

FULL COUNCIL RESOLUTION



Item: 5
(09/12/2021)

PRELIMINARY MONTHLY IN YEAR MONITORING
FINANCIAL REPORT FOR THE PERIOD ENDING 30
SEPTEMBER 2021 OCTOBER 2021
5/1/1/1

At its meeting held on 09 December 2021, the Full Council resolved:

1. That, in compliance with, Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations" the preliminary financial results regarding the operating and capital budgets for the fourth month of the 2021/ 2022 financial year, and supporting documents as required by National Treasury (Schedule C) be submitted to Council.
2. In order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009 this report be submitted to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council, in both a Council approved document and in electronic format.
3. That Committee notes and approves the following:
 - 3.1 The surplus after capital transfers and contributions for the period ending 31 October 2021 is R 298.5 million.
 - 3.2 Cash & Cash Equivalent for the period ending 31 October 2021 is R 174.3 million excluding the investment of R 3.7 million held as security for the loan.
 - 3.3 Capital Expenditure for the period ending 31 October 2021 is R 96.6 million.
 - 3.4 Trade Payables for the period ending 31 October 2021 is R 108.4 million.
 - 3.5 Trade Receivables for the period ending 31 October 2021 is R 1.134 billion.
 - 3.6 Unspent Conditional Grants for the period ending 31 October 2021 is R 24.9 million.

4. The Committee notes the cash and cash equivalents of R 174.3 million translates to a positive cash coverage of 64.05 days. National Treasury Norm of 1 – 3 months.
5. That Committee notes the progress made on the 2021/22 budget funding plan.

CERTIFIED A TRUE EXTRACT OF THE ORIGINAL MINUTES



DR RB NGCÓBO
MUNICIPAL MANAGER

uMGUNGUNDLOVU DISTRICT MUNICIPALITY

RESOLUTIONS OF THE FULL COUNCIL

(Meeting held on 09 December 2021 at Msunduzi City Hall)

7. **PRELIMINARY MONTHLY IN YEAR MONITORING FINANCIAL REPORT FOR THE PERIOD
ENDING 30 SEPTEMBER 2021**
5/12/3

Report of the Municipal Manager to the Full Council dated 14 October 2021.

(Page 01)

The Chief Financial Officer highlighted the salient issues in the report.

Thereafter, the Speaker stated that since the Portfolio Committees have not yet been established, the matter has been submitted directly to the Full Council. However, in terms of Section 71 of the Municipal Finance Management Act, the Accounting Officer of the Municipality is required to submit a report on the state of the Municipality's budget in the required format to the Mayor.

The Mayor accordingly confirmed that the report was presented to him and concurred that since the Portfolio Committees have not yet been established, the report has been submitted to Council for consideration.

Councillor LE Pienaar thanked the Mayor, Speaker and Chief Financial Officer for the report whilst requesting that Councillors ensure compliance with the rule of law. He then drew the attention of Councillors to items 4.1 and 4.2 regarding the operating budget and capital expenditure, respectively, and enquired if the expenditure patterns reflect the normal trend for this time of the year.

Councillor MS Bond then raised a concern regarding the mid-term review and that the meter audit that was done did not achieve the anticipated results. He appealed to administration to focus on the budget, priority listings, revenue collection and correct invoicing from the billing system and concluded by making reference to the O based budgeting system.

Councillor S Zondi also made reference to the debtors book value being R1.134 billion as at 31 October 2021 and enquired if this caused a deficit in anticipated revenue collection. He then raised concerns about the poor billing collection system and requested that this matter be given attention.

Councillor HM Lake then made reference to the in-depth analysis of expense accounts (contracted and operational) in the financial system that has commenced and requested that a progress report thereon be submitted to the Finance Portfolio Committee. She also requested that the names of employees and Councillors who owe the Municipality for services provided be exposed and listed in the report. Concluding, she enquired if there are any threats to the financial stability of the Municipality.

Responding thereto, the Municipal Manager explained that a resolution was taken by the previous Council to conduct an in-depth analysis of the debtors' book and that process is underway. The Auditor General further require that before any debt is written off as irrecoverable, all avenues to recover that revenue must first be exhausted. When the process of debt cleansing has been concluded and debts can be deemed irrecoverable or are a duplication, then Council can be advised accordingly. Further, in terms of zero based budgeting, National Treasury dictate that the Municipality uses the accrual system not zero based budgeting since it is a government entity.

Further, at mid-term review there will be a Budget Steering Committee meeting following engagement with the Finance Portfolio Committee. Thereafter, the report will be escalated to the Executive Committee and then to Full Council. He acknowledged that revenue had not achieved the anticipated targets but attributed this to the impact of Covid and the current economic climate. However, he pointed out that the negative impact of this can be counteracted by the huge strides that have been made in generating revenue through the revenue enhancement campaign which continues and is an avenue through which communities are encouraged to pay their water bills.

In terms of Meter Reading, he stated that this is an ongoing process, whilst pointing out that 30 Meter Readers will be engaged. Currently, the EPWP staff are assisting with meter reading. He then indicated that it is acceptable for the cash coverage to sit between 1 and 3 months and therefore it could be viewed on a positive note that the Municipality was sitting on a 2 months cash coverage.

In terms of disclosure of those persons owing money to Council, the Whip of Council will be engaged in terms of the disclosure of the names of Councillors involved and the recovery of the debt in question. Such debts should be recovered within a period of three months. However, cognisance must be given that with the introduction of the POPI Act and the impact of this on the disclosure of personal information, the Municipality needs to proceed in a manner that will not compromise this Municipality.

He concluded by reporting that the Municipality is sound financially and is in the process of implementing its budget funding plan and revenue enhancement campaign.

In addition to the above, the Chief Financial Officer stated that it is a normal trend to compare revenue and expenditure and the Municipality is trying to move towards a surplus every month. Accordingly, every effort will be made to encourage income generation and discourage expenditure.

Thereafter, Councillor NJ Zungu moved, seconded by Councillor ME Dladla the recommendations and it was

RESOLVED

1. That the Full Council notes that in compliance with Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009 regarding the "Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations", the **preliminary** financial results regarding the operating and capital budgets for the fourth month of the 2021/ 2022 financial year and supporting documents as required by National Treasury (Schedule C) have been submitted to Council.

2. That the Full Council notes that in order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009, this report must be submitted to National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the Council, in both a Council approved document and in electronic format.
3. That Council approves that:
 - 3.1 The surplus after capital transfers and contributions for the period ending 31 October 2021 is **R298.5 million**.
 - 3.2 Cash and cash equivalent for the period ending 31 October 2021 is **R 174.3 million** excluding the investment of **R 3.7 million** held as security for the loan.
 - 3.3 Capital expenditure for the period ending 31 October 2021 is **R 96.6 million**.
 - 3.4 Trade payables for the period ending 31 October 2021 are **R 108.4 million**.
 - 3.5 Trade receivables for the period ending 31 October 2021 are **R 1.134 billion**.
 - 3.6 Unspent conditional grants for the period ending 31 October 2021 are **R 24.9 million**.
4. That Council notes the cash and cash equivalents of **R 174.3 million** translates to a positive cash coverage of **64.05 days**. National Treasury Norm of 1 – 3 months.
5. That Council notes the progress made on the 2021/22 budget funding plan.

REPORT TO THE uMGUNGUNDLOVU
DISTRICT MUNICIPALITY COUNCIL



File Reference : 5/1/1/1	Author : Siphon Ndabandaba
Report Number: 04	Designation : CFO

For consideration

1 st Level – MANCO	:
2 nd Level – Portfolio Committee	: /11/2021
3 rd Level – EXCO	: /11/2021
4 th Level – Council	: /11/2021

SUBJECT: PRELIMINARY MONTHLY IN YEAR MONITORING FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021
DATE : 14 OCTOBER 2021

1. PURPOSE

The purpose of this report is to comply with section 71 of the Municipal Finance Management Act (MFMA) and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009.

2. STRATEGIC OBJECTIVE

To ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate."

3. BACKGROUND

Section 71 of the MFMA and in terms of Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations" necessitates that specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance.

"The Mayor of a municipality-

Section 71(1) The accounting officer of a municipality must by no later than **10 working days after the end of each month** submit to the Mayor or of the municipality and the relevant treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for the month and for the financial year up to the end of that month: ...".

The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act."

For the reporting period ending 31 October 2021 the ten working day reporting limit expires on 15 NOVEMBER 2021.

4. REPORT

The below is the summary of financial performance for the period ended 31 October 2021.

Table 1

Summary of Financial Performance	
Actual Revenue to Budgeted Revenue	40
Actual OPEX to budgeted OPEX	22
Actual CAPEX to budgeted CAPEX	49
Employee related cost exp to total OPEX	47
% Grant Utilisation	79.80
Cash Coverage Ratio	2.13
Debt Service to Revenue Ratio	1.28
% Debt to Revenue Ratio	18.74
Creditors Age Analysis	63% or R 68.2 million of invoices outside 30days
Debt Collection Rate	58

4.1 Operating Budget

The revenue raised as at 31 October 2021 is R 392.2 million against the original budget of R 992.9 million for the year and R330.9 million for the period. This reflects a revenue rate of 39.5% against the original budget and 118.5% against the year-to-date (YTD) original budget.

The operating expenditure as at 31 October 2021 was R 190.3 million against the original budget of R 849.9 million and year to date budget of R 190.9 million. This reflects YTD expenditure of 99.7% and 22.4% of the original budget. The operating surplus for the period was R 201.9 million.

4.2 Capital Expenditure

The total original capital budget for the 2021/ 2022 financial year is R 195.5 million. This includes the allocations from the Municipal Infrastructure Grant (MIG) of R 107.9 million, the Water Services Infrastructure Grant (WSIG) of R 85 million and the Rural Roads Assets Management Grant (RRAMS) of R 2.6 million.

Year to date expenditure for MIG is R 67.1 million, WSIG is R 29.5 million and RRAMS is nil. This represents 49.44% of the total original budget.

Total capital expenditure to date is R 96.6 million or 49.44% against the original budget.

4.3 Employee Related Costs and Councilor Allowances

The total salaries budget for councillors amounts to R 12.9 million while salaries budget for staff amounts to R 275.3 million. This brings the total salaries budget to R 288.2 million, which is 34% of the total operational budget. This is within the norm of 25% - 40% in terms of National Treasury circular 71 of 2014.

As at 31 October 2021, 30.8% of the councillors' allowances budget was spent and 30.8% was spent on the employee costs. The total year-to-date salary cost including councillors' allowances represented 46.7% of total year-to-date operating expenditure which is above the norm of 25-40% to total operating expenses as set by National Treasury circular 71.1. This ratio will improve as and when the municipality incurs other categories of operational expenditure.

4.4 Conditional Grants

As at the end of October 2021, a total of R 104.6 million of conditional grants was received since 1 July 2021 whilst an additional R 18.5 million which was received in the previous financial year was available at the beginning of the period. A total of R 98.3 million was spent as at 31 October 2021. The operating grant utilisation is at 19.09% and the capital grant utilisation was 84.32% of allocations received. Overall grant utilisation is at 79.80%.

4.5 Cash and Cash Equivalents

An amount of R 16 721 as accrued in investment interest income for the month of October 2021. The cash in bank as at 31 October 2021 amounted to R 174.3 million and investments amounted to R 3.78 million bringing a total cash and cash equivalents of R 178.1 million. The average interest rate on investment is at 5.25%. The cash coverage ratio as at 31 October 2021 is 2.13 based on average of R 70 million per month fixed operating expenditure. This indicates that the municipality as at 31 October 2021 has enough cash to run its operation for 64.05 days based on a 30-day calendar month. The norm as set out in the uniform financial ratios and norms circular 71 is 1 to 3 months.

4.6 Borrowings

As at 31 October 2021, the loan book was at a total balance of R 186.1 million. The average interest rate on remaining loan is 10.889%. The debt to revenue ratio is projected at 18.74% as projected which is within the treasury norm of below 45%. The YTD debt service to income ratio indicates that the costs associated with the debt were funded by 1.28% of the operating income.

4.7 Outstanding Creditors

The balance of trade payables as at 31 October 2021 was **R 108.4 million**.

A total of **R 68.2 million** or **63%** of invoices remained outside the compliance period of 30 days as at 31 October 2021. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days.

The invoices that are outstanding longer than 150 days, are mostly invoices under dispute. The Heads of Departments have been requested to finalize the disputes with the service providers or the service providers have been requested to submit a credit note to cancel the raised invoices. The municipality has extended rental lease agreements to allow for the supply chain processes to be finalized.

4.8 Billing Revenue and Debtors

Billing revenue for the month of October 2021 was **R 26.4 million**. Actual collections during September 2021 were **R 19.4 million** which represented **58%** of the September 2021 billed revenue. The overall collection rate for the financial year is **51%** which is below the collection rate for the same period in the previous financial year of **58%**.

The percentage of collection for Water Schemes is low as consumers in these areas refuse to pay for water services rendered. Certain rural schemes have constant interruption of water supply and it is therefore difficult to implement the Credit Control Policy in these areas.

As part of the Revenue Enhancement Programme, the municipality is conducting a data cleansing and revenue management exercise. This exercise was previously piloted by the municipality in partnership with the Development Bank of Southern Africa and was completed with recommendations that are considered by the municipality to increase and enhance revenue raising and collection strategies.

The debtors book value as at 31 October 2021 amounted to **R 1.134 billion**. A total of **R 1.049 billion** or **93%** relates to amounts owing for more than 90 days. The accumulated impairment of debtors amounts to **R 965 million**. Engagements with organized labour through the Local Labor Forum have been finalized and agreed upon to deal with regards to staff balances. Individual letters are being sent to individuals to sign consent for the Municipality to deduct the monies owed above 90 days.

4.9 Budget Funding Plan

The 2021/22 Budget Funding Plan detailing the financial recovery strategies of the municipality was adopted by Full Council on 29 September 2021.

The year-to date (01 July to 31 October 2021) financial information indicates the following:

Service charges for water are in line with the projection as per the budget funding plan at **31%** whereas service charges for sanitation are slightly below projection at **24%**.

Interest earned on external investments as well as the interest earned on outstanding debtors was projected conservatively for purposes of the budget funding plan where actuals to date are **136%** and **125%**, respectively, of the projected amounts.

The salary costs (employee and councilors) are in line with the budget funding plan at **31%** of the projected amount as per the budget funding plan.

The pattern of spend of the contracted services and operational expenditure is not fixed throughout the financial year and are at and the Budget and Treasury Office has therefore commenced with an in-depth analysis of expense accounts (contracted and operational) in the financial system.

This includes a full examination of the use of segments. The expected outcome of the analysis is to achieve the correct composition of accounts to enable accurate processing of transactions in line with the Municipal Regulations on Standard Chart of Accounts. Moreover, the municipality is in the process of correcting the financial system (transacting) per account type.

The Budget and Treasury Office is also in the process of reviewing budget allocations and making necessary corrections.

The results of the transaction analysis together with the review of the budget allocations will inform the adjustment budget recommendations to Council.

RECOMMENDATIONS

1. That, in compliance with, Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations" the preliminary financial results regarding the operating and capital budgets for the fourth month of the 2021/2022 financial year, and supporting documents as required by National Treasury (Schedule C) be submitted to Council.
2. In order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009 this report be submitted to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council, in both a Council approved document and in electronic format.
3. That Committee notes and approves the following:
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4. The Committee notes the cash and cash equivalents of **R 174.3 million** translates to a positive cash coverage of **64.05 days**. National Treasury Norm of 1 – 3 months.
5. That Committee notes the progress made on the 2021/22 budget funding plan.



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

IN-YEAR MONITORING REPORT FOR THE PERIOD ENDED 31 OCTOBER 2021

1. Operating Budget

Summary financial performance report SF1 for the period ending 31 October 2021 shown in Annexure A, Table C4, is prepared on a similar basis to the prescribed budget format, detailing revenue by source type and expenditure by input type. The summary report indicates the following.

Table 1

DC22 uMgungundlovu - Table C1 Monthly Budget Statement Summary - M04 October									
Description	2020/21	Budget Year 2021/22							
	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	-	-	-	-	-	-	-	-	-
Service charges	297,450	366,595	-	23,945	110,794	122,198	(11,404)	-9%	366,595
Investment revenue	2,907	548	-	234	747	183	564	309%	548
Transfers and subsidies	585,531	611,851	-	22	263,254	203,950	59,304	29%	611,851
Other own revenue	48,073	13,936	-	4,110	17,360	4,645	12,715	274%	13,936
Total Revenue (excluding capital transfers and contributions)	933,962	992,929	-	28,311	392,156	330,976	61,179	18%	992,929
Employee costs	265,770	275,256	-	22,133	84,837	91,752	(6,915)	-8%	275,256
Remuneration of Councillors	11,691	12,957	-	988	3,985	4,319	(334)	-8%	12,957
Depreciation & asset impairment	51,582	44,590	-	4,016	16,078	14,863	1,215	8%	44,590
Finance charges	321	20,120	-	1,675	5,018	6,707	(1,688)	-25%	20,120
Inventory consumed and bulk purchases	25,940	278,588	-	5,582	8,112	387	7,725	1996%	1,161
Transfers and subsidies	6,500	7,958	-	-	4,585	2,653	1,932	73%	7,958
Other expenditure	424,779	210,527	-	13,733	67,643	70,176	(2,533)	-4%	210,527
Total Expenditure	786,584	849,995	-	48,127	190,258	190,856	(598)	-0%	572,568
Surplus/(Deficit)	147,378	142,934	-	(19,817)	201,898	140,120	61,777	44%	420,361

The revenue raised as at 31 October 2021 is R 392.2 million against the original budget of R 992.9 million for the year and R330.9 million for the period. This reflects a revenue rate of 39.5% against the original budget and 118.5% against the year-to-date (YTD) original budget.

The operating expenditure as at 31 October 2021 was R 190.3 million against the original budget of R 849.9 million and year to date budget of R 190.9 million. This reflects YTD expenditure of 99.7% and 22.4% of the original budget. The operating surplus for the period was R 201.9 million.



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The major operating revenue variances against year-to-date budget are:

- Service charges below target by 18%.
- Interest earned on outstanding debtors is above target by 274%.
- Transfers and subsidies are 29% above target due to the receipt of the Equitable Share and other grants.
- Investment revenue is 309% above target. The municipality does not have excess funds to be invested. The investment that the municipality holds as security for the DBSA loan is due for renewal in September 2022.

2. Capital Expenditure

The Capital expenditure report shown in Annexure A, Table C5 has been prepared based on the format required to be lodged electronically with National Treasury and is categorised by municipal vote. The summary report indicates the following:

Table 2

Funding Source	Original Budget 2021 /2022	Expenditure as at 31 October 2021	% spent
MIG	107,893,000.00	67,137,559.65	62.23
WSIG	85,000,000.00	29,500,160.06	34.71
RRAMS	2,586,000.00	0.00	0.00
	195,479,000.00	96,637,719.71	49.44
LESS NON CAPITALISED PROJECTS			
TOTAL CAPITAL EXPENDITURE	195,479,000.00	96,637,719.71	49.44

The total original capital budget for the 2021/ 2022 financial year is R 195.5 million. This includes the allocations from the Municipal Infrastructure Grant (MIG) of R 107.9 million, the Water Services Infrastructure Grant (WSIG) of R 85 million and the Rural Roads Assets Management Grant (RRAMS) of R 2.6 million.

Year to date expenditure for MIG is R 67.1 million, WSIG is R 29.5 million and RRAMS is nil. This represents 49.44% of the total original budget.



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3. Employee costs and councillors' allowances

- 3.1 Section 66 of the MFMA requires that the accounting officer of a municipality must report to Council in a prescribed format all expenditure incurred by the municipality on staff salaries, wages and benefits in a manner that discloses expenditure per type such as salaries, contributions for pensions etc.
- 3.2 The total salaries budget for Councillors amounts to **R 12.9 million** while salaries budget for staff amounts to **R 275.3 million**. This brings the total salaries budget to **R 288.2 million**, which represents **34%** of the total operational budget. This is within the norm of 25% - 40% in terms of National Treasury circular 71 of 2014.
- 3.3 In terms of Generally Recognised Accounting Practise (GRAP25), the municipality has to make a provision for employee benefits, which represents a future financial obligation to the Municipality on current and post-employment medical benefits for retired and active employees eligible for early retirement, *ex-gratia* pension liability for a retrenched Technical Director, and a provision for long service awards for all staff members meeting the requirements of clause 7 of the Local Government Bargaining Council collective agreement signed in August 2018.
- 3.4 The actual staff salaries cost incurred, including Senior Managers, as at 31 October 2021 amounts to **R 84.8 million** while the actual salaries cost for Councillors is **R 3.9 million**. This amounts to a total of **R 88.8 million** which represents **30.8%** of the total salaries budget.
- 3.5 Remuneration of Councillors is spent at **30.8%** of the total remuneration budget for Councillors. Although the budget for Councillors' salaries is based on a reasonable estimate, it is not always easy to have an exact figure for budget purposes. This is due to changes in the municipal grades and remuneration adjustments of the local Municipalities thereby affecting the salaries of the Councillors representing their local Municipalities within the district. Furthermore, the number of meetings held during the financial year generally varies to the number of meetings predicted at the time of the budget process.
- 3.6 The salaries and benefits paid to councillors in the month October 2021 are still based on the December 2018 promulgation which was effective for payment in the month of July 2018.



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Table 3

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October										
Summary of Employee and Councillor remuneration	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		6,917	8,375	-	590	2,362	2,792	(430)	-15%	8,375
Pension and UIF Contributions		695	696	-	58	233	232	1	0%	696
Medical Aid Contributions		255	221	-	27	106	74	33	44%	221
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		841	864	-	67	269	288	(19)	-7%	864
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		2,983	2,800	-	246	1,014	933	81	8%	2,800
Sub Total - Councillors		11,891	12,957	-	988	3,985	4,319	(334)	-8%	12,957
% Increase	4		10.8%							10.8%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		4,667	5,609	-	401	1,606	1,870	(264)	-14%	5,609
Pension and UIF Contributions		67	9	-	1	4	3	1	19%	9
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		(45)	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		478	480	-	40	160	160	-	-	480
Cellphone Allowance		101	86	-	9	36	29	7	25%	86
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1	-	-	0	0	-	0	#DIV/0!	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		6	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5,273	6,184	-	451	1,806	2,051	(256)	-12%	6,184
% Increase	4		17.3%							17.3%
Other Municipal Staff										
Basic Salaries and Wages		144,536	145,899	-	13,678	50,100	48,633	1,467	3%	145,899
Pension and UIF Contributions		32,228	32,461	-	2,988	10,972	10,820	152	1%	32,461
Medical Aid Contributions		13,061	12,489	-	1,014	4,283	4,163	120	3%	12,489
Overtime		9,120	8,438	-	734	3,144	2,813	332	12%	8,438
Performance Bonus		12,127	12,907	-	-	191	4,302	(4,111)	-98%	12,907
Motor Vehicle Allowance		20,968	21,074	-	1,157	5,188	7,025	(1,836)	-28%	21,074
Cellphone Allowance		29	1,426	-	5	19	475	(456)	-98%	1,426
Housing Allowances		1,314	1,386	-	114	459	462	(3)	-1%	1,386
Other benefits and allowances		22,397	23,972	-	1,719	7,428	7,991	(562)	-7%	23,972
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		6,180	9,020	-	273	1,247	3,007	(1,759)	-58%	9,020
Post-retirement benefit obligations	2	(1,473)	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		260,497	269,072	-	21,682	83,031	89,691	(6,659)	-7%	269,072
% Increase	4		3.3%							3.3%
Total Parent Municipality		277,461	288,213	-	23,121	88,822	96,071	(7,249)	-8%	288,213
			3.9%							3.9%
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS										
		277,461	288,213	-	23,121	88,822	96,071	(7,249)	-8%	288,213
% Increase	4		3.9%							3.9%
TOTAL MANAGERS AND STAFF		265,770	275,266	-	22,133	84,837	91,752	(6,915)	-8%	275,266



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4. Conditional Grants

As at the end of October 2021, a total of R 104.6 million of conditional grants was received since 1 July 2021 whilst an additional R 18.5 million which was received in the previous financial year was available at the beginning of the period. A total of R 98.3 million was spent as at 31 October 2021. The operating grant utilisation is at 19.09% and the capital grant utilisation was 84.32% of allocations received. Overall grant utilisation is at 79.80%.

Table 4

Description	Opening Balance	Receipts	Total receipts	Expenditure	Balance	Percentage
Operating Grants			0.00			
FMG	0	1,000,000	1,000,000	267,172	732,828	26.72
PTP	308,817		308,817	0	308,817	0.00
EPWP	114,683	575,000	689,683	550,804	138,879	79.86
Camperdown WWW	4,000,095		4,000,095	0	4,000,095	0.00
SETA Grants	0		0	0	0	0.00
RASET GRANT	0		0	0	0	0.00
DGDS GRANT	126,989		126,989	0	126,989	0.00
DPSS GRANT	0		0	0	0	0.00
GEOPlanning	856,213		856,213	696,735	159,478	81.37
IDP SPATIAL DEVELOPMENT FRAMEWORK	848,175		848,175	115,000	733,175	13.56
SPATIAL DEVELOPMENT FRAMEWORK	706,750		706,750	0	706,750	0.00
Total Operating Grants	6,961,722	1,575,000	8,536,722	1,629,712	6,907,010	19.09
Capital Grants						
WSIG	0	30,000,000	30,000,000	29,500,160	499,840	98.33
MIG	0	71,248,000	71,248,000	67,137,560	4,110,440	94.23
Orio	11,550,860		11,550,860	0	11,550,860	0.00
RRAMS	0	1,810,000	1,810,000	0	1,810,000	0.00
Total Capital Grants	11,550,860	103,058,000	114,608,860	96,637,720	17,971,140	84.32
Total Grants	18,512,582	104,633,000	123,145,582	98,267,431	24,878,151	79.80



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5. Cash and cash equivalents

An amount of R 16 721 as accrued in investment interest income for the month of October 2021. The cash in bank as at 31 October 2021 amounted to R 174.3 million and investments amounted to R 3.78 million bringing a total cash and cash equivalents of R 178.1 million. The average interest rate on investment is at 5.25%. The cash coverage ratio as at 31 October 2021 is 2.13 based on average of R 70 million per month fixed operating expenditure. This indicates that the municipality as at 31 October 2021 has enough cash to run its operation for 64.05 days based on a 30-day calendar month. The norm as set out in the uniform financial ratios and norms circular 71 is 1 to 3 months.

Table 5

Period of Investment	Type of Investment	Expiry date of investment	Accrued Interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
Yrs/Months							
1 year	Long term	9/7/2021	13	4.1%	3,763	17	3,780
			13	0	3,763	17	3,780

Table 6

Bank Accounts	Account Number	Market value at the beginning of the month	Change in market value	Market value at the end of the month
		R 0.00	R 0.00	R 0.00
Main Account	50940026773	22,218,287.34	14,306,794.56	36,525,081.90
Salaries Account	50940092196	95,972,327.79	-12,690,243.85	83,282,083.94
Water Services Account	62023616462	40,528,413.90	6,426,365.19	46,954,779.09
NSTD Call Account	62215748289	575,013.96	1,417.85	576,431.81
Mandela Race Account	62411577193	810,492.31	955.82	811,448.13
UMDM MIG (Dbsa) Account	62400041985	0.00	0.00	
Mandela ABSA	62597807125	1,235,991.14	-263.50	1,235,727.64
Corporate Cheque Account	62243484417	4,928,017.95	10,672.39	4,938,690.34
Public Sector Cheque Account		0.00	0.00	220.48
Total Cash Balances		166,268,544.39	8,055,698.46	174,324,022.37

Table 6 above excludes an investment of R 3.75 million held with FNB as a security for the Long-term borrowings (DBSA Loan).



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

6. Borrowings

As at 31 October 2021, the loan book was at a total balance of R 186.1 million. The average interest rate on remaining loan is 10.889%. The debt to revenue ratio is projected at 18.74% as projected which is within the treasury norm of below 45%. The YTD debt service to income ratio indicates that the costs associated with the debt were funded by 1.28% of the operating income.

Table 7

LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) OCTOBER 2021						
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/10/2021	Add: Interest Accrued	Less: Interest paid	Closing Balance at 31/10/2021
12007869	uMgungundlovu Various Water Projects	10.889	184,426,637.12	1,674,638.16	0.00	186,101,275.28
			184,426,637.12	1,674,638.16	0.00	186,101,275.28

7. Creditors Age Analysis

The balance of trade payables as at 31 October 2021 was R 108.4 million.

A total of R 68.2 million or 63% of invoices remained outside the compliance period of 30 days as at 31 October 2021. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days.

For effective financial management, the Municipality must have a financial management system in place which is used for the operation of its expenditure and accounts payables, amongst other things. The accounts payables must be paid for goods and services rendered to the municipality. A procedure manual was drafted in 2014, which provides the timeframes that each official must comply with when dealing with payments. This includes payments certification by the user department, which must confirm the receipt of goods and services before invoices are processed for payment. This manual is currently being reviewed.

Section 65(2)(e) of the Municipal Finance Management Act, 2003 requires that the municipality must pay within 30 days of receipt of an invoice. While this requirement is crucial, it is also important for a municipality to ensure that all the requirements in terms of the Supply Chain Management Regulations of 2011, are followed when procuring goods and services.

This includes, but not limited to, ensuring that there are valid contracts for all lease payments, payments made to government institutions, where payments are urgent in nature, and where there is an emergency.

Sections 62(1), (2) and 65(1) require the Accounting Officer to ensure a proper management of the finances of a municipality. This requires him to ensure that all processes are followed before payments are realised, as a result, the Internal Audit is requested to verify payments on an ad hoc basis.



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In efforts to reduce the amount owed to outstanding creditors, a detailed spreadsheet which indicates the status of each amount due for longer than 30 days was sent to every HOD, for their action, as to resolve issues that may have been raised by the Accounting Officer.

Generally Recognised Accounting Practise (GRAP) Standards require that payments be reflected in the period in which they were made, therefore, accounts payable balances as at 30 June 2021 will not be affected by payments made after this date.

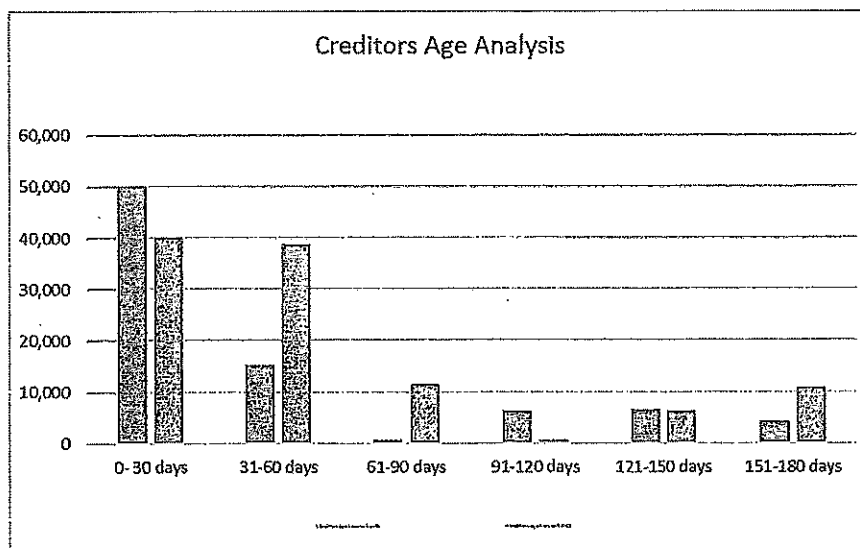
Payments relating to rental of customer care centres have been delayed due to expired contracts. To facilitate payments the Municipality extended the contracts, to allow for the finalisation of valid contracts through supply chain processes. This exercise will reduce the irregular expenditure which the Auditors raise in their audit reports.

As most Eskom accounts have payment terms which are much less than 30 days, interest on late payment is unavoidable. In order to alleviate this problem, the Eskom accounts were switched to debit order system and the process to transfer all accounts to a debit order method of payment is under way. The benefit of the use of a debit order system is the prevention of fruitless and wasteful expenditure in the form of interest on late payment as well as reductions in power cut which result in service interruptions.

Table 8

Creditors Age Analysis		
	Sep-21	Oct-21
0- 30 days	50,155	40,182
31-60 days	15,431	38,837
61-90 days	658	11,625
91-120 days	6,277	658
121-150 days	6,504	6,268
151-180 days	4,316	10,800
	83,341	108,370

Graph 1





UMGUNGUNDOLOVU DISTRICT MUNICIPALITY

8. Billing Revenue and Debtors

8.1 Billing Summary: July 2021 to October 2021

Table 9

Area	July 2021	August 2021	September 2021	October 2021
uMshwathi	2,135,651.23	3,690,293.81	2,590,118.33	1,000,545.49
uMngeni	14,468,733.73	13,619,506.83	12,223,052.63	10,498,828.00
Mpofana	2,151,187.51	2,401,457.74	3,023,453.07	2,342,783.54
iMpendle	410,566.38	409,122.14	383,089.19	379,630.74
Mkhambathini	915,986.96	472,735.56	939,676.68	598,759.55
Richmond	1,592,491.80	1,762,117.51	1,517,864.60	1,355,783.50
Water Schemes	4,541,200.08	4,735,023.96	3,994,363.74	3,995,792.61
Bulk Customers	7,914,542.24	6,997,878.37	8,461,979.37	6,234,639.66
Total	34,130,359.93	34,088,135.92	33,133,597.61	26,406,763.09

8.2 Credit Control and Debt Collection: Billing vs Receipts

Table 10

The table below details financial year to date Monthly Billing against the Receipts for the 2021/2022 financial year.

Month	Billing	Receipts	Collection %
June 2021	31,098,498.76	16,123,060.04	52%
July 2021	34,130,359.93	16,599,637.65	49%
August 2021	34,088,135.92	15,821,733.95	47%
September 2021	33,133,579.61	19,373,579.98	58%
October 2021	26,406,763.09		



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Graph 3

Month	Billing	Receipts
Jul-21	34,130,360	16,599,637
Aug-21	34,088,135	15,821,733
Sep-21	33,133,598	19,373,579.98
Oct-21	26,406,763	

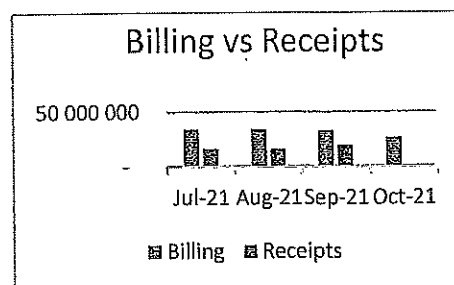


Table 11

The table below details the **Classification of Receipts** for October 2021.

Basis of Receipts	Jul-21	Aug-21	Sep-21	Oct 21
Direct Deposits	12,797,476.03	12,496,253.36	12,658,369.23	4,034,807.33
Easy Pay	2,215,143.69	2,875,523.36	2,475,236.25	3,581,296.50
Post Office	54,235.36	75,497.32	78,365.25	234,211.34
Customer Care Centre	563,258.36	595,983.36	546,531.97	747,895.56
Manual Receipts	492,946.60	556,379.25	63,231.25	775,369.25
Total	16,123,060.04	16,599,636.65	15,821,733.95	19,373,579.98

Table 12

The Table Below Details **Customer Category Receipts** for October 2021.

Customer Classification	Jul-21	Aug-21	Sep-21	Oct 21
Government	2,909,288.59	2,968,369.25	2,985,365.36	5,632,968.15
Business	7,838,581.68	7,987,365.36	7,158,369.23	4,637,742.70
Households	5,326,899.40	5,593,247.32	5,562,145.36	7,962,145.36
Indigent Households	6,200.00	6,700.00	12,563.25	557,895.56
Church	36,726.04	37,698.36	97,021.52	575,369.25
Councillors	5,364.33	6,256.36	6,269.23	7,458.96
Total	16,123,060.04	16,599,636.65	15,821,733.95	19,373,579.98



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Table 13

The table below indicates the comparison of collection rate between 2020/2021 financial year and 2021/2022 financial year.

2020/2021 Financial Year				2021/2022 Financial Year			
Month	Billing	Receipts	Collections %	Month	Billing	Receipts	Collections %
Jul-20	28,257,733	17,284,495	61%	Jul-21	34,130,360	16,599,637	49%
Aug 20	29,974,564	17,666,167	59%	Aug 21	34,088,135	15,821,733	47%
Sept 20	28,167,994	16,346,202	59%	Sept -21	33,133,598	19,373,579	58%
Average Collection Rate for 2020/2021			60%	Average Collection Rate for 2021/2022			51%

The collection rate comparison to the previous year is to measure the impact of the slow economic growth and activity, mainly due to the adverse effects on households and businesses by the Covid-19 pandemic and related restrictions as well as the unrest experienced within the Province in July 2021. The collection has improved in the month of October 2021.

Table 14

The table below details the percentage of collection per customer classification.

AREA	Jul-21			Aug-21			Sep-21				
	SALES RAISED	RECEIPTS	% COLLECTION	SALES RAISED	RECEIPTS	% COLLECTION	SALES RAISED	RECEIPTS	% COLLECTION		
Howick	8,131,366	5,714,115	70%	Howick	8,265,362	5,151,573	62%	Howick	8,156,365	6,993,175	85%
Tumbkeveed	109,552	4,200	4%	Tumbkeveed	110,236	4,900	4%	Tumbkeveed	112,365	5,500	5%
Udgeston	161,251	1,700	1%	Udgeston	173,251	1,700	1%	Udgeston	176,365	1,800	1%
Hilton	2,481,348	2,168,057	87%	Hilton	2,742,412	2,008,516	74%	Hilton	2,260,375	2,062,389	91%
Mpophomeni	2,601,342	154,435	6%	Mpophomeni	2,160,251	164,362	8%	Mpophomeni	2,238,167	151,258	7%
Bulk	9,335,256	6,538,101	70%	Bulk	9,256,265	6,380,998	69%	Bulk	9,112,536	8,091,588	89%
Mpofana	1,634,825	238,066	15%	Mpofana	1,785,636	247,365	14%	Mpofana	1,895,365	235,588	12%
Mpofana-Brunt	1,531,357	28,134	2%	Mpofana-Brunt	1,515,525	29,154	2%	Mpofana-Brunt	1,251,886	19,583	2%
Richmond	1,486,832	512,148	34%	Richmond	1,388,832	415,369	30%	Richmond	1,436,365	638,370	44%
uMshwathi	2,271,168	736,246	32%	uMshwathi	2,356,211	685,369	29%	uMshwathi	2,236,253	768,254	34%
uMshambatheni	779,013	233,349	30%	uMshambatheni	765,013	244,365	32%	uMshambatheni	765,369	288,389	37%
Mpendle	213,207	136,432	64%	Mpendle	214,207	137,425	64%	Mpendle	156,369	188,366	122%
Water Schemes	3,374,832	136,638.72	4%	Water Schemes	3,379,832	140,189.25	4%	Water Schemes	3,315,870	147,365.58	4%
Total	34,130,360	16,599,637	52%	Total	34,088,135	15,821,733	47%	Total	33,133,598	19,373,579	58%



UMGUNGUNDOLOVU DISTRICT MUNICIPALITY

Table 15

The table below details a breakdown of September 2021 billing and October 2021 receipts for Water Schemes taken over from Umgeni Water.

Water Schemes	Water Schemes	Sales Raised	Receipts	% Collection	Comment
Hopewell	Hopewell	120,777.40	1,000.00	1%	Rural Scheme
Manyavu	Manyavu	335,449.78	20,851.60	6%	Rural Scheme
Intermediate Cross	Intermediate Cross	2,929.65	645.86	22%	Farm Scheme
Swayimana	Swayimana	426,974.13	100.00	0%	Rural Scheme
Table Mountain	Table Mountain	311,679.78	4,129.40	1%	Rural Scheme
Whispers	Whispers	143,783.10	15,021.04	10%	Farm Scheme
Camperdown	Camperdown	217,044.07	80,471.62	37%	Farm Scheme
Birnoum Wood	Birnoum Wood	105,049.98	10,660.08	10%	Farm Scheme
Claridge	Claridge	862,562.31	9,078.20	1%	Farm Scheme
Efaye	Efaye	215,835.61	-	0%	Rural Scheme
Cuphulaka	Cuphulaka	224,678.66	-	0%	Rural Scheme
Mayizekanye	Mayizekanye	123,576.19	4,227.78	3%	Rural Scheme
Mpolweni	Mpolweni	225,529.34	1,180.00	1%	Rural Scheme
Total	Total	3,315,870.00	147,365.58	4%	

8.3 Debtors Age Analysis

The debtor book value as at 31 October 2021 amounted to R 1.134 billion. The collection rate in the month of October was 58% and an average of 51% for the 2021/2022 financial year. The municipality is continuously reviewing its debt collection strategies and has embarked on a Revenue Enhancement Programme which it anticipates will improve the collection rate. Furthermore, debt write-offs of amounts concluded to be irrecoverable have been submitted to Council for consideration and will be implemented in due course.



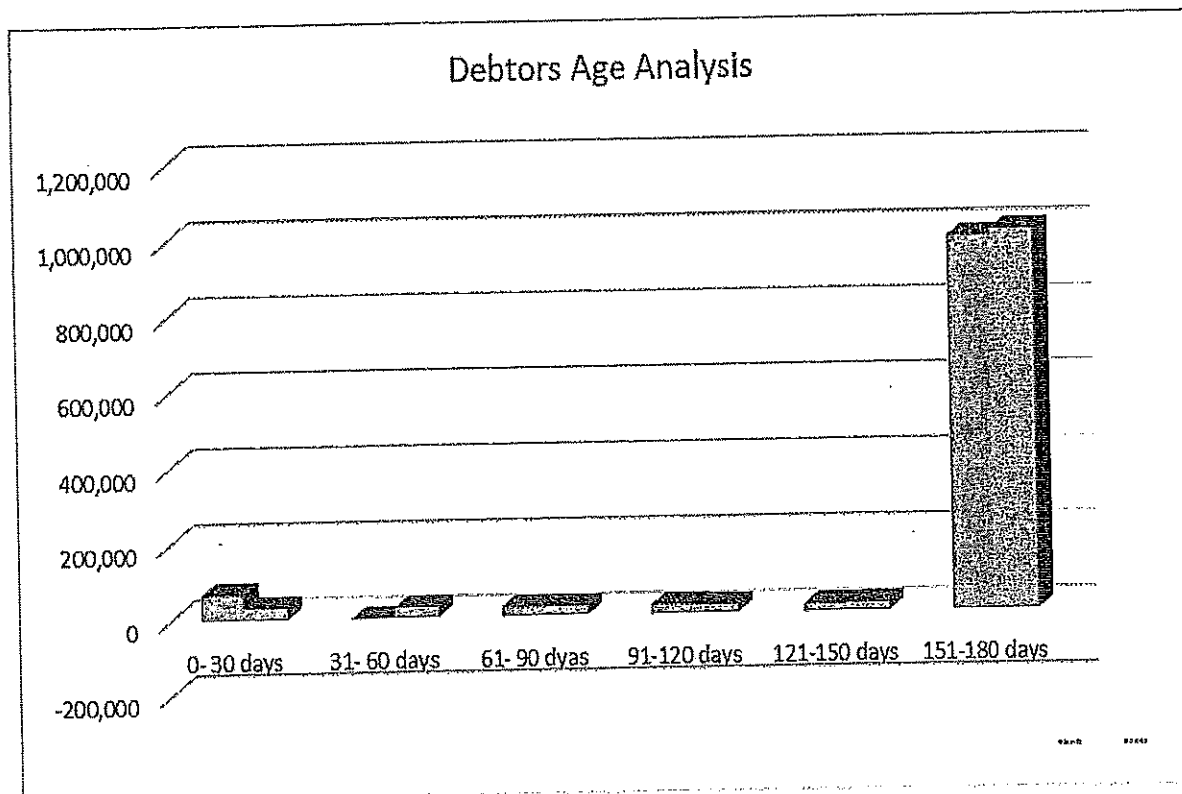
UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Table 16

DC22 umgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	NT Code	Budget Year 2021/22									Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr			
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	26,719	22,816	17,978	16,781	17,434	14,795	99,733	685,589	760,825	714,312	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	1,392	1,317	968	980	1,219	883	5,235	96,551	108,545	104,688	
Receivables from Exchange Transactions - Waste Management	1600	7	(13)	-	-	-	(1)	(40)	(128)	(175)	(169)	
Receivables from Exchange Transactions - Property Rental Debts	1700	-	-	-	-	-	-	-	739	739	739	
Interest on Aneer Debtor Accounts	1810	4,498	4,700	5,228	4,559	4,010	3,936	28,101	179,918	234,951	220,524	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	
Other	1900	(49)	(63)	(54)	(34)	(22)	(36)	(45)	9,775	9,470	9,637	
Total By Income Source	2000	31,567	28,756	24,120	22,264	22,641	19,577	132,984	852,444	1,134,354	1,049,911	
2020/21 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	3,446	1,814	2,089	1,436	1,238	1,497	7,213	20,561	39,389	32,044	
Commercial	2300	4,413	580	535	636	366	362	2,851	13,197	22,752	17,223	
Households	2400	21,611	22,190	19,181	17,962	16,379	15,410	108,197	728,118	952,038	888,056	
Other	2500	2,097	4,173	2,318	2,231	2,658	2,308	13,923	90,468	120,175	111,588	
Total By Customer Group	2600	31,567	28,756	24,120	22,264	22,641	19,577	132,984	852,444	1,134,354	1,049,911	

Graph 4





UMGUNGUNDOLOVU DISTRICT MUNICIPALITY

Table 17

The table below details the age analysis for customers grouped as UMDM staff members as at 31 October 2021.

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922711808	-1 422.71							-1 422.71
5922411911	9 760.40	250.94	253.31	269.82	271.09	105.74	272.68	11 183.98
5922272107	37 009.16	2 817.24	270.71	3 045.09	291.09	1 509.89	1 192.31	46 135.49
5922411528	19 734.50	548.18	553.46	590.05	592.89	595.72	598.56	23 213.36
5922721404	19 297.58	376.56	379.94	403.33	405.14	406.95	408.77	21 678.27
5922316386							901.42	901.42
5922111502	3 902.02	1 142.61	1 150.30	1 240.94	1 247.98	1 316.00	108.27	10 108.12
5922251794				1 082.65	13.15	58.58	1 213.02	2 367.40
5922227305	4 266.04	416.11	382.69	920.98	1 197.00	566.72	686.80	8 436.34
5922711631	4 344.54	3 226.64	518.55	1 725.13	183.74	511.91	415.29	10 925.80
5922251326					632.38	2 218.33	1 070.47	3 921.18
5922111593	5 745.94	1 035.75	555.88	880.19	1 803.33	239.15	614.13	10 874.37
5922262141	19 651.38	387.91	391.29	414.68	416.49	418.30	420.12	22 100.17
5922193001	6 882.88	325.36	328.74	352.12	353.94	355.75	357.57	8 956.36
5922411939	14 572.06	360.15	361.72	385.11	386.92	388.73	390.55	16 845.24
5922645000	1 974.15	309.27	309.80	330.45	332.27	331.37	330.39	3 917.70
5922314131	67.47	0.31	0.31	0.31	0.31	0.31	0.31	69.33
5922232755	2 889.38	318.65	313.03	333.51	335.32	333.99	335.10	4 858.98
5922411620	23 982.22	402.88	406.26	429.65	431.46	433.27	435.09	26 520.83
5922711578	3 780.61	210.99	65.61	227.89	427.71	281.15	153.86	5 147.82
5922274100						638.04	90.91	728.95
5922192292	7 751.11	327.66	331.04	354.43	356.24	358.05	359.87	9 838.40
5922711840	-2 390.74				-100.00	-100.00	105.06	-2 485.68
5922711660	87 453.70	1 014.49	487.90	1 071.43	4 058.29	1 950.94	905.58	96 942.33
5922226809	23 141.55	396.32	399.70	423.09	424.90	426.71	428.53	25 640.80
5922262474	24 118.49	405.29	408.67	432.06	433.87	435.68	437.50	26 671.56
5922192290	13 818.08	354.57	357.95	381.34	383.15	384.96	386.78	16 066.83
5922411734	23 359.44	396.39	399.77	423.16	424.97	426.78	428.60	25 859.11
5922213319	97 977.85	4 458.85	4 204.71	4 187.28	5 366.55	7 572.22	3 234.69	127 002.15
5922113000	14 937.76	280.45	311.92	330.88	720.75	168.15	233.20	16 983.11
5922317749	62 570.55	488.91	367.91	371.85	372.15	504.42	2 925.94	67 601.73
5922213198		371.58	608.30	656.60	660.35	661.22	659.29	3 617.34
5922741014	56 574.68	3 959.22	3 643.07	4 000.17	4 203.31	1 328.76	11 040.36	84 749.57
5922193002	6 641.22	324.12	327.50	350.89	352.70	354.51	356.33	8 707.27
5922193000	7 160.65	326.77	330.14	353.53	355.34	357.16	358.97	9 242.56
5922251800						763.57	763.85	1 527.42
5922213962						432.17	683.93	1 116.10
Totals:	599 551.96	25 234.17	18 420.18	25 968.61	27 334.78	26 735.20	33 304.10	756 549.00



UMGUNGUNDOVU DISTRICT MUNICIPALITY

Table 18

The table below details the age analysis for customers grouped as Councillors as at 31 October 2021.

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922711459	12,579.96	961.17	1,323.37	2,763.22	1,428.88	712.11	632.36	20,401.07
5922261941			272.44	317.82	316.74	318.56	318.10	1,543.66
5922193491	10,982.50	2,114.70	1,307.99	1,841.68	145.21	507.97	445.11	17,345.16
5922741442				390.73	60.29	57.68	567.28	1,075.98
5922111637	93,801.05	1,676.03	2,403.32	3,747.74	3,766.63	5,133.59	622.18	111,150.54
5922275001			335.15	189.96	354.23	193.09	192.42	1,264.85
5922212236	17,474.47	406.21	405.34	426.99	429.03	422.98	425.01	19,990.03
5922212475	9,825.43	311.17	98.57	334.41	336.06	337.72	339.37	11,582.73
5922111569					547.16	164.51	56.37	768.04
5922712351	20,149.03	427.04	152.32	172.24	172.65	239.61	418.74	21,731.63
5922224497	135,304.11	779.97	1,274.64	1,127.90	1,065.24	3,812.02	1,346.01	144,709.89
Totals:	300,116.55	6,676.29	7,573.14	11,312.69	8,622.12	11,899.84	5,362.95	351,563.58

Some of the accounts are in dispute due to billing queries and water leaks. The municipality is working with the affected Councillor in resolving these disputes.

Table 19

The table below indicates the new accounts created in October 2021.

NAME	AREA
Madumela	Richmond
Ndlovu	Richmond
Ntombela	Richmond
Manton	Richmond
Newell	Hilton
Joubert	Hilton
De Villiers	Hilton
Madondo	Howick
Mtshali	Mooi River
Lingnali	Hilton
Anderson	Hilton
Khanyile	Mooi River
Pillay	Cool Air
Diamond Properties	Bulk Camperdown
Vahed	Manderstone
P And N Plant Hire	Howick
De Kerk	Hilton
MKHIZE	LION PARK
MURCHIE	HOWICK
DLOMO	SWAYIMANA

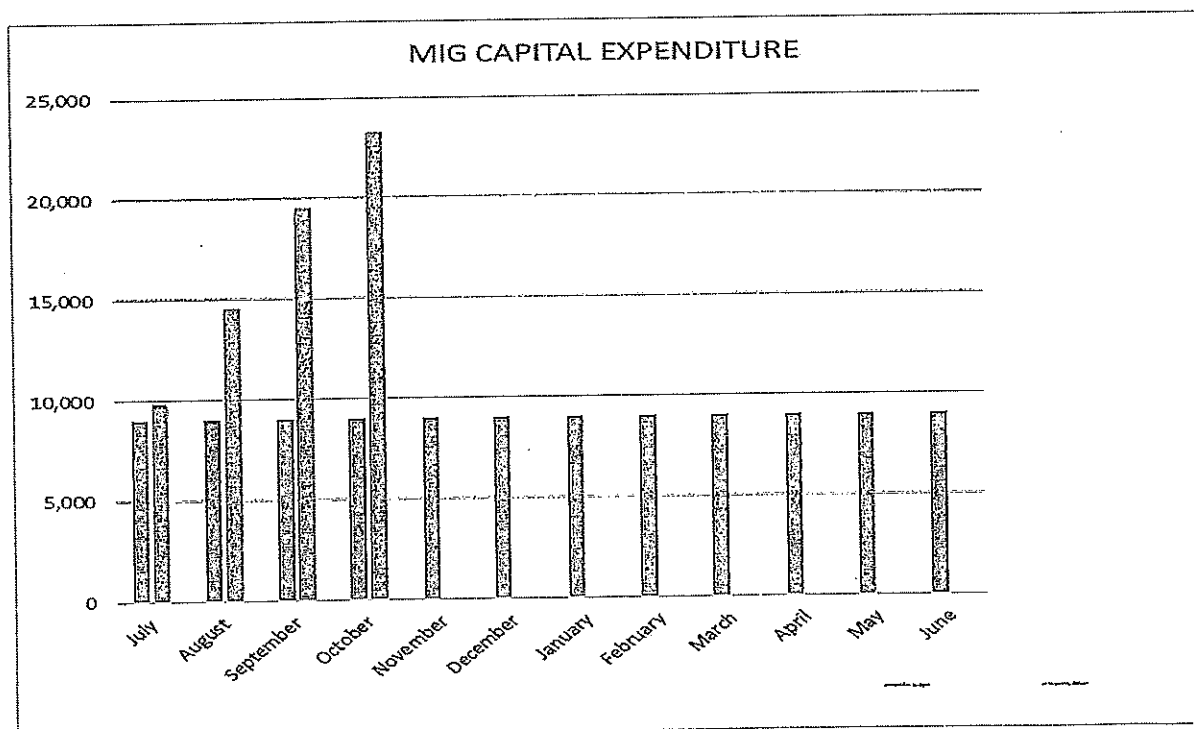


UMGUNGUNDOLOVU DISTRICT MUNICIPALITY

9. In-Year Budget Statement Charts: 31 October 2021 Report

MIG - Capital Expenditure Monthly Trend: Actual vs Budget

	Monthly budget	Monthly Actual
July	8,991	9,789
August	8,991	14,520
September	8,991	19,532
October	8,991	23,296
November	8,991	0
December	8,991	0
January	8,991	0
February	8,991	0
March	8,991	0
April	8,991	0
May	8,991	0
June	8,991	0
	107,893	67,137

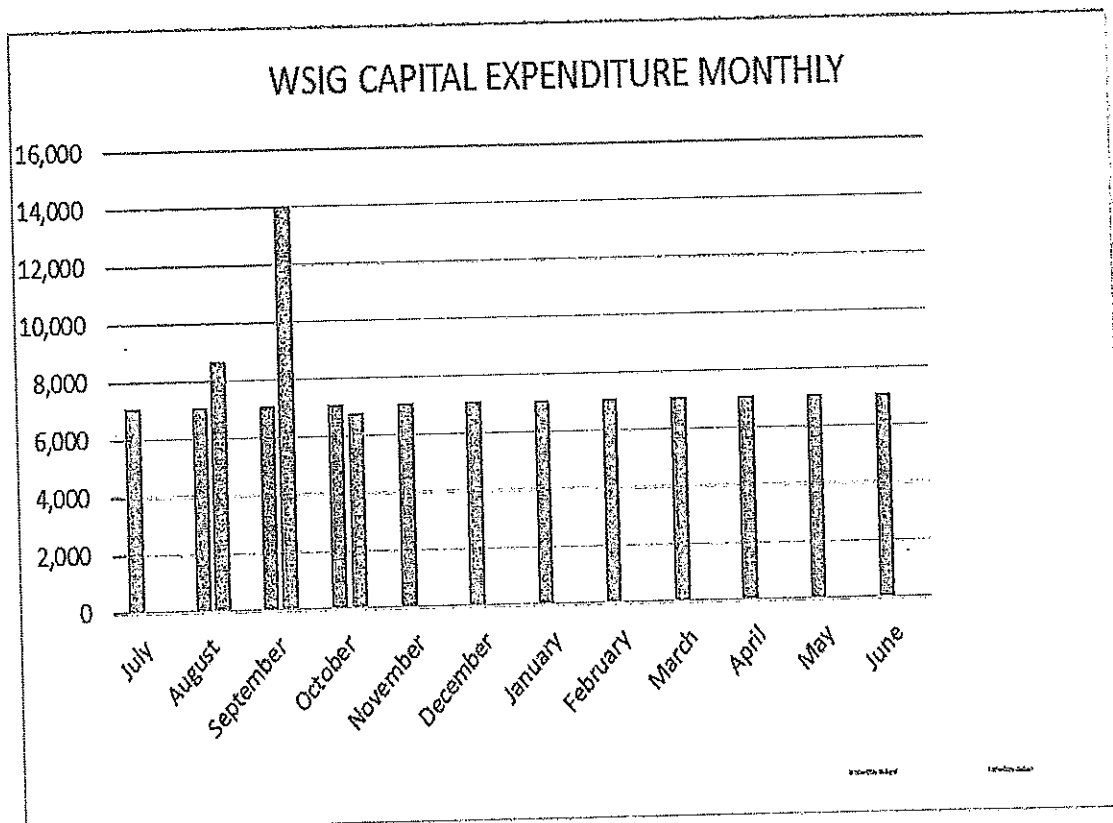




UMGUNGUNDOVU DISTRICT MUNICIPALITY

WSIG - Capital Expenditure Monthly Trend: Actual vs Budget

	Monthly Budget	Monthly Actual
July	7,083	0
August	7,083	8,659
September	7,083	14,049
October	7,083	6,792
November	7,083	0
December	7,083	0
January	7,083	0
February	7,083	0
March	7,083	0
April	7,083	0
May	7,083	0
June	7,083	0
	85,000	29,500

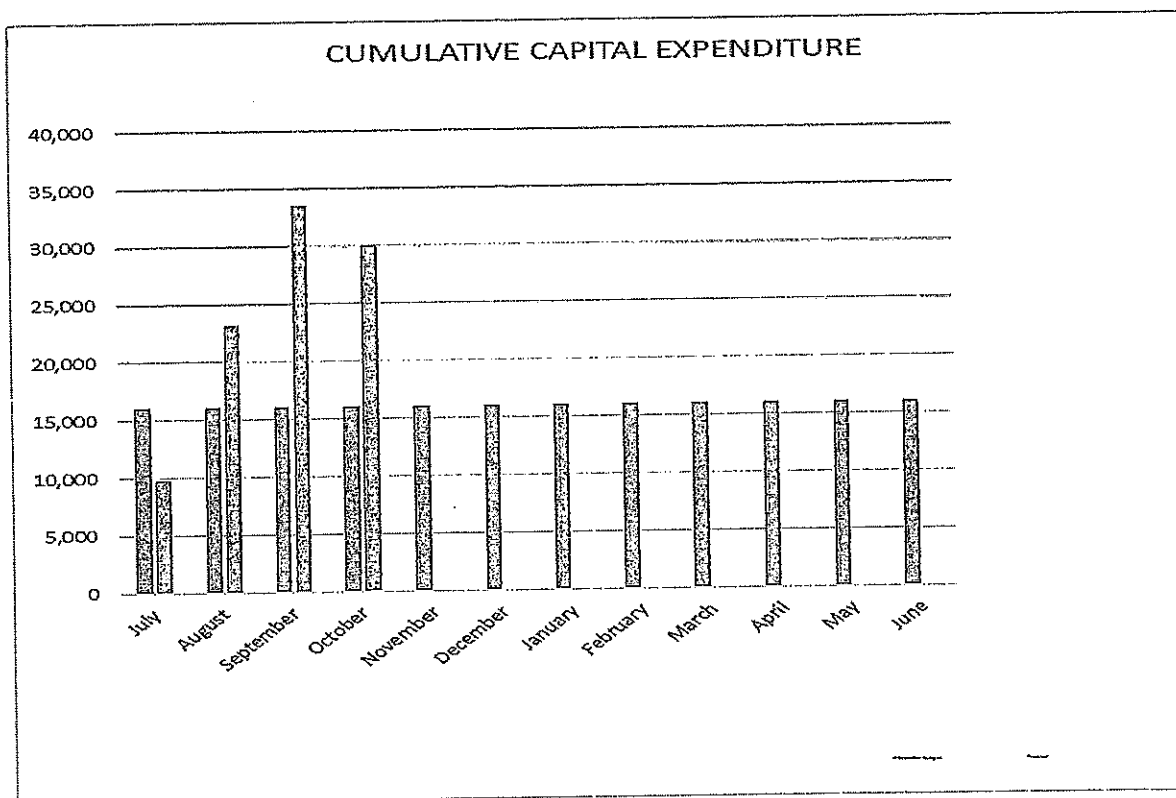




UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Cumulative MIG & WSIG Expenditure: Monthly Actual vs Monthly Budget

	Monthly Budget	Actual
July	16,074	9,789
August	16,074	23,179
September	16,074	33,581
October	16,074	30,088
November	16,074	0
December	16,074	0
January	16,074	0
February	16,074	0
March	16,074	0
April	16,074	0
May	16,074	0
June	16,074	0
	192,893	96,637





UMGUNGUNDLOVU DISTRICT MUNICIPALITY

10. Budget Funding Plan Implementation

The 2021/22 Budget Funding Plan detailing the financial recovery strategies of the municipality was adopted by Full Council on 29 September 2021.

The table below details the actual year-to date (01 July to 31 October 2021) financial information against the projections as per the budget funding plan.

Municipality: Umgungundlovu District Municipality				
Financial Impact of the Budget Funding Plan on the Financial Performance (Table A4/B4)				
R thousand				2021/2022
Description	Year 1	Year-to-Date Actuals	Year-to-Date % (Budget vs Actual)	Comments
Revenue By Source				
Property rates				
Service charges - electricity revenue				
Service charges - water revenue	335 362 869.00	103 329 075.00	31%	In line with budget funding plan
Service charges - sanitation revenue	31 231 646.00	7 465 330.00	24%	Lower than anticipated in budget funding plan
Service charges - refuse revenue				
Rental of facilities and equipment				
Interest earned - external investments	548 073.00	746 902.00	136%	This item of income was estimated conservatively. The interest earned as at 31 October 2021 indicates that further inflows will be received by the municipality in the months to come.
Interest earned - outstanding debtors	13 935 686.00	17 359 065.00	125%	This item of income was estimated conservatively. The monthly interest on outstanding debtors is likely to increase at a reduced rate once the proposed write-off of debt as previously submitted to Council has been processed.
Dividends received				
Fines, penalties and forfeits				
Licences and permits				
Agency services				
Transfers and subsidies	611 851 000.00	263 254 230.00	43%	As per Treasury Payment Schedules
Other revenue				
Gains on disposal of PPE				
Total Revenue (excluding capital transfers and contributions)	992 829 176.00	392 154 602.00	43%	
Expenditure By Type				
Employee related costs	289 756 096.00	64 637 140.00	31%	In line with budget funding plan
Remuneration of councillors	12 956 624.00	3 984 891.00	31%	In line with budget funding plan
Debt impairment	240 114 494.99	12 109.00	0%	The debtors were tested for impairment as at 30 June 2021 where a debt impairment of R185 million was recognised. Furthermore, an amount of R12 106 has been written off in line with the Customer Incentive Scheme. Debtors balances will be tested on a quarterly basis.
Depreciation & asset impairment	44 590 371.00	16 078 213.00	36%	In line with budget funding plan
Finance charges	20 119 571.00	5 018 358.00	25%	In line with budget funding plan
Inventory consumed	278 067 793.00	8 111 778.00	3%	
Contracted services	130 852 005.00	52 097 140.00	40%	Expenditure relating to contracted services is closely monitored - an in-depth analysis is in progress.
Transfers and subsidies	7 958 074.00	4 684 804.00	58%	Transfer to UMEDA paid, balance still to be paid over.
Other expenditure	34 674 632.00	15 533 611.00	45%	Other expenditure is closely monitored - an in-depth analysis is in progress.
Loss on disposal of PPE				
Total Expenditure	1 039 109 660.99	190 258 134.00	18%	
Surplus/(Deficit)	46 180 484.99	201 896 468.00		

The year-to date (01 July to 31 October 2021) financial information indicates the following:

Service charges for water are in line with the projection as per the budget funding plan at 31% whereas service charges for sanitation are slightly below projection at 24%.

Interest earned on external investments as well as the interest earned on outstanding debtors was projected conservatively for purposes of the budget funding plan where actuals to date are 136% and 125%, respectively, of the projected amounts.



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The salary costs (employee and councilors) are in line with the budget funding plan at 31% of the projected amount as per the budget funding plan.

The pattern of spend of the contracted services and operational expenditure is not fixed throughout the financial year and are at and the Budget and Treasury Office has therefore commenced with an in-depth analysis of expense accounts (contracted and operational) in the financial system.

This includes a full examination of the use of segments. The expected outcome of the analysis is to achieve the correct composition of accounts to enable accurate processing of transactions in line with the Municipal Regulations on Standard Chart of Accounts. Moreover, the municipality is in the process of correcting the financial system (transacting) per account type.

The Budget and Treasury Office is also in the process of reviewing budget allocations and making necessary corrections.

The results of the transaction analysis together with the review of the budget allocations will inform the adjustment budget recommendations to Council.



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11. IN-YEAR BUDGET STATEMENT TABLES: OCTOBER 2021 REPORT

The preliminary financial results for the period ended 31 October 2021 (i.e. 4th month of the 2020/2021 financial year) are attached consisting of the following tables, in Annexure A:

Part 1

- (a) Table C1: Consolidated Monthly Budget Statement – Summary
- (b) Table C2: Consolidated Monthly Budget Statement – Financial Performance (standard Classification)
- (c) Table C3: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table C4: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure)
- (e) Table C5: Consolidated Monthly Budget Statement – Capital Expenditure by vote, standard classification, and funding
- (f) Table C6: Consolidated Monthly Budget Statement – Financial Position
- (g) Table C7: Consolidated Monthly Budget Statement – Cash Flow

Part 2

- (a) Table SC1: Material variance explanations
- (b) Table SC2: Monthly Budget Statement – Performance Indicators
- (c) Table SC3: Monthly Budget Statement – Aged Debtors
- (d) Table SC4: Monthly Budget Statement – Aged Creditors
- (e) Table SC5: Monthly Budget Statement – Investment Portfolio
- (f) Table SC6: Monthly Budget Statement – Transfers and grant receipts
- (g) Table SC7: Monthly Budget Statement – Transfers and grant expenditures
- (gb) Table SC7 (1): Monthly Budget Statement-Approved Roll overs

- (h) Table SC8: Monthly Budget Statement – Councillor and Staff Benefits
- (i) Table SC9: Monthly Budget Statement – Actual and Revised targets for cash receipts
- (j) Table SC10: Monthly Budget Statement – Parent Municipality Financial Performance (Revenue and Expenditure)
- (k) Table SC11: Monthly Budget Statement – Summary of Municipal Entities
- (l) Table SC12: Monthly Budget Statement – Capital Expenditure Trend
- (m) Table SC13a: Monthly Budget Statement – Capital expenditure on new assets by asset class
- (n) Table SC13b: Monthly Budget Statement – Capital expenditure on renewal of existing assets by asset class
- (o) Table SC13c: Monthly Budget Statement – Capital expenditure on repairs and maintenance by asset class
- (p) Municipal manager's quality certification

12. CONCLUSION

This report meets with the requirements of the MFMA, Sections 52(d) and 71 by submitting the 'In-year report' to Finance Committee on the implementation of the budget and the financial status of the municipality.



UMGUNGUNDLOVU DISTRICT MUNICIPALITY


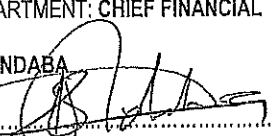
ANNEXURES:

Annexure – Schedule C

FINANCIAL SERVICES DEPARTMENT

PRELIMINARY IN-YEAR FINANCIAL REPORT (MONTHLY BUDGET STATEMENT) FOR THE PERIOD ENDING 31 OCTOBER 2021

REPORT CHECKED AND PASSED FOR SUBMISSION TO: FINANCE COMMITTEE

	COMPREHENSIVENESS (FACTS, COMMENTS, RECOMMENDATIONS ANNEXURES) (✓)	CORRECTNESS (✓)	QUALITY (✓)
MANAGER: BUDGET OFFICE MISS L NGUBANE SIGNATURE:  DATE:	(✓)	(✓)	(✓)
MANAGER: REVENUE MANAGEMENT SIBONGILE KHUMALO SIGNATURE: DATE:	(✓)	(✓)	(✓)
MANAGER: ASSET MANAGEMENT NONDUMISO MBATHA SIGNATURE: DATE:	(✓)	(✓)	(✓)
MANAGER: EXPENDITURE MANAGER MPUME KHUMALO SIGNATURE: DATE:	(✓)	(✓)	(✓)
HEAD OF DEPARTMENT: CHIEF FINANCIAL OFFICER: SIPHO NDABANDABA SIGNATURE:  DATE:	(✓)	(✓)	(✓)
MANAGER: INTERNAL AUDIT ADELE DORASAMY SIGNATURE: DATE:	(✓)	(✓)	(✓)



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Municipal Manager's quality certification

I, **Raymond Ngcobo**, Municipal Manager of the uMgungundlovu District Municipality, hereby certify that the monthly **preliminary** report on the implementation of the budget and financial state affairs of the municipality for the month of **October 2021** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Dr. MRB Ngcobo

Municipal Manager: uMgungundlovu District Municipality

Signature: _____

A handwritten signature in black ink, appearing to be "MRB Ngcobo", written over a horizontal line.

Date: _____

Print name: Cllr Muziwokuthula Zuma

Mayor: uMgungundlovu District Municipality

Signature: _____

Date: _____