NQUTHU MUNICIPALITY (KZN 242)

SECTION 52(d) QUARTELY REPORT – Q4 2023/24 FINANCIAL YEAR

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PART1
IN-YEAR REPORT

1.1. Mayors Report

In this spirit of good governance, the special council adopted a funded adjustment budget on 23 February 2024, taking into cognisance the two outer years as well as the published gazette for capital grants which reflected a decrease in the MIG grant. The SDBIDP and OPMS scorecard has been revised in line with the adjusted budget to ensure attainable performance indicators. It is a widely know fact that government fiscus are depleting and due care must be applied in managing expenditures at all government spheres, as a result the municipality continuously ensure proper grant spending to avoid withholding of funds, furthermore the municipality strives to complete allocated grant funds in time to be eligible for additional grant funding.

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 final budget was funded, with concerning reviews by Provincial Treasury, however the management closely monitors the operational expenditures to ensure that every rand is expended within budget and adjustment budget is prepared should the need arise.

Approved budget related policies that were adopted on 17 May 2024 have since been published in the municipal website for public consumption. The by-laws giving effect to property rates policy, tariff policy and credit control policy has also been gazetted and published accordingly.

In closing the council is risk alert, taking into consideration the set actions on approved risk registers, the RMC committee risk register review took place in Durban on 10-14 June 2024 to give indication whether the municipality is reactive to targets set, and further measures to mitigate risks were formulated for the coming financial year, and the level of risk appetite that the municipality has on certain areas was be reviewed. It is a worrying concern that some mitigation measures for risks such as health and safety, IT security, etc., require financial support, and the council will work towards channelling funding to these areas to ensure compliance and safety of employees.

Cllr I.L. Shabalala
Honourable Mayor

1.2. Resolutions

Section 52d quarterly report resolutions for period ending 30 June 2024

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.

1.3. 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 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.

In terms of S6 of MBRR, the Statement of Financial Performance shown in Table C4 for Month 12 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 R25.6 million results in 28% variance whilst the bulk expenditure year to date figure is R31 million, the municipality received -R3.9 million bulk invoice for the month of May and R212 thousand bulk invoice for June month, 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, however significant size of transactions has been captured that is R97 million for employees compared to R6.3 million reported last month and R14 million for councillors is reported in June.

The consolidated summary of the financial performance is indicated in Table C4 below:

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	Ref	2022/23	Budget Year 2023/24							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		22 456	34 732	35 801	609	25 647	35 801	(10 154)	-28%	35 801
Service charges - Water		–	–	–	–	–	–	–		–
Service charges - Waste Water Management		–	–	–	–	–	–	–		–
Service charges - Waste management		1 115	1 410	1 410	(5)	1 565	1 410	155	11%	1 410
Sale of Goods and Rendering of Services		185	246	274	8	178	274	(96)	-35%	274
Agency services		–	–	–	–	–	–	–		–
Interest		66	–	35	–	63	35	28	79%	35
Interest earned from Receivables		534	377	555	–	613	555	59	11%	555
Interest from Current and Non Current Assets		10 349	2 379	7 619	354	10 342	7 619			7 619
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		792	885	1 008	3	895	1 008	(113)	-11%	1 008
Licence and permits		–	–	–	–	–	–	–		–
Operational Revenue		321	190	200	–	189	200	(11)	-6%	200
Non-Exchange Revenue								–		
Property rates		36 645	52 033	51 009	6	51 937	51 009	929	2%	51 009
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		894	2 277	2 622	16	1 594	2 622	(1 028)		2 622
Licence and permits		957	931	939	60	1 014	939	75		939
Transfers and subsidies - Operational		177 394	186 543	186 803	–	186 221	186 803	(582)		186 803
Interest		1 886	–	1 520	–	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**	**1 051**	**282 895**	**289 794**	**(6 899)**	**-2%**	**289 794**
Expenditure By Type										
Employee related costs		87 296	114 465	106 389	8 449	97 952	106 389	(8 437)	-8%	106 389
Remuneration of councillors		13 462	16 899	16 899	1 110	14 046	16 899	(2 852)	-17%	16 899
Bulk purchases - electricity		31 384	34 783	34 783	732	31 026	34 783	(3 756)		34 783
Inventory consumed		1 450	12 851	15 809	2 280	15 068	15 809	(741)		15 809
Debt impairment		(4 871)	–	–	–	–	–	–		–
Depreciation and amortisation		30 722	23 890	32 775	–	22 757	32 775	(10 018)	-31%	32 775
Interest		–	0	0	–	–	0	(0)	-100%	0
Contracted services		55 184	32 464	35 611	3 743	35 242	35 611	(369)	-1%	35 611
Transfers and subsidies		4 453	3 719	4 476	913	3 764	4 476	(712)	-16%	4 476
Irrecoverable debts written off		152	6 900	6 900	–	371	6 900	(6 529)		6 900
Operational costs		54 802	38 148	59 061	3 155	61 512	59 061	2 451	4%	59 061
Losses on Disposal of Assets		1 350	–	–	–	–	–	–		–
Other Losses		–	–	–	–	–	–	–		–
Total Expenditure		**275 384**	**284 119**	**312 703**	**20 382**	**281 740**	**312 703**	**(30 963)**	**-10%**	**312 703**
Surplus/(Deficit)		**(20 386)**	**(2 116)**	**(22 909)**	**(19 332)**	**1 155**	**(22 909)**	**24 064**	**(0)**	**(22 909)**
Transfers and subsidies - capital (monetary allocations)		41 026	46 675	84 959	–	49 101	84 959	(35 858)	(0)	84 959
Transfers and subsidies - capital (in-kind)		2 005	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**			**62 051**
Income Tax		–	–	–	–	–	–			–
Surplus/(Deficit) after income tax		**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**			**62 051**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–			–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**			**62 051**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–			–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**			**62 051**

1.4. 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.

1.5. IN-YEAR BUDGET STATEMENT TABLES – TABLE C1

Choose name from list - Table C1 Monthly Budget Statement Summary - M12 June

Description	2022/23	Budget Year 2023/24							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	36 645	52 033	51 009	6	51 937	51 009	929	2%	51 009
Service charges	23 572	36 142	37 212	605	27 213	37 212	(9 999)	-27%	37 212
Investment revenue	10 349	–	35	–	63	35	28	79%	35
Transfers and subsidies - Operational	10 349	2 379	7 619	354	10 342	7 619	2 723	36%	7 619
Other own revenue	174 084	191 449	193 921	86	193 340	193 921	(580)	-0%	–
Total Revenue (excluding capital transfers and contributions)	**254 997**	**282 002**	**289 794**	**1 051**	**282 895**	**289 794**	**(6 899)**	**-2%**	**289 794**
Employee costs	87 296	114 465	106 389	8 449	97 952	106 389	(8 437)		106 389
Remuneration of Councillors	13 462	16 899	16 899	1 110	14 046	16 899	(2 852)		16 899
Depreciation and amortisation	30 722	23 890	32 775	–	22 757	32 775	(10 018)		32 775
Interest	–	0	0	–	–	0	(0)		0
Inventory consumed and bulk purchases	32 834	47 634	50 592	3 012	46 094	50 592	(4 497)		50 592
Transfers and subsidies	4 453	3 719	4 476	913	3 764	4 476	(712)	-16%	4 476
Other expenditure	106 617	77 512	101 572	6 898	97 126	101 572	(4 446)	-4%	101 572
Total Expenditure	**275 384**	**284 119**	**312 703**	**20 382**	**281 740**	**312 703**	**(30 963)**	**-10%**	**312 703**
Surplus/(Deficit)	**(20 386)**	**(2 116)**	**(22 909)**	**(19 332)**	**1 155**	**(22 909)**	**24 064**	**-105%**	**(22 909)**
Transfers and subsidies - capital (monetary allocations)	41 026	46 675	84 959	–	49 101	84 959	###	-42%	84 959
Transfers and subsidies - capital (in-kind)	2 005	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**	**(11 794)**	**-19%**	**62 051**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**	**(11 794)**	**-19%**	**62 051**
Capital expenditure & funds sources									
Capital expenditure	**(47 841)**	**60 608**	**107 206**	**4 352**	**38 351**	**107 206**	**(68 856)**	**-64%**	**107 206**
Capital transfers recognised	(6 537)	31 891	61 576	1 027	35 226	61 576	(26 350)	-43%	61 576
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**(41 906)**	**28 716**	**46 350**	**3 325**	**(8 428)**	**46 350**	**(54 779)**	**-118%**	**46 350**
Total sources of capital funds	**(48 443)**	**60 608**	**107 926**	**4 352**	**26 798**	**107 926**	**(81 129)**	**-75%**	**107 926**
Financial position									
Total current assets	150 846	208 877	207 743		174 791				207 743
Total non current assets	674 049	654 154	760 297		732 293				760 297
Total current liabilities	109 076	249 213	112 882		121 003				112 882
Total non current liabilities	875	2 779	3 363		875				3 363
Community wealth/Equity	**734 935**	**881 916**	**853 322**		**785 186**				**853 322**
Cash flows									
Net cash from (used) operating	(98 050)	8 771	62 772	(12 205)	129 038	102 772	(26 267)	-26%	62 772
Net cash from (used) investing	(66 207)	(69 319)	(101 285)	(4 952)	(36 703)	(101 285)	(64 583)	64%	(101 285)
Net cash from (used) financing	–	–	–	8 449	97 952	–	(97 952)	#DIV/0!	–
Cash/cash equivalents at the month/year end	**(33 762)**	**(104 084)**	**70 340**	**–**	**299 142**	**110 340**	**(188 802)**	**-171%**	**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	1 154	678	379	319	447	288	442	13 572	17 278
Creditors Age Analysis									
Total Creditors	8 062	5 472	234	565	232	–	173	51	14 790

The YTD actual revenue is R282 million compared to R280 million reported from the previous month, which shows that the revenue streams of the municipality is growing, and YTD budget figure is R289 million resulting in -2% variance.

Operating expenditure YTD is R281 million compared to R162 million reported in the previous month thereby representing a significant upward shift, moreover payroll expenditure is almost fully captured in the system hence the R97 million reported for employees and the R14 million reported for councillors.

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 standard classification.

Choose name from list - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June										
		2022/23	Budget Year 2023/24							
Description	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		**257 980**	**274 390**	**282 716**	**365**	**286 076**	**282 716**	3 359	1%	**282 716**
Executive and council		35 231	36 675	39 222	–	39 222	39 222	–		39 222
Finance and administration		222 749	237 715	243 494	365	246 854	243 494	3 359	1%	243 494
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**5 191**	**6 071**	**6 344**	**63**	**6 259**	**6 344**	(85)	-1%	**6 344**
Community and social services		3 371	4 229	4 499	4	4 070	4 499	(429)	-10%	4 499
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		1 820	1 842	1 845	60	2 189	1 845	344	19%	1 845
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**3 350**	**528**	**696**	**1**	**299**	**696**	(397)	-57%	**696**
Planning and development		1 345	528	696	1	299	696	(397)	-57%	696
Road transport		2 005	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**31 507**	**47 689**	**84 998**	**621**	**39 363**	**84 998**	**(45 634)**	-54%	**84 998**
Energy sources		29 960	46 235	83 388	625	37 326	83 388	(46 062)	-55%	83 388
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		1 547	1 454	1 610	(5)	2 037	1 610	427	27%	1 610
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**298 028**	**328 677**	**374 754**	**1 051**	**331 996**	**374 754**	**(42 757)**	**-11%**	**374 754**
Expenditure - Functional										
Governance and administration		**147 724**	**147 823**	**162 312**	**9 892**	**131 576**	**162 312**	(30 735)	-19%	**162 312**
Executive and council		36 895	35 919	36 577	2 970	31 791	36 577	(4 786)	-13%	36 577
Finance and administration		106 660	108 875	121 112	6 758	95 527	121 112	(25 585)	-21%	121 112
Internal audit		4 169	3 030	4 623	164	4 259	4 623	(364)	-8%	4 623
Community and public safety		**34 361**	**36 420**	**36 638**	**3 345**	**36 257**	**36 638**	(381)	-1%	**36 638**
Community and social services		19 663	18 109	18 535	2 028	17 643	18 535	(892)	-5%	18 535
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		14 698	18 311	18 102	1 318	18 614	18 102	512	3%	18 102
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**33 733**	**40 891**	**55 419**	**4 384**	**60 853**	**55 419**	5 435	10%	**55 419**
Planning and development		11 552	24 136	21 945	2 982	22 961	21 945	1 016	5%	21 945
Road transport		22 181	16 755	33 473	1 402	37 892	33 473	4 419	13%	33 473
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**59 566**	**58 984**	**58 335**	**2 760**	**53 053**	**58 335**	**(5 282)**	-9%	**58 335**
Energy sources		45 123	45 414	44 435	1 452	38 154	44 435	(6 281)	-14%	44 435
Water management		–	–	–	–	–	–	–		–
Waste water management		2 190	1 937	1 852	277	2 287	1 852	435	23%	1 852
Waste management		12 253	11 633	12 048	1 031	12 612	12 048	564	5%	12 048
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	**275 384**	**284 119**	**312 703**	**20 382**	**281 740**	**312 703**	**(30 963)**	**-10%**	**312 703**
Surplus/ (Deficit) for the year		**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**	**(11 794)**	**-19%**	**62 051**

Table C3: Monthly Budget Statement_ Financial Performance

Choose name from list - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June										
Vote Description		2022/23	Budget Year 2023/24							
R thousands	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD varianc -	YTD varianc - %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		35 231	36 675	39 222	–	39 222	39 222	–		39 222
Vote 2 - Planning and Economic Development		1 345	528	696	1	299	696	(397)	-57,1%	696
Vote 3 - Budget and Treasury		222 548	237 835	243 591	360	246 609	243 591	3 017	1,2%	243 591
Vote 4 - Corporate and Community Service		5 343	5 931	6 227	67	6 471	6 227	243	3,9%	6 227
Vote 5 - Technical Services		33 561	47 709	85 017	622	39 397	85 017	(45 621)	-53,7%	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**	**1 051**	**331 996**	**374 754**	**####**	**-11,4%**	**374 754**
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		27 607	19 382	21 429	1 927	19 981	21 429	(1 448)	-6,8%	21 429
Vote 2 - Planning and Economic Development		11 552	24 107	21 917	2 982	22 961	21 917	1 044	4,8%	21 917
Vote 3 - Budget and Treasury		55 055	61 069	67 582	2 059	47 474	67 582	(20 108)	-29,8%	67 582
Vote 4 - Corporate and Community Service		75 236	78 761	84 911	7 664	79 436	84 911	(5 475)	-6,4%	84 911
Vote 5 - Technical Services		84 528	82 881	98 717	4 494	95 161	98 717	(3 557)	-3,6%	98 717
Vote 6 - Council And General		15 159	17 918	18 147	1 257	16 530	18 147	(1 617)	-8,9%	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	**269 137**	**284 119**	**312 703**	**20 382**	**281 542**	**312 703**	**####**	**-10,0%**	**312 703**
Surplus/ (Deficit) for the year	2	**28 892**	**44 559**	**62 051**	**(19 332)**	**50 454**	**62 051**	**####**	**-18,7%**	**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

Table C4 provides information on the planned revenue and operational expenditures against the actual results for the period ending 30 June 2024

This report analyses each major component under following headings.

- Revenue by Source
- Operational Expenditure by Type

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June										
Description	Ref	2022/23	Budget Year 2023/24							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		22 456	34 732	35 801	609	25 647	35 801	(10 154)	-28%	35 801
Service charges - Water		–	–	–	–	–	–	–		–
Service charges - Waste Water Management		–	–	–	–	–	–	–		–
Service charges - Waste management		1 115	1 410	1 410	(5)	1 565	1 410	155	11%	1 410
Sale of Goods and Rendering of Services		185	246	274	8	178	274	(96)	-35%	274
Agency services		–	–	–	–	–	–	–		–
Interest		66	–	35	–	63	35	28	79%	35
Interest earned from Receivables		534	377	555	–	613	555	59	11%	555
Interest from Current and Non Current Assets		10 349	2 379	7 619	354	10 342	7 619			7 619
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		792	885	1 008	3	895	1 008	(113)	-11%	1 008
Licence and permits		–	–	–	–	–	–	–		–
Operational Revenue		321	190	200	–	189	200	(11)	-6%	200
Non-Exchange Revenue								–		
Property rates		36 645	52 033	51 009	6	51 937	51 009	929	2%	51 009
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		894	2 277	2 622	16	1 594	2 622	(1 028)		2 622
Licence and permits		957	931	939	60	1 014	939	75		939
Transfers and subsidies - Operational		177 394	186 543	186 803	–	186 221	186 803	(582)		186 803
Interest		1 886	–	1 520	–	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**	**1 051**	**282 895**	**289 794**	**(6 899)**	**-2%**	**289 794**
Expenditure By Type										
Employee related costs		87 296	114 465	106 389	8 449	97 952	106 389	(8 437)	-8%	106 389
Remuneration of councillors		13 462	16 899	16 899	1 110	14 046	16 899	(2 852)	-17%	16 899
Bulk purchases - electricity		31 384	34 783	34 783	732	31 026	34 783	(3 756)		34 783
Inventory consumed		1 450	12 851	15 809	2 280	15 068	15 809	(741)		15 809
Debt impairment		(4 871)	–	–	–	–	–	–		–
Depreciation and amortisation		30 722	23 890	32 775	–	22 757	32 775	(10 018)	-31%	32 775
Interest		–	0	0	–	–	0	(0)	-100%	0
Contracted services		55 184	32 464	35 611	3 743	35 242	35 611	(369)	-1%	35 611
Transfers and subsidies		4 453	3 719	4 476	913	3 764	4 476	(712)	-16%	4 476
Irrecoverable debts written off		152	6 900	6 900	–	371	6 900	(6 529)		6 900
Operational costs		54 802	38 148	59 061	3 155	61 512	59 061	2 451	4%	59 061
Losses on Disposal of Assets		1 350	–	–	–	–	–	–		–
Other Losses		–	–	–	–	–	–	–		–
Total Expenditure		**275 384**	**284 119**	**312 703**	**20 382**	**281 740**	**312 703**	**(30 963)**	**-10%**	**312 703**
Surplus/(Deficit)		**(20 386)**	**(2 116)**	**(22 909)**	**(19 332)**	**1 155**	**(22 909)**	**24 064**	**(0)**	**(22 909)**
Transfers and subsidies - capital (monetary allocations)		41 026	46 675	84 959	–	49 101	84 959	(35 858)	**(0)**	84 959
Transfers and subsidies - capital (in-kind)		2 005	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**			**62 051**
Income Tax		–	–	–	–	–	–			–
Surplus/(Deficit) after income tax		**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**			**62 051**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–			–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**			**62 051**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–			–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		**22 645**	**44 559**	**62 051**	**(19 332)**	**50 257**	**62 051**			**62 051**

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 R25.6 million results in 28% indicating an increase from R25 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

June YTD Actual of R10.3 million compared to R9.3 million that was reported in the previous month, shows a slight improvement on current and non-current assets investments, thereby exceeding YTD budget of R7.6 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 R186 million in allocations.

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 R97.9 million which has improved from R6.3captured 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 councillors' remuneration has since been captured in the financial system and reflect an amount of R14 million, however accurate figures will be shown in PART 2 of this report since the capturing processing is pending due to the utilisation of 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, 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 increased to R31 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 and in June the bulk invoice amount was R212 thousand only. 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

Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

Vote Description	Ref	2022/23	Budget Year 2023/24							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD varian	YTD varian %	Full Year Forecast
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	414	414	0	414	######	0
Vote 5 - Technical Services		(51 278)	55 060	86 667	3 671	19 592	86 667	#####	-77%	86 667
Vote 6 - Council And General		–	–	608	–	608	608	0	0%	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**	**4 085**	**21 276**	**87 585**	**####**	**-76%**	**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	267	17 074	19 622	(2 547)	-13%	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]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–

Total Capital single-year expenditure	4	1 094	5 548	19 622	267	17 074	19 622	**####**	**-13%**	19 622
Total Capital Expenditure		**(47 841)**	**60 608**	**107 206**	**4 352**	**38 351**	**107 206**	**####**	**-64%**	**107 206**
Capital Expenditure - Functional Classification										
Governance and administration		**684**	–	**608**	**414**	**1 022**	**608**	414	68%	**608**
Executive and council		–	–	608	–	608	608	0	0%	608
Finance and administration		684	–	0	414	414	0	414	######	0
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**(26 406)**	**53 321**	**67 262**	**3 158**	**54 551**	**67 262**	(12 711)	-19%	**67 262**
Community and social services		(26 640)	53 321	67 262	3 158	54 551	67 262	(12 711)	-19%	67 262
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		233	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**(30 960)**	**7 287**	**21 033**	**780**	**(31 528)**	**21 033**	#####	-250%	**21 033**
Planning and development		(32 818)	0	2 269	513	4 865	2 269	2 596	114%	2 269
Road transport		1 858	7 287	18 764	267	(36 392)	18 764	(55 156)	-294%	18 764
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**8 240**	**0**	**19 024**	–	**2 753**	**19 024**	(16 271)	-86%	**19 024**
Energy sources		–	0	18 790	–	2 480	18 790	(16 310)	-87%	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**	**4 352**	**26 798**	**107 926**	**####**	**-75%**	**107 926**
Funded by:										
National Government		(6 537)	31 891	33 978	1 027	26 724	33 978	(7 255)	-21%	33 978
Provincial Government		–	–	27 598	–	8 502	27 598	(19 095)	-69%	27 598
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ		–	–	–	–	–	–	–		–
Transfers recognised - capital		**(6 537)**	**31 891**	**61 576**	**1 027**	**35 226**	**61 576**	**####**	**-43%**	**61 576**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		(41 906)	28 716	46 350	3 325	(8 428)	46 350	#####	-118%	46 350
Total Capital Funding		**(48 443)**	**60 608**	**107 926**	**4 352**	**26 798**	**107 926**	**####**	**-75%**	**107 926**

Total capital expenditure by function classification stands at -75% YTD variance original budget was R60 million and YTD budget is R107 million. 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 -118% from -127% reported in the previous month is noted in this regard.

Table C6 – Monthly Budget Statement – Financial Position

Choose name from list - Table C6 Monthly Budget Statement - Financial Position - M12 June						
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	92 452	108 649
Trade and other receivables from exchange transactions		7 909	9 051	8 228	6 398	8 228
Receivables from non-exchange transactions		2 185	31 527	25 945	44 115	25 945
Current portion of non-current receivables		–	–	–	–	–
Inventory		1 534	2 087	1 528	1 436	1 528
VAT		30 256	209 576	63 285	30 282	63 285
Other current assets		108	(133)	108	108	108
Total current assets		**150 846**	**208 877**	**207 743**	**174 791**	**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	690 847	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**	**732 293**	**760 297**
TOTAL ASSETS		**824 895**	**863 031**	**968 040**	**907 084**	**968 040**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		2 169	3 639	2 124	2 170	2 124
Trade and other payables from exchange transactions		65 589	49 140	64 497	65 063	64 497
Trade and other payables from non-exchange transactions		4 143	1 557	4 014	9 856	4 014
Provision		10 074	10 899	10 074	12 562	10 074
VAT		27 101	179 899	32 172	31 351	32 172
Other current liabilities		–	4 080	–	–	–
Total current liabilities		**109 076**	**249 213**	**112 882**	**121 003**	**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**	**121 878**	**116 245**
NET ASSETS	2	**714 943**	**611 038**	**851 795**	**785 206**	**851 795**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		734 794	881 782	853 180	785 044	853 180
Reserves and funds		141	134	141	141	141
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**734 935**	**881 916**	**853 322**	**785 186**	**853 322**

The table C6 reflects R785 million YTD actual vs R898 reported last month for accumulated surplus. Total assets (R907 million) exceed total liabilities (R121 million), resulting in net assets of R785 million.

Table C7 – Monthly Budget Statement – Cash Flow

Choose name from list - Table C7 Monthly Budget Statement - Cash Flow - M12 June										
Description	Ref	2022/23	Budget Year 2023/24							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		16 364	39 839	39 839	1 234	35 863	39 839	(3 976)	-10%	39 839
Service charges		26 245	36 691	36 691	2 349	31 855	36 691	(4 836)	-13%	36 691
Other revenue		3 854	2 648	2 734	1 839	6 409	2 734	3 675	134%	2 734
Transfers and Subsidies - Operational		177 406	186 543	186 543	–	186 543	186 543	–		186 543
Transfers and Subsidies - Capital		44 780	46 376	102 568	–	74 831	102 568	(27 737)	-27%	102 568
Interest		613	4 280	6 530	–	3 314	6 530	(3 217)	-49%	6 530
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(367 312)	(307 606)	(312 133)	(17 628)	(209 775)	(272 133)	(62 357)	23%	(312 133)
Interest		–	–	–	–	–	–	–		–
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**(98 050)**	**8 771**	**62 772**	**(12 205)**	**129 038**	**102 772**	**(26 267)**	**-26%**	**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)	(4 952)	(36 703)	(101 285)	(64 583)	64%	(101 285)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(66 207)**	**(69 319)**	**(101 285)**	**(4 952)**	**(36 703)**	**(101 285)**	**(64 583)**	**64%**	**(101 285)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	8 449	97 952	–	97 952	#DIV/0!	–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	**8 449**	**97 952**	–	**(97 952)**	**#DIV/0!**	–
NET INCREASE/ (DECREASE) IN CASH HELD		**(164 258)**	**(60 548)**	**(38 514)**	**(8 708)**	**190 288**	**1 486**			**(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		299 142	110 340			70 340

The tables C7 cash flow statement reflects that cash and cash equivalents has a favourable balance at the reporting date. Cash flow from operating activities year to date actual is R129 million. Cash flow from investing activities is channelled to capital expenditure investment with a YTD figure of R36 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. Net cash from or used in financing activities amounts to YTD figure of R97 million, cash and cash equivalents at the beginning is R108 million and cash and cash equivalents at year end amounts to R299 YTD actual figure.

PART 2 – SUPPORTING DOCUMENTATION

2.1 INVESTMENT PORTFOLIO ANALYSIS

The investment register on 30 June 2024 reflects investment status of the municipality, which shows the investment balance of R85 million a slight reduction compared to R96 million investment balance in May 2024, to date an amount of R98 million represent withdrawals which shows an increase from R86 million reported last month, three withdrawals were made in the month of June 2024. Additional investments made in the current year R66 million and the opening balance of R108 million is recorded.

Table 1(a) Investment register for the month ending 30 June 2024

INVESTMENT REGISTER- JUNE 2024 - INVESTMENT REGISTER- JUNE 2024													
SUMMARY OF INVESTMENT REGISTER													
2023/2024													
INSTITUTION	OPENING BALANCE FOR THE YEAR		INVESTED IN CURRENT YEAR		INTEREST RECEIVED		WITHDRAWAL		BANK CHARGES		CLOSING BALANCE FOR THE MONTH	
ABSA (0646)	R	18 381 815,73	R	-	R	296 364,50	R	18 678 180,23	R	-	-R	0,00
ABSA (1394) HOUSING A/C	R	1 765 600,89	R	-	R	124 195,19	R	-	R	-	R	1 889 796,08
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	491 148,87	R	6 137 657,73	R	-	-R	0,00
ABSA (2765)	R	1 424 715,30	R	-	R	123 829,98	R	1 548 545,28	R	-	-R	0,00
ABSA (4328)	R	22 375,62	R	-	R	1 591,46	R	-	R	450,00	R	23 517,08
ABSA (5014)	R	281 892,07	R	21 400 000,00	R	253 918,71	R	21 400 000,00	R	-	R	535 810,78
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	2 785,35	R	37 275,60	R	-	R	0,00
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	166 415,32	R	3 500 000,00	R	-	R	1 722 180,52
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	771 153,97	R	10 000 000,00	R	-	R	5 970 709,50
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	749 666,52	R	-	R	-	R	10 084 199,41
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	424,17	R	-	R	-	R	7 280,65
STANDARD BANK 063	R	23 438 341,72	R	-	R	1 923 896,44	R	-	R	-	R	25 362 238,16
TOTAL	**R**	**108 425 669,48**	**R**	**66 396 649,10**	**R**	**8 718 565,35**	**R**	**98 232 718,31**	**R**	**450,00**	**R**	**85 307 715,62**

Withdrawal history provide indication of all withdrawal activities that has taken place during the 12 months (01 July 2023 to 30 June 2024) of the current financial year.

Table 1(b) withdrawal register for the month ending 30 June 2024

JUNE INVESTMENT WITHDRAWALS						
DATE	ACCOUNT FROM	AMOUNT	ACCOUNT TO	ACCOUNT TYPE	PRIMARY ACCOUNT BALANCE BEFORE	WITHDRAWAL REASON
07-Jul-23	ABSA (0646)	R 15 000 000,00	ABSA 2762	PRIMARY	R 65 551 110,36	Insufficient funds to pay 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 for normal operations
22-Sep-23	ABSA (5014)	R 10 700 000,00	ABSA 2762	PRIMARY	R 4 976 430,03	Insufficient funds to pay for normal operations
19-Oct-23	ABSA (5892)	R 3 500 000,00	ABSA 2762	PRIMARY	R 4 490 995,62	Insufficient funds to pay for normal operations
26-Oct-23	FNB (2166)	R 10 000 000,00	ABSA 2762	PRIMARY	R 4 602 293,89	Insufficient funds to pay for normal operations
31-Oct-23	ABSA (5617)	R 16 007 355,84	ABSA 2762	PRIMARY	R 11 056 712,84	Insufficient funds to pay for normal operations
24-Mar-24	ABSA (1868)	R 20 923 703,63	ABSA 2762	PRIMARY	R 511 056,25	Insufficient funds to pay for normal operations
12-Jun-24	ABSA (2765)	R 1 548 545,28	ABSA 2762	PRIMARY	R 10 397 079,47	Insufficient funds to pay for normal operations
12-Jun-24	ABSA (2142)	R 6 137 657,73	ABSA 2762	PRIMARY	R 11 945 624,75	Insufficient funds to pay for normal operations
17-Jun-24	ABSA (0646)	R 3 678 180,23	ABSA 2762	PRIMARY	R 17 849 143,46	Insufficient funds to pay for normal operations
25-Jun-24	ABSA (7106)	R 37 275,60	ABSA 2762	PRIMARY	R 16 353 120,72	Insufficient funds to pay for normal operations
		R 98 232 718,31				

The municipality has a bank balance of R7.2 million, at the end of 30 June 2024, there are zero outstanding deposits or receipts at the reporting date, additionally the grant account shows a balance of R535 thousand. Table 1 (c) below show all transactions in the reconciliation.

Table 1 (c) Bank reconciliation of primary account month ending 30 June 2024

BANK RECONCILIATION (PRIMARY ACCOUNT)	**4053562762**
Details	**Amount**
Cash book balance as at 30 June 2024	**R7 225 654,10**
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 30 June 2024	**R7 225 654,10**

BANK RECONCILIATION (GRANTS ACCOUNT)	
Details	**Amount**
Cash book balance as at 30 June 2024	**R535 810,80**
Unknown deposits	R0
Outstanding cheques	R0
Bank charges	R0
Returned cheques	R0
Transfers	R0
Sundries	R0
Outstanding receipts	R0
Bank statement balance as at 30 June 2024	**R535 810,80**

2.2 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Expenditure on councillors and employee benefits

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 30 June 2024

Staff Benefits in terms of Section 66 of the MFMA Staff benefits and Councillors allowances for the period ending 30 June 2024		
Staff Benefits		
Item	**Budget**	**Year to date actuals**
Salaries & Wages	R78 349 863,00	R 68 045 364,59
Contributions to pension funds	R12 900 247,00	R 8 690 150,33
Contributions to medical aids	R2 742 197,00	R 3 161 487,78
Contributions to UIF	R597 625,00	R 550 770,91
Contributions to SDL	R957 098,00	R 798 383,78
Travel, motor car	R3 982 310,00	R 3 713 484,48
Salga	R40 576,00	R 37 654,24
Housing benefits and allowances	R109 200,00	R 104 508,18
Cellphone Allowance	R0,00	R 0,00
Overtime payments	R2 113 290,00	R 2 119 849,29
Bonuses	R6 005 879,00	R 4 934 849,52
Other leave & long service	R2 273 403,00	R 694 311,62
Allowances (Standby and Drivers Allowance)	R1 061 146,00	R 2 350 827,70
Totals	**R 111 132 834,00**	**R 95 201 642,42**
Councillors Allowances		
Item	**Budget**	**Year to date actuals**
Councillors Allowances	R14 606 745,00	R 12 855 964,70
Cellphone/Data Allowance	R1 591 117,00	R 1 190 500,00
Contributions to SDL	R24 298,00	R 128 552,30
Totals	**R16 222 160,00**	**R 14 175 017,00**

2.3 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE - Grants register – 30 June 2024

Table 3: Grant register – for month ending 30 June 2024

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
Bornem Grant		-	-	-	-	-	-
Cybercadet		-	(508 000,00)	(508 000,00)	508 000,00	-	-
Eletrification		(3 753 798,81)	(14 000 000,00)	(14 000 000,00)	14 480 309,64	(3 273 489,17)	(3 273 489,17)
EPWP		-	(1 162 000,00)	(1 162 000,00)	1 162 000,00	-	-
FMG		-	(1 850 000,00)	(1 850 000,00)	1 695 860,14	(154 139,86)	(154 139,86)
Library Modular		-	(1 430 000,00)	(1 430 000,00)	1 430 000,00	-	-
Library support		-	(1 964 000,00)	(1 964 000,00)	1 964 000,00	-	-
Library Volunteer		(259 941,24)	(108 000,00)	(108 000,00)	96 000,00	(271 941,24)	(271 941,24)
Massification Eletrification		-	(21 608 500,00)	(21 608 500,00)	6 477 897,59	(15 130 602,41)	(15 130 602,41)
MIG		-	(39 222 000,00)	(39 222 000,00)	39 222 000,00	0,00	0,00
Small Town rehabilitation			(10 000 000,00)	(10 000 000,00)	9 156 605,17	(843 394,83)	(843 394,83)
Sportfield Maintance		(128 895,59)	-	-	101 775,00	(27 120,59)	(27 120,59)
TOTALS		**(4 142 635,64)**	**(91 852 500,00)**	**(91 852 500,00)**	**76 294 447,54**	**(19 700 688,10)**	**(19 700 688,10)**

The grant register for the month of June 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 remained still and unchanged at R6.4 million out of R21.6 million allocation, the fund balance is R15.1 million.
c) Electrification grant spending has changed from previous two months R9.4 million to R14 million and R3 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 R154 thousand remaining and has spent R1.8 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 Debtors' analysis – Age analysis 30 June 2024

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

June 2024 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	R -9 783 567,20	-R9 783 567,20	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00
Adv-Pay Reverse	R 120,78	0	R 0,00	R 0,00	R 120,78	R 0,00	R 0,00	R 0,00
Clearance Fee	R4,38	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R4,38
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 652 436,64	R224 984,68	R 46 831,42	R 38 433,18	R 33 608,14	R 33 458,70	R 33 313,98	R 241 806,54
Electricity Metered	R 8 273 657,06	R6 429 681,65	R 275 029,26	R 139 610,58	R 78 953,73	R 101 786,52	R 76 491,04	R1 172 104,28
Market stalls	R 1 103 694,31	R40 350,29	R 19 241,02	R 17 855,08	R 18 139,02	R 17 343,50	R 17 095,47	R 973 669,93
OFFICE RENTAL	R 181 704,51	R31 954,39	R 15 856,50	R 15 834,95	R 15 735,00	R 15 814,95	R 15 714,99	R 70 793,73
Plaza Market Stalls	R 248 478,10	R19 477,97	R 8 628,47	R 8 186,21	R 7 714,84	R 7 379,22	R 7 217,22	R 189 874,17
Property Rates	R 78 074 289,09	R568 681,84	R2 895 834,24	R2 751 629,46	R2 711 700,65	R2 682 412,85	R2 662 499,30	R63 801 530,75
Rent (M001)	R 430 566,96	R33 790,27	R 15 523,63	R 13 200,30	R 26 961,30	R 20 261,30	R 9 361,30	R 311 468,86
Repay: Waste Disposal	R 25 014,43	R0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 25 014,43
Signs (M001)	R 3 509,62	R33,42	R 16,71	R 16,71	R 16,71	R 16,71	R 16,71	R 3 392,65
Stall rental	R 32 989,53	R6 989,18	R 131,22	R 131,22	R 131,22	R 131,22	R 131,22	R 25 344,25
Sundries (VAT)	R 19 863,60	R17 136,79	R 2 539,87	R 186,94	R 0,00	R 0,00	R 0,00	R 0,00
Tampering Fee	R 281 983,75	R11 467,00	R 0,00	R 0,00	R 0,00	R 31 335,96	R 11 924,67	R 227 256,12
Traffic Fines	R 3 661 000,00	R270 600,00	R 120 400,00	R 90 400,00	R 78 900,00	R 168 200,00	R 68 500,00	R2 864 000,00
Traffic Fines (M001)	R 2 083 921,78	R0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 450,00	R2 083 471,78
Waste Disposal	R 6 803 775,28	R298 209,68	R 100 787,14	R 93 626,49	R 91 974,77	R 84 428,21	R 81 207,08	R6 053 541,91
Total	**R92 100 435,62**	**(R1 830 210,04)**	**R3 500 819,48**	**R3 169 111,12**	**R3 063 956,16**	**R3 162 569,14**	**R2 983 922,98**	**R78 050 266,78**

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. Policy enforcement is being tightened and indigent debtors' registration window has since closed, and document verification process is underway, public notices were issued to ensure all eligible customers do partake in the process.

Debt collection rates - Cash collection Table

Table 5: Cash collection per revenue source

Cash Collected for each Revenue Source via Billing (June 2024)								
	Cash collection		Ageing - June 2024		Collection rate per BT	Billed revenue - June 2024		
Rates	R	1 546 682,33	R	78 074 289,09	2%	R	60 523,80	
Electricity	R	1 973 345,85	R	8 931 086,70	22%	R	5 892 420,80	
Refuse	R	154 777,57	R	6 830 789,71	2%	R	178 420,15	
Stalls Rental , Traffic fines &	R	47 992,64	R	7 412 067,47	1%	R	69 736,98	
Other Rentals	R	-	R	635 644,69	0%	R	-	
Advance payments	R	50 117,38	R	-9 783 442,04	0%	R	-	
S - Unallocated Receipt Journ	R	55 185,43				R	-	
TOTAL CASH RECEIVED (BIL	**R**	**3 717 730,34**	**R**	**92 100 435,62**		**R**	**6 201 101,73**	
Total Ageing	**R**	**92 100 435,62**			May 2024 billing	R	2 085 948,78	
Total debtors' payments	R	3 717 730,34			June 2024 payments	R	3 717 730,34	
		4%					178%	

Table 6: Revenue collection ratios

JUNE 2024 RATIOS		
(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100	68	Collection Rate
((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) × 365	3712,42	Net Debtors Days
(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue) x 100	197,28	Revenue Growth (%)

Cash collected on 30 June 2024 amounts to R 3.7 million resulting in 4% collection rate when considering the entire debtor's book and 178% 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. The meter audit is ongoing to verify data and checking of indicators for meter tampering.

Table C1 debtors 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	1 154	678	379	319	447	288	442	13 572	17 278
Creditors Age Analysis									
Total Creditors	8 062	5 472	234	565	232	–	173	51	14 790

2.5 Creditor's analysis – Creditors outstanding on 30 June 2024

The municipality continues to pay creditors invoices in line with the requirements of S65 of the MFMA. The municipality formulated a delay reason documentation that seeks to put emphasis on adherence to 30 days payment and holding of responsible officials accountable, outstanding creditors are <30 days old.

Table 7 : Top 10 paid creditors for month ending June 2024

THERE IS NO REPORT FOR CREDITORS FOR THE MONTH OF JUNE. This is due to year procedures that cause delays in finalising creditors and accruals.

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	1 154	678	379	319	447	288	442	13 572	17 278
Creditors Age Analysis									
Total Creditors	8 062	5 472	234	565	232	–	173	51	14 790

Manual ageing of creditors is prepared using invoice date, for the month ending March 2024, the outstanding creditors are less than 30 days old amounting to R4 million and will be paid in the next pay run provided that the invoices/voucher do meet all the payment requirements.

Table 8: Manual outstanding creditors for June 2024

THERE IS NO REPORT FOR CREDITORS AGEING FOR THE MONTH OF JUNE. This is due to year procedures that cause delays in finalising creditors and accruals.

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.

1) **Contract management.**

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.

2) Deviations Register – 30 June 2024

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.

Table 9: Deviation register for the month ending 30 June 2024

Date identified	Date reported to Mayor	Description	SCM Regulation Applicable	Reasons for Deviation	Supplier	Services Rendered	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	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	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	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	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	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	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	R298 000,00
24/10/2023		PROMO FOR MASKADI FESTIVAL	S36(1)(a)(i)	SOLE SERVICE PROVIDER	SABC	PROMO FOR MASKADI FESTIVAL	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 MINUBUSES FOR SALGA PRACTISE	R70 000,00
13/11/2023	15/11/2023	PROMO FOR MAYORAL EVENTS	S36(1)(a)(i)	SOLE SERVICE PROVIDER	SABC	PROMO	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	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	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	R169 500,00
2024/08/04	2024/10/04	REGISTRATION FOR SP XABA AND S HADEBE	S36(1)(a)(i)	SOLE SERVICE PROVIDER	IFIX BUSINESS	mSCOA TRAINING	R10 000,00
2024/06/05	2024/09/05	06 MINIBUSES FROM NQUTU FOR SAFA PLAYS -OFF	S36(1)(a)(i)	SOLE SERVICE PROVIDER	NQUTHU PIONEER TAXI ASSOCIATION	HIRE OF MINIBUSES FOR SAFA PLAY- OFF	R45 000,00
2024/01/05	2024/08/05	EVENT PROMO	S36(1)(a)(i)	SOLE SERVICE PROVIDER	SABC	PROMO	R122 958,00
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	R220 000,00
30/05/2024	2024/07/06	PUBLICATION OF BY-LAWS	S36(1)(a)(i)	SOLE SERVICE PROVIDER	GPN	PUBLICATION OF BY-LAWS	R30 263,40
30/05/2024	2024/07/06	RADIO PROMO FOR NQUTHU JUNE	S36(1)(a)(i)	SOLE SERVICE PROVIDER	SABC	PROMO	R59 719,50
2024/05/06	2024/12/06	REGISTRATION OF XOLANI AND NHLAKANIPHO NGOBESE	S36(1)(a)(i)	SOLE SERVICE PROVIDER	CMAM	TRAINING	R9 200,00
TOTAL							R1 815 417,90

3) Top 10 Issued Orders List – 30 June 2024

NO.	SERVICE PROVIDER	CONTRACT AMOUNT	DATE OF AWARD	DESCRIBIPTION
1.	KEY SPIRIT TRADING	R306,637.67	03/06/2024	DOUBLE DRUM, WALK BEHIND ROLLER
2.	5 STAR RIGGING SERVICE	R295,750.00	13/06/2024	REPAIRS ON VEHICLE NTU 1267
3.	SOUTHERN SUN ELANGENI	R223,852.00	03/06/2024	ACCOMODATION FOR RISK IN DURBAN 09-14 JUNE 2024
4.	RVV INVESTMENTS	R225 000.00	12/06/024	NQUTHU JUNE PRIZES -20 COMPLETE SET SADDLES
5.	GREAT ENTERTAINMENT	R220 000.00	12/06/2024	250 MARQUEE, SOUND AND STAGE
6.	MANDELO TRADING & PROJECTS	R179,817,00	04/06/2024	PURCHASE OF LAPTOPS
7.	SIKHAKHANA PROJECTS	R115,000,00	13/05/2024	HORSE BRIDALS HORSE HASTELS & HORSE BOOTS

8.	BELL EQUIPMENT	R75,392,72	21/06/2024	REPAIRS ON GRADER NTU 1644
9.	THE EDWARD HOTEL	R73,910,00	03/06/2024	BOOKING CONFERENCE FOR RISK TRAINING IN DURBAN
10.	THOKOMELA TRADING	R57,500,00	23/05/2024	EMERGENCY @ TECHNOCAL AND PHOENIX

Order checklist has been revised and implemented as from 18 March 2024 to tighten controls in ensuring that all core SCM Regulations requirements are met and complied with.

4) **Inventory management.**

Due to year end procedures - inventory management report is pending and will be reported in the following month.

2.7 COST CONTAINMENT MEASURES

Cost Containment Measures Policy was adopted by council in light of compliance with the regulations to curb procurement of unnecessary 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.

a) IRREGULAR EXPENDITURE (CAPITAL EXPENDITURE) – 30 JUNE 2024
The register is enclosed as **Annexure B.**

b) IRREGULAR EXPENDITURE (OPERATIONAL EXPENDITURE) – No transactions for June.
The register is enclosed as **Annexure C.**

The council on 11 July 2024 will consider for write-off the items submitted for council consideration on UIFW register for the period 01 July 2023 to 31 March 2024. The management committed to improve controls, engage in training and capacity building to avoid re-occurrence of similar cases. Accounting Officer will implement consequence management where appropriate. The excerpt of expenditure investigated by MPAC is contained in summary below:

The Council writes off the irregular expenditure amounting to R63 137 513.07 incurred in the financial year ended 31 March 2024, the expenditure was enjoyed by Council and is certified as irrecoverable.

The committee could not conclude on the balance of irregular expenditure amounting to R49 136 695.23, as the result they request a further investigation to be conducted by Internal Auditors/Disciplinary Board to ascertain whether there were no instances of fruitless and wasteful expenditure. The committee would report to the Council on this expenditure not later than 31 August 2024.

FRUITLESS REGISTER

Fruitless and Wasteful Expenditure Register for the month ending 30 June 2024 reflects R162 650,19 at the end of the financial year emanating from Eskom, Telkom, uMzinyathi District Municipality, Licencing accounts and SARS.

Annexure C			**Financial Year**	**2023/ 2024**
Demarcation Board Code: KZN242			**Nquthu Local Municipality**	
Register for Fruitless and wasteful Expenditure			**Month**	Summary Jul 2023- June 2024
Year Ended 30 June 2024				
Description	**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		
Interest on overdue account	Apr-24	-		
Interest on overdue account	May-24	-		
Interest on overdue account	Jun-24	-		
Umzinyathi Municipality				27,00
Interest on overdue account	Mar-24	27,00		
Other				
Transport Driving Licence		-		-
Recon Assessment Penalty YEAR 2023				-
Penality/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				-
Penality/Interest	Nov-23	146 287,85		146 287,85
Total				**R 162 650,19**

2.8. MATERIAL VARIANCES

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 6% which has decreased from the previous reporting month from 18% 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 -35% variance compared to 32% 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 28% changed 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 11%, which decreased from 21% reported last month. 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 significantly changed from 93% in May to 8% in June and councillor allowances variance decreased to 17% from 100%. Processes are ongoing to finalise journal transmission / import.

- Interest shows a variance of 79%, unchanged since the last reporting date for exchange services, the budgeted amount is R35 million while the actual year to date figure is 63 million hence the variance noted.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

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

Section 52(d) 4th Quarter Report – 30 June 2024

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 : 08/07/2024