Umzumbe

MUNICIPALITY

BUILDING A BETTER FUTURE

SECTION 52 REPORT

QUARTER 3

2024-2025

PART 1

1. EXECUTIVE SUMMARY

The performance assessment is based on the implementation of the planned projects and programs during the past 9 months ended 31 March 2025.

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 9 months ending 31 March 2025, revenue to the amount of R 239 million was received against a budget of R 265 million indicating a favorable 90% of the revenue received.

Further More:

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

Interest from current and no-current asset
Adjusted Budget for interest from external investment for 2024-2025 financial year is R6 million and the actual to date is R 3.5 million which is 58.33% of the budgeted amount.

Sale of Good and Rendering of Services
Sale of goods and services is made up of tender sales. The adjusted budget for tender sales is R 231 000 and the actual up to date is R2000 Thousand rands.

Rental from fixed Assets
Adjusted Budget for hall hire fee and Rental of facilities is R 435 000 and the actual receipt to date is R83 000.00.

Operational Revenue
Adjusted Budget for is R 600 000.00 and actual receipt to date is R 765 000 .

License and permit
Adjusted budget for R1.9 million and actual to date is R32000 under performance is caused by delays in opening the car licensing office that was proposed.

Transfers and subsidies -Capital grants
Capital grants include Municipal Infrastructure and Disaster Grants realized. Approved budget is R63.5 million and YTD actual is R54 Million which is 85 of the adjusted budget%.

Transfers and subsidies -Operation Grants

Operational grants include all operational conditional grants and equitable share received and realized. Approved budget is R186 million and YTD actual is R180 million which is 96.77% of the adjusted budget amount.

EXPENDITURE

The municipality incurred the overall operating expenditure of R156 million against a budget of R207 million whish represents a spending of 75.36. 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 adjusted budget for employee related cost is R 89.3million . YTD budget is R 66.9 million whilst year to date actual is R 63.9 million and a variance of R -3 million.

Remuneration of Councillors

Remuneration of Councillors includes salaries and allowances of the Mayor, Speaker, deputy mayor, Council Whip and other municipal Councillors .The approved adjusted budget for remuneration of councillors is R17.6 millions . YTD budget is R 13 million and year to date actual R 18 million and the variance of R5.6 million.

Inventory Consumed

Inventory consumed is all consumable items like fuel and oil, stationery, cleaning material and small tools, The adjusted budget is R 2.5 million. YTD budget is R 2.2 million and year to date actual R 1.8 million and the variance of R-449 thousand rands.

Debt impairment

Original budget for debt impairment is R 2.5 million . YTD budget is R 1.9 million ,the year to date actual is R nil and the variance of R 1.9 million. This line item is usually processed at the end of the financial year.

Depreciation

Approved Budget for depreciation is R 28 million. YTD budget is R 21 million ,the year to date actual is R nil and the variance of R 21 million.

Contracted Services

Original budget for contracted services is R34 million .YTD budget is R 25.5 million , year to date actual is R42.6 million and the variance is R 17 million.

Transfers and subsidies

Approved budget for transfers and subsidies is R 4.5 million. YTD budget is R 3.4million, YTD actual is R3.5 million and the variance of R192 Thousand rands.

Operational Cost

Operational cost have an approved adjusted budget of R 27.8 million. YTD budget is R 21 million ,YTD actual is R 25.7 million and the variance of R4.6 million.

Capital expenditure for the past 9 months ending 31 March 2025 amounts to R 68 million against the budget of R83 million reflecting a 81.93 % spent on capital and infrastructure projects to date.

The municipality remains in a sound financial position with a favorable liquidity position as at 31 March 2025. The bank balance was R47 million as at 31 March 2025 while investments amounted to R5.8 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 March 2025 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 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 the outstanding government debt. Therefore, the collection of debtors in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. A new revenue enhancement committee has been formed and will meet and develop and adopt terms of reference.

2. CREDITOR'S AGE ANALYSIS

Supporting Table SC4 provides detail on aged creditors. The creditors balance as at the end of 31 March 2025 amounted to R 3.8 thousand. 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 R5.8 million is invested as at the end of 31 March 2025. 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 9 months ended 31 March 2025 conditional grants amounting to R64 million was received while expenditure incurred against these conditional grants amounted to R 41 million. In addition, the municipality has received R171 million, of its equitable share budget as at 31 March 2025.

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 9 months ending 31 March 2025 actual amounted of R82.7 million against the budget of R106.9 million representing a spending of 77.64% 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 R47.3 million in cash and cash equivalents held as at 31 March 2025.

7. CAPITAL PROGRAMME PERFORMANCE

Table C5 measures the capital expenditure by vote. Capital expenditure for the 9 months ending 31 March 2025 amounts to R 68 million against the budget of R 83 million reflecting a 81% spent on capital and infrastructure projects to date. The municipality had plans in place to accelerate capital expenditure to achieve 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 million has been received and expenditure incurred to date amounted to R 36.1 million, representing an 91% spending of the total annual allocation.

Municipal Disaster Recovery Grant was allocated R 23 700 million and total expenditure year to date is R 8 million representing an 34% of spending.

CONCLUSION AND RECOMMENDATION

It is recommended that the Council note the budget Implementation and state of financial affairs for the Quarter 3 in terms of Section 52 (d).

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Mr S. Cele Municipal Manager of Umzumbe Municipality, here by certify that the report for Quarter 3 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name Shaka Cele

Municipal Manager of Umzumbe Municipality (KZN213)

Signature

Date 14/04/2025