Umzumbe

MUNICIPALITY

SECTION 72 & 52(d) REPORT

QUARTER 2

2024-2025

PART 1

1. EXECUTIVE SUMMARY

The performance assessment is based on the implementation of the planned projects and programs during the past 6 months ended 31 December 2024.

In conducting its performance assessment, the municipality had 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 6 months ending 31 December 2024, revenue to the amount of R 193 million was received against a budget of R253 million indicating a favorable 76.28% of the revenue budget.

Furthermore:

Property Rates
Original Budget for 2024-2025 financial year is R 12.6 million and the amount billed up to date is R 12.4 million and annual rates are billed once in July of every year.

Interest from current and no-current asset
Original Budget for interest from external investment for 2024-2025 financial year is R10 million and the actual up to date is R 2.5 million, this will be reviewed during the budget adjustment.

Sale of Goods and Rendering of Services
Sale of goods and rendering of services is made of tender sales. The original budget for tender sales is R 230 000. and the actual up to date is R2000 . There are no tender sales in the period under review.

Rental from fixed Assets
Original Budget for hall hire fee and Rental of facilities is R 435 000.00 and actual up to date is R62 000.00 and this will be revised during budget adjustment

Operational Revenue
Original Budget is R 600 000.00 and actual up to date is R 751 000 and this have over performed and will be looked in to during budget adjustment and adjusted accordingly.

License and permit
Original budget for R1.9 million and actual to date is R20 000, under performance is caused by a delay in car licensing office that was proposed and will be looked in to during budget adjustment.

Transfers and subsidies -Capital grants

Capital grants include Municipal Infrastructure Grant and Disaster and realized. Approved budget is R39 million and YTD actual **is R54 Million which is 138%.** Disaster grant will be added during budget adjustment.

Transfers and subsidies -Operation Grants

Operational grants include all operational conditional grant and equitable share received and realized. Approved budget is R181 million and YTD actual is R135 Million which is 71.4%.

EXPENDITURE

The municipality incurred the overall operating expenditure of R113 million against a budget of R206 million whish represents a spending of 54.85%. The municipality has implemented cost cutting measures and will re-prioritize expenditure.

Employee Related Cost

The employee cost are total salaries and wages ,and all allowances and benefit paid to all municipal employees including senior managers The approved budget for employee related costs is R 89.3million . YTD budget is R 44.6 million ,year to date actual R 43.8 million and the variance of R 799 000.

Remuneration of Councillors

Remuneration of Councillors includes salaries and allowances of Mayor, Deputy Mayor, Speaker and other Municipal Councillors .The approved budget for remuneration of councillors is R17.6 millions . YTD budget is R 8.8 million ,year to date actual R 12.5million and the variance of R3.7 million. This was due to two separate upper limits paid in the current year after the approval by the KZN COGTA MEC.

Inventory Consumed

Inventory consumed is all consumable items like fuel and oil ,stationery, cleaning material and small tools, The original budget is R 3 million. YTD budget is R 1.3 million ,year to date actual R 1.5 million and the variance of R200 000.00.

Debt impairment

Original budget for debt impairment is R 2.5 million . YTD budget is R 1.2 million ,the year to date actual is R nil and the variance of R 1.2 million. This will be processed in the third quarter of the financial year.

Normally we have process this debt impairment at year end.

Depreciation

Approved Budget for depreciation is R 30 million. YTD budget is R 15 million ,the year to date actual is R nil and the variance of R 15 million. The depreciation will be processed in the third quarter of the 2024/25 financial year.

Contracted Services

Original budget for contracted services is R32 million .YTD budget is R 16 million , year to date actual is R34 million and the variance is R 18 million.

Transfers and subsidies

Approved budget for transfers and subsidies is R 4.6 million. YTD budget is R 2.3million, YTD actual is R2.9 million and the variance of R600 000.00.

Operational Cost

Operational costs have an approved budget is R 26.5 million. YTD budget is R 13.2million ,YTD actual is R 18 million and the variance of R4.8 million.

Capital expenditure for the past 6 months ending 31 December 2024 amounts to R50.5 million against the budget of R63 million reflecting a 80 % spent on capital and infrastructure projects to date. This was mainly because of high expenditure on MIG.

The municipality remains in a sound financial position with a favorable liquidity position as at 31 December 2024. The bank balance was R54 million as at 31 December 2024 while investments amounted to R11.3 million.

2. 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.
- Table 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

Supporting Table SC3 provides a breakdown of the consumer debtors. The outstanding debtors at the end of 31 December 2024 amounted to R48.6 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 not charged interest in the context 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

Supporting Table SC4 provides detail on aged creditors. The creditors balance as at the end of 31 December 2024 amounted to R 601 000.00. The municipality is constantly trying to improve its creditor's management to ensure efficiency.

3. INVESTMENT PORTFOLIO ANALYSIS

Supporting Table SC5 display the Councils' Investment Portfolio and indicates that R11.3 million is invested as at the end of 31 December 2024. 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

For the past 6 months ended 31 December 2024,conditional grants amounting to R61.7million was received while expenditure incurred against these conditional grants amounted to
R35.3million. In addition, the municipality has received R128.3 million, of its equitable share budget as at 31 December 2024.

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

Supporting Table SC8 provides the detail for councillor and employee benefits paid. The total salaries, allowances and benefits paid for the first 6 months ending 31 December 2024 amounted to R12.5 million against the budget of R17.6 million representing a spending of 71% of the budget.

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.

The municipality have a R53.5 million in cash and cash equivalents held as at 31 December 2024.

7. CAPITAL PROGRAMME PERFORMANCE

Table C5 measures the capital expenditure by vote. Capital expenditure for the 6 months ending 31 December 2024
amounts to R 50.5 million against the budget of R 63

million reflecting a 80% spent on capital and infrastructure projects to date. The municipality had plans in place to accelerate capital expenditure to make 100% spending on capital budget .

With specific reference to the MIG, the municipality was allocated an amount of R39.5 million for the 2024/2025 financial year and R31.7 million has been received and expenditure incurred to date amounted to R 31.7 million, representing an 80% spending of the total annual allocation.

CONCLUSION AND RECOMMENDATION

It is recommended that the Council note the budget Implementation and state of financial affairs for the Quarter 2 in terms of Section 52 (d) and section 72 of the MFMA.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Mr S. Cele Municipal Manager of Umzumbe Municipality, here by certify that the report for Quarter 2 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name RP. NTANDO BUMA

Municipal Manager of Umzumbe Municipality (KZN213)

Signature

Date 24/01/2025