHARGES	BALANCE
ABSA (0646)	R 18 381 815,73	R -	R 277 617,17		R 15 000 000,00	R -	R 3 659 432,90
ABSA (1394) HOUSING A/C	R 1 765 600,89	R -	R 112 947,06		R -	R -	R 1 878 547,95
ABSA (1868)	R -	R 20 000 000,00	R 923 703,63		R 20 923 703,63	R -	R 0,00
ABSA (2142)	R 5 646 508,86	R -	R 468 831,20		R -	R -	R 6 115 340,06
ABSA (2765)	R 1 424 715,30	R -	R 109 224,16		R -	R -	R 1 533 939,46
ABSA (4328)	R 22 375,62	R -	R 1 441,29		R -	R 400,00	R 23 416,91
ABSA (5014)	R 281 892,07	R 21 400 000,00	R 250 831,83		R 21 400 000,00	R -	R 532 723,90
ABSA (5617)	R 15 521 247,38	R -	R 486 108,46		R 16 007 355,84	R -	R 0,00
ABSA (7106)	R 34 490,25	R -	R 2 560,79		R -	R -	R 37 051,04
ABSA (9642)	R -	R 20 000 000,00	R 1 261 123,17		R -	R -	R 21 261 123,17
ABSA CALL (5892)	R 59 116,10	R 4 996 649,10	R 156 164,84		R 3 500 000,00	R -	R 1 711 930,04
FNB (0889)	R 7 929 878,71	R -	R 523 307,45		R -	R -	R 8 453 186,16
FNB (2166)	R 15 199 555,53	R -	R 728 871,68		R 10 000 000,00	R -	R 5 928 427,21
FNB (2554)	R 9 377 603,24	R -	R 618 845,48		R -	R -	R 9 996 448,72
FNB CALL (1408)	R 9 334 532,89	R -	R 681 611,62		R -	R -	R 10 016 144,51
NEDBANK (3)	R 1 138,71	R -	R 86,68		R -	R -	R 1 225,39
STANDARD BANK 014	R 6 856,48	R -	R 382,91		R -	R -	R 7 239,39
STANDARD BANK 063	R 23 438 341,72	R -	R 1 743 175,93		R -	R -	R 25 181 517,65
TOTAL	R 108 425 669,48	R 66 396 649,10	R 8 346 835,37	R -	R 86 831 059,47	R 400,00	R 96 337 694,48

The investment register on 31 May 2024 reflects investment status of the municipality, which reflects the investment balance of R96 million, to date an amount of R86 million has been withdrawn, no withdrawal was made in the month of May 2024. Additional investments made in the current year amounted to R81 million in the previous reporting month, however the report for the month shows R66 million which is accurate since the errors and omissions has been corrected, the opening balance of R108 million is recorded.

Withdrawal history provide indication of all withdrawal activities that has taken place during the 11 months (July to May) of the current financial year.

Table 1(b) withdrawal register for the month ending 31 May 2024

Withdrawals							
DATE	ACCOUNT FROM	AMOUNT	ACCOUNT TO		ACCOUNT TYPE	BALANCE BEFORE	WITHDRAWAL REASON
07-Jul-23	ABSA (0646)	R 15 000 000,00	ABSA 2762		PRIMARY	R 65 551 110,36	for normal operations
01-Sep-23	ABSA (5014)	R 10 700 000,00	ABSA 2762		PRIMARY	R 2 970 284,58	Insufficient funds to pay
22-Sep-23	ABSA (5014)	R 10 700 000,00	ABSA 2762		PRIMARY	R 4 976 430,03	for normal operations
19-Oct-23	ABSA (5892)	R 3 500 000,00	ABSA 2762		PRIMARY	R 4 490 995,62	for normal operations
26-Oct-23	FNB (2166)	R 10 000 000,00	ABSA 2762		PRIMARY	R 4 602 293,89	for normal operations
31-Oct-23	ABSA (5617)	R 16 007 355,84	ABSA 2762		PRIMARY	R 11 056 712,84	for normal operations
24-Mar-24	ABSA (1868)	R 20 923 703,63	ABSA 2762		PRIMARY	R 511 056,25	for normal operations
		R 86 831 059,47					

The municipality has a bank balance of R6 million, at the end of 31 May 2024, there are zero outstanding deposits or receipts at the reporting date. Table 1 (c) below show all transactions in the reconciliation.

Table 1 (c) Bank reconciliation of primary account month ending 31 May 2024

BANK RECONCILIATION (PRIMARY ACCOUNT)		4053562762
Details	Amount	
Cash book balance as at 31 May 2024	R6 083 917,52	
Outstanding deposits	R0,00	
Unknown deposits	R0,00	
Bank charges	R0,00	
Outstanding cheques	R0,00	
Transfers	R0,00	
Sundries	R0,00	
Outstanding receipts	R0,00	
Bank statement balance as at 31 May 2024	R6 083 917,52	

2.2. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Nquthu municipality as at the end of month four has incurred employee costs in line with SALGABC collective agreement and the upper limits determinations by the Minister of COGTA. The municipality has revised the organogram during the mid-year assessment period to accommodate changes in the positions and addition of employees to organogram structure of the municipality. To date the detailed actual costs in comparison with the budget are as per below table:

Table 2: Councillors allowances and employee benefits for the month ending 31 May 2024

Staff Benefits in terms of Section 66 of the MFMA		
Actual staff benefits and Councillors allowances for the period ending 31 May 2024		
Staff Benefits		
Item	Budget	Year to date actuals
Salaries & Wages	R 78 349 863,00	R 62 206 106,20
Contributions to pension funds	R 12 900 247,00	R 7 940 114,62
Contributions to medical aids	R 2 742 197,00	R 2 882 715,24
Contributions to UIF	R 597 625,00	R 503 402,49
Contributions to SDL	R 957 098,00	R 729 545,77
Travel, motor car	R 3 982 310,00	R 3 373 511,60
Salga	R 40 576,00	R 34 433,70
Housing benefits and allowances	R 109 200,00	R 94 910,49
Cellphone Allowance	R -	R -
Overtime payments	R 2 113 290,00	R 1 869 523,52
Bonuses	R 6 005 879,00	R 4 487 268,81
Other leave & long service	R 2 273 403,00	R 694 311,62
Allowances (Standby and Drivers Allowance)	R 1 061 146,00	R 2 180 821,80
Totals	R 111 132 834,00	R 86 996 665,86
Councillors Allowances		
Item	Budget	Year to date actuals
Councillors Allowances	R 14 606 745,00	R 11 840 367,96
Cellphone/Data Allowance	R 1 591 117,00	R 1 096 428,00
Contributions to SDL	R 24 298,00	R 118 455,65
Totals	R 16 222 160,00	R 13 055 251,61

2.3. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Table 3: Grant register – for month ending May 2024

Summary of Grants received and expenditure						
Grant Type	Audited Balance as at	Dora/Prov Allocation for year	Received	Spent & transferred to income	Balance as at	Available funds/not committed
	1-Jul-2023		2023/24	2023/24	2023/24	2023/24
Bornem Grant	R -	R -	R -	R -	R -	R -
Cybercadet	R -	-R 508 000,00	-R 508 000,00	R 508 000,00	R -	R -
Eletrification	-R 3 753 798,81	-R 14 000 000,00	-R 14 000 000,00	R 9 419 146,11	-R 8 334 652,70	-R 8 334 652,70
EPWP	R -	-R 1 162 000,00	-R 1 162 000,00	R 1 162 000,00	R -	R -
FMG	R -	-R 1 850 000,00	-R 1 850 000,00	R 1 548 309,03	-R 301 690,97	-R 301 690,97
Library Modular	R -	-R 1 430 000,00	-R 1 430 000,00	R 1 430 000,00	R -	R -
Library support	R -	-R 1 964 000,00	-R 1 964 000,00	R 1 964 000,00	R -	R -
Library Volunteer	-R 259 941,24	-R 108 000,00	-R 108 000,00	R 88 000,00	-R 279 941,24	-R 279 941,24
Massification Eletrification	R -	-R 21 608 500,00	-R 21 608 500,00	R 6 477 897,59	-R15 130 602,41	-R 15 130 602,41
MIG	R -	-R 39 222 000,00	-R 39 222 000,00	R 39 222 000,00	R 0,00	R 0,00
Small Town rehabilitation		-R 10 000 000,00	-R 10 000 000,00	R 9 156 605,17	-R 843 394,83	-R 843 394,83
Sportfield Maintance	-R 128 895,59	R -	R -	R 101 775,00	-R 27 120,59	-R 27 120,59
TOTALS	-R 4 142 635,64	-R 91 852 500,00	-R91 852 500,00	R 71 077 732,90	-R24 917 402,74	-R 24 917 402,74

The grant register for the month of May reflects the following:

- a) MIG grant expenditure has exhausted allocated funds including the additional grant funding of R5 million, at the reporting period the MIG grand spending stands at R39 million.
- b) Mass electrification spending has not changed from last month R5.8 million to R6.4 million out of R21.6 million allocation, the remaining funds are R15.1 million.
- c) Electrification grant spending has not changed from previous two months it still shows R9.4 million and R8.3 million remains unspent. The additional funding allocation was R4 million for INEP.
- d) Small town grant rehabilitation has spent R9.1 million and R843 thousand remains unspent.
- e) Library support grant has been fully spent, and there is no overspending reported.
- f) Financial Management grant (FMG) has R301 thousand remaining and has spent R1.5 million.
- g) Library Modular has been fully spent, and there is no overspending reported.
- h) EPWP has spent all the allocation and there is no overspending reported.
- i) Cybercadet grant has been fully spent, and there is no overspending reported.
- j) Library Volunteer grant has only spent R88 thousand, the balance remaining is R279 thousand.
- k) Sportfield maintenance gran has not received new allocation, the balance was rolled over from the previous year amounting to R128 thousand, no change from last month spending, the grant remains unspent at R27 thousand.

2.4. DEBTOR'S ANALYSIS

Debtors book is growing immensely, given that the large portion of outstanding debtors come from property rates. The municipality is engaging in amicable resolution that will enable the properties that has been significantly increased during the last valuation period to be revised, which will encourage the affected customers to pay their accounts. The debtors age reporting for the month reflects previous month's data, due to glitches in billing module. Relevant data relating to May will be reported in June.

Table 4: Debtors' analysis for the month ending May 2024

Age Analysis for the month ending 30 April 2024									
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	R -9 763 841,88	R -9 763 841,88	R -	R -	R -	R -	R -	R -	R -
Adv-Pay Reverse	R 120,78	R -	R 120,78	R -	R -	R -	R -	R -	R -
Clearance Fee	R 8,03	R -	R -	R -	R -	R -	R -	R -	R 8,03
Deposit: Electricity	R 4 993,00	R -	R -	R -	R -	R -	R -	R -	R 4 993,00
Deposit: Waste Disposal	R 2 000,00	R -	R -	R -	R -	R -	R -	R -	R 2 000,00
Electricity Basic	R 528 288,32	R 178 723,44	R 35 057,17	R 33 458,70	R 33 313,98	R 33 171,71	R 24 887,06	R 189 676,26	
Electricity Metered	R 3 721 545,63	R 2 246 398,80	R 80 029,11	R 101 786,98	R 76 491,04	R 99 248,53	R 71 415,62	R 1 046 175,55	
Market stalls	R 1 091 862,49	R 40 182,93	R 19 002,33	R 17 815,45	R 17 495,85	R 17 057,44	R 16 800,15	R 963 508,34	
OFFICE RENTAL	R 154 743,28	R 31 691,45	R 15 735,00	R 15 814,95	R 15 714,99	R 15 615,05	R 15 515,09	R 44 656,75	
Plaza Market Stalls	R 242 732,02	R 18 412,11	R 8 187,41	R 7 907,23	R 7 835,36	R 7 653,81	R 7 149,66	R 185 586,44	
Property Rates	R 80 209 489,84	R 6 567 937,36	R 2 771 325,23	R 2 728 912,33	R 2 718 720,60	R 2 614 447,31	R 2 559 840,20	R 60 248 306,81	
Rent (M001)	R 402 866,69	R 34 813,93	R 26 961,30	R 20 261,30	R 9 361,30	R 9 311,30	R 9 261,30	R 292 896,26	
Repay: Waste Disposal	R 25 173,19	R -	R -	R -	R -	R -	R -	R -	R 25 173,19
Signs (M001)	R 3 476,20	R 33,42	R 16,71	R 16,71	R 16,71	R 16,71	R 16,71	R 3 359,23	
Stall rental	R 27 551,11	R 1 813,20	R 131,22	R 131,22	R 131,22	R 131,22	R 131,22	R 25 081,81	
Sundries (VAT)	R 11 248,74	R 11 079,74	R 169,00	R -	R -	R -	R -	R -	
Tampering Fee	R 290 301,24	R -	R -	R 31 335,96	R 13 424,67	R 156 141,31	R 89 399,30	R -	
Traffic Fines	R 3 390 400,00	R 210 800,00	R 78 900,00	R 168 200,00	R 68 500,00	R 67 000,00	R 101 100,00	R 2 695 900,00	
Traffic Fines (M001)	R 2 223 721,78	R -	R -	R -	R 450,00	R -	R -	R 2 223 271,78	
Waste Disposal	R 6 707 990,49	R 290 659,69	R 107 480,34	R 91 988,92	R 86 628,91	R 82 475,61	R 79 011,67	R 5 969 745,35	
Total	R89 274 670,95	(R 131 295,81)	R3 143 115,60	R3 217 629,75	R3 048 084,63	R3 102 270,00	R2 974 527,98	R73 920 338,80	

Debt collection rates

Table 5: Cash collection per revenue source

Cash Collected for each Revenue Source via Billing (April 2024)				
	Cash collection	Ageing - April 2024	Collection rate per BT	Billed revenue - April 2024
Rates	R -3 993 544,78	R 80 209 489,84	-5%	R 5 061 476,98
Electricity	R -3 499 654,39	R 4 254 826,95	-82%	R 2 168 222,91
Refuse	R -85 435,87	R 6 735 163,68	-1%	R 178 127,01
Stalls Rental , Traffic fines & Other Rentals	R -56 396,14	R 7 266 568,64	-1%	R 69 286,98
Advance payments	R -842 980,11	R -9 763 713,07	0%	R -
S - Unallocated Receipt Journ	R -	R -		R -
TOTAL CASH RECEIVED (BILLING)	R -8 478 011,29	R 89 274 670,95		R 7 477 113,88
Total Ageing	R 89 274 670,95		March 2024 billing	R 7 506 532,87
Total debtors' payments	R 8 478 011,29		April 2024 payments	R -8 478 011,29
		9%		-113%

Table 6: Revenue collection ratios

APRIL 2024 RATIOS		
(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100	111	Collection Rate
((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) x 365	2940,94	Net Debtors Days
(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue) x 100	-0,39	Revenue Growth (%)

Cash collected on 31 May 2024 amounts to R 8.4 million resulting in 9% collection rate when considering the entire debtor's book and 113% collection rate is recognised when considering the previous month billing, overall the municipal collection rate is below the norm for revenue collection. The municipality is tracing purchasing patterns to follow through on possible electricity tampering. There will be meter audit in the June month to verify data and checking of indicators for meter tampering.

2.5. CREDITOR'S ANALYSIS

The table below shows the summary of Top 10 creditors paid in May 2024. The municipality continues to pay creditors invoices in line with MFMA Section 65 and has formulated a Section 65 delay reason document for end users to enhance accountability and encourage attendance to invoices timely to avoid delays.

Table 7: Creditors report for the month ending 31 May 2024

CREDITORS REPORT FOR MAY 2024			
TOP 10 CREDITOR'S PAYMENTS SUMMARY FOR THE MONTH OF MAY 2024			
No.	VENDOR NAME	DESCRIPTION	AMOUNT
1	ESKOM HOLDINGS 5140422473	JABAVU COMMUNITY HALL	R 3 964,11
	ESKOM HOLDINGS 5649601339	NONDWENI OFFICE	R 4 044,01
	ESKOM HOLDINGS 5687352660	NQUTHU COMMUNITY MULTI-PUPOSE HALL	R 11 605,35
	ESKOM HOLDINGS 5742571184	LUVISI COMMUNITY HALL	R 3 164,37
	ESKOM HOLDINGS 6033862343	FREE BASIC ELECTRICITY (FBE)	R 198 077,98
	ESKOM HOLDINGS 6126932137	POTSOANA LIBRARY	R 2 450,88
	ESKOM HOLDINGS 6642941367	LEKSAND RURAL COMMUNITY HALL	R 3 537,01
	ESKOM HOLDINGS 6916174790	TOWN BOARD LIBRARY NONDWENI	R 5 088,31
	ESKOM HOLDINGS 8505522436	MASOTSHENI HALL	R 6 161,25
	ESKOM HOLDINGS 8713502790	NKANDE SPORTSFIELD	R 1 293,80
	ESKOM HOLDINGS 8713502790	NKANDE SPORTSFIELD	R 1 386,21
	ESKOM HOLDINGS 8817457976	NONDWENI URBAN STREETLIGHT	R 6 648,33
	ESKOM HOLDINGS 9063390800	NGEDLA COMMUNITY HALL	R 3 017,36
	ESKOM HOLDINGS 9063390800	NGEDLA COMMUNITY HALL	R 2 740,65
	ESKOM HOLDINGS 9253164668	NGOLOKODO LIBRARY	R 2 287,49
	ESKOM HOLDINGS 9253164668	NGOLOKODO LIBRARY	R 2 450,88
	ESKOM HOLDINGS 9426259616	BLOOD RIVER SPORTSFIELD	R 3 376,03
ESKOM HOLDINGS 9426259616	BLOOD RIVER SPORTSFIELD	R 3 165,03	
ESKOM HOLDINGS BULK 8848733513	BULK ELECTRICITY PURCHASES	R 3 004 253,83	
		R 3 268 712,88	
2	ASIZIQALELE CONTRACTORS	PLANT HIRE	R 1 273 768,75
	ASIZIQALELE CONTRACTORS	PLANT HIRE	R 696 445,75
		R 1 970 214,50	
3	NKOSINGIPHE INKAZIMULO TRADING AND PROJECTS	AFS CONSULTATION FEES	R 479 739,75
			R 479 739,75
4	SIZOWAKHA SECURITY AND CLEANING SERVICES	PROVISION OF SECURITY GUARD AT NQUTHU ON THE 04TH AN 05TH OF APRIL 2024	R 5 865,00
	SIZOWAKHA SECURITY AND CLEANING SERVICES	PROVISION OF SECURITY GUARD TO MUNICIPAL PROPERTIES DAY AND NIGHT SHIFT FOR APRIL 24	R 372 657,39
	SIZOWAKHA SECURITY AND CLEANING SERVICES	PROVISION OF SLUM CLEARANCE OFFICERS DAY AND NIGHT SHIFT APRIL 24	R 100 050,00
		R 478 572,39	
5	FEZILE SECURITY SERVICES	PROVISION OF SECURITY SERVICE ON MAYORAL CUP EVENT	R 22 080,00
	FEZILE SECURITY SERVICES	PROVISION OF GUARDING SERVICES TO MUNICIPAL PROPERTIES DAY AND NIGHT SHIFT FOR APRIL 24	R 375 629,02
		R 397 709,02	
6	SIYEJABULA SECURITY SOLUTION	PROVISION OF SECURITY GUARD TO MUNICIPAL PROPERTIES DAY AND NIGHT SHIFT FOR APRIL 24	R 386 254,94
			R 386 254,94
7	UMZWEMPI TRADING (PTY) LTD	LEARNERS AND DRIVERS LICENSE FOR 45 BENEFICIARIES	R 312 075,00
			R 312 075,00
8	NQUTHU PIONEER TRANSPORT PRIMARY CO-OPERATIVE LIMITED	TRANSPORTING PEOPLE FROM NQUTHU TO MSINGA FOR PLAY-OFFS	R 45 000,00
	NQUTHU PIONEER TRANSPORT PRIMARY CO-OPERATIVE LIMITED	HIRE 190 TAXIS (i.e.10 PER WARD) TO TRANSPORT COMMUNITY TO THE TOWN FOR MAYORAL EVENT	R 220 000,00
		R 265 000,00	
9	KWANONGOMA TRADING	250 FOOD VOUCHERS FOR MAYORAL EVENT	R 250 000,00
			R 250 000,00
10	STATFORM	SUPPLY AND DELIVER SCHOOL UNIFORM AT NQUTHU SCHOOLS	R 212 310,00
			R 212 310,00

Creditors ageing from the C-schedule Table extract does not reflect true ageing of the creditors. The issue of creditors ageing with the system has been logged, and the case has since been pending with no solution.

Table C1 creditors ageing extract from C-schedule.

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	3 413	515	326	450	292	448	384	13 286	19 114
Creditors Age Analysis									
Total Creditors	3 589	2 577	608	232	-	5	173	46	7 231

Manual ageing of creditors is prepared using invoice date, for the month ending May 2024, the outstanding creditors are less than 30 days old, and will be paid in the next pay run provided that the invoices/voucher do meet all the payment requirements.

Table 8: Creditor's ageing for the month ending 31 May 2024

OUTSTANDING CREDITORS FOR MAY 2024		
UNPAID OPERATIONAL EXPENDITURE		336 687,20
YALAZIKAG (PTY) LTD	CATERING FOR 125 PEOPLE AT NONDWENI STADIUM	9 125,00
TIN CLIP TRADING	CATERING FOR 250 PEOPLE AT NQUTHU STADIUM	18 250,00
PANOMPA CONSTRUCTION	CATERING FOR 250 PEOPLE AT NQUTHU STADIUM	17 500,00
MPUMESHI	CATERING FOR 250 PEOPLE AT VUKEFILE GRAVEL ROAD	18 750,00
UJIBHA PROJECTS (PTY) LTD	CATERING FOR 250 PEOPLE AT NQUTHU STADIUM	18 250,00
UJIBHA PROJECTS (PTY) LTD	VIP TOILETS	14 000,00
AYINAMNGCELE TRADING	CATERING FOR 250 PEOPLE AT NQUTHU STADIUM	18 750,00
SERVE YOU RITE	CATERING FOR 250 PEOPLE AT NQUTHU STADIUM	18 250,00
EMALANGENI TECHNOLOGIES	SUPPLY CCTV CAMERA AND PROJECTOR	73 148,20
KASOMPISI HOLDINGS	SOUND SYSTEM	5 600,00
FAST TRACK GROUP (PTY) LTD	VIP TOILETS	16 514,00
MASINGA ASILELE TRADING	CATERING FOR OF MEN, WOMEN, WIDOWERS FORUM MEETING	8 800,00
ESABABILI	CATERING FOR 60 VIP AT NDATSHANA	6 600,00
MPUMESHI (PTY) LTD	CATERING FOR 250 PEOPLE AT NDATSHANA	18 500,00
MO MTWANA TRADING	SOUND SYSTEM	3 700,00
MAFLOWER CATERING & TRADING	CATERING FOR 200 EMPLOYEES ON EAP EVENT	22 000,00
NKABANHLE AIR CONDITIONING AND REFRIGERATION	MAJOR SERVICE OF 2 AIR CONDITIONERS AT NQUTHU MUNICIPALITY	8 600,00
CEEYES INSTITUTE OF FASHION	SUPPLY & DELIVER CREOSOTE POLES 2.1M 100-125 MM	28 800,00
NOYANDA EVENTS	SOUND SYSTEM	4 950,00
TSOARELLO TRADING 48	CATERING FOR 60 VIP AT NTANYANDLOVU HALL	6 600,00
UNPAID CAPITAL EXPENDITURE		-
TOTAL UNPAID CREDITORS		336 687,20

2.6. SUPPLY CHAIN MANAGEMENT

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, one transaction was concluded in the month of May.

a) Deviations

Table 9: Deviation register for the month ending 31 May 2024

Nquthu Municipality Monthly Budget Statement

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 N	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	R60 500,00
2023/10/10	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	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	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 PRACTICE	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	01/12/2023	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	01/12/2023	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
14/03/2024	18/03/2024	HIRE OF MINIBUSES FOR MAYORAL CUP MARCH 2024	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FOR MAYORAL CUP	CORPORATE SERVICES	R169 500,00
2024/08/04	10/04/2024	REGISTRATION FOR SP XABA AND S HADEBE	S36(1)(a)(i)	SOLE SERVICE PROVIDER	IFIX BUSINESS	mSCOA TRAINING	FINANCE	R10 000,00
2024/06/05	09/05/2024	06 MINIBUSES FROM NQUTHU FOR SAFA PLAYS -OFF	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FOR SAFA PLAY -OFF	CORPORATE SERVICES	R45 000,00
16/05/2024	20/05/2024	190 MINIBUSES FROM ALL WARDS TO NQUTHU STADIUM	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FROM ALL WARDS TO NQUTHU STADIUM	CORPORATE SERVICES	R220 000,00
TOTAL								R1 593 277,00

Auditor General documented findings on the management report (MR) that some of the deviations concluded by the municipality were not authorized, as a result the SCM office has a register of deviations and the file for deviations to ensure all required signatures are acquired before concluding orders and incur expenditure.

b) Fruitless and Wasteful Expenditure Register

Fruitless and Wasteful Expenditure Register for the month ending 31 May 2024 reflects R162 650,19 compared to R162 606.53 from the previous month emanating from Eskom, Telkom, uMzinyathi District Municipality, Licencing accounts and SARS. A slight increase of R43.66 contributed to the register from Telkom account.

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	Date	Amount	
Telkom			135,76
Interest on overdue account	Aug-23	70,97	
Interest on overdue account	Nov-23	22,59	
Interest on overdue reversal	Dec-23	-1,46	
Interest on overdue account	May-24	43,66	
Eskom			843,54
Interest on overdue account	Jul-23	245,78	
Interest on overdue account	Aug-23	49,09	
Interest on overdue account	Mar-24	548,67	
Umzinyathi Municipality			27,00
Interest on overdue account	Mar-24	27,00	
Other			
Transport Driving Licence		-	
Recon Assessment Penalty YEAR 2023			
Penalty/Interest	Jul-23	11 625,49	11 625,49
Interest	Sep-23	1 660,54	1 660,54
Interest	Nov-23	2 070,01	2 070,01
SARS EMP201 Penalty interest YEAR 2024			
Penalty/Interest	Nov-23	146 287,85	146 287,85
Total			R 162 650,19

c) Auditor General Findings and Risk Management

NO.	ISSUE RAISED	ISSUE RAISED	PROPOSED ACTION TO ADDRESS ISSUE	DUE DATE	CURRENT STATUS
1.	Preferential points used is not stated in the tender document and request for quotation.	AG – 22/23	SCM and ORDER CHECKLIST is used for every Purchase order. BSC Checklist is in place to be used	On-going	In-progress
2.	Bidders failing to meet the specific goals points awarded bids.	AG – 22/23	Bid Committee checklist is used for every tender advertised.	On going	In-progress
3.	No evidence provided to confirm that quotation above R200 000 were approved.	AG – 22/23	Authorisation by Accounting Officer for deviation not following normal SCM process and purchase orders above R 200 000 is compulsory.	On going	In-progress
4.	Minimum thresholds for local content not specified	AG – 22/23	SCM and ORDER CHECKLIST is used for every Purchase order	DONE	DONE
5.	Possible splitting of orders to avoid competitive bidding process.	AG-22/23	Monitoring of procurement plan on a quarterly basis.	On going	In-progress
6.	Measures to monitor contract performance and delivery have not been defined and implemented.	AG – 22/23	Assessment of service provider form is used to monitor performance on a quarterly basis	On going	In-progress
7.	Deviations not approved by AO	AG – 22/23	Ensure authorisation by Accounting Officer and all other relevant HODs for deviation not following normal SCM process	On going	In-progress
8.	Contracts expired, but in use without approval of extension or variation order	AG – 22/23	Engage end user departments after sending notice of expiry. Consider extension of contract and acquire approval	On going	In-progress

d) **Contract management** unit maintains the register for all contracts that the municipality has. Notices are issued to all user departments accordingly to ensure that all contracts are advertised in time to ensure that irregular expenditure is avoided at all times. Where necessary contracts are renewed following the applicable legislation. The contract register is enclosed as **Annexure A**, reflecting a list of all active contracts, extended contracts, and contracts that will expire within the current financial year.

e) Top 10 Issued Orders List – 31 May 2024

NO.	SERVICE PROVIDER	CONTRACT AMOUNT	DATE OF AWARD	DESCRIPTION
1.	KWANONGOMA TRADING	R250 000.00	03/05/2024	250 FOOD VOUCHERS EACH VALUED R1000.00
2.	MXETSHYLWA	R262 700.00	21/05/2024	DISASTER UNIFORM FOR NEWLY APPROVED STAFF

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3.	NQUTHU PIONEER TAXI ASS	R220 000.00	20/05/024	190 MINIBUSES TO NQUTHU STADIUM
4.	STATFORM	R215 650.00	07/05/2024	SUPPLY AND DELIVERY OF SCHOOL UNIFORM
5.	COMCO INTERLECTUAL	R208 498.00	21/05//2024	05 FIRE FIGHTING GLOVES, RESCUE GLUTS AND HELMETS
6.	AMAGWAZA TRADING ENTERPRISE	R186 775.00	07/05/2024	SUPPLY AND DELIVERY OF SINGLE AND THREE PHASE METER
7..	SIBAHLEMINI MULTIPURPOSE	R170 500.00	07/05/2024	SUPPLY AND DELIVERY OF LAPTOPS AND GPS
8.	MANZINI EMPIRE CATERER	R150 000.00	20/05/2024	5000 MARQUEE SEATER, SOUND SYSTEM & INDOOR STAGE
9.	GQAKAZA SOLUTIONS	R155 125.00	15/05/2024	HORSE BLANKETS
10	UNYAWO ALUNAMPUMULO	R138 000.00	13/05/2024	HORSE FOOD

The municipality has complied with SCM Regulations in issuing the above orders.

f) IRREGULAR EXPENDITURE (CAPITAL EXPENDITURE) – 31 May 2024

The register is enclosed as **Annexure B**.

g) IRREGULAR EXPENDITURE (OPERATIONAL EXPENDITURE) – 31 May 2024

The register is enclosed as **Annexure C**.

h) INVENTORY MANAGEMENT

Inventory Reconciliation	
INVENTORY MODULE	
OPENING BALANCE AS PER INVENTORY REPORT	R 1 860 329,10
ADD: TOTAL RECEIPTS	R 57 900,00
Inventory purchases for the month	R 57 900,00
LESS: TOTAL ISSUES	(R 198 016,00)
Inventory issued from stores during the month	(R 198 016,00)
ADJUSTMENTS	R 0,00
Add: stock surplus identified during the month	R 0,00
Less: Stock losses identified during the month	
CLOSING BALANCE AS PER INVENTORY REPORT	R 2 116 245,10
GENERAL LEDGER VOTE BALANCE:	

2.7. COST CONTAINMENT MEASURES

MCCR quarterly report was tabled in council for Q3, and the remaining unreported months in relation to UIFW for the period covering March 2024 to June 2024 will be reported accordingly at the end of quarter four. The management is committed to improving controls, engage in training and capacity building to avoid re-occurrence of similar UIFW cases. Accounting Officer will implement consequence management where appropriate. The excerpt of expenditure considered by council is contained in summary below:

2.8. MATERIAL VARIANCES

Material variances to SDBIP is provided by the PMS unit, after detailed consideration of all POEs and actuals as submitted by officials based on their scorecards.

Material variances on Table C4 based on actuals against budget the following has been noted:

- Operational revenue – encompasses various miscellaneous items such skills development levy refunds and early settlement discounts from SALGA annual levies, there is a variance of 18% which has decreased from the previous reporting month from 57% the need exists for the municipality to follow the spending pattern of this line item to ensure appropriate budgeting is done to reflect reliable budget figures.
- Sale of goods and rendering of service – this is the revenue from building plans, burial fees, photocopies, advertising, and tender documents. There is -32% variance compared to 28% variance reported last month. These services are much dependent on consumer needs (i.e. building plans) as well as the tender notices issued by the municipality, e-tender portal is used by some bidders as a result there is a decrease in the number of tender documents sold.
- Service charges (electricity) – variance of 24% unchanged from 24 variance reported last month, there are various causes attributable to this variance, to the extent that technical insight is sought to ensure that every consumer is accounted for, other factors are due to change in consumer spending on electricity, which may be caused by alternative energy sources or loadshedding whereby there is no electricity available for consumption, hence the consumption will decrease accordingly.
- Service charges (waste management) variance is 21%, the need to appropriately align the waste tariff has been identified, relevant stakeholders including waste management employees to gather sufficient information on all refuse collected points and frequency.
- Employee related costs variance unchanged at 93%, in figure there is slight change attributable to S56&57 employee costs captured on the system. Processes are ongoing to finalise journal transmission / import.
- Remuneration of councillors -100% variance is noted due to data that has not been captured on the financial system from the payroll system. Processes are ongoing to finalise journal transmission / import.
- Interest shows a variance of R79% for exchange services, the budgeted amount is R35 million while the actual year to date figure is 63 million hence the variance noted.


2.9. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

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

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

Name	<u>Mr Mpumelelo B. Jiyane</u>
Designation	<u>Municipal Manager of Nquthu Municipality (KZN 242)</u>
Signature:	 _____
Date	<u>04/06/2024</u>