

**IN-YEAR MONITORING REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020**

**1. Operating Budget**

Summary financial performance report **SF1** for the period ending 31 DECEMBER 2020 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 - M06 December									
Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	253,282	335,018	335,018	25,179	146,795	167,509	(20,714)	-12%	335,018
Investment revenue	8,090	528	528	13	105	264	(159)	-60%	528
Transfers and subsidies	486,777	300,569	341,804	212,847	472,620	150,285	322,335	214%	300,569
Other own revenue	40,088	300,777	299,406	3,695	21,008	150,388	(129,380)	-86%	300,777
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>788,237</b>	<b>936,892</b>	<b>976,756</b>	<b>241,735</b>	<b>640,529</b>	<b>468,446</b>	<b>172,083</b>	<b>37%</b>	<b>936,892</b>
<b>Operating Expenditure</b>									
Employee costs	241,305	249,673	269,980	20,454	137,213	124,837	12,376	10%	249,673
Remuneration of Councillors	11,628	13,599	13,782	968	5,904	6,800	(896)	-13%	13,599
Depreciation & asset impairment	46,642	43,774	43,774	3,951	23,706	21,887	1,819	8%	43,774
Finance charges	11,502	27,550	27,550	1,775	17,654	13,775	3,879	28%	27,550
Materials and bulk purchases	161,412	185,526	170,091	-	81,770	92,763	(10,993)	-12%	185,526
Transfers and subsidies	13	9,929	6,500	-	3,258	4,964	(1,706)	-34%	9,929
Other expenditure	476,612	282,115	263,077	1,329	107,447	141,058	(33,611)	-24%	282,115
<b>Total Expenditure</b>	<b>949,113</b>	<b>812,166</b>	<b>794,754</b>	<b>28,477</b>	<b>376,952</b>	<b>406,083</b>	<b>(29,131)</b>	<b>-7%</b>	<b>812,166</b>
<b>Surplus/(Deficit)</b>	<b>(160,876)</b>	<b>124,726</b>	<b>182,001</b>	<b>213,258</b>	<b>263,577</b>	<b>62,363</b>	<b>201,214</b>	<b>323%</b>	<b>124,726</b>

The revenue raised as at 31 December 2020 is R 640.5 million against the adjusted budget of R 976.7 million for the year and R 468.4 million for the period. This reflects a revenue rate of 65% against the adjusted budget.

The operating expenditure as at 31 December 2020 was R 376.9 million vs a year to date budget of R 406.1 million reflecting YTD expenditure of 92% and 47% of the adjusted budget. The operating surplus for the period was **R 337.7 million**.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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

- Service charges below target by -12%.
  - Transfers and subsidies are 214% above target due to the receiving the Equitable Share and other grants.
  - Investment revenue is -60% below target, the investment is due for renewal in September 2021.
  - Other revenue account, the amount is made up of: Tender sales, Rental of facilities and SANBI
- The reasons for variances per source group are also cited in Annexure A, Table SC1 of this report.

### 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	Adjusted Budget 2020 /2021	Expenditure as at 31 December 2020	% spent
MIG	101,245,000.00	33,326,997.75	32.92
WSIG	80,000,000.00	39,961,828.04	49.95
RRAMS	2,552,000.00	794,129.00	31.12
INTERNALLY GENERATED FUND(ES)	41,235,000.00	521,962.50	1.27
	225,032,000.00	74,604,917.29	33.15
<b>LESS NON CAPITALISED PROJECTS</b>			
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>225,032,000.00</b>	<b>74,604,917.29</b>	<b>33.15</b>

The total original capital budget for the 2020/ 2021 financial year is **R 183 million** including the allocation for the Rural Roads Assets Management Grant of R 2.5 million.

The MIG allocation is R 101 million was originally approved, an additional allocation of R 41.2 million from Treasury for Covid 19 Response was allocated through the Equitable Share and the Water Services Infrastructure Grant is R 80 million and the adjusted Capital Expenditure Budget is **R225 million**. Year to date expenditure for MIG is R 33.3 million and WSIG is R 39.9 million.

### 3. Employee costs and councillor's 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 councillor's amounts to R 13.8 million while salaries budget for staff amounts to R 269.9 million. This brings the total salaries budget to R 283.7 million, which is 36% of

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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 costs incurred, including Senior Managers, as at 31 December 2020 amounts to R 137.2 million while the actual salaries cost for Councillors is R 5.9 million. This amounts to a total of R 143.1 million and it represents 50% of the total salaries budget
- 3.5 Remuneration of councillors is spent at 42% of the total remuneration budget for Councillors. While 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 in the district. Also, the number of meetings held during the financial year June is not the same as the number of meetings predicted at the time of the budget process.
- 3.6 The salaries and benefits paid to councillors in the month of December 2020 are still based on the December 2018 promulgation which was effective for payment in the month of July 2018.

# UMGUNGUNDOLOVU DISTRICT MUNICIPALITY

Table 3

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December										
Summary of Employee and Councillor remuneration	Ref	2019/20	Budget Year 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
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		7,054	8,606	8,789	587	3,527	4,303	(776)	-18%	8,606
Pension and UIF Contributions		679	355	355	58	347	177	169	95%	355
Medical Aid Contributions		190	338	338	16	95	169	(73)	-44%	338
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		822	925	925	70	423	463	(39)	-8%	925
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		2,882	3,375	3,375	238	1,511	1,688	(176)	-10%	3,375
<b>Sub Total - Councillors</b>		<b>11,628</b>	<b>13,599</b>	<b>13,782</b>	<b>968</b>	<b>5,904</b>	<b>6,800</b>	<b>(896)</b>	<b>-13%</b>	<b>13,599</b>
<b>% increase</b>	4		<b>17.0%</b>	<b>18.5%</b>						<b>17.0%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	3,144	6,319	6,319	314	2,082	3,159	(1,077)	-34%	6,319
Pension and UIF Contributions		181	9	9	1	62	4	57	1281%	9
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		156	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		391	765	765	40	238	382	(145)	-38%	765
Cellphone Allowance		63	93	93	9	43	47	(3)	-7%	93
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		0	-	-	0	0	-	0	#DIV/0!	-
Payments in lieu of leave		478	-	-	-	283	-	283	#DIV/0!	-
Long service awards		17	-	-	-	6	-	6	#DIV/0!	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>4,431</b>	<b>7,186</b>	<b>7,186</b>	<b>363</b>	<b>2,714</b>	<b>3,593</b>	<b>(879)</b>	<b>-24%</b>	<b>7,186</b>
<b>% increase</b>	4		<b>62.2%</b>	<b>62.2%</b>						<b>62.2%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		132,551	152,403	160,040	12,458	72,985	76,201	(3,216)	-4%	152,403
Pension and UIF Contributions		28,631	33,256	33,794	2,703	16,204	16,628	(424)	-3%	33,256
Medical Aid Contributions		12,693	12,112	14,559	988	6,226	6,056	170	3%	12,112
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		11,059	12,119	12,119	58	11,823	6,059	5,763	95%	12,119
Motor Vehicle Allowance		19,113	19,306	22,681	1,746	10,485	9,653	832	9%	19,306
Cellphone Allowance		45	834	1,759	3	18	417	(399)	-96%	834
Housing Allowances		1,106	1,271	1,271	118	622	635	(13)	-2%	1,271
Other benefits and allowances		24,627	8,960	14,344	1,888	14,551	4,480	10,071	225%	8,960
Payments in lieu of leave		56	-	-	-	-	-	-	-	-
Long service awards		3,377	2,227	2,227	128	1,585	1,114	471	42%	2,227
Post-retirement benefit obligations	2	3,615	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>236,874</b>	<b>242,487</b>	<b>262,794</b>	<b>20,091</b>	<b>134,499</b>	<b>121,244</b>	<b>13,255</b>	<b>11%</b>	<b>242,487</b>
<b>% increase</b>	4		<b>2.4%</b>	<b>10.9%</b>						<b>2.4%</b>
<b>Total Parent Municipality</b>		<b>252,932</b>	<b>263,272</b>	<b>283,763</b>	<b>21,422</b>	<b>143,117</b>	<b>131,636</b>	<b>11,480</b>	<b>9%</b>	<b>263,272</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>% increase</b>	4									
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>252,932</b>	<b>263,272</b>	<b>283,763</b>	<b>21,422</b>	<b>143,117</b>	<b>131,636</b>	<b>11,480</b>	<b>9%</b>	<b>263,272</b>
<b>% increase</b>	4		<b>4.1%</b>	<b>12.2%</b>						<b>4.1%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>241,305</b>	<b>249,673</b>	<b>269,980</b>	<b>20,454</b>	<b>137,213</b>	<b>124,837</b>	<b>12,376</b>	<b>10%</b>	<b>249,673</b>

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### 4. Conditional Grants

As at the end of December 2020 a total of R 138.7 million of conditional grants was received since 1 July 2020, whilst an additional R 26.5 million was available and was received in the previous financial year. R 76.5 million was spent during the month of December 2020. The operating grant utilisation is at 19.97% and the capital grant utilisation was 71.86% of allocations received. Overall grant utilisation is at 66.41%.

**Table 4**

Description	Opening Balance	Receipts	Roll Over Repayments	Total receipts	Expenditure	Balance	Percentage
<b>Operating Grants</b>							
FMG	0	1,000,000		1,000,000	761,541	238,459	76.15
PTP	308,817			308,817	0	308,817	0.00
EPWP	0	2,150,000		2,150,000	1,123,915	1,026,085	52.28
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	1,993,574			1,993,574	9,297	1,984,277	0.47
IDP SPATIAL DEVELOPMENT FRAMEWORK	1,000,000			1,000,000		1,000,000	0.00
SPATIAL DEVELOPMENT FRAMEWORK	1,000,000			1,000,000		1,000,000	0.00
Disaster Management Grant - COVID 19	521,963			521,963	521,963	0	100.00
<b>Total Operating Grants</b>	<b>8,951,438</b>	<b>3,150,000</b>	<b>0</b>	<b>12,101,438</b>	<b>2,416,716</b>	<b>9,684,722</b>	<b>19.97</b>
<b>Capital Grants</b>							
WSIG	0	43,720,000		43,720,000	39,961,828	3,758,172	91.40
Drought Relief Initiatives	0			0	0	0	0.00
MIG	6,040,433	90,000,000		46,040,433	33,326,998	12,713,435	72.39
Orio	11,550,860			11,550,860	0	11,550,860	0.00
RRAMS	0	1,786,000		1,786,000	794,129	991,871	44.46
<b>Total Capital Grants</b>	<b>17,591,293</b>	<b>135,506,000</b>	<b>0</b>	<b>103,097,293</b>	<b>74,082,954</b>	<b>29,014,339</b>	<b>71.86</b>
<b>Total Grants</b>	<b>26,542,730.94</b>	<b>138,656,000.00</b>	<b>-</b>	<b>115,198,730.72</b>	<b>76,499,670.03</b>	<b>38,699,060.69</b>	<b>66.41</b>

### 5. Cash and cash equivalents

An amount of R 13 153 was accrued in investment interest income for the month of December 2020. The cash in bank as at 31 December 2020 amounted to **R 255.8 million** and investments amounted to **R 3.8 million** bringing a total cash and cash equivalents of **R 259.6 million**. The average interest rate on investment is at 4.1%. The cash coverage ratio as at 31 December 2020 is **2.90 based** on average of R 75 million per month fixed operating expenditure. This indicates that the municipality as at 31 December 2020 have enough cash to run its operation for **86.85 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 Yrs/Months	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
1 year	Long term	2021 Sept Seven	13	4.1%	3,786	13	3,800
			13	0	3,786	13	3,800

# UMGUNGUNDLOVU DISTRICT MUNICIPALITY

**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	39,894,509.24	184,915,730.72	224,810,239.96
Salaries Account	50940092196	9,584,476.76	-8,391,898.83	1,192,577.93
Water Services Account	62023616462	15,672,755.91	7,454,253.01	23,127,008.92
NSTD Call Account	62215748289	560,842.00	1,382.90	562,224.90
Mandela Race Account	62411577193	802,176.72	764.72	802,941.44
UMDM MIG (DBSA) Account	62400041985	0.00	0.00	0.00
Corporate Cheque Account	62597807125	586,004.90	4,750,677.67	5,336,682.57
Public Sector Cheque Account	62243484417	0.00	0.00	0.00
<b>Total Cash Balances</b>		<b>67,100,765.53</b>	<b>188,730,910.19</b>	<b>255,831,675.72</b>

Table 6 above excludes an investment of R3.7 million held with FNB as a security for the Long-Term Borrowings (DBSA Loan).

## 6. Borrowings

As at 31 December 2020 the loans book was sitting at R 200.4 million. The average interest rate on remaining loans is 10.8 %. The debt to revenue ratio at 31.28% as projected which is below the treasury norm of below 45%. This indicates that the debt book is funded by 0.28% of the internally generated operating income.

**Table 7**

<b>LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) DECEMBER 2020</b>						
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/12/2020	Add: Interest Accrued	Less :Capital Repayments	Closing Balance at 30/11/2020
12007869	uMgungundlovu Various Water Projects	10.889	198,603,188.26	1,772,218.51		200,375,406.77
			198,603,188.26	1,772,218.51		200,375,406.77

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### 7. Creditors Age Analysis

The balance of trade payables as at 31 December 2020 was R 31.4 million.

Total R 28.2 million or 90% of invoices remained outside the compliance period of 30 days as at 31 December 2020. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 31 December 2020.

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.

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 adhoc basis.

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, in order to resolve issues that may have been raised by the Accounting Officer.

Generally Accepted Accounting Practise (GRAP) requires that payments must be reflected in the period in which they were made, so accounts payables balance as at 30 June 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 contract of three months, 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.

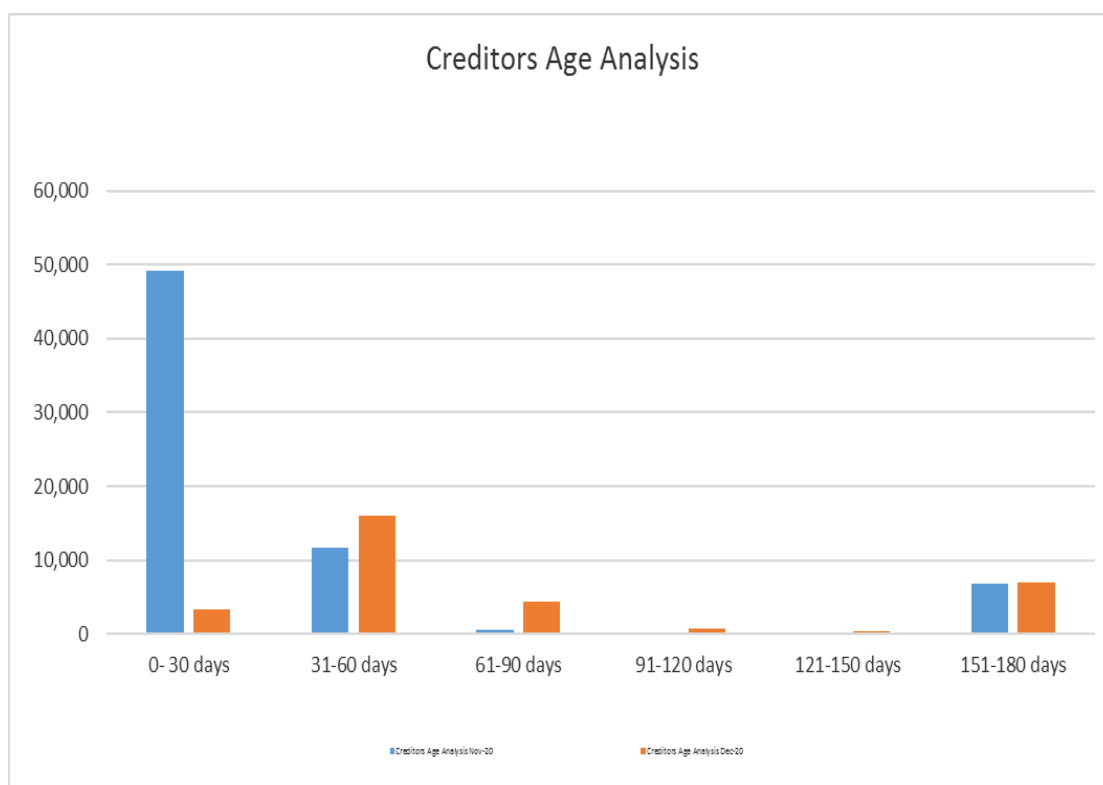
As most ESKOM accounts have payment terms which are much less than 30 days, interest on late payment is unavoidable. In order to alleviate this problem, more than 90% of ESKOM accounts were switched to debit order system and the process to transfer all accounts to a debit order method of payment is under way. The benefit of the use of a debit order system is that there is no fruitless expenditure which is in the form of interest on late payment, and there is no power cut which leads to service interrupts which arise from unavailability of water.

# UMGUNGUNDLOVU DISTRICT MUNICIPALITY

**Table 8**

Creditors Age Analysis		
	Nov-20	Dec-20
0- 30 days	49,186	3,258
31-60 days	11,693	15,948
61-90 days	456	4,347
91-120 days	113	654
121-150 days	62	299
151-180 days	6,873	6,934
	<b>68,383</b>	<b>31,440</b>

**Graph 1**





# UMGUNGUNDLOVU DISTRICT MUNICIPALITY

## 8. Billing Revenue And Debtors

### 8.1 Billing Summary: September 2020 To December 2020

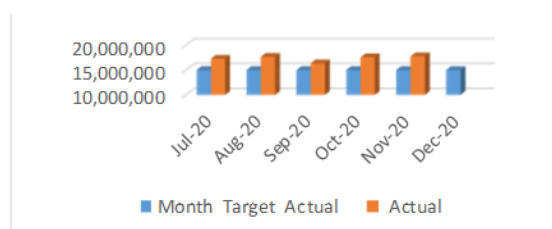
**Table 9**

Area	September 2020	October 2020	November 2020	December 2020
uMshwathi	2,240,441.08	1,754,326.87	2,159,508.91	1,841,580.32
uMngeni	11,812,411.02	10,743,473.39	13,201,458.90	10,494,730.77
Mpofana	2,149,563.90	2,206,578.99	2,621,567.76	2,432,834.03
iMpendle	325,957.10	327,300.23	342,547.61	270,451.25
Mkhambathini	648,084.31	739,442.32	877,770.81	630,486.67
Richmond	1,763,427.61	1,610,315.37	1,258,040.96	1,156,467.89
Water Schemes	3,803,802.40	3,791,654.93	5,133,218.83	4,509,850.30
Bulk Customers	7,226,796.91	6,994,901.53	7,851,993.96	7,222,918.79
<b>Total</b>	<b>29,970,484.33</b>	<b>28,167,993.63</b>	<b>33,446,017.74</b>	<b>28,559,320.02</b>

### 8.2 Credit Control And Debt Collection Target Vs Collection: October 2020

**TABLE 10**

Month	Target	Actual
Jul-20	15,000,000	17,284,495
Aug-20	15,000,000	17,666,674
Sep-20	15,000,000	16,346,202
Oct-20	15,000,000	17,572,851
Nov-20	15,000,000	17,763,415
Dec-20	15,000,000	



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

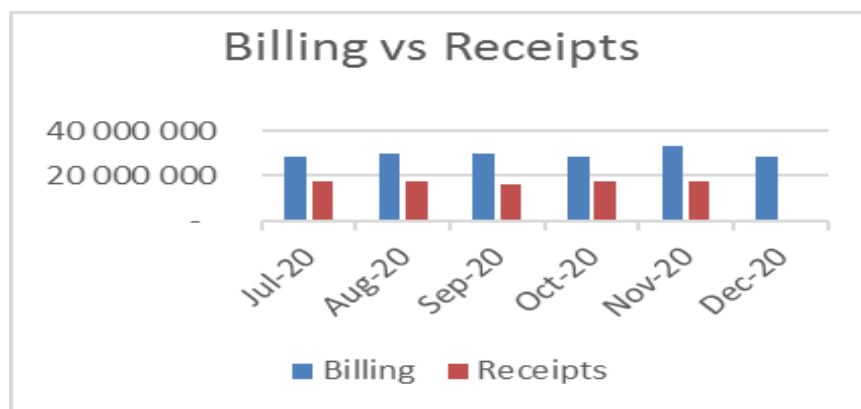
The table below details financial year to date monthly billing and receipts for the 2020/2021 financial year.

**Table 11**

### BILLING VS RECEIPTS

Month	Billing	Receipts	Collection %
July 2020	28,257,732.50	17,284,494.66	61%
August 2020	29,974,564.28	17,666,674.00	59%
September 2020	29,970,484.33	16,346,202.10	55%
October 2020	28,167,993.63	17,572,851.74	62%
November 2020	33,446,017.74	17,763,414.76	53%
December 2020	28,559,320.02		
<b>Total</b>	<b>178,376,112.10</b>	<b>86,633,637.26</b>	<b>58%</b>

**Billing Vs Receipts  
Graph 3**



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The Table Below Details The Classification Of Receipts – September 2020 To December 2020

**Table 12**

Basis of Receipts	September 2020	October 2020	November 2020	December 2020
Direct Deposits	15,611,508.25	14,715,032.29	15,677,823.32	16,565,918.10
Easy Pay	893,613.59	947,488.72	1,015,877.56	759,602.74
Post Office	123,821.45	112,698.84	196,123.10	67,358.12
Customer Care Centre	499,913.44	504,572.75	529,873.18	335,271.33
Manual Receipts	237,817.27	66,409.50	153,154.58	35,264.47
<b>Total</b>	<b>17,666,674.00</b>	<b>16,346,202.10</b>	<b>17,572,851.74</b>	<b>17,763,414.76</b>

The Table Below Details Customer Category Receipts- September 2020 To December 2020

**TABLE 13**

Customer Classification	September 2020	October 2020	November 2020	December 2020
Government	2,009,336.63	1,146,229.65	1,641,272.68	1,865,511.28
Business	10,085,493.23	9,526,245.10	10,098,562.23	9,891,245.23
Households	5,536,508.46	5,648,248.12	5,824,823.25	5,987,457.25
Indigent Households	15,956.10	20,208.00	10,527.00	9,080.00
Church	16,048.41	2,071.23	3,623.58	3,421.00
Councillors	3,304.17	3,200.00	4,570.00	6,700.00
<b>Total</b>	<b>17,666,674.00</b>	<b>16,346,202.10</b>	<b>R17,572,851.74</b>	<b>17,763,414.76</b>

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The Table Below Indicates The Comparison Of Collection Rate Between 2019/20 Financial Year And 2020/21 Financial Year

**TABLE 14**

2019/2020 Financial Year				2020/2021 Financial Year			
Month	Billing	Receipts	Collections %	Month	Billing	Receipts	Collections %
Jul-19	27,705,888	19,766,487	71%	Jul-20	28,257,733	17,284,495	61%
Aug-19	28,637,963	20,172,485	70%	Aug-20	29,974,564	17,666,674	59%
Sep-19	29,839,422	16,183,942	65%	Sep-20	28,167,993.63	16,346,202	58%
Oct-19	31,132,730	15,875,196	51%	Oct-20	28,167,993.63	17,572,851.74	62%
Nov-19	26,992,464	17,306,074	64%	Nov-20	33,446,018	17,763,414.76	53%

The collection rate comparison to the previous year is to measure the impact of the slow economic growth and activity.

**TABLE 15**

The table below details the percentage of collection per customer classification

Sep-20				Oct-20				Nov-20			
AREA	SALES RAISED	RECEIPTS	% COLLECTION	AREA	SALES RAISED	RECEIPTS	% COLLECTION	AREA	SALES RAISED	RECEIPTS	% COLLECTION
Howick	7,901,451.25	5,885,231	74%	Howick	7,486,694.91	6,486,245	87%	Howick	8,590,078.65	7,085,613	82%
Tumbleweed	181,526.21	2,900	2%	Tumbleweed	181,365.21	2,300	1%	Tumbleweed	180,854.12	3,421	2%
Lidgeton	137,895.21	2,120	2%	Lidgeton	139,248.12	1,800	1%	Lidgeton	149,245.23	1,958	1%
Hilton	2,674,437.33	1,892,695	71%	Hilton	2,402,958.47	2,258,578	94%	Hilton	2,900,713.31	2,318,243	80%
Mpophomeni	1,855,131.53	45,128	2%	Mpophomeni	1,699,590.50	42,578	3%	Mpophomeni	2,235,505.09	45,762	2%
Bulk	6,231,884.25	6,035,467	97%	Bulk	6,095,086.03	5,956,458	98%	Bulk	8,318,128.11	6,253,237	75%
Mpofana	1,452,321.00	457,235	31%	Mpofana	1,313,259.90	547,824	42%	Mpofana	1,522,145.25	428,793	28%
Mpofana-Bruntville	1,289,532.00	13,590	1%	Mpofana-Bruntville	1,285,989.65	102,901	8%	Mpofana-Bruntville	1,284,984.23	89,425	7%
Richmond	1,762,170.43	689,235	39%	Richmond	1,316,145.80	807,993	61%	Richmond	1,255,964.42	768,365	61%
uMshwathi	1,989,623.90	924,695	46%	uMshwathi	1,774,124.74	761,437	43%	uMshwathi	2,159,508.91	129,819	6%
uMkhambathini	570,175.25	341,259	60%	uMkhambathini	559,876.44	322,493	58%	uMkhambathini	798,604.52	413,264	52%
iMpendle	248,918.80	28,654	12%	iMpendle	250,507.81	34,324	14%	iMpendle	365,419.31	28,532	8%
Water Schemes	3,675,417	27,993	1%	Water Schemes	3,663,146	247,921	7%	Water Schemes	3,684,866.59	196,981	5%
<b>Total</b>	<b>29,970,484</b>	<b>16,346,202</b>	<b>55%</b>	<b>Total</b>	<b>28,167,994</b>	<b>17,572,852</b>	<b>62%</b>	<b>Total</b>	<b>33,446,017.74</b>	<b>17,763,414.76</b>	<b>53%</b>

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The table below details a breakdown of November 2020 billing and December 2020 receipts for Water Schemes taken over from Umgeni water.

**TABLE 16**

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Hopewell	150,777.40	-	0%	Rural Scheme
Manyavu	439,357.82	-	0%	Rural Scheme
Intermediate Cross	76,206.51	18,612.41	24%	Farm Scheme
Swayimana	1,002,085.89	539.75	0%	Rural Scheme
Table Mountain	518,542.47	-	0%	Rural Scheme
Whispers	271,976.01	77,787.71	29%	Farm Scheme
Camperdown	167,428.82	39,141.44	23%	Farm Scheme
Birnoum Wood	93,687.55	4,389.47	5%	Farm Scheme
Claridge	49,497.38	4,548.62	9%	Farm Scheme
Efaye	219,751.84	-	0%	Rural Scheme
Cuphulaka	203,594.06	-	0%	Rural Scheme
Mayizekanye	98,444.62	-	0%	Rural Scheme
Mpolweni	371,795.68	102,901.22	28%	Rural Scheme
<b>Total</b>	<b>3,663,146.05</b>	<b>247,920.62</b>	<b>7%</b>	

The table below details a breakdown of November 2020 billing and December 2020 receipts for Rural Water Schemes.

**Table 17**

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Gomane	76,980.40	0.00	0%	Rural Scheme
Emakholweni	134,860.40	0.00	0%	Rural Scheme
Inzinga	43,223.13	0.00	0%	Rural Scheme
Swapo	142,674.20	0.00	0%	Rural Scheme
<b>Total</b>	<b>R397,738.13</b>	<b>R0.0</b>	<b>0%</b>	

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.

Customers in rural areas are appealing to the Municipality to write off their debts. Customers advised that they will commence with payment once the interruption of water supply is resolved and the write-off is approved

### 8.3 Debtors Age Analysis

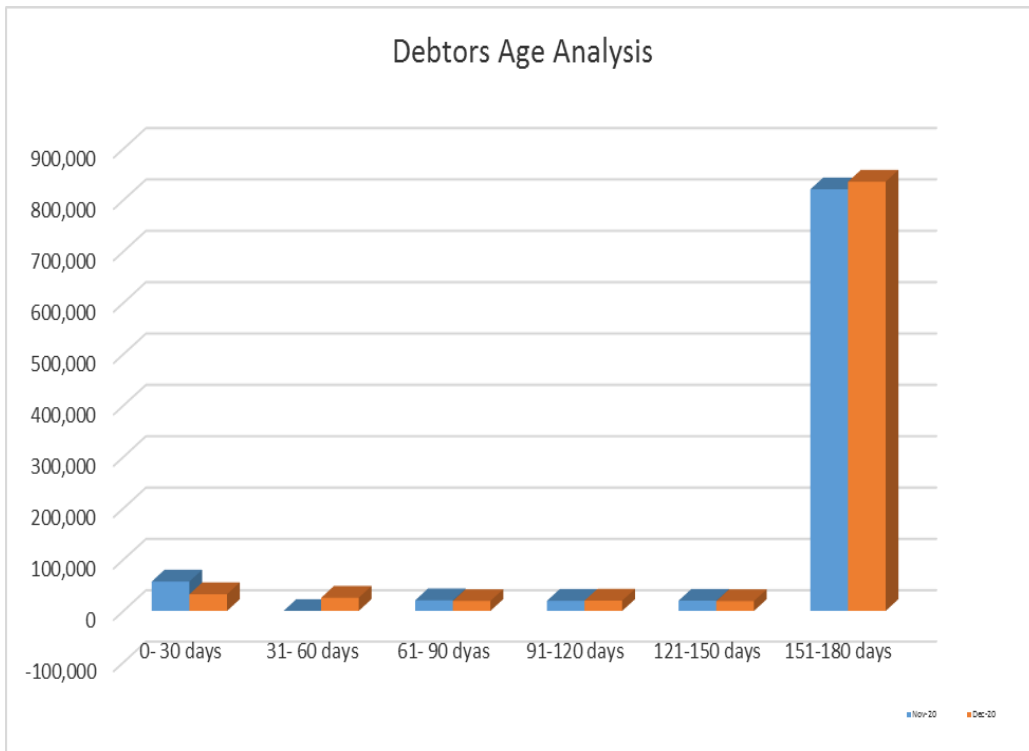
The debtor book value as at 31 December 2020 amounted to **R 952.5 million**. The collection rate in the month of November was 53%. The average collection rate to date is 59%. The municipality is reviewing its debt collection strategies. Strategic partnerships with stakeholders like uMgeni Water and Development Bank of Southern Africa are under consideration. The DBSA has sponsored a pilot data cleansing exercise that will table recommendations on revenue collection systems and processes. The non-revenue water reduction exercise is proposed for consideration and will be fully funded by uMgeni Water.

Table 18

DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December										
Description	NT Code	Budget Year 2020/21								
		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
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	1200	27,175	20,663	14,775	15,271	14,702	14,948	66,825	473,109	647,467
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	1,399	1,075	805	843	749	805	8,200	87,663	101,538
Receivables from Exchange Transactions - Waste Management	1600	(0)	-	(9)	(3)	(30)	(112)	1	(35)	(189)
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	739	739
Interest on Arrear Debtor Accounts	1810	4,054	3,965	3,771	3,813	3,739	4,064	20,136	149,856	193,398
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-
Other	1900	(113)	(94)	(17)	69	(48)	(23)	(22)	9,771	9,523
<b>Total By Income Source</b>	<b>2000</b>	<b>32,514</b>	<b>25,608</b>	<b>19,325</b>	<b>19,992</b>	<b>19,112</b>	<b>19,681</b>	<b>95,141</b>	<b>721,104</b>	<b>952,476</b>
<b>2019/20 - totals only</b>										-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2200	5,314	2,836	1,177	895	1,233	926	4,134	16,629	33,145
Commercial	2300	4,529	2,043	353	1,210	944	381	3,435	8,989	21,863
Households	2400	20,541	18,595	15,693	15,661	15,219	16,088	79,125	616,125	797,047
Other	2500	2,130	2,134	2,102	2,226	1,716	2,286	8,446	79,361	100,401
<b>Total By Customer Group</b>	<b>2600</b>	<b>32,514</b>	<b>25,608</b>	<b>19,325</b>	<b>19,992</b>	<b>19,112</b>	<b>19,681</b>	<b>95,141</b>	<b>721,104</b>	<b>952,476</b>

# UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Graph 4



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The table below details the age analysis for customers grouped as UMDM staff members as at 31 December 2020

**Table 19**

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922711808						-2,023.31	380.60	-1,642.71
5922411911	7,449.02	245.20	242.35	243.53	244.72	245.91	247.09	8,917.82
5922272107	11,719.35	1,155.51	1,204.98	713.74	9,040.62	3,185.61	202.18	27,221.99
5922411528	15,594.87	352.24	345.22	346.77	348.31	380.21	503.37	17,870.99
5922721404	15,600.10	369.14	363.07	364.75	366.44	368.13	369.82	17,801.45
5922316386							-2,589.02	-2,589.02
5922111502					536.84	99.81	51.29	687.94
5922251794			620.55	856.53	1,028.77	1,028.84	1,028.95	4,563.64
5922711631	15,137.39	11,549.37	1,052.23	1,279.96	884.87	1,723.94	733.17	32,360.93
5922251326	956.98	803.93	856.44	953.40	662.50	1,611.47	1,114.43	6,959.15
5922111593	5,931.54	422.29	559.01	935.25	471.98	471.87	289.63	9,081.57
5922262141	15,839.19	381.70	374.42	376.10	377.79	379.48	381.17	18,109.85
5922193001	3,702.93	312.42	311.87	313.55	315.24	316.93	318.61	5,591.55
5922411939	11,632.76	352.90	348.41	350.09	351.78	353.47	355.16	13,744.57
5922645000	2,846.83	307.28	307.23	308.92	310.61	312.29	313.98	4,707.14
5922314131	64.34	0.34	0.31	0.31	0.31	0.31	0.31	66.23
5922232755	5,231.08	322.70	321.15	322.83	324.52	322.71	324.40	7,169.39
5922411620	20,018.71	398.29	389.39	391.07	392.76	394.45	396.14	22,380.81
5922711578	2,567.02	83.68	58.54	181.53	59.83	392.09	86.87	3,429.56
5922192292	4,547.90	314.97	314.17	315.85	317.54	319.23	320.92	6,450.58
5922711840	-1,263.37	-1,000.00			-500.00	-300.00	48.62	-3,014.75
5922711660	78,669.74	805.47	719.04	1,054.86	560.63	1,114.35	681.72	83,605.81
5922226809	19,244.35	391.02	382.83	384.51	386.20	387.89	389.58	21,566.38
5922262474	20,130.62	400.96	391.80	393.48	395.17	396.86	398.55	22,507.44
5922192290	10,342.88	344.77	341.08	342.76	344.45	346.14	347.83	12,409.91
5922411734	19,461.54	391.09	382.90	384.58	386.27	387.96	389.65	21,783.99
5922213319	58,508.94	10,205.63	3,160.34	5,959.30	1,648.68	3,495.53	3,513.59	86,492.01
5922113000	14,992.38	921.58	319.05	161.54	130.60	191.39	176.32	16,892.86
5922317749	49,542.84	3,096.93	3,085.30	3,101.67	357.82	382.64	690.51	60,257.71
5922213198				82.23	56.02	605.26	601.79	1,345.30
5922741014	42,352.70	1,453.06	1,429.08	1,814.47	2,596.12	2,887.54	1,555.00	54,087.97
5922193002	3,431.98	310.76	310.37	312.05	313.74	315.43	317.11	5,311.44
5922193000	3,966.51	313.97	313.27	314.96	316.64	318.33	320.02	5,863.70
5922251800			34.72	464.35	361.07	481.23	641.50	1,982.87
5922213962						637.33	637.57	1,274.90
<b>Totals:</b>	<b>458,221.12</b>	<b>35,007.20</b>	<b>18,539.12</b>	<b>23,024.94</b>	<b>23,388.84</b>	<b>21,531.32</b>	<b>15,538.43</b>	<b>595,250.97</b>



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

7. The table below details the age analysis for customers grouped as Councillors as at the 31 December 2020

**Table 20**

<b>Customer</b>	<b>180 Days</b>	<b>150 Days</b>	<b>120 Days</b>	<b>90 Days</b>	<b>60 Days</b>	<b>30 Days</b>	<b>Current</b>	<b>Balance</b>
5922193491	2,005.23	852.09	897.71	655.16	1,802.60	1,167.07	1,173.66	8,553.52
5922741442					239.89	456.12	456.43	1,152.44
5922111637	64,979.90	2,957.38	4,345.84	1,217.99	3,267.75	4,442.04	1,708.20	82,919.10
5922275001						116.09	325.68	441.77
5922212236	20,868.74	417.73	436.02	420.58	422.47	418.11	416.22	23,399.87
5922212475	6,493.95	285.56	300.86	298.84	300.38	301.93	303.46	8,284.98
5922111569							194.61	194.61
5922224497	113,468.40	2,623.70	2,020.65	2,529.11	2,398.93	2,692.02	2,372.69	128,105.50
<b>Totals :</b>	<b>233,951.94</b>	<b>8,207.80</b>	<b>9,442.35</b>	<b>6,577.11</b>	<b>9,799.22</b>	<b>10,230.25</b>	<b>8,170.74</b>	<b>286,379.41</b>

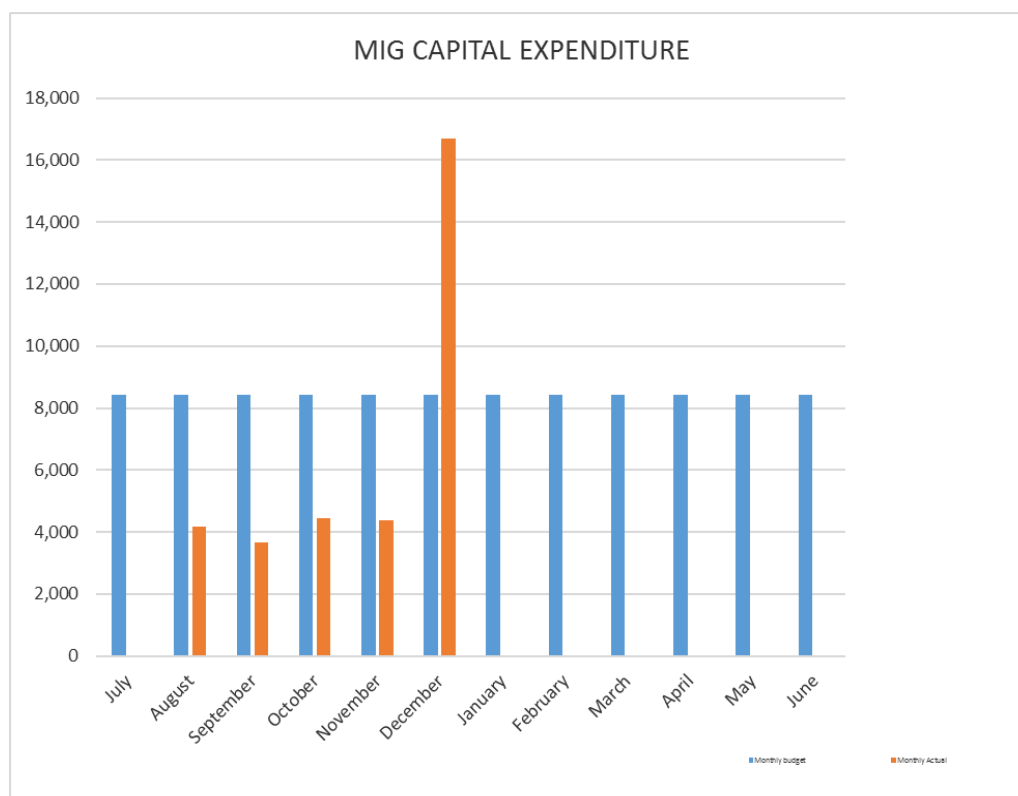
Some of the accounts are in dispute due to billing queries and water leaks. The municipality is working with the affected Councillor in resolving these disputes.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### 9. IN-YEAR BUDGET STATEMENT CHARTS: 31 DECEMBER 2020 REPORT

#### MIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

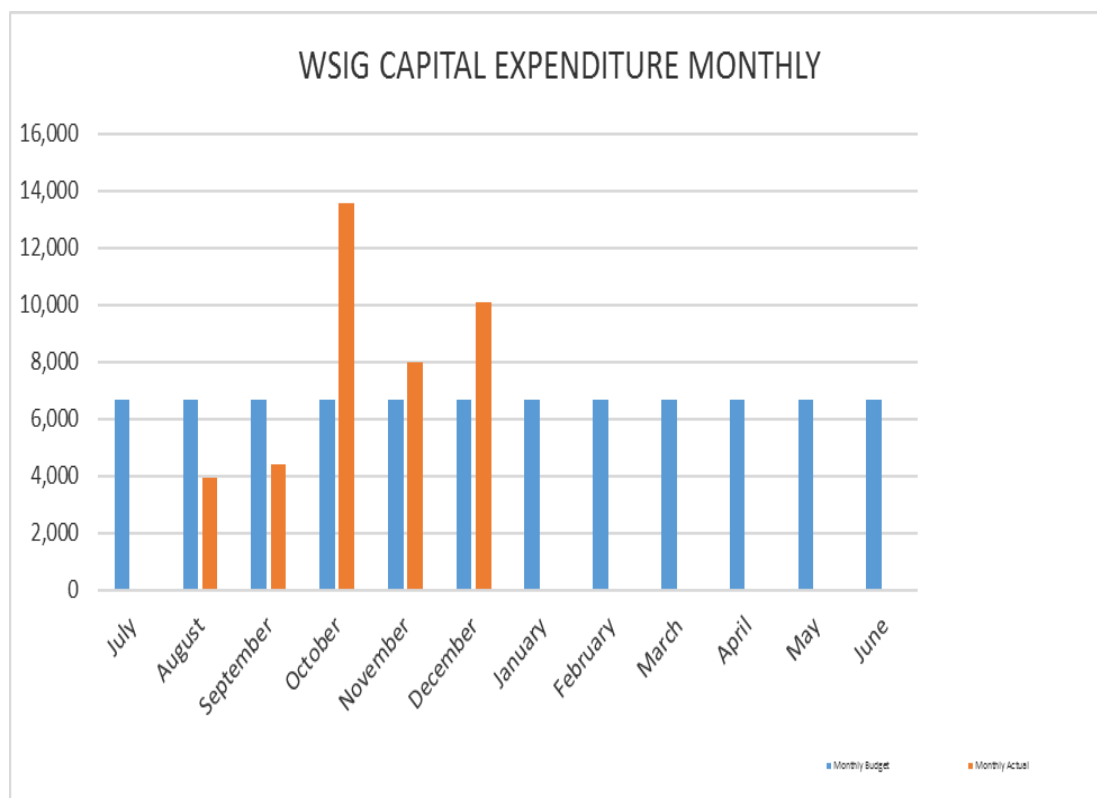
	Monthly budget	Monthly Actual
July	8,437	0
August	8,437	4,167
September	8,437	3,646
October	8,437	4,455
November	8,437	4,379
December	8,437	16,680
January	8,437	
February	8,437	
March	8,437	
April	8,437	
May	8,437	
June	8,438	
	<b>101,245</b>	<b>33,327</b>



**UMGUNGUNDLOVU DISTRICT MUNICIPALITY**

**WSIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET**

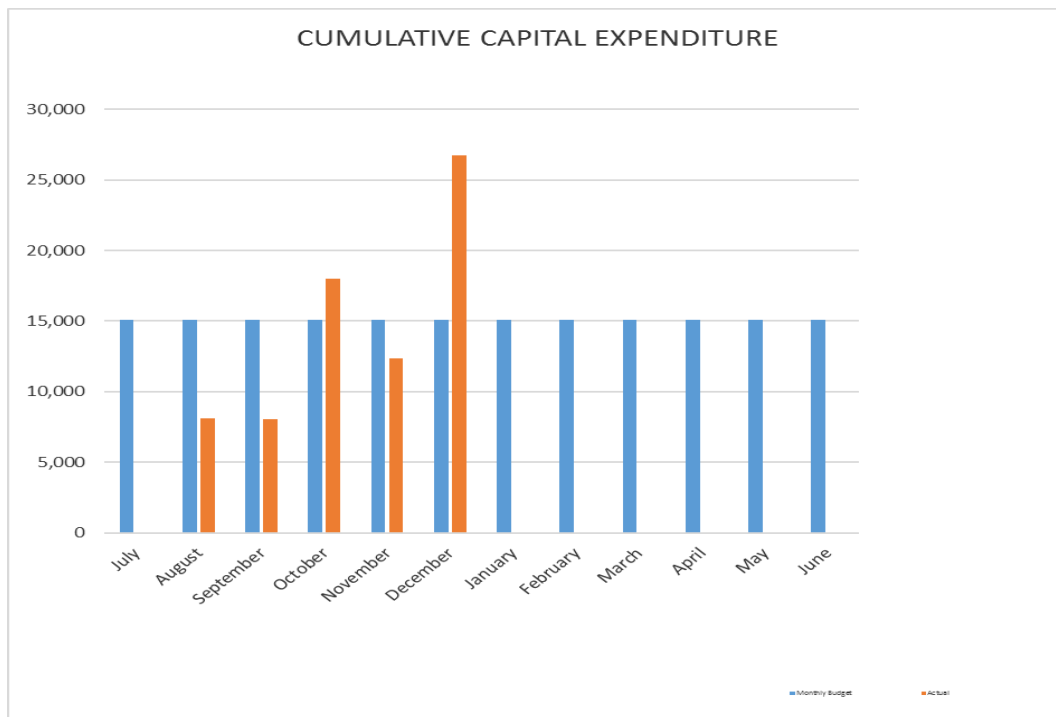
	Monthly Budget	Monthly Actual
July	6,667	0
August	6,667	3,935
September	6,667	4,391
October	6,667	13,555
November	6,667	7,998
December	6,667	10,083
January	6,667	
February	6,667	
March	6,667	
April	6,667	
May	6,667	
June	6,667	
	<b>80,000</b>	<b>39,962</b>



# UMGUNGUNDLOVU DISTRICT MUNICIPALITY

## CUMULATIVE MIG & WSIG EXPENDITURE: MONTHLY ACTUAL VS MONTHLY BUDGET

	Monthly Budget	Actual
July	15,104	0
August	15,104	8,102
September	15,104	8,037
October	15,104	18,010
November	15,104	12,377
December	15,104	26,763
January	15,104	0
February	15,104	0
March	15,104	0
April	15,104	0
May	15,104	0
June	15,105	0
	<b>181,245</b>	<b>73,289</b>



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### 10. IN-YEAR BUDGET STATEMENT TABLES: DECEMBER 2020 REPORT

The preliminary financial results for the period ended 30 November 2020 (i.e. 6<sup>th</sup> 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
- (m) Table SC13c: Monthly Budget Statement – Capital expenditure on repairs and maintenance by asset class
- (p) Municipal manager’s quality certification

### 11. 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

REPORT – FLOW COMPLIANCE CHECK

FILE: 5/1/1/1

INITIATOR: Nondumiso Mbatha

HEADING (INCLUSIVE OF NAME OF DIVISION/DEPARTMENT):

**FINANCIAL SERVICES DEPARTMENT**

**PRELIMINARY IN-YEAR FINANCIAL REPORT (MONTHLY BUDGET STATEMENT) FOR THE PERIOD ENDING 31 DECEMBER 2020**

REPORT CHECKED AND PASSED FOR SUBMISSION TO: **Finance Committee**

	COMPREHENSIVENESS (FACTS, COMMENTS, RECOMMENDATIONS ANNEXURES) (√)	CORRECTNESS (√)	QUALITY (√)
<b>MANAGER: BUDGET OFFICE</b> Vacant  SIGNATURE:.....  DATE: .....	(√)	(√)	(√)
<b>MANAGER: REVENUE MANAGEMENT</b> <b>SIBONGILE KHUMALO</b>  SIGNATURE.....  DATE: .....	(√)	(√)	(√)
<b>MANAGER: ASSET MANAGEMENT</b> <b>NONDUMISO MBATHA</b>  SIGNATURE:.....  DATE: .....	(√)	(√)	(√)
<b>MANAGER: EXPENDITURE MANAGER</b> <b>MPUME KHUMALO</b>  SIGNATURE:.....  DATE: .....	(√)	(√)	(√)
<b>HEAD OF DEPARTMENT: CHIEF FINANCIAL OFFICER:</b> <b>SIPHO NDABANDABA</b>  SIGNATURE: .....  DATE: .....	(√)	(√)	(√)
<b>MANAGER: INTERNAL AUDIT</b> <b>ADELE DORASAMY</b>  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 **DECEMBER 2020** 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: \_\_\_\_\_

Date: \_\_\_\_\_

Print name: Cllr T E Maphumulo

Mayor: uMgungundlovu District Municipality

Signature: \_\_\_\_\_

Date: \_\_\_\_\_