

SECTION 71 REPORT

April 2024

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Part 1 – Annual Budget

1.1 Mayor's Report

The Monthly section 71 report is a report that gives a clear view on the state or performance of the Municipality for that month as well as the year to date performance. Among the impacts that are challenging the Municipality, is the cash flow challenge currently being experienced by the municipality due to among other things declining collection, historic expenditure patterns, high water losses and high rate of indigents within the municipal boundaries.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the UThukela District Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

1.2 Council Resolutions

1. The Council of UThukela District Municipality, acting in terms of section 71 of the Municipal Finance Management Act, (Act 56 of 2003) to note :
2. Monthly Budget statements and supporting documents for the months of April 2024.

1.3 Executive Summary

As per Municipal Finance Management Act the municipality needs to prepare section 71 report in a prescribed format as per national treasury regulations.

The District Municipality has to embark on implementing revenue collection strategies to optimize the collection of debt owed by consumers.

The municipality is also embarking on assuring that all grants are spent during the 2023/24 financial year.

Table C4 - Budgeted Statement – Financial Performance (revenue and expenditure)

DC23 Uthukela - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M10 - April										
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										
Revenue										
Exchange Revenue		-	-	-	-	-	-	-	-	-
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water		210 272	212 742	250 026	23 824	215 872	199 657	16 216	8%	250 028
Service charges - Waste Water Management		15 970	17 412	17 160	1 448	14 286	14 358	(72)	-1%	17 160
Service charges - Waste management		-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		1 852	6 575	596	75	611	1 892	(1 281)	-68%	596
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		50 572	51 112	60 900	5 904	18 016	48 466	(30 450)	-63%	60 900
Interest from Current and Non-Current Assets		5 958	6 289	9 994	446	7 940	7 464	476	6%	9 994
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	-	-	-	-	-	-	-
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		702	2 384	193	-	233	672	(438)	-65%	193
Non-Exchange Revenue										
Property rates		-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		63	39	27	8	34 540	25	34 515	135639%	27
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		545 552	585 779	585 779	-	581 179	486 149	93 030	19%	585 779
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and		836 742	882 331	924 678	31 704	872 678	760 684	111 994	15%	924 678
Expenditure By Type										
Employee related costs		349 172	371 090	353 722	32 053	298 380	298 926	(548)	0%	353 722
Remuneration of councillors		6 389	6 709	6 164	516	5 133	5 264	(132)	-2%	6 164
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		44 877	44 822	48 083	7 746	48 498	37 672	10 826	29%	48 083
Debt impairment		180 240	156 966	156 966	-	101 389	130 805	(29 416)	-22%	156 966
Depreciation and amortisation		87 352	95 609	95 609	-	87 375	79 674	(12 289)	-15%	95 609
Interest		8 614	-	500	-	556	357	199	56%	500
Contracted services		194 098	198 197	135 784	6 152	99 607	113 185	(13 578)	-12%	135 784
Transfers and subsidies		3 120	3 285	5 485	-	3 285	4 058	(773)	-19%	5 485
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		222 658	173 857	134 091	1 174	96 807	121 122	(24 315)	-20%	134 091
Losses on Disposal of Assets		1 519	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		1 898 039	1 850 536	936 405	47 641	721 829	791 063	(70 033)	-9%	936 405
Surplus/(Deficit)		(267 297)	(168 205)	(11 727)	(15 937)	151 649	(30 379)	182 028	-599%	(11 727)

Operating Revenue:

Operating revenue recognised for the period July 2023 to April 2024 amounts to R31 million resulting in a 15% positive variance. For the Ten-month period the municipality had estimated R760 million, the actual revenue derived amounts to R872 million. The receipt of the equitable share has contributed to the positive variance.

WATER& SANITATION SALES:

The combined Water and Sanitation Sales income recognised is 9% above what is originally anticipated. The revenue billed for the month of April 2024 is a combined amount of R26 million.

INTEREST EARNED FROM RECEIVABLES:

The interest on consumer accounts has yielded -63% negative variance, this is an indication of an improvement in the revenue collected. The amount billed for April 2024 is R5.9 million.

INTEREST FROM CURRENT AND NON CURRENT ASSETS:

Interest earned on investments amounted to This line item has a positive variance of 6%. From the R7.4 million which was estimated for the nine-month period. The actual amount earned in March 2024 is R446 million.

FINES AND PENALTIES

The total collected on fines amounts to R25 thousand at the end of April 2024. The municipality is aiming to improve on this line item. The municipality has started the issuing of air pollution fines which were previously not issued.

TRANSFERES AND SUBSIDIES

Transfers and subsidies shows a positive variance of 19%. The municipality received operating grants amounting to R851 million in April 2024.

Operating Expenditure:

The total operating expenditure recognised for the period July 2023 to April 2024 amounts to R673 million, a negative -9% variance from the R721 million which was anticipated. For the month of April 2024 the municipality incurred expenditure amounting to R47 million. The municipality has adopted a budget funding plan with cost containment strategies in order to reduce expenditure.

EMPLOYEE RELATED COSTS AND REMUNERATION OF COUNCILLORS:

Employee related cost incurred for April 2024 is R32 million. The amount incurred for the remuneration of councillors is R516 thousand.

INVENTORY CONSUMED:

The bulk of inventory consumed comprises of fuel, oil and chemicals. Other materials expenditure for the month of April 2024 is R7 million.

CONTRACTED SERVICES:

The bulk of contracted services comprise of vehicle repairs, hire of plant, repairs to pumps and pipelines. The total contracted services incurred for the month of April 2024 is R6 million.

OPERATIONAL COSTS:

The implementation of the budget funding plan seeks to cut avoidable expenditure which does not relate to service delivery the municipality has managed to eliminate nice to haves, and soft projects in order to reduce expenditure related to this line item. The total operation costs incurred in April 2024 amounts to R1.1 million.

Table C5 – Monthly Budget Statements – Capital Expenditure

Capital Expenditure - Functional Classification											
Governance and administration			1 211	527		619	598	21	3%	527	
Executive and council						71		71	#DIV/0!		
Finance and administration			1 211	527		548	698	(51)	-5%	527	
Internal audit											
Community and public safety											
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services											
Planning and development											
Road transport											
Environmental protection											
Trading services			307 184	306 342	18 249	177 208	279 328	(102 119)	-37%	306 342	
Energy sources											
Water management	(0)		245 753	281 753	18 249	163 252	259 230	(96 978)	-35%	281 733	
Waste water management	0		61 421	24 559		13 957	29 057	(15 140)	-52%	24 509	
Waste management											
Other											
Total Capital Expenditure - Functional Classification	3		308 395	306 888	18 249	177 828	279 928	(102 098)	-36%	306 888	
Funded by:											
National Government				306 342	306 342	17 597	178 556	274 901	(98 345)	-36%	306 342
Provincial Government											
Distric Municipality											
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies)											
Transfers recognised - capital			306 342	306 342	17 597	176 556	274 901	(98 345)	-36%	306 342	
Borrowing	6										
Internally generated funds			2 053	527		548	796	(247)	-31%	527	
Total Capital Funding			308 395	306 888	17 597	177 104	275 696	(98 592)	-36%	306 888	

- As depicted above capital expenditure amounting to R18 million recorded at the month of April 2024.

Table C2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC23 Uthukela - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M10 - April										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands	1									
Revenue - Functional										
Governance and administration		714 294	595 835	593 455	884	713 887	495 055	218 833	44%	593 455
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		714 294	595 835	593 455	884	713 887	495 055	218 833	44%	593 455
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 282	39	27	1	371	25	346	1358%	27
Community and social services		1 251	-	-	-	346	-	346	#DIV/0!	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		31	39	27	1	26	26	(0)	-1%	27
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		360 034	592 999	637 537	31 019	319 369	520 889	(201 520)	-39%	637 537
Energy sources		-	-	-	-	-	-	-	-	-
Water management		360 034	592 999	637 537	31 019	319 369	520 889	(201 520)	-39%	637 537
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1 975 010	1 188 673	1 231 020	31 704	1 033 627	1 015 969	17 658	2%	1 231 020
Expenditure - Functional										
Governance and administration		461 834	417 572	395 528	14 135	282 858	331 582	(48 924)	-15%	395 528
Executive and council		47 987	64 311	61 263	5 590	43 298	51 807	(8 508)	-16%	61 263
Finance and administration		413 848	353 261	334 263	8 545	299 359	279 774	(40 416)	-14%	334 263
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		44 956	47 204	46 971	4 992	39 327	39 926	(599)	-1%	46 971
Community and social services		11 851	7 477	7 419	1 051	10 997	6 191	4 807	78%	7 419
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		33 104	39 727	39 561	3 941	28 329	33 735	(5 406)	-16%	39 561
Economic and environmental services		18 271	28 785	30 249	1 231	15 042	24 866	(9 824)	-40%	30 249
Planning and development		18 271	28 785	30 249	1 231	15 042	24 866	(9 824)	-40%	30 249
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		572 979	556 975	463 668	27 283	384 003	394 690	(10 687)	-3%	463 668
Energy sources		-	-	-	-	-	-	-	-	-
Water management		572 979	556 975	463 668	27 283	384 003	394 690	(10 687)	-3%	463 668
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1 898 039	1 050 536	936 405	47 641	721 029	791 063	(70 033)	-9%	936 405

Table C3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC23 Uthukela - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M10 - April										
Vote Description	Ref	2022/23			Budget Year 2023/24					
		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands										
Revenue by Vote	1									
Vote 1 - MAYOR AND MM		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		335	161	-	-	57	37	20	52.4%	-
Vote 3 - BUDGET AND TREASURY		713 958	595 474	593 455	684	713 830	495 017	218 813	44.2%	593 455
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)		1 291	-	-	-	346	-	346	#DIV/0!	-
Vote 5 - WSA& HEALTH SERVICES		31	39	27	1	25	25	(0)	-0.6%	27
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES		300 034	592 999	637 537	31 019	319 365	520 869	(201 520)	-38.7%	637 537
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 075 610	1 188 673	1 231 620	31 704	1 033 627	1 015 969	17 658	1.7%	1 231 620
Expenditure by Vote	1									
Vote 1 - MAYOR AND MM		47 987	64 311	61 263	5 950	43 299	51 807	(8 968)	-16.4%	61 263
Vote 2 - CORPORATE SERVICES		151 109	116 801	102 769	1 054	79 796	87 587	(7 791)	-8.9%	102 769
Vote 3 - BUDGET AND TREASURY		262 737	234 881	229 968	7 492	159 564	190 897	(31 334)	-16.4%	229 968
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)		30 122	36 261	37 659	2 262	26 039	31 056	(5 017)	-16.2%	37 659
Vote 5 - WSA& HEALTH SERVICES		33 104	41 306	41 097	3 941	28 329	35 025	(6 696)	-19.1%	41 097
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES		572 979	556 575	463 660	27 263	384 003	394 690	(10 687)	-2.7%	463 660
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1 998 039	1 050 536	936 405	47 641	721 029	791 963	(78 933)	-8.9%	936 405
Surplus/ (Deficit) for the year	2	(22 429)	138 137	294 615	(15 937)	312 598	224 906	87 692	39.8%	294 615

Part 2 – Supporting Documentation

Table SC3 Debtors age analysis

DC23 Uthukela - Supporting Table SC3 Monthly Budget Statement - aged debtors - M10 - April

Description	NT Code	Budget Year 2023/24								Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr		
R thousands											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1220	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1500	-	-	-	-	-	-	-	-	-	
Receivables from Non-exchange Transactions - Property Rates	1600	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Water Management	1520	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1530	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Property Rates Discount	1730	-	-	-	-	-	-	-	-	-	
Interest on Asset Liabilities Accounts	1910	-	-	-	-	-	-	-	-	-	
Recoverable unauthorised, irregular, irration and wasteful expenditure	1920	-	-	-	-	-	-	-	-	-	
Other	1930	-	-	-	-	-	-	-	-	-	
Total By Income Source	2888	-	-	-	-	-	-	-	-	-	
28222 - totals only		29 546	24 789	21 585	22 094	20 755	20 231	103 254	720 865	963 435	887 148
Debtors Age Analysis By Customer Group											
Organs of State	2200	-	-	-	-	-	-	-	-	-	
Commercial	2300	-	-	-	-	-	-	-	-	-	
Households	2400	-	-	-	-	-	-	-	-	-	
Other	2500	-	-	-	-	-	-	-	-	-	
Total By Customer Group	2888	-	-	-	-	-	-	-	-	-	

➤ The Municipality has a total amount of R 887 million of outstanding debt.

Top 10 Debtors

TOP 10 DEBTORS AS AT 30 APRIL 2024

ACCOUNT NUMBER	ACCOUNT HOLDER	OUTSTANDING TOTAL BALANCE
1061933	ESTCOURT HIGH SCHOOL	13 704 728,96
1014795	ALFRED DUMA LOCAL MUNICIPALITY STEADVILLE HOST	9 701 545,83
1024232	YENDE E N	7 151 341,72
1057544	LIEBENBERG LC	5 024 178,75
100132	MULLER KB	4 731 243,81
1024894	ZANELISENI GARDEN	3 255 453,83
1037484	ALFRED DUMA LOCAL MUNICIPALITY NURSERY	2 727 323,75
1051823	UTHUKELA DISTRICT MUNICIPALITY	2 318 048,40
1007393	ALFRED DUMA LOCAL MUNICIPALITY SWIMMING POOL	2 129 320,37
1064373	NTOKOZWENI COMMUNITY LAND TRUST	2 023 137,74

Bank Balance

Bank Balances				
The following reflects bank balances at 30 April 2024				
DESCRIPTION	JANUARY 2024	FEBRUARY 2024	MARCH 2024	APRIL 2024
FNB MAIN ACCOUNT 62252306280	5 385 860,96	15 457 428,07	68 393 318,13	9 327 466,24
FNB WATER ACCOUNT 62253072385	0	0	0	0
	43 188 202,58	15 457 428,07	14 791 225,24	9 327 466,24
Total cash held	9 327 466,24			

Collection rate

CONSUMER DEBTORS - PAYMENTS VS BILLING AS AT 30 APRIL 2024				
MONTH	BILLING	MONTHS	RECEIPTS	RECOVERY RATE %
June 2023	25 608 838,15	July 2023	8 496 218,06	33,18%
July 2023	30 432 078,23	August 2023	9 514 192,41	31,26%
August 2023	30 257 372,83	September 2023	13 219 878,76	43,69%
September 2023	29 957 161,76	October 2023	12 962 433,60	43,27%
October 2023	23 953 175,82	November 2023	9 529 050,56	39,78%
November 2023	28 423 891,12	December 2023	8 803 764,50	30,97%
December 2023	38 635 046,82	January 2024	10 286 165,04	26,62%
January 2024	32 768 007,06	February 2024	10 990 066,03	33,54%
February 2024	31 636 431,08	March 2024	8 682 749,59	27,45%
March 2024	35 271 911,28	April 2024	11 653 550,39	33,04%
April 2024	34 937 635,35			0,00%
TOTAL	341 881 549,50		104 138 068,94	30%
TOTALS				
BILLING - JUNE 2023 - APRIL 2024		341 881 549,50		
RECEIPTS - JULY 2023-APRIL 2024		104 138 068,94		
DIFFERENCE		237 743 480,56		30%

Table SC5 Investment portfolio

INVESTMENT ACCOUNT	OPENING BALANCE 2024/04/01	INVESTED 2024/04/01 TO 2024/04/30	DATE	DISINVESTED 2024/04/01 TO 2024/04/30	DATE	INTEREST ACCRUED 2024/04/01 TO 2024/04/30	DATE	CHARGES PAID 2024/04/01 TO 2024/04/30	VOTE	CLOSING BALANCE 2024/04/30
GRANTS										
FNB 82283178044 4.05% INTEREST RATE	400 942,44	0,00		0,00		2 240,84	01/05/2024	0,00		412 183,08
MIG										
FNB 8308 1036759 6.10% INTEREST RATE	10 312 736,71	0,00		10 312 736,71	18/04/2024	34 328,70	30/04/2024	0,00		34 328,70
WISG										
FNB 8308 1030498 6.10% INTEREST RATE	7 049 990,33	0,00		7 049 990,33	29/04/2024	43 800,87	30/04/2024	0,00		43 800,87
FMG										
037981184698/000001 INTEREST RATE	1 283 342,33	0,00		0,00		8 849,30	01/05/2024	0,00		1 291 991,62
GRANTS										
T100433799501 INTEREST RATE	301 576,81	0,00		0,00		2 806,04	30/04/2024	0,00		304 183,75
SALARIES										
5361810521 ABSA INVESTMENT TRACKER (AIT) INTEREST RATE	21 158 051,62	0,00		21 272 104,48	23/04/2024	113 802,87	23/04/2024	50,00	02/04/2024	0,00
GRANTS										
9387051902 ABSA INVESTMENT TRACKER (AIT) INTEREST RATE	36 085 342,47	37 000 000,00	04/04/2024	0,00		509 285,03	01/05/2024	50,00	02/04/2024	72 594 557,50
GRANTS										
9349109795 INTEREST RATE	150 503,49	0,00		0,00		986,74	01/05/2024	50,00	02/04/2024	157 504,23
EPWP										
068455304-004	3 010 423,19	0,00		3 922 797,27	18/04/2024	12 374,06	18/04/2024	0,00		0,00
RRAMS										
068455304-005	3 010 423,21	0,00		3 922 797,29	18/04/2024	12 374,06	18/04/2024			0,00
	83 999 030,50	35 000 000,00		46 480 454,09		740 136,95		100,00		74 928 585,45

The Municipality held investments of R83,6 million at the end of April 2024.

Table SC4 Creditors age analysis

DC23 Uthukela - Supporting Table SC4 Monthly Budget Statement - aged creditors - M10 April

Description	NT Code	Budget Year 2021/22								Total
		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	
R thousands										
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	4 704	3 017	1 709	2 559	349 409				361 398
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	4 704	3 017	1 709	2 559	349 409	-	-	-	361 398

Top 10 Creditors

SUPPLIER'S NAME	AMOUNT
UMNGENI WATER	168 500 860,50
DWS	91 376 580,77
INKOSI LANGALIBALELE	52 027 856,18
ALFRED DUMA	39 028 844,36
LUNASISI IDEAS	2 202 557,63
NOMPUMELELO HADEBE	1 636 611,28
SIMPRADOOR TRADING	952 425,00
BONAKUDE CONSULTING	875 246,68
UPHAPHELWEGWALAGWALA	732 262,50
RASP CONSULTING	611 069,38

Grant Performance:

	Audited Balance as at	Roll-Over Disallowed	Received	Spent & transferred to income		Closing Balance/ Unspent
Grant Type	01/07/2023		2023/24	2023/24	% Spent on received amount	
MUNICIPAL INFRASTRUCTURE GRANT	7 990 235,13		196 538 000,00	167 908 032,44	82%	36 620 202,69
WATER & SANITATION INFRASTRUCTURE GRANT	5 648 483,42	-3 848 483,42	85 000 000,00	41 565 049,42	48%	45 234 950,58
RURAL ROAD ASSET MANAGEMENT SYSTEM	0,00		2 672 000,00	1 774 997,24	66%	897 002,76
EPWP INTERGRATED GRANT	0,00		1 816 000,00	1 816 000,00	100%	0,00
FINANCE MANAGEMENT GRANT	0,00		2 100 000,00	1 854 364,69	88%	245 635,31
LG SETA	26 582,86		508 870,53	505 218,82	94%	30 234,57
	13 665 301,41	-3 848 483,42	288 634 870,53	215 423 662,61	72%	83 028 025,91

Financial Ratios

Financial Ratio	April 2024
Capital Expenditure to Total Expenditure (10%-20%)	18%
Cash Coverage (1-3 months)	0 Months
Debtors Collection Rate	30%
Net Debtors > 90 days (= 0)	664 Days
Net Operating Surplus Margin	25%
Creditors Payment Period > 30 days (= 0)	345 Days
Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure)	68%
Contracted Services % of Total Operating Expenditure	12.9%
% Actual CAPEX to budget (≥ 95%)	57.66%
% Actual OPEX to budget (≥ 95%)	68.63%
Operating Revenue Budget Implementation Indicator	98.91%

Cash flow:

Capital expenditure to total expenditure: The ratio indicates the prioritisation of expenditure towards current operations vs future capacity in terms of the municipal services. Which is currently with in an acceptable norm of 18% that is between (10% - 20%)

Cash Coverage: The ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without any additional revenue.

Debtors Collection Rate: A rate of 30% is below the acceptable norm of 100% collection indication that revenue collection of the municipality requires urgent attention and corrective measures should be implemented. A municipality with outstanding debtors should aim at achieving a collection rate of more than 100%.

Net Debtors Days: the ratio of 664 Days which way above the acceptable norm of 30 days, If the ratio is above the norm, this indicates that the Municipality is exposed to significant Cash Flow risk. This is also an indication that the municipality is experiencing challenges in the collection of outstanding amounts due to it.

Net Operating Surplus Margin: a ratio of 25% is shown meaning a ratio which is greater than 0% will enable the municipality to generate a surplus which will assist to contribute towards its capital funding requirements

Creditors Payment Period: the ratio indicate that it takes 345 days for the municipality to pay its creditors which is above the acceptable norm of 30 days. A period longer than 30 days to settle creditors is normally an indication that the Municipality may be experiencing cash flow problems, however in certain instances this may be as a result of disputes, processing of payments, etc. In addition, a ratio that exceeds the norm indicates that the Municipality may not be adequately managing its Working Capital or that effective controls are not in place to ensure prompt payments. The municipality will be required to provide further explanations in this regard.

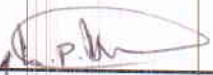
Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure): A rate of 68% is shown meaning it greater than the 20% and 40% norm, the ratio exceeds the norm it could indicate inefficiencies, overstaffing or even the incorrect focus due to misdirected expenditure to non-essentials or non-service delivery related expenditure. Various factors need to be considered when commenting on this ratio, such as the powers and functions performed by the municipality or entity, as this can create distortions in the outcomes, if the analysis ignores such factors.

Contracted Services % of Total Operating Expenditure: A ratio of 12.9% | way more than the acceptable norm of 2% and 5%. A ratio in excess of the Norm could indicate that many functions are being outsourced to consultants, or that Contracted Services are not effectively utilised. This also depends on the model of service delivery selected by the municipality. In addition, outsourcing decisions will have to be weighed against the ability to attract skills; however, increases in this ratio can further expose the municipality to other risks, such as its inability to build capacity and ongoing reliance on Contractors.

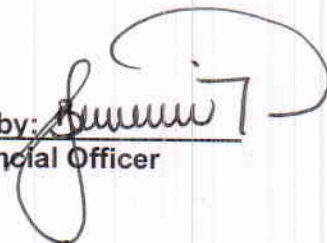
Capital Expenditure Budget Implementation Indicator: The ratio shows 57.66% which is below 95% and 100% therefore Any variance below 95% indicates discrepancies in planning and budgeting, capacity challenges to implement projects and/or Supply Chain Management process failures, which should be investigated and corrective measures implemented. Under-spending is also an indicator that the Municipality might be experiencing possible cash flow difficulties to implement projects. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programmes and/or projects.

Operating Expenditure Budget Implementation Indicator: the ratio shows a variance of 68.63%. Under-spending normally is an indicator that the Municipality experiences possible Cash Flow difficulties or capacity challenges to undertake Budgeted/ planned service delivery, and/ or does not prepare accurate and credible Budgets. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programmes and/or projects.

Operating Revenue Budget Implementation Indicator: a variance of 98% is shown which is within the acceptable norm of 95% and 100%. This ratio measures the extent of Actual Operating Revenue (Excl. Capital Grant Revenue) received in relation to Budgeted Operating Revenue during the financial year, under review.

Prepared by: 
Budget Officer

Reviewed by: 
Accountant Budget

Approved by: 
Chief Financial Officer

2.7. Municipal Manager's quality certificate

I **Langelihle Jili** , Municipal Manager of UThukela District Municipality, hereby certify that the Section 71 and supporting documentation for April 2024 have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name : L Jili

Signature

A handwritten signature in black ink, consisting of several loops and a horizontal line at the bottom, is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

Date : 10 May 2024