MID-YEAR BUDGET AND PEFORMANCE ASSESSMENT OF UMZUMBE MUNICIPALITY

2023-2024

PART 1

1. EXECUTIVE SUMMARY

The performance assessment is based on the implementation of the planned projects and programs during the past six months ended 31 December 2023.

In conducting its performance assessment, the municipality utilized various sources of service delivery information such as financial reports, annual reports and SDBIPs to determine the status of planned targets within the contrast of efficiency and effectiveness.

For the past six months ending 31 December 2023, revenue to the amount of R 177.1 million was received against a budget of R281.1 million indicating a favorable 63 % of the revenue received.

The municipality incurred operating expenditure of R142.4 million against a budget of R281.5 million which represents a spending of 50.59 %. The municipality has implemented cost-cutting measures and will re-prioritize expenditure.

Capital expenditure for the past 6 months ending 31 December 2023 amounts to R27.9 million against the budget of R94 million reflecting a 29.6 % spent on capital and infrastructure projects to date.

The municipality remains in a sound financial position with a favorable liquidity position as at 31 December 2023. The bank balance was R115.5 million as at 31 December 2023 while investments amounted to R10.9 million.

The following are some of the key projects/ highlights for the six months ended 31 December 2023:

1.1 INFRASTRUCTURE DEVELOPMENT

Our infrastructure and other technical projects are funded by grants that we receive from national and provincial government i.e. Municipal Infrastructure Grant, Disaster Recovery Grant, Integrated National Electrification Program, Massification Grant, Equitable Share, Extended Public Works Program as well as the Low-Cost Housing Grant. The municipality's infrastructure projects include construction of access roads, community halls, municipal offices, sports complex, and sports fields upgrades. The allocation of capital grants for the 2023/2024 are as follows; R48.1 million for MIG and R15.7 million for Municipal Disaster Recovery Grant, the municipality was also allocated INEP grant of R27.9 million and Massification grant of R20.7 million was received. These funds were allocated to infrastructure related projects such as construction of access roads, sports complex, sports field's upgrades, and electrification projects. Other infrastructural projects are funded by internal funding and equitable share. The housing projects are implemented by the Provincial Department of Human settlements. The progress of some of the key infrastructural and other technical projects are as follows:

PROGRAMME	BUDGET	EXPENDITURE	BALANCE	PROGRESS
Construction of New Offices	R 8 695 652.00	R 5 867 353.41	R 2 828 298.59	The project is currently seating at 17% progress.
Construction of Mcindo Access Road	R 5 217 391.30	R 633 518.79	R 4 583 873.21	The project is currently at procurement phase.
Old Clinic Road	R 5 217 391.00	R 0.00	R 5 217 391.00	The project is currently at procurement phase.
Umzukhwane Access Road	R 5 217 391.00	R 822 509.89	R 4 394 881.11	The project is currently at procurement phase.
Fokseni Road	R 3 169 779.46	R 1 632 538.22	R 1 537 240.78	The project is 100% complete.
Phungula Access Road	R 4 134 950.00	R 1 506 140.03	R 2 628 809.97	The project is 100% complete.

Frankland Hall	R 3 599 363.00	R 695 313.24	R 2 904 049.76	The project is 100% complete.
Indoor sports centre cluster B	R 9 093 606.00	R 1 263 410.96	R 7 830 195.04	The project is currently at procurement phase
Designs for Ward 7 Community Hall	R 217 391.00	R 0.00	R 217 391.00	Currently Busy with Design Drawings
Designs for Ward 17 Community Hall	R 217 391.00	R 0.00	R 217 391.00	Currently Busy with Design Drawings
Designs for Ward 20 Community Hall	R 217 391.00	R 0.00	R 217 391.00	Currently Busy with Design Drawings
Ward 6 Sportsfield	R 6 956 522.00	R 1 107 256.70	R 5 849 265.30	The project is currently at procurement phase.
Sunduza Electrification phase 2	R 12 660 870.00	R 6 494 290.96	R 6 166 579.04	The project is 76% complete.
Power Faith Electrification phase 2	R 4 695 652.00	R 3 453 166.38	R 1 242 485.62	The project is 64% complete.
Phungashe Electrification	R 6 956 522.00	R 1 310 080.00	R 5 817 322.00	The project is 0% complete, Designs have been approved
Gobamehlo Electrification	R 8 625 000.00	R 8 573 167.80	R 51 834.20	The project is 100% complete, Designs have been approved
Isiphofu Electrification Phase 2	R 12 945 976.41	R 10 411 368.53	R 2 534 607.88	The project is 98% complete.
Mbonje Electrification Phase 3	R 1 106 626.77	R 0.00	R 1 106 626.77	The project is 100% complete.
Mbonje Electrification Phase 2	R 1 326 623.00	R 0.00	R 1 326 623.00	The project is 100% complete.
Casanova Road_Disaster 2019	R 1 171 563.00	R 646 777.03	R 524 785.97	The project is 40% complete.
Magistrate Road_Disaster 2019	R 1 514 925.00	R 1 396 093.77	R 118 831.23	The project is 100% complete.
Sgananda Road_Disaster 2019	R 696 496.00	R 147 894.30	R 548 601.70	The project is 0% complete.
Luthuli Road_Disaster 2019	R 1 514 925.00	R 1 201 166.58	R 313 758.42	The project is 85% complete.
Maphumulo Road_Disaster 2019	R 2 377 732.00	R 2 273 445.94	R 104 286.06	The project is 95% complete.
Shukusukuma Road_Disaster 2019	R 1 446 047.00	R 883 813.23	R 562 233.77	The project is 35% complete.

Mqadi Road_Disaster 2019	R 727 802.00	R 451 774.08	R 276 027.92	The project is 45% complete
Khoza Road_Disaster 2019	R 482 040.00	R 127 970.92	R 354 069.08	The project is 0% to complete.
Mahlangwini Road_2 Disaster 2019	R 1 089 493.00	R 517 275.85	R 572 217.15	The project is 60% complete.
Wimpy Road_Disaster 2019	R 1 069 577.00	R 616 523.56	R 453 053.44	The project is 55% complete.
Village Road_Disaster 2019	R 1 400 057.00	R 764 956.05	R 635 100.95	The project is 65% complete
Arsenal Road_Disaster 2019	R 178 801.00	R 147 179.34	R 31 621.66	The project is 100% complete.
LIC road- Sokudla Access Road	R 347 826.09	R 0.00	R 347 826.09	The project is on planning phase.
LIC road- Sokhela Access Road	R 347 826.09	R 0.00	R 347 826.09	The project is on planning phase.
LIC road- Nkobeni Access Road	R 695 652.17	R 185 952.70	R 509 699.30	The project is 10% complete.
LIC road- Mgorha Access Road	R 695 652.17	R 377 483.98	R 318 168.02	The project is 20% complete.
LIC road Thaskweni Access Road	R 347 826.09	R 0.00	R 347 826.09	The project is on planning phase.
LIC road Selesele Access Road	R 347 826.09	R 0.00	R 347 826.09	The project is on planning phase.
LIC Road Chibini Access Road	R 347 826.09	R 0.00	R 347 826.09	The project is on planning.

1.2 SOCIAL AND COMMUNITY SERVICES COMMUNITY SERVICES UNIT

The municipality has implemented projects that impact on social and community development. The performance of some of these key projects is as follows:

SOCIAL AND COMMUNITY SERVICES				
Community Services				
PROGRAMME	**BUDGET**	**EXPENDITURE**	**BALANCE**	**PROGRESS**
Maintenance of Facilities- Halls				

SOCIAL AND COMMUNITY SERVICES				
Purchase of furniture	R300 000.00	R256 335.00	R256 335.00	Ongoing
Cleaning Material and Tools	R375 000.00	R24 850.00	R350 150.00	Ongoing
Repairs of Community Facilities	R300 000.00	R7000.00	R293 000.00	Ongoing
Securing of Facilities (Burglar & Fencing)	R250 000.00	R184 800.00	R65 200.00	Ongoing
Inkanini Upgrade (Sound, HVAC, Equip etc.)	R1 500 000.00	R0.00	R1 500 000.00	Awaiting appointments (Gym equip, tiling, floor painting etc)
Renovations (Flooring, Roofing, Painting etc.)	R1 050 000.00	R0.00	R1 050 000.00	Awaiting appointments (KB Mpcc tiling, CoC etc)
Maintenance of Facilities-Sports fields				
Grass cutting	R325 000.00	R267 150.00	R57 850.00	Festive and Mayoral Izimbizo
Poles, Nets and Paint	R550 000.00	R26 000.00	R524 000.00	Festive painting
Grassing of sportfields	R900 000.00	R0.00	R900 000.00	Target for Q4
Equipment (Mowers etc.)	R150 000.00	R0.00	R150 000.00	Target for Q4
Provision of Free Basic Energy				
Electricity Tokens	R1 250 000.00	R660 281.33	R589 718.67	6months claims have been paid.
Gel and Stoves Provision to 130 HH	R200 000	R331 380.00	R18 620.00	and Q2 Gel distribution Reports compiled.
Indigent Support				
Dress a Child Programme	R1 500 000.00	R0.00	R1 500 000.00	Target for Q3
Indigent Relief Support (Food Parcels)	R650 000.00	R634 240.00	R15 760.00	Q1 and Q2 Indigent Support Reports compiled.
Review and adoption of Indigent Register	R550 000.00	R0.00	R550 000.00	Target for Q4
Service Delivery Events	R300 000.00	R192 050.00	R107 950.00	2/3 Service Delivery Events conducted
Public Safety				
Social Crime Awareness	R270 000.00	R106 700.00	R163 300.00	1/2 Public Safety Awareness conducted
Safe	R20 000.00	R0.00	R20 000.00	Awaiting renovation of EXCO offices
Grade F (DLTC-Staffing)	R50 000.00	R0.00	R50 000.00	Awaiting renovation of EXCO offices
Support Local Structures				
Support to ECDs (Material Support)	R550 000.00	R267 004.00	R282 996.00	Report of NPOs supported with material is submitted.

SOCIAL AND COMMUNITY SERVICES				
NGO Capacity Building	R300 000.00	R0.00	R300 000.00	Target for Q3
Animal Pound Establishment	R350 000.00	R0.00	R350 000.00	Target for Q3
Cemeteries Establishment	R150 000.00	R0.00	R150 000.00	Target for Q4
Disaster Management				
Disaster Awareness Campaigns	R535 000.00	R277 340.00	R257 660.00	2/5 DM Awareness conducted
Trainings or Capacity Building Workshops	R110 000.00	R0.00	R110 000.00	Target moved to Q4
Disaster Management Volunteer Programme	R850 000.00	R566 850.00	R 283 150.00	Stipend and capacity building
Response and Recovery	R1 800 000.00	R232 400.00	R1 567 600.00	Ongoing
Lightning Conductors	R450 000.00	R28 580.36	R421 419.64	Ongoing
Response Vehicle	R1 000 000.00	R0.00	R1 000 000.00	Target for Q4
Fire and Rescue Services				
Contracted Services	R750 000.00	R0.00	R750 000.00	Ongoing
PPEs	R600 000.00	(R128 384.09)	R471 615.91	Awaiting delivery of PPEs
Equipment (Jaws of Life)	R1 600 000.00	R0.00	R1 600 000.00	At BSC Target for Q4

PROGRAMME	BUDGET	EXPENDITURE	BALANCE	PROGRESS
Waste Management				
Waste Management SLA	R 1 400 000.00	R1 012 000	R388 000.00	6 reports for contracted waste collection services were submitted.
Equipment (Loose Tools)	R 250 000.00	R 180 180.00	R 69 820.00	In progress - work tools such as gloves, plastics, brooms, spades etc. have been procured, more is yet to be.
Alien Plant Management Plan	R 600 000.00			Consolidated into the State of the Environment Report.
Environmental Management Plan	R 600 000.00	R 104 347. 83	R 495 652.17	In progress - the State of the Environment Inception Report has been submitted. Subsequent phases are to be carried out till the end of financial year.
Maintenance of Waste Management Vehicles	R 400 000.00	R0.00	R 400 000.00	In progress - this will be effective when waste management vehicles are procured.
Environmental Greening (Materials and Supplies)	R 150 000.00	R 10 582.00	R139 418.00	In progress – more trees and garden supplies are still to be procured and distributed to schools.
Environmental Management Awareness Campaigns				
Pamphlets	R 50 000.00	R 0.00	R 50 000.00	In progress – 4/10 environmental awarenesses at schools have been conducted.
Promotional material (stationery)	R 50 000.00	R 15 000.00	R 35 000.00	In progress – 4/10 environmental awarenesses at schools have been conducted.
Purchase of Skip Bins	R 100 000.00	R 0.00	R 100 000.00	In progress - service provider appointed, awaiting the delivery of skip bins.
Recycling Programme	R 2 000 000.00	R 0.00	R 2 000 000.00	In progress - document submitted to bid specification.
Skip bins and Concrete bins	R 600 000.00	R 27 800.00	R 572 200.00	In progress – more bins are to be procured.
Enviro/Waste Mascot	R 25 000.00	R 0.00	R 25 000.00	In progress – awaiting appointment.
Waste Transfer Station	R 3 000 000.00	R 0.00	R 3 000.000.00	In progress - document submitted to bid specification.
Wate Management Park Home	R 150 000.00	R 0.00	R 150 000.00	In progress - service provider appointed, awaiting delivery.

1.3 PLANNING AND LOCAL ECONOMIC DEVELOPMENT UNIT

DEVELOPMENT PLANNING AND LOCAL ECONOMIC DEVELOPMENT				
Development Planning and Local Economic Development				
PROGRAMME	**BUDGET**	**EXPENDITURE**	**BALANCE**	**PROGRESS**
Upscaling the robust Agricultural Initiatives (Subsistence and Commercial Farming)	R1,304,347.83	R52,173.91	-R52,173.91	Project is currently at Inception Phase
Professionalization of Incubation Programmes	R1,739,131.00	R3,248,540.69	-R1,509,409.69	On-Going (8 SMME's & Co-Operatives have received financial and non-financial support through Professional Incubation Programme)
Intellectual rights and Profiling of tourism sites Phase 2	R391,304.00	R352,173.91	R39,130.09	Project is currently at Situational Analysis Phase (R900,000.00 Commitment)
Feasibility studies on Tourism Assets	R391,304.00	R0.00	R391,304.00	Project will be discontinued and funds to be re-allocated to another project
Establishment of Aqua-culture	R652,174.00	R978,260.87	-R326,086.87	Project is currently at Situational Analysis Phase
Feasibility Study- Automotive Centre	R652,174.00	R913,097.83	-R260,923.83	Project is currently at Draft Phase
Turton / Mthwalume Town Establishment & Corridor Plan	R652,174.00	R910,000.00	-R257,826.00	Project is currently at Draft Phase
High Mast Feasibility Study & Implementation Plan	R869,565.00	R695,652.17	R173,912.83	Project is currently at Situational Analysis Phase
Street Light Plan for St Faiths & Mehlomnyama	R217,391.00	R0.00	R217,391.00	Project is currently at Draft Phase
Designs & application to DOT for Tarring of Provincial Roads	R652,174.00	R0.00	R652,174.00	Project will be discontinued and funds to be re-allocated to another project
Land Use Management Scheme Review	R652,174.00	R521,739.13	R130 434.87	Project is currently at Situational Analysis Phase
Municipal Safety Plan	R326,087.00	R0.00	R326,087.00	Project will be discontinued and funds to be re-allocated to another project
DLTC- Feasibility Study	R869,566.00	R0.00	-R869,564.43	Project will be discontinued and funds to be re-allocated to another project
Cemeteries Feasibility study	R820,500.00	R0.00	R820,500.00	Project will be discontinued and funds to be re-allocated to another project
Land Fill Site & Waste Recycle Station Establishment Stage 2	R652,174.00	R1,333,913.04	R-681 739.04	Project is currently at Specialist Studies Phase

DEVELOPMENT PLANNING AND LOCAL ECONOMIC DEVELOPMENT				
Establishment of Disaster Management & Fire Rescue Centre (Designs and Feasibility Study)	R652,174.00	R1,054,650.00	-R402 476.00	Project is currently at Specialist Studies Phase
Land Administration (Conveyancers fees, transfer duties, Precinct Plans & Subdivisional Layouts)	R3,043,478.00	R0.00	-R434,782.87	Project is On-going
LOT 71 Land Acquistion, Professional Studies & N2 Interchange Application to SANRAL	R434,782.61	R0.00	R434,782.61	

1.4 OTHER PROJECTS:

1.4.1 INVESTMENT IN VEHICLES, PLANT & MACHINERY

The municipality did not acquire vehicles, plant, and machinery during the last six months. However, during the next two quarters, the municipality plans to increase its fleet with further acquisition of vehicles, plant, and machinery. This will enable the municipality to continue its operations smoothly and provide service delivery.

1.5 FINANCIAL VIABILITY:

1.5.1 ANNUAL FINANCIAL STATEMENTS FOR 2021/2022 FINANCIAL YEAR

The Annual Financial Statements for the financial year 2022/2023 were compiled in accordance with Generally Recognized Accounting Practice (GRAP). The Annual Financial Statements were submitted to the Auditor General within the legislated deadline being the 31 August 2023. Compliance to this effect was confirmed by the AG.

1.5.2 REPORT OF THE AUDITOR GENERAL & CORRECTIVE ACTION PLAN FOR 2022/2023 FINANCIAL YEAR

In terms of the MFMA, the municipality has to compile annual financial statements and submit them to the Auditor General by the 31 August. The Auditor general expresses an opinion on the Annual Financial Statements and issues an audit report to the municipality.

2022/23 annual audit by the office of the Auditor General has been delayed by several factors, the final audit report and management report should be expected by the end of January 2024.

The municipality must also address issues which have been raised by the Auditor General through the Management Report. These issues will be addressed in the corrective measures in the audit action plan to be tabled to Council.

1.5.3 MUNICIPAL PROPERTY RATES

As of 1 July 2009, the municipality began charging property rates in terms of the Municipal Property Rates Act. The municipality is now in its new cycle of the general valuation roll. The new valuation roll was compiled and came into effect on the 1 July 2017.The property rates billing system was updated to reflect the new valuation roll and customers were billed.

1.5.4 ADJUSTMENT BUDGET

The municipality has begun its processes towards preparing for the adjustment budget for the 2023/2024 financial year. Departmental meetings are being held to ensure that their budgets are reviewed taking into consideration all factors and plans for the next six months towards realistic achievement of targets. The Mid Year Budget and Performance reports are therefore taken into consideration towards achieving this adjusted budget.

1.5.5 MSCOA

The Municipal Regulations on a Standard Chart of Accounts (MSCOA) strategic municipal financial management reform (Municipal Regulations on a Standard Chart of Accounts) and operational and institutional implications came into effect on 1 July 2017.

The municipality is in its sixth year of implementation of MSCOA. The municipality went live on the MSCOA system in July 2017 and is currently transacting on this MSCOA system. There has been significant improvement in the use and compliance with the MSCOA system. During the last six months, the municipality has uploaded MSCOA extracts onto the LG Portal. The municipality has plans in place to address technical issues and ensure smooth running of the MSCOA system. All monitoring and evaluation of the system is ongoing by the municipality.

1.5.6 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The municipality incurred irregular expenditure arising from the prior year’s audit. The Accounting Officer conducted a detailed review and investigation on the matter. Remedial action was taken, and controls were strengthened to prevent the re-occurring of irregular expenditure. The report was submitted to Council, resulting in Council resolving that the expenditure be written off with associated contracts being ratified and condoned.

2. GOVERNANCE

The positions of Chief Financial Officer, Director: Social and Community Services currently occupied by officials on an acting capacity The position of Municipal Manager remains vacant and unoccupied. The recruitment processes have commenced, and positions should be filled in the foreseeable future.

3. IN YEAR BUDGET STATEMENT TABLES

Annexure A

- Table C1 refers to the monthly budget statement summary.
- Table C2 measures the financial performance by standard classification.
- Tables C3 measures the financial performance i.e., revenue and expenditure by municipal vote.
- Table C4 measures the financial performance i.e. revenue by source and expenditure by type.
- Table C5 measures the capital expenditure by vote.
- Table C6 refers to the financial position.
- Table C7 refers to the detail of projected cash in and out flow.
- Table SC1 to SC13d refer to supporting schedules.

PART 2

1. DEBTOR'S AGE ANALYSIS

KZN213 Umzumbe - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q2 Second Quarter

Description R thousands	NT Code	Budget Year 2023/24											
		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	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	–	–	–	–	–	–	–	–	–	–	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	–	(0)	–	–	–	7 557	–	30 278	37 835	37 835	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Management	1600	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	(0)	(0)	(0)	–	–
Interest on Arrear Debtor Accounts	1810	–	–	–	–	–	–	–	–	–	–	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	–	–	–	–	–	–	–	(59)	(59)	(59)	–	–
Total By Income Source	**2000**	–	(0)	–	–	–	7 557	–	30 219	37 775	37 775	–	–
2022/23 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	–	(0)	–	–	–	5 795	–	16 720	22 515	22 515	–	–
Commercial	2300	–	–	–	–	–	1 193	–	8 032	9 226	9 226	–	–
Households	2400	–	–	–	–	–	–	–	–	–	–	–	–
Other	2500	–	–	–	–	–	569	–	5 466	6 035	6 035	–	–
Total By Customer Group	**2600**	–	(0)	–	–	–	7 557	–	30 219	37 775	37 775	–	–

<u>Notes</u>

Material increases in value of debtors' categories compared to previous month to be explained

Bad debts = amounts actually written off in the month

Total by Income Source must reconcile with Total by Customer Group

Supporting Table SC3 provides a breakdown of the consumer debtors. The outstanding debtors at the end of 31 December 2023 amounted to R37.8 million. The municipality plans to recoup more debt through constant liaison with government departments, businesses, and the community. Taking Into consideration the dynamics of the municipality as well as realistic revenue recovery, the municipality has also not charged interest in the essence of incentivising rate payers to settle their accounts. In addition, the municipality has approached COGTA and Provincial Treasury to assist towards the recovery of rates outstanding. Therefore, the collection of debtors in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels.

2. CREDITOR'S AGE ANALYSIS

KZN213 Umzumbe - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q2 Second Quarter

Description R thousands	NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	–	–	–	–	–	–	–	–	–	–
Bulk Water	0200	–	–	–	–	–	–	–	–	–	–
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	424	12	1	(929)	952	(14)	(872)	997	572	572
Auditor General	0800	–	–	–	–	–	–	–	–	–	–
Other	0900	324	180	7	(78)	74	(3)	769	(11)	1 263	1 263
Total By Customer Type	**1000**	**747**	**193**	**8**	**(1 006)**	**1 027**	**(17)**	**(102)**	**986**	**1 835**	1 835

<u>Notes</u>

Material increases in value of creditors' categories compared to previous month to be explained

Supporting Table SC4 provides detail on aged creditors. The creditors balance as at the end of 31 December 2023 amounted to R 1.8 million. The municipality is constantly trying to improve its creditor's management to ensure efficiency.

3. INVESTMENT PORTFOLIO ANALYSIS

KZN213 Umzumbe - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q2 Second Quarter

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate [3]	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
FNB Call Account		Months	Call Deposit	Yes	Variable		0	0		5 231	33	(0)		5 264
Bus Fixed Maturity Notice		Months	32 Days	Yes	Fixed	5.85	0	0		5 684	120	(120)		5 684
														–
														–
														–
														–
														–
Municipality sub-total										10 915		(120)	–	10 948
Entities														
														–
														–
														–
														–
														–
														–
														–
Entities sub-total										–		–	–	–
TOTAL INVESTMENTS AND INTEREST	2									10 915		(120)	–	10 948

References

2. List investments in expiry date order

3. If 'variable' is selected in column F, input interest rate range

4. Withdrawals to be entered as negative

Supporting Table SC5 display the Councils' Investment Portfolio and indicates that R10.9 million is invested as at the end of 31 December 2023. The investments are held at authorised financial institutions and earn competitive interest rates. In addition, the municipality receives a competitive interest rate on its current account which has been factored into the budgeted amount of interest.

4. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

UMZUMBE

CONSOLIDATED GRANTS REGISTER FOR THE FINANCIAL PERIOD 31 DECEMBER 2023

REGISTER AS AT 31 DECEMBER 2023

GRANT NAME	BALANCE UNSPENT BEGINNING OF PERIOD 01 JULY 2023	Rollover allowed	Transfer to NT	Corrections	RECEIPTS THIS YEAR	EXPENDITURE THIS YEAR	BALANCE UNSPENT END OF PERIOD 31 DECEMBER 2023
Financial management grant	-				1 850 000.00	-1 249 203.12	600 796.88
Municipal infrastructure grant	-			15 718.17	7 500 000.00	-7 905 727.70	- 390 009.53
Expanded Public Work Grant	-				1 002 000.00	-848 158.34	153 841.66
Disaster Management Grant	119 100.94						119 100.94
National Electrification Grant	-	-	-		19 000 000.00	-10 444 583.28	8 555 416.72
Massification	210 774.61				20 700 000.00	-13 972 450.23	6 938 324.38
KZN Sports	50 000.00						50 000.00
Fire Fighting Grant	374 778.32						374 778.32
Disaster Recovery Grant	-				12 272 000.00	-7 301 484.19	4 970 515.81
Municipal Employment Initiative					1 000 000.00	-	1 000 000.00
	754 653.87	**-**	**-**	**15 718.17**	**63 324 000.00**	**-41 721 606.86**	**22 372 765.18**

For the six months ended 31 December 2023 conditional grants amounting to R63.3 million have been received, while expenditure incurred against these conditional grants amounted to R41.7 million. In addition, the municipality has received R122.2 million of its equitable share allocation as at 31 December 2023.

5. EXPENDITURE ON COUNCILOR AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

KZN213 Umzumbe - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q2 Second Quarter

Summary of Employee and Councillor remuneration	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
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		11 123	11 601	–	894	5 366	5 800	(435)	-7%	11 601
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		3 708	3 867	–	298	1 789	1 933	(145)	-7%	3 867
Cellphone Allowance		1 591	1 632	–	133	796	816	(20)	-3%	1 632
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		7 207	1 484	–	561	3 427	742	2 685	362%	1 484
Sub Total - Councillors		23 629	18 584	–	1 886	11 377	9 292	2 085	22%	18 584
% increase	4		-21.4%							-21.4%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		2 133	3 238	–	107	963	1 619	(655)	-40%	3 238
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	604	–	–	–	302	(302)	-100%	604
Motor Vehicle Allowance		700	1 079	–	36	308	540	(231)	-43%	1 079
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		236	270	–	22	51	135	(84)	-63%	270
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		–	70	–	–	36	35	1	4%	70
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		3 069	5 261	–	164	1 358	2 631	(1 272)	-48%	5 261
% increase	4		71.4%							71.4%
Other Municipal Staff										
Basic Salaries and Wages		40 303	53 014	–	3 774	22 084	26 507	(4 423)	-17%	53 014
Pension and UIF Contributions		6 270	11 083	–	557	3 300	5 542	(2 241)	-40%	11 083
Medical Aid Contributions		2 044	6 816	–	171	1 033	3 408	(2 375)	-70%	6 816
Overtime		3 115	2 403	–	573	2 865	1 202	1 664	138%	2 403
Performance Bonus		3 024	4 089	–	39	3 170	2 045	1 125	55%	4 089
Motor Vehicle Allowance		7 197	8 223	–	554	3 290	4 111	(821)	-20%	8 223
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		516	679	–	37	223	340	(117)	-34%	679
Other benefits and allowances		4 235	3 206	–	419	2 494	1 603	891	56%	3 206
Payments in lieu of leave		808	–	–	5	485	–	485	#DIV/0!	–
Long service awards		356	73	–	66	167	37	130	355%	73
Post-retirement benefit obligations	2	291	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		666	300	–	12	171	150	21	14%	300
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff		68 826	89 887	–	6 208	39 281	44 943	(5 662)	-13%	89 887
% increase	4		30.6%							30.6%
Total Parent Municipality		95 524	113 731	–	8 257	52 016	56 866	(4 849)	-9%	113 731

Supporting Table SC8 provides the detail for councillor and employee benefits paid. The total salaries, allowances and benefits paid for the first six months ending 31 December 2023 amounted to R52 million against the budget of R113.7 million representing a spending of 46% of the budget. There were vacant posts that were not yet filled as at the end of December 2023.

6. MATERIAL VARIANCES TO THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The municipality successfully held its quarterly reviews in which actual performance was measured against targets set out in the SDBIP. The result of these interactive sessions indicate that the implementation of the budget against the service delivery targets are on track with no major deviations. In addition, departments within the municipality have also reviewed their SDBIPs and were accordingly adopted by council.

Table C7 provides details of the cash inflow and outflows setting out receipts by source and payments by type per month.

KZN213 Umzumbe - Table C7 Monthly Budget Statement - Cash Flow - Q2 Second Quarter

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		(4 275)	5 375	–	–	3 262	5 768	(2 505)	-43%	5 375
Service charges		–	–	–	–	–	–	–		–
Other revenue		815	2 060	–	12	183	1 030	(847)	-82%	2 060
Transfers and Subsidies - Operational		280 835	197 603	–	54 318	158 708	98 801	59 907	61%	197 603
Transfers and Subsidies - Capital		(62 552)	61 469	–	4 772	15 644	30 735	(15 091)	-49%	61 469
Interest		10 325	11 583	–	757	4 787	5 792	(1 004)	-17%	11 583
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(931 945)	(253 551)	–	(27 023)	(92 775)	(99 450)	(6 676)	7%	(253 551)
Finance charges		–	(30)	–	–	–	(15)	(15)	100%	(30)
Transfers and Subsidies		–	(8 109)	–	–	–	4 054	4 054	100%	(8 109)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**(706 797)**	**16 401**	–	**32 837**	**89 809**	**46 714**	**(43 095)**	**-92%**	**16 401**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	435	–	–	–	–	–		435
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		631 633	(105 085)	–	(5 950)	(27 899)	(52 543)	(24 644)	47%	(105 085)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**631 633**	**(104 650)**	–	**(5 950)**	**(27 899)**	**(52 543)**	**(24 644)**	**47%**	**(104 650)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD		**(75 164)**	**(88 249)**	–	**26 887**	**61 911**	**(5 829)**			**(88 249)**
Cash/cash equivalents at beginning:		–	90 329	–		64 626	90 329			90 329
Cash/cash equivalents at month/year end:		(75 164)	2 080	–		126 537	84 500			2 080

References

1. Material variances to be explained in Table SC1

The municipality have a R126.5 million in cash and cash equivalents held as at 31 December 2023.

7. CAPITAL PROGRAMME PERFORMANCE

Capital Expenditure - Functional Classification										
Governance and administration		**(12 211)**	**16 084**	–	**2 314**	**6 736**	**8 042**	(1 306)	-16%	**16 084**
Executive and council		1 403	–	–	–	–	–	–		–
Finance and administration		(13 614)	16 084	–	2 314	6 736	8 042	(1 306)	-16%	16 084
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**(35 229)**	**10 512**	–	**199**	**1 356**	**5 256**	(3 900)	-74%	**10 512**
Community and social services		(24 665)	8 817	–	199	1 356	4 408	(3 052)	-69%	8 817
Sport and recreation		(10 564)	–	–	–	–	–	–		–
Public safety		–	1 696	–	–	–	848	(848)	-100%	1 696
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**29 294**	**64 285**	–	**3 409**	**19 779**	**32 143**	(12 364)	-38%	**64 285**
Planning and development		–	21 094	–	783	5 240	10 547	(5 307)	-50%	21 094
Road transport		29 294	43 192	–	2 627	14 539	21 596	(7 057)	-33%	43 192
Environmental protection		–	–	–	–	–	–	–		–
Trading services		–	**3 152**	–	**28**	**28**	**1 576**	(1 548)	-98%	**3 152**
Energy sources		–	–	–	–	–	–	–		–
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	3 152	–	28	28	1 576	(1 548)	-98%	3 152
Other		–	17	–	–	–	9	(9)	-100%	17
Total Capital Expenditure - Functional Classification	3	**(18 147)**	**94 051**	–	**5 950**	**27 899**	**47 026**	**(19 127)**	**-41%**	**94 051**
Funded by:										
National Government		(5 549)	53 450	–	2 627	14 414	26 725	(12 311)	-46%	53 450
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–		–
Transfers recognised - capital		**(5 549)**	**53 450**	–	**2 627**	**14 414**	**26 725**	**(12 311)**	**-46%**	**53 450**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		(12 598)	40 601	–	3 323	13 485	20 301	(6 816)	-34%	40 601
Total Capital Funding		**(18 147)**	**94 051**	–	**5 950**	**27 899**	**47 026**	**(19 127)**	**-41%**	**94 051**

Table C5 measures the capital expenditure by vote. Capital expenditure for the six months ending 31 December 2023 amounts to R 27.9 million against the budget of R94 million reflecting a 29.6% spent on capital and infrastructure projects to date. The municipality has plans in place to accelerate capital expenditure to make 100% spending on capital budget.

With specific reference to the capital grants being MIG and Municipal Disaster Recovery Grant, the municipality was allocated an amount of R48.1 million for MIG and R15.7 million for Municipal Disaster Recovery Grant for the 2023/2024 financial year. As at 31 December 2023, R7.5 million has been received from MIG and R12.2 million for Municipal Disaster Recovery Grant and expenditure incurred to date amounted to R 7.9 million and R7.3 million respectively, representing an 16.4% and 46.4% spending of the total annual allocation respectively.

CONCLUSION AND RECOMMENDATION

Overall, the assessment indicates the need to revise projections for revenue and expenditure. Accordingly, the proposed detailed budget adjustments are necessary and are expected to enhance service delivery by ensuring that resources are earmarked for those activities where they are needed the most and to ensure that under spending is minimized.

It is recommended that the Mid-Year Budget and Performance assessment for the first 6 months be approved.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, …………………………………., Acting Municipal Manager of Umzumbe Municipality, hereby certify that the Mid- Year Budget and Performance Assessment report for the first half of the year end December 2023 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name___________________________________

Municipal Manager of Umzumbe Municipality (KZN213)

Signature____________________________________

Date ____________________________________

The municipality at the time of submission had not appointed a Municipal Manager.

This report was prepared and submitted by the acting Chief Financial Officer.