

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

**1. Operating Budget**

Summary financial performance report **SF1** for the period ending 31 JULY 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 - M01 July									
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
<b>R thousands</b>								%	
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	289 440	335 018	-	24 637	24 637	27 918	(3 281)	-12%	-
Investment revenue	301	528	-	-	-	44	(44)	-100%	-
Transfers and subsidies	540 371	588 039	-	257 418	257 418	49 003	208 415	425%	-
Other own revenue	47 192	11 936	-	3 773	3 773	995	2 779	279%	-
<b>contributions)</b>	<b>877 304</b>	<b>935 521</b>	<b>-</b>	<b>285 828</b>	<b>285 828</b>	<b>77 960</b>	<b>207 868</b>	<b>267%</b>	<b>-</b>
<b>Expenditure</b>									
Employee costs	254 600	272 010	-	20 624	20 624	22 668	(2 043)	-9%	-
Remuneration of Councillors	11 606	13 782	-	989	989	1 149	(160)	-14%	-
Depreciation & asset impairment	54 117	43 774	-	3 952	3 952	3 648	305	8%	-
Finance charges	22 384	27 550	-	10 736	10 736	2 296	8 440	368%	-
Materials and bulk purchases	201 717	169 675	-	22 816	22 816	14 140	8 677	61%	-
Transfers and subsidies	701	6 500	-	5 285	5 285	542	4 743	876%	-
Other expenditure	278 741	261 464	-	3 400	3 400	21 789	(18 388)	-84%	-
<b>Total Expenditure</b>	<b>823 866</b>	<b>794 755</b>	<b>-</b>	<b>67 803</b>	<b>67 803</b>	<b>66 230</b>	<b>1 573</b>	<b>2%</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>53 438</b>	<b>140 766</b>	<b>-</b>	<b>218 025</b>	<b>218 025</b>	<b>11 730</b>	<b>206 295</b>	<b>1759%</b>	<b>-</b>
Transfers and subsidies - capital (monetary allocation)	179 434	183 793	-	-	-	15 316	(15 316)	-100%	-
Contributions & Contributed assets	7 384	-	-	-	-	-	-	-	-
<b>contributions</b>	<b>240 256</b>	<b>324 559</b>	<b>-</b>	<b>218 025</b>	<b>218 025</b>	<b>27 047</b>	<b>190 978</b>	<b>706%</b>	<b>-</b>

The revenue raised as at 31 July 2020 is R285.8 million against the original budget of R 935 million for the year and R 77.9 million for the period. This reflects a revenue rate of 31 % against the original annual budget.

The operating expenditure as at 31 July 2020 was R 67.8 million vs a year to date budget of R 66.2 million reflecting YTD expenditure of 102.4 % and 8.5% of the original annual budget. The operating surplus for the period was R 218 million.

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

- Service charges below target by -12%.
- Transfers and subsidies are 425% above target due to the receiving the Equitable Share.
- Investment revenue is -100% below target, the investment is due for renewal in September.
- 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.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### 2. Capital Expenditure

The Capital expenditure report shown in Annexure A, Table C5 has been prepared on the basis of 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	Original Budget 2020 /2021	Expenditure as at 31 July 2020	% spent
MIG	101 245 000.00		0.00
WSIG	80 000 000.00		0.00
RRAMS	2 552 000.00		0.00
	<b>183 797 000.00</b>	<b>0.00</b>	0.00
LESS NON CAPITALISED PROJECTS			
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>183 797 000.00</b>	<b>0.00</b>	<b>0.00</b>

The total capital budget for the 2020/ 2021 financial year is R 183 797 million including the allocation for the Rural Roads Assets Management Grant of R 2.5 million. The MIG allocation is R 101.2 million and the Water Services Infrastructure Grant is R 80 million. There were no year to date certified MIG and WSIG expenditure .

### 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 R13.7 million while salaries budget for staff amounts to R272 million. This brings the total salaries budget to R 285.7 million, which is 36% of 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.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

- 3.4 The actual staff salaries costs incurred, including Senior Managers, as at 31 July 2020 amounts to R 20.6 million while the actual salaries cost for Councillors is R 989 000. This amounts to a total of R 21.6 million and it represents 7.5 % of the total salaries budget
- 3.5 Remuneration of councillors is spent at 7.1% 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 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 not be 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 July 2020 are still based on the December 2018 promulgation which was effective for payment in the month of July 2018. The municipality is contesting the 2019 /2020 outcome of the adjustment of remuneration.
- 3.7 It must be noted that a re – application has submitted to the MEC COGTA for consideration of revision of the 2019 /2020 remuneration adjustment for Councillors, re-categorisation of the district to a grade 6 municipality for the purposes of determining the upper limits of salary packages payable to Senior Managers appointed after the introduction of the Regulations on the recruitment and conditions of service for Senior Managers and Managers directly accountable to the Municipal Manager.

# UMGUNGUNDOLOVU DISTRICT MUNICIPALITY

## Table 3

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July										
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		6 998	7 637	-	590	1	636	(636)	-100%	-
Pension and UIF Contributions		700	538	-	58	0	45	(45)	-99%	-
Medical Aid Contributions		191	338	-	16	0	28	(28)	-99%	-
Motor Vehicle Allowance		-	-	-	-	0	-	0	#DIV/0!	-
Cellphone Allowance		827	925	-	69	0	77	(77)	-100%	-
Housing Allowances		-	-	-	-	0	-	0	#DIV/0!	-
Other benefits and allowances		2 890	4 344	-	256	1	362	(361)	-100%	-
<b>Sub Total - Councillors</b>		<b>11 606</b>	<b>13 782</b>	<b>-</b>	<b>989</b>	<b>3</b>	<b>1 149</b>	<b>(1 146)</b>	<b>-100%</b>	<b>-</b>
% increase	4		18.8%							
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	5 198	6 319	-	353	353	527	(174)	-33%	-
Pension and UIF Contributions		183	9	-	15	15	1	14	1931%	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		699	765	-	44	44	64	(20)	-31%	-
Cellphone Allowance		108	93	-	7	7	8	(1)	-7%	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		99	-	-	0	0	-	0	#DIV/0!	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		17	-	-	1	1	-	1	#DIV/0!	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>6 303</b>	<b>7 186</b>	<b>-</b>	<b>421</b>	<b>421</b>	<b>599</b>	<b>(178)</b>	<b>-30%</b>	<b>-</b>
% increase	4		14.0%							
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		136 052	150 245	-	11 981	11 981	12 520	(540)	-4%	-
Pension and UIF Contributions		28 509	32 950	-	2 592	2 592	2 746	(154)	-6%	-
Medical Aid Contributions		12 577	12 112	-	979	979	1 009	(31)	-3%	-
Overtime		7 868	-	-	765	765	-	765	#DIV/0!	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		19 420	16 257	-	1 710	1 710	1 355	355	26%	-
Cellphone Allowance		40	834	-	3	3	69	(66)	-96%	-
Housing Allowances		1 032	1 059	-	89	89	88	1	1%	-
Other benefits and allowances		35 269	49 140	-	1 672	1 672	4 095	(2 423)	-59%	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		1 498	2 227	-	129	129	186	(57)	-31%	-
Post-retirement benefit obligations	2	6 032	-	-	284	284	-	284	#DIV/0!	-
<b>Sub Total - Other Municipal Staff</b>		<b>248 297</b>	<b>264 825</b>	<b>-</b>	<b>20 203</b>	<b>20 203</b>	<b>22 069</b>	<b>(1 865)</b>	<b>-8%</b>	<b>-</b>
% increase	4		6.7%							
<b>Total Parent Municipality</b>		<b>266 206</b>	<b>285 793</b>	<b>-</b>	<b>21 613</b>	<b>20 627</b>	<b>23 816</b>	<b>(3 189)</b>	<b>-13%</b>	<b>-</b>
			7.4%							
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>										
		<b>266 206</b>	<b>285 793</b>	<b>-</b>	<b>21 613</b>	<b>20 627</b>	<b>23 816</b>	<b>(3 189)</b>	<b>-13%</b>	<b>-</b>
% increase	4		7.4%							
<b>TOTAL MANAGERS AND STAFF</b>		<b>254 600</b>	<b>272 011</b>	<b>-</b>	<b>20 624</b>	<b>20 624</b>	<b>22 668</b>	<b>(2 043)</b>	<b>-9%</b>	<b>-</b>

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### 4. Conditional Grants

As at the end of July 2020 a total of R 33 million of conditional grants was received since 1 July 2020, whilst an additional R 26 million was available and was received in the previous financial year. All grants received are Capital Grants .No spending was recorded for the month of July 2020. The operating grant utilisation is at 0% and the capital grant utilisation was 0% of allocations received. Overall grant utilisation is at 0%.

**Table 4**

Description	Opening Balance	Receipts	Roll Over Repayments	Total receipts	Expenditure	Balance	Percentage
<b>Operating Grants</b>							
FMG	0			0		0	#DIV/0!
PTP	308 817			308 817		308 817	0.00
EPWP	0			0		0	0.00
Camperdown WWW	4 000 095			4 000 095		4 000 095	0.00
SETA Grants	0			0		0	0.00
RASET GRANT	0			0		0	0.00
DGDS GRANT	126 989			126 989		126 989	0.00
DPSS GRANT	0			0		0	0.00
GEOPanning	1 993 574			1 993 574		1 993 574	0.00
IDP SPATIAL DEVELOPMENT FRAMEWORK	1 000 000			1 000 000		1 000 000	
SPATIAL DEVELOPMENT FRAMEWORK	1 000 000			1 000 000		1 000 000	
Disaster Management Grant - COVID 19	451 734			451 734		451 734	
<b>Total Operating Grants</b>	<b>8 881 210</b>	<b>0</b>	<b>0</b>	<b>8 881 210</b>	<b>0</b>	<b>8 881 210</b>	<b>0.00</b>
<b>Capital Grants</b>							
WSIG	0	21 670 000		21 670 000		21 670 000	0.00
Drought Relief Initiatives	0			0		0	0.00
MIG	6 040 433	10 000 000		16 040 433		16 040 433	0.00
Orio	11 550 860			11 550 860		11 550 860	0.00
RRAMS	0	1 786 000		1 786 000		1 786 000	0.00
<b>Total Capital Grants</b>	<b>17 591 293</b>	<b>33 456 000</b>	<b>0</b>	<b>51 047 293</b>	<b>0</b>	<b>51 047 293</b>	<b>0.00</b>
<b>Total Grants</b>	<b>26 472 502.64</b>	<b>33 456 000.00</b>	<b>-</b>	<b>59 928 502.64</b>	<b>-</b>	<b>59 928 502.64</b>	<b>0.00</b>

### 5. Cash and cash equivalents

An amount of R 25 479.45 was accrued in investment interest income for the month of July 2020. The cash in bank as at 31 July 2020 amounted to **R 229.9 million** and investments amounted to **R4 million** bringing a total cash and cash equivalents of **R 233.9 million**. The average interest rate on investment is at **8%**. The cash coverage ratio as at 31 July 2020 is **1.68** based on average of R 85 million per month fixed operating expenditure. This indicates that the municipality as at 31 July 2020 have sufficient cash to run its operation for a month or 50 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. See below extract from SC 5.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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	2020 Sept Seven	25	8.0%	3 970	25	3 995
			25	0	3 970	25	3 995

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	60 961 984.09	27 499 337.50	88 461 321.59
Salaries Account	50940092196	90 314 378.06	20 409 364.16	110 723 742.22
Water Services Account	62023616462	42 037 502.38	-12 688 580.09	29 348 922.29
NSTD Call Account	62215748289	548 445.33	6 762.44	555 207.77
Mandela Race Account	62411577193	792 975.97	5 897.13	798 873.10
UMDM MIG (DBSA) Account	62400041985	0.00	0.00	0.00
Corporate Cheque Account	62597807125	6 481 398.88	-6 422 490.86	58 908.02
Public Sector Cheque Account	62243484417	0.00	0.00	0.00
<b>Total Cash Balances</b>		<b>201 136 684.71</b>	<b>28 810 290.28</b>	<b>229 946 974.99</b>

Table 7 above excludes an investment of R4 million held with FNB as a security for the Long Term Borrowings (DBSA Loan).

### 6. Borrowings

As at 31 July 2020 the loans book was sitting at R191.6 million. The average interest rate on remaining loans is 11%. The debt to revenue ratio at 67.04 % as projected which is below the treasury norm of below 45%. This indicates that the debt books is funded by 0.64% of the internally generated operating income.

Table 7

<b>LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) July 2020</b>							
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/07/2020	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Closing Balance at 31/07/2020
12007869	uMgungundlovu Various Water Projects	10.889	205 429 071.27	1 817 272.88	10 745 998.33	4 871 694.94	191 628 650.88
			205 429 071.27	1 817 272.88	0.00	0.00	191 628 650.88

## UMGUNGUNDOVU DISTRICT MUNICIPALITY

### 7. Creditors Age Analysis

The balance of trade payables as at 31 July 2020 was R 30.6 million.

Total R 11 million or 36 % of invoices remained outside the compliance period of 30 days as at 31 July 2020. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 31 July 2020.

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 balances as at 30 June will not be affected by payments made after this date.

Payments relating to rental of customer care centres, had to have an extension of three months, which allows for the finalisation of valid contracts. This exercise will reduce the irregular expenditure which the Auditors raise in their audit reports.

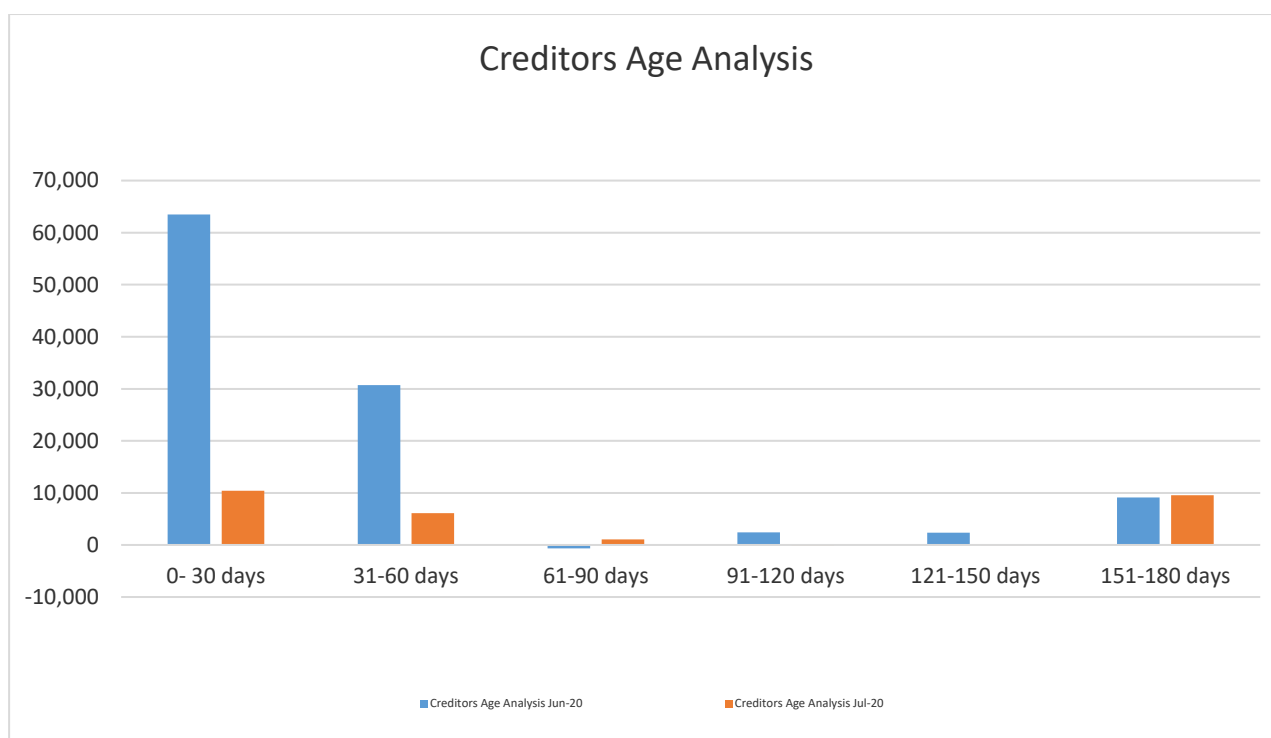
As most ESKOM accounts have payment terms which are much less than 30 days, interest on late payment is unavoidable. In order to alleviate this problem, more than 80% of ESKOM accounts were switched to debit order system and the process to transfer all accounts to a debit order method of payment is under 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		
	Jun-20	Jul-20
0- 30 days	63 473	19 588 243
31-60 days	30 689	1 384 880
61-90 days	-643	0
91-120 days	2 399	111 928
121-150 days	2 336	1 155 224
151-180 days	9 137	8 427 730
	<b>107 391</b>	<b>30 668 005</b>

**Graph 1**





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### 8. Billing Revenue and Debtors

#### 8.1 Billing Summary: June 2020 to July 2020

**Table 9**

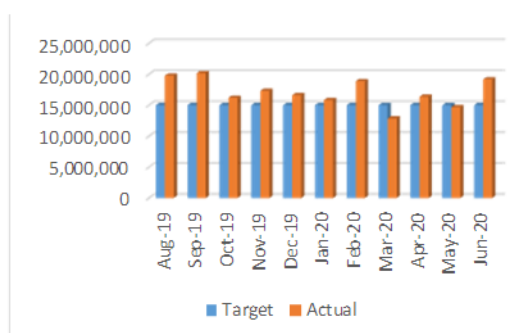
Area	June 2020	July 2020
uMshwathi	2,060,991.35	1 485 949.64
uMngeni	9,779,013.90	11 722 170.60
Mpofana	2,260,510.79	2 355 546.45
iMpendle	198,606.33	349 493.25
Mkhambathini	436,807.92	765 591.20
Richmond	1,336,173.70	1 585 312.94
Water Schemes	4,766,424.25	3 673 411.02
Bulk Customers	7,493,362.94	6 320 257.40
<b>Total</b>	<b>R28,331,891.28</b>	<b>R28,257,732.50</b>

### 8.2 Credit Control and Debt

#### Collection target against actual collection for June 2020

**Table 10**

Month	Target	Actual
Jul-19	15,000,000	14,087,481
Aug-19	15,000,000	19,766,487
Sep-19	15,000,000	20,172,485
Oct-19	15,000,000	16,183,942
Nov-19	15,000,000	17,306,074
Dec-19	15,000,000	16,615,682
Jan-20	15,000,000	15,819,524
Feb-20	15,000,000	18,871,228
Mar-20	15,000,000	12,852,663
Apr-20	15,000,000	16,364,420
May-20	15,000,000	14,670,312
Jun-20	15,000,000	19,166,032



# UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The table below details financial year to date monthly billing and receipts for the 2019/2020 financial year.

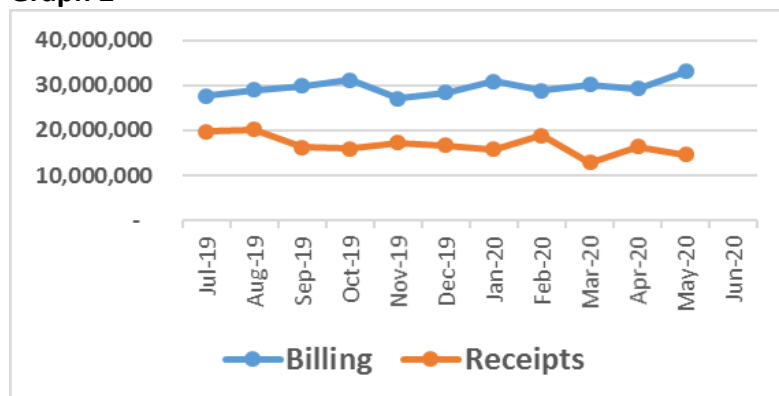
**Table 11**

## BILLING VS RECEIPTS

BILLING VS RECEIPTS				
Month	Billing	Receipts	Collection %	Comment
June 2020	28,331,891.28	19,166,032.09	68%	
July 2020	28,257,732.50			
<b>Total</b>	<b>28,331,891.28</b>	<b>19,166,032.09</b>	<b>68%</b>	

## BILLING VS RECEIPTS

**Graph 2**



The table below details the Classification of Receipts – June 2020 to July 2020

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

**Table 12**

<b>Basis of Receipts</b>	<b>June Receipts</b>	<b>July 2020</b>
Direct Bank Deposits	13,720,053.75	18,141,224.00
Easy Pay	591,020.22	566,331.08
Post Office	156,267.26	177,511.80
Customer Care Centre	113,928.32	195,601.60
Manual Receipts	89,043.35	85,363.61
<b>Total</b>	<b>R14,670,312.90</b>	<b>R19,166,032.09</b>

The table below details Customer Category Receipts- June 2020 to July 2020

**Table 13**

<u>Customer Classification</u>	<u>June 2020</u>	<u>July 2020</u>
Government	2,023,037.22	3,941,856.84
Business	8,218,959.31	9,604,058.26
Households	4,424,416.37	5,587,209.09
Indigent Households	16 900.00	13,154.06
Church	17 180.30	17,552.30
Councillors	3900.00	2,201.54
<b>Total</b>	<b><u>R14,670,312.90</u></b>	<b><u>R19,166,032.09</u></b>

The table below indicates the comparison of collection rate between 2018/19 financial year and 2019/20 financial year

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

**Table 14**

2018/2019 Financial Year				2019/2020 Financial Year			
Month	Billing	Receipts	Collections %	Month	Billing	Receipts	Collections %
Jul-18	28,854,786	12,563,279	44%	Jul-19	27,705,888	19,766,487	71%
Aug-18	25,712,911	14,257,450	55%	Aug-19	28,637,963	20,172,485	70%
Sep-18	23,123,105	21,962,806	95%	Sep-19	29,839,422	16,183,942	65%
Oct-18	24,456,642	16,139,701	69%	Oct-19	31,132,730	15,875,196	51%
Nov-18	24,456,642	14,310,808	59%	Nov-19	26,992,464	17,306,074	64%
Dec-18	23,370,089	13,720,598	59%	Dec-19	28,331,307	16,615,682	59%
Jan-19	23,794,673	12,194,994	51%	Jan-20	30,812,584	15,819,523	51%
Feb-19	23,355,768	15,682,284	67%	Feb-20	28,861,947	18,871,228	65%
Mar-19	23,739,351	13,843,076	58%	Mar-20	30,807,641	12,852,663	43%
Apr-19	22,856,994	14,649,329	63%	Apr-20	29,255,181	16,364,420	56%
May-19	22,856,994	12,229,163	54%	May-20	33,129,280	14,670,313	44%
Jun-19	27,705,888	14,087,481	60%	Jun-20	28,331,891.28	19,166,032	68%
Average Collection Rate for 2018/2019			61%	Average Collection Rate for 2019/2020			60%

The table below details the percentage of collection per customer classification – June 2020

**Table 15**

AREA	Jun-20		
	BILLING	RECEIPTS	% COLLECTION
Howick	7,735,239.64	6,085,720.01	79%
Tumbleweed	178,213.50	3,150.00	2%
Lidgeton	134,908.65	1,696.60	1%
Hilton	3,032,080.67	1,634,309.50	54%
Mpophomeni	1,990,130.03	90,582.96	5%
Bulk	7,457,288.13	7,890,292.05	106%
Mpofana	1,366,675.67	600,149.62	44%
Mpofana- Bruntville	1,102,261.57	1,550.25	0%
Richmond	1,309,797.65	546,659.70	42%
uMshwathi	2,042,180.35	1,116,083.92	55%
uMkhambathini	436,271.10	70,265.35	16%
iMpendle	196,487.37	60,953.21	31%
Water Schemes	1,350,356.95	1,064,618.92	79%
<b>Total</b>	<b>28,331,891.28</b>	<b>19,166,032.09</b>	<b>68%</b>

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The table below details a breakdown of June 2020 billing and July 2020 receipts for Water Schemes taken over from Umgeni Water.

**Table 16**

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Hopewell	70 548.94	-	0%	Rural Scheme
Manyavu	194 550.14	6 058.75	3%	Rural Scheme
Intermediate Cross	45 873.37	523 819.61	1142%	Farm Scheme
Swayimana	443 088.68	13 425.59	3%	Rural Scheme
Table Mountain	72 684.68	1 488.71	2%	Rural Scheme
Whispers	15 220.15	12 791.92	84%	Farm Scheme
Camperdown	78 649.91	77 577.43	99%	Farm Scheme
Birnoum Wood	55 269.00	41 031.09	74%	Farm Scheme
Claridge	35 840.64	5 817.40	16%	Farm Scheme
Efaye	109 610.46	378 551.75	345%	Rural Scheme
Cuphulaka	86 251.50	707.47	1%	Rural Scheme
Mayizekanye	47 402.13	-	0%	Rural Scheme
Mpolweni	160 653.93	3 349.20	2%	Rural Scheme
<b>Total</b>	<b>1 350 356.95</b>	<b>1 064 618.92</b>	<b>79%</b>	

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

**Table 17**

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Gomane	68,961.11	0.00	0%	Rural Scheme
Emakholweni	54,042.98	0.00	0%	Rural Scheme
Inzinga	31,052.35	2,442.74	8%	Rural Scheme
Swapo	63,833.61	0.00	0%	Rural Scheme
<b>Total</b>	<b>R148,928.94</b>	<b>R2,442.74</b>	<b>2%</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.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Customers in rural areas such as Gomane and Swampo at iMpendle are appealing to the Municipality to write off their debts as they assist by providing water to other sections within the area when there is an interruption of water supply. The 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

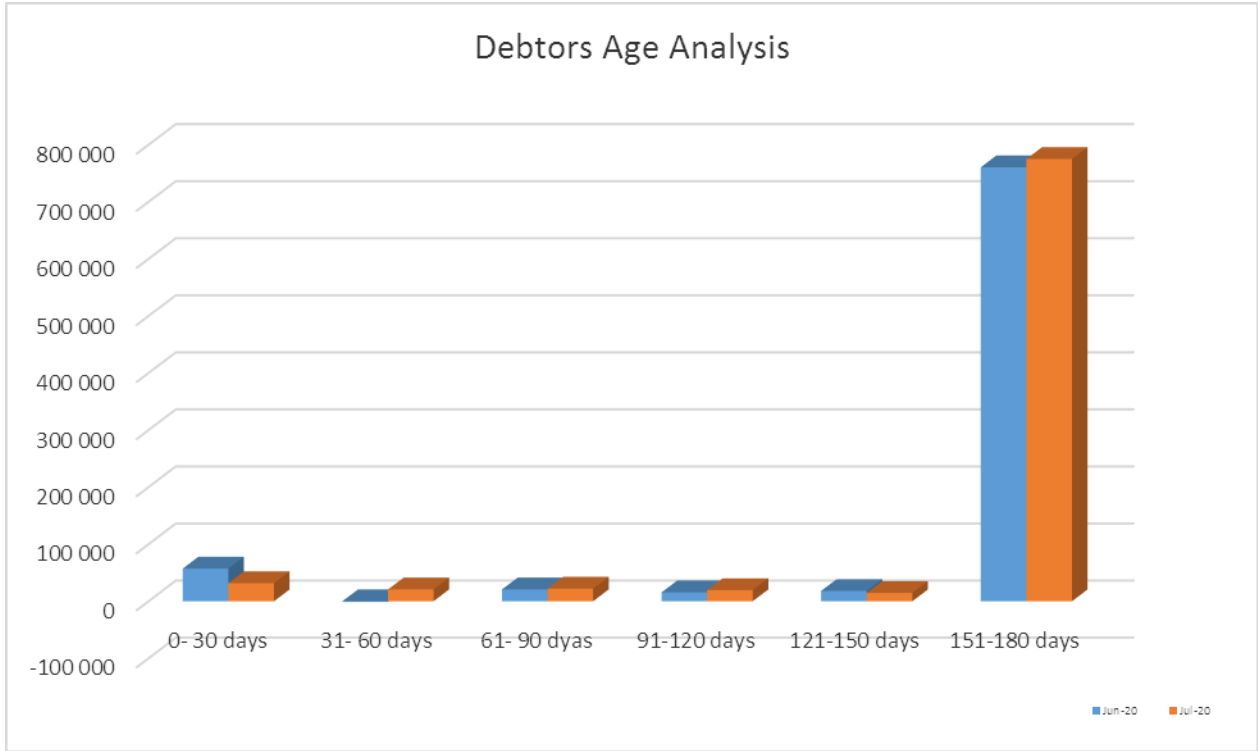
The debtor book value as at 31 July 2020 amounted to **R883 million**. The collection rate in the month of July was **68%**. The average collection rate to date is **68%**. The municipality is reviewing its debt collection strategies. Strategic partnerships with stakeholders like uMgeni Water and Development 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 - M01 July											
Description	NT Code	Budget Year 2020/21								Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr		
R thousands											
<b>Debtors Age Analysis By Income Source</b>											
Trade and Other Receivables from Exchange Transactions - Water	1200	25 951	15 055	16 294	14 236	13 181	11 601	65 055	432 134	593 508	536 207
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	1 608	1 570	1 989	1 384	1 420	1 537	9 474	80 859	99 841	94 675
Receivables from Exchange Transactions - Waste Management	1600	0	2	(2)	(9)	(1)	-	(9)	(32)	(51)	(51)
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	739	739	739
Interest on Arrear Debtor Accounts	1810	4 157	4 092	3 845	3 887	-	4 227	26 416	129 393	176 017	163 924
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	(114)	(35)	(34)	(38)	(17)	(10)	5 921	7 709	13 382	13 566
<b>Total By Income Source</b>	<b>2000</b>	<b>31 602</b>	<b>20 683</b>	<b>22 092</b>	<b>19 461</b>	<b>14 583</b>	<b>17 356</b>	<b>106 858</b>	<b>650 802</b>	<b>883 437</b>	<b>809 060</b>
2019/20 - totals only										-	-
<b>Debtors Age Analysis By Customer Group</b>											
Organs of State	2200	4 018	1 554	1 376	918	1 113	977	6 353	16 832	33 140	26 193
Commercial	2300	3 763	1 222	2 368	855	647	585	2 365	8 492	20 296	12 943
Households	2400	21 857	16 329	16 878	15 615	11 407	14 279	83 736	554 199	734 299	679 236
Other	2500	1 965	1 578	1 471	2 073	1 416	1 510	14 416	71 166	95 596	90 582
<b>Total By Customer Group</b>	<b>2600</b>	<b>31 602</b>	<b>20 683</b>	<b>22 092</b>	<b>19 461</b>	<b>14 583</b>	<b>17 351</b>	<b>106 870</b>	<b>650 690</b>	<b>883 332</b>	<b>808 955</b>

# UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Graph 3



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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

**Table 19**

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922711808						615.97	1,202.71	1,818.68
5922411911	6,086.67	236.60	238.20	192.54	230.43	231.67	232.91	7,449.02
5922272107	2,842.09	862.94	869.93	839.62	873.97	3,870.40	1,560.40	11,719.35
5922411528	13,633.11	351.52	353.61	250.64	333.71	335.33	336.95	15,594.87
5922721404	14,454.37	216.28	217.27	119.40	196.82	197.60	198.36	15,600.10
5922111502	21,139.38	621.53	1,877.65	1,709.03	337.96	1,425.71	1,579.70	28,690.96
5922251794						678.97	1,203.20	1,882.17
5922711631	14,812.22	358.16	343.41	229.35	320.75	1,286.54	786.96	18,137.39
5922251326		782.11	862.36	839.62	22.14	591.67	859.08	3,956.98
5922111593	3,616.95	468.94	485.23	450.33	615.77	619.54	674.78	6,931.54
5922262141	13,199.73	462.91	465.92	361.94	447.23	449.56	451.90	15,839.19
5922193001	1,949.03	292.78	295.08	276.93	294.58	296.37	298.16	3,702.93
5922411939	9,807.33	320.01	322.09	250.64	309.28	310.90	312.51	11,632.76
5922645000	1,121.56	286.16	288.46	276.93	289.45	291.24	293.03	2,846.83
5922314131	62.44	0.44	0.44		0.34	0.34	0.34	64.34
5922232755	4,578.83	284.50	80.14	250.64	73.96	280.70	282.31	5,831.08
5922411620	17,939.99	378.56	380.65	250.64	354.67	356.29	357.91	20,018.71
5922711578	1,459.22	166.45	123.38	44.19	340.06	379.29	54.43	2,567.02
5922192292	3,792.67	132.13	133.00	104.36	127.91	128.58	129.25	4,547.90
5922711660	73,742.01	795.54	797.83	1,854.81	736.65	869.99	872.91	79,669.74
5922226809	16,552.86	474.94	477.95	361.94	456.55	458.88	461.23	19,244.35
5922262474	17,383.73	487.74	490.75	361.94	466.48	468.82	471.16	20,130.62
5922192290	9,421.35	170.57	171.44	104.36	157.71	158.39	159.06	10,342.88
5922411734	17,422.94	369.29	371.37	250.64	347.48	349.10	350.72	19,461.54
5922213319	43,979.60	1,240.38	1,227.96	908.72	6,789.26	6,180.78	1,182.24	61,508.94
5922113000	13,401.86	597.34	565.58	465.34	126.23	1,713.49	372.54	17,242.38
5922317749	34,720.03	2,852.58	2,966.47	2,685.50	3,030.31	2,955.96	331.99	49,542.84
5922213198				439.34	477.61	575.37	474.86	1,967.18
5922741014	30,046.09	1,953.02	1,960.99	1,698.80	10,280.64	809.30	703.86	47,452.70
5922193002	1,687.34	290.64	292.94	276.93	292.92	294.71	296.50	3,431.98
5922193000	2,203.94	294.78	297.09	276.93	296.14	297.92	299.71	3,966.51
5922251800				346.69	22.45	1,136.45	509.70	2,015.29
5922213962						284.72	577.73	862.45
<b>Totals:</b>	<b>391,057.34</b>	<b>15,748.84</b>	<b>16,957.19</b>	<b>16,478.74</b>	<b>28,649.46</b>	<b>28,900.55</b>	<b>17,879.10</b>	<b>515,671.22</b>

Individual letters are being sent to staff and councillors to sign the consent form to deduct on the September Salary run the balance outstanding longer than 90 days. The total amount above 90 days is R 440 242.11

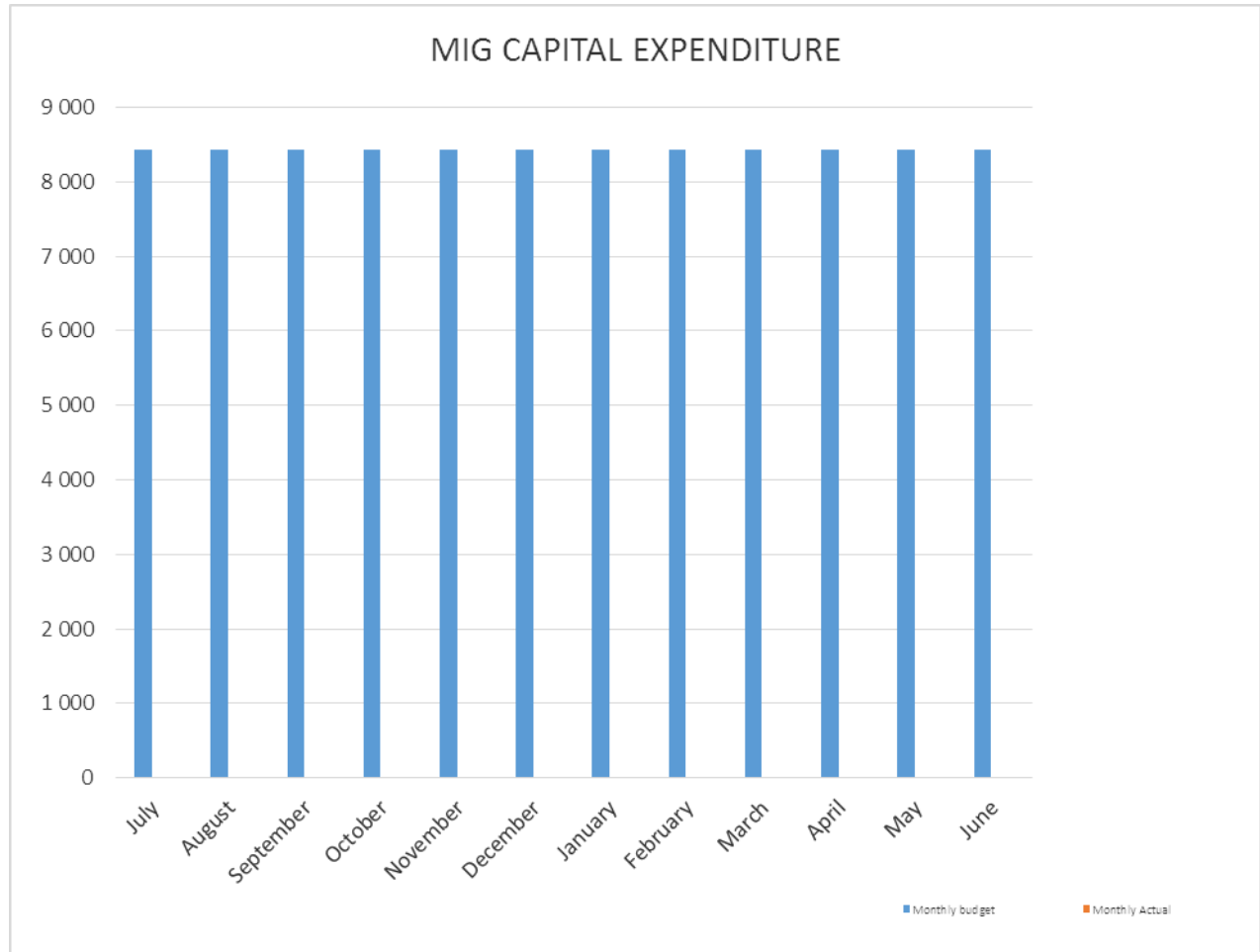


9. IN-YEAR BUDGET STATEMENT CHARTS: 31 JULY 2020 REPORT

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

	Monthly budget	Monthly Actual
July	8 437	0
August	8 437	
September	8 437	
October	8 437	
November	8 437	
December	8 437	
January	8 437	
February	8 437	
March	8 437	
April	8 437	
May	8 437	
June	8 438	
	<b>101 245</b>	<b>0</b>

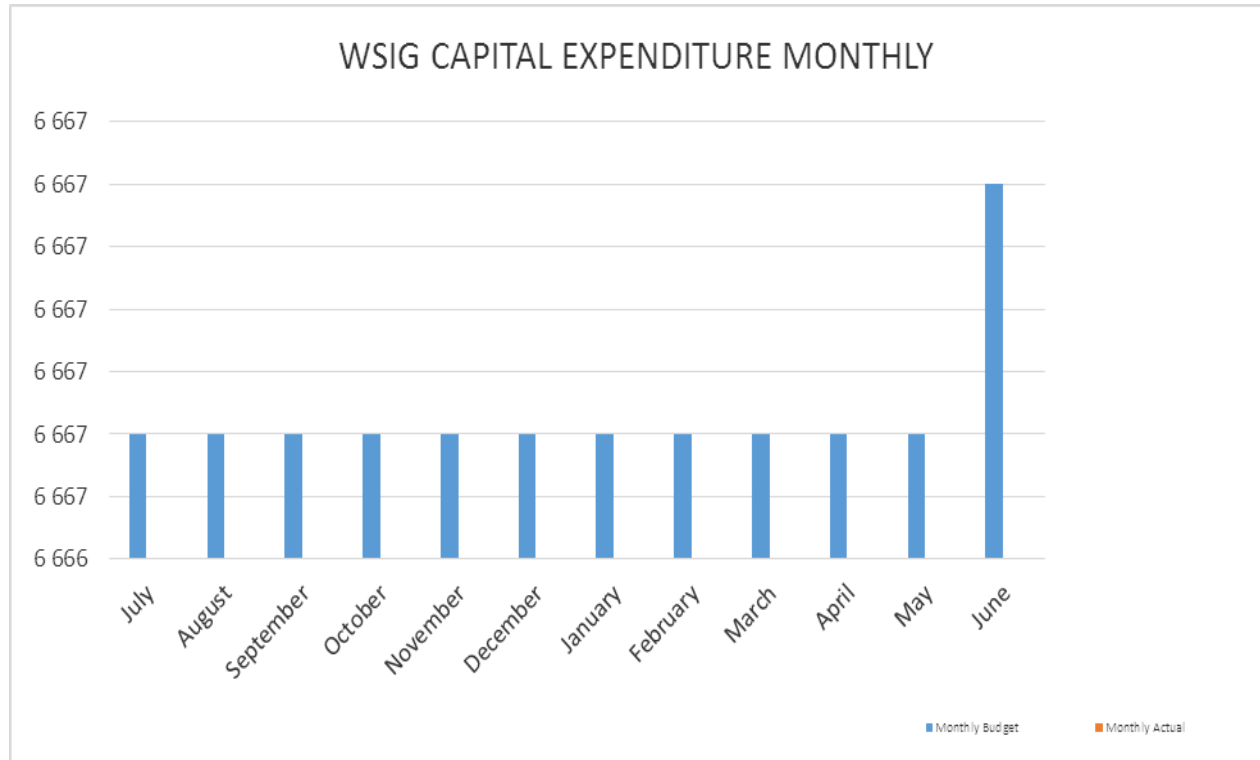
## UMGUNGUNDLOVU DISTRICT MUNICIPALITY



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

	Monthly Budget	Monthly Actual
July	6 667	
August	6 667	
September	6 667	
October	6 667	
November	6 667	
December	6 667	
January	6 667	
February	6 667	
March	6 667	
April	6 667	
May	6 667	
June	6 667	
	80 000	0

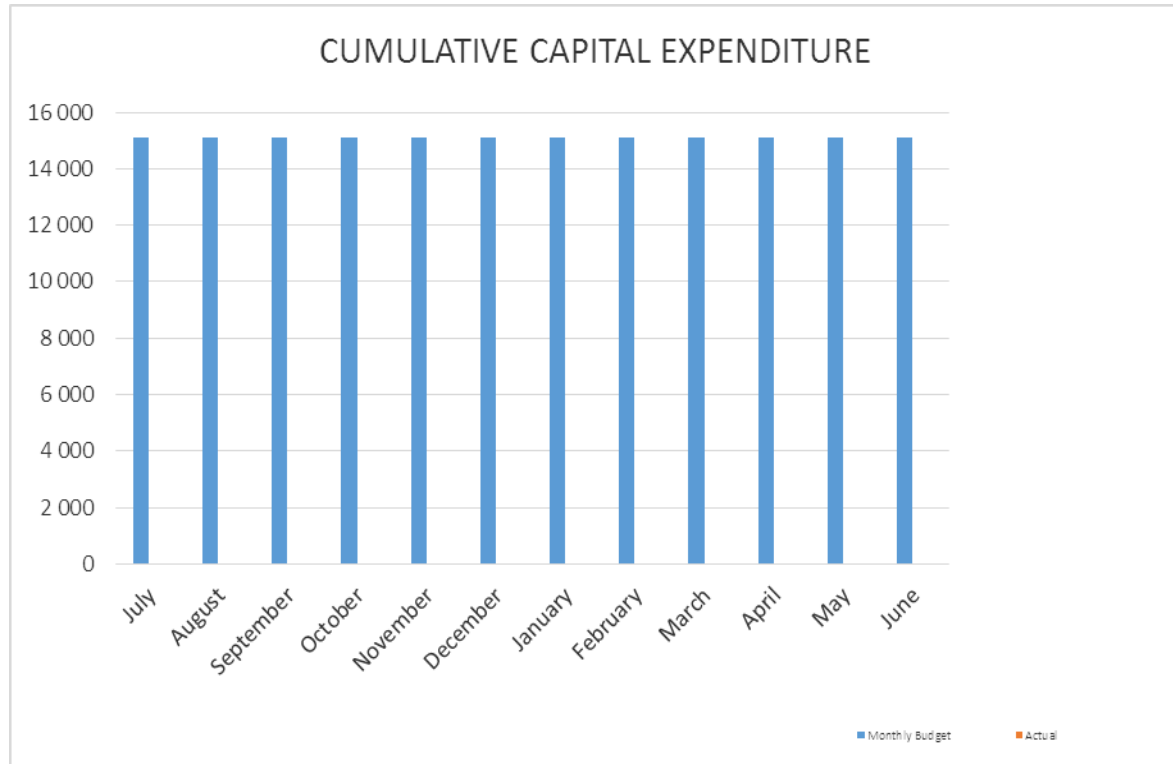
## UMGUNGUNDLOVU DISTRICT MUNICIPALITY



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

	Monthly Budget	Actual
July	15 104	0
August	15 104	0
September	15 104	0
October	15 104	0
November	15 104	0
December	15 104	0
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>0</b>

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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

The preliminary financial results for the period ended 31 JULY 2020 (i.e. 1<sup>ST</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: Linda Africa

HEADING (INCLUSIVE OF NAME OF DIVISION/DEPARTMENT):

**FINANCIAL SERVICES DEPARTMENT**

**PRELIMINARY IN-YEAR FINANCIAL REPORT (MONTHLY BUDGET STATEMENT) FOR THE PERIOD ENDING 31 JULY 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: EXPENDITURE MANAGEMENT:</b> <b>NOMPUMELELO KHUMALO</b>  SIGNATURE.....  DATE: .....	(√)	(√)	(√)
<b>HEAD OF DEPARTMENT: ACTING CHIEF FINANCIAL OFFICER :</b> <b>NONDUMISO MBATHA</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 **JULY 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: \_\_\_\_\_