

IN-YEAR MONITORING REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1. Operating Budget

Summary financial performance report **SF1** for the period ending 30 SEPTEMBER 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 - M03 September									
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									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	289 381	335 018	335 018	25 179	73 492	83 755	(10 263)	-12%	335 018
Investment revenue	6 091	528	528	15	66	132	(66)	-50%	528
Transfers and subsidies	540 301	588 039	629 274	-	257 778	147 010	110 768	75%	588 039
Other own revenue	47 191	13 307	11 936	3 500	10 476	3 327	7 150	215%	13 307
Total Revenue (excluding capital transfers and contributions)	882 963	936 892	976 756	28 694	341 812	234 223	107 589	46%	936 892
Expenditure									
Employee costs	256 995	249 240	269 980	20 911	62 613	62 418	195	0%	249 673
Remuneration of Councillors	11 606	13 599	13 782	982	2 984	3 400	(416)	-12%	13 599
Depreciation & asset impairment	54 117	43 774	43 774	3 952	11 857	10 943	914	8%	43 774
Finance charges	29 439	27 550	27 550	1 722	5 319	6 887	(1 569)	-23%	27 550
Materials and bulk purchases	224 527	185 526	170 091	19 852	39 652	46 381	(6 730)	-15%	185 526
Transfers and subsidies	2 736	9 929	6 500	-	3 254	2 482	771	31%	9 929
Other expenditure	430 167	282 115	263 077	18 132	55 270	70 529	(15 259)	-22%	282 115
Total Expenditure	1 009 587	811 733	794 754	65 552	180 948	203 041	(22 093)	-11%	812 166
Surplus/(Deficit)	(126 624)	125 159	182 001	(36 858)	160 863	31 181	129 682	416%	124 726
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	179 434	184 081	183 797	8 257	16 359	43 811	(27 452)	-63%	184 081
Contributions & Contributed assets	7 384	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	60 194	309 240	365 798	(28 601)	177 223	74 993	102 230	136%	308 807
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	60 194	309 240	365 798	(28 601)	177 223	74 993	102 230	136%	308 807

The revenue raised as at 30 September 2020 is R 341.8 million against the adjusted budget of R 976.7 million for the year and R 234.2million for the period. This reflects a revenue rate of 35% against the adjusted budget.

The operating expenditure as at 30 September 2020 was R 180.9 million vs a year to date budget of R203 million reflecting YTD expenditure of 89% and 23 % of the original annual budget. The operating surplus for the period was **R 177.2 million**.

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

- Service charges below target by -12%.
 - Transfers and subsidies are 75 % above target due to the receiving the Equitable Share and other grants.
 - Investment revenue is -50 % 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.

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 30 September 2020	% spent
MIG	101 245 000.00	7 813 003.40	7.72
WSIG	80 000 000.00	8 325 938.13	10.41
RRAMS	2 552 000.00	220 421.04	8.64
INTERNALLY GENERATED FUND(ES)	41 235 000.00		0.00
	225 032 000.00	16 359 362.57	7.27
LESS NON CAPITALISED PROJECTS			
TOTAL CAPITAL EXPENDITURE	225 032 000.00	16 359 362.57	7.27

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 is **R225 million**. Year to date expenditure for MIG is R 7.8 million and WSIG is R 8.3 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 13.7 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 the total operational budget. This is below the norm of 25% - 40% in terms of National Treasury circular 71 of 2014.

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- 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 30 September 2020 amounts to R 62.6 million while the actual salaries cost for Councillors is R2.9 million. This amounts to a total of R 65.5 million and it represents 23 % of the total salaries budget
- 3.5 Remuneration of councillors is spent at 21.6% 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 September 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 are – 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.

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Table 3

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September										
Summary of Employee and Councillor remuneration	Ref	Budget Year 2020/21								
		2019/20 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
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		6 998	8 606	8 789	590	2 984	2 151	832	39%	8 606
Pension and UIF Contributions		700	355	355	58	-	89	(89)	-100%	355
Medical Aid Contributions		191	338	338	16	-	84	(84)	-100%	338
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		827	925	925	70	-	231	(231)	-100%	925
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		2 890	3 375	3 375	249	-	844	(844)	-100%	3 375
Sub Total - Councillors		11 606	13 599	13 782	982	2 984	3 400	(416)	-12%	13 599
% increase	4		17.2%	18.8%						17.2%
Senior Managers of the Municipality										
Basic Salaries and Wages		5 198	6 319	6 319	353	1 059	1 580	(521)	-33%	6 319
Pension and UIF Contributions		183	9	9	15	45	2	43	1931%	9
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		699	765	765	44	132	191	(59)	-31%	765
Cellphone Allowance		108	93	93	7	22	23	(2)	-7%	93
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		99	-	-	0	0	-	0	#DIV/0!	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		17	-	-	1	4	-	4	#DIV/0!	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		6 303	7 186	7 186	421	1 262	1 796	(534)	-30%	7 186
% increase	4		14.0%	14.0%						14.0%
Other Municipal Staff										
Basic Salaries and Wages		137 100	150 245	157 882	12 080	36 071	37 561	(1 491)	-4%	150 245
Pension and UIF Contributions		28 838	32 277	32 815	2 611	7 884	8 069	(185)	-2%	32 277
Medical Aid Contributions		12 662	12 112	14 559	973	3 000	3 028	(28)	-1%	12 112
Overtime		7 868	563	5 947	881	2 558	141	2 418	1717%	563
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		19 964	19 306	22 681	1 761	5 228	4 826	402	8%	19 306
Cellphone Allowance		40	400	1 759	3	9	208	(199)	-96%	834
Housing Allowances		1 032	1 244	1 244	90	269	311	(42)	-13%	1 244
Other benefits and allowances		35 637	23 680	23 680	1 780	5 312	5 920	(608)	-10%	23 680
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		1 519	2 227	2 227	128	386	557	(171)	-31%	2 227
Post-retirement benefit obligations	2	6 032	-	-	183	634	-	634	#DIV/0!	-
Sub Total - Other Municipal Staff		250 692	242 054	262 794	20 490	61 351	60 622	729	1%	242 487
% increase	4		-3.4%	4.8%						-3.3%
Total Parent Municipality		268 601	262 839	283 763	21 893	65 597	65 818	(221)	0%	263 272
			-2.1%	5.6%						-2.0%
TOTAL SALARY, ALLOWANCES & BENEFITS		268 601	262 839	283 763	21 893	65 597	65 818	(221)	0%	263 272
% increase	4		-2.1%	5.6%						-2.0%
TOTAL MANAGERS AND STAFF		256 995	249 240	269 980	20 911	62 613	62 418	195	0%	249 673

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4. Conditional Grants

As at the end of September 2020 a total of R65.2 millions 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. R17.2 million was spent during the month of September 2020. The operating grant utilisation is at 8.3% and the capital grant utilisation was 20.18% of allocations received. Overall grant utilisation is at 18.80%.

Table 4

Description	Opening Balance	Receipts	Roll Over Repayments	Total receipts	Expenditure	Balance	Percentage
Operating Grants							
FMG	0	1 000 000		1 000 000	200 379	799 621	20.04
PTP	308 817			308 817		308 817	0.00
EPWP	0	768 000		768 000	165 195	602 806	21.51
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
GEOPlanning	1 993 574			1 993 574	4 115	1 989 459	0.21
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
Total Operating Grants	8 951 438	1 768 000	0	10 719 438	891 651	9 827 787	8.32
Capital Grants							
WSIG	0	21 670 000		21 670 000	8 325 938	13 344 062	38.42
Drought Relief Initiatives	0			0		0	0.00
MIG	6 040 433	40 000 000		46 040 433	7 813 003	38 227 430	16.97
Orio	11 550 860			11 550 860		11 550 860	0.00
RRAMS	0	1 786 000		1 786 000	220 421	1 565 579	12.34
Total Capital Grants	17 591 293	63 456 000	0	81 047 293	16 359 363	64 687 931	20.18
Total Grants	26 542 730.94	65 224 000.00	-	91 766 730.94	17 251 013.54	74 515 717.40	18.80

5. Cash and cash equivalents

An amount of R 25 479.45 was accrued in investment interest income for the month of September 2020. The cash in bank as at 30 September 2020 amounted to **R 167 million** and investments amounted to **R 3.7 million** bringing a total cash and cash equivalents of **R 170 million**. The average interest rate on investment is at 4.13%. The cash coverage ratio as at 30 September 2020 is **0.65 based** on average of R 75 million per month fixed operating expenditure. This indicates that the municipality as at 30 September 2020 have sufficient cash to run its operation for 19.5 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.

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	4.1%	3 750	10	3 760
			25	0	3 750	10	3 760

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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	68 268 895.29	-8 217 250.41	60 051 644.88
Salaries Account	50940092196	88 394 169.50	-22 237 931.14	66 156 238.36
Water Services Account	62023616462	48 899 381.81	-10 012 575.20	38 886 806.61
NSTD Call Account	62215748289	556 576.78	1 463.87	558 040.65
Mandela Race Account	62411577193	799 739.91	819.54	800 559.45
UMDM MIG (DBSA) Account	62400041985	0.00	0.00	0.00
Corporate Cheque Account	62597807125	582 133.99	1 352.37	583 486.36
Public Sector Cheque Account	62243484417	0.00	0.00	0.00
Total Cash Balances		207 500 897.28	-40 464 120.97	167 036 776.31

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 30 September 2020 the loans book was sitting at R195 million. The average interest rate on remaining loans is 10.8 %. The debt to revenue ratio at 57.08 % as projected which is above the treasury norm of below 45%. This indicates that the debt books is funded by 0.50 % of the internally generated operating income.

Table 7

LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) September 2020						
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/09/2020	Add: Interest Accrued	Less :Capital Repayments	Closing Balance at 30/09/2020
12007869	uMgungundlovu Various Water Projects	10.889	193 400 869.39	1 715 050.18		195 115 919.57
			193 400 869.39	1 715 050.18	0.00	195 115 919.57

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7. Creditors Age Analysis

The balance of trade payables as at 30 September 2020 was R 43.5 million.

Total R 8.3 million or 19 % of invoices remained outside the compliance period of 30 days as at 30 September 2020. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 30 September 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 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.

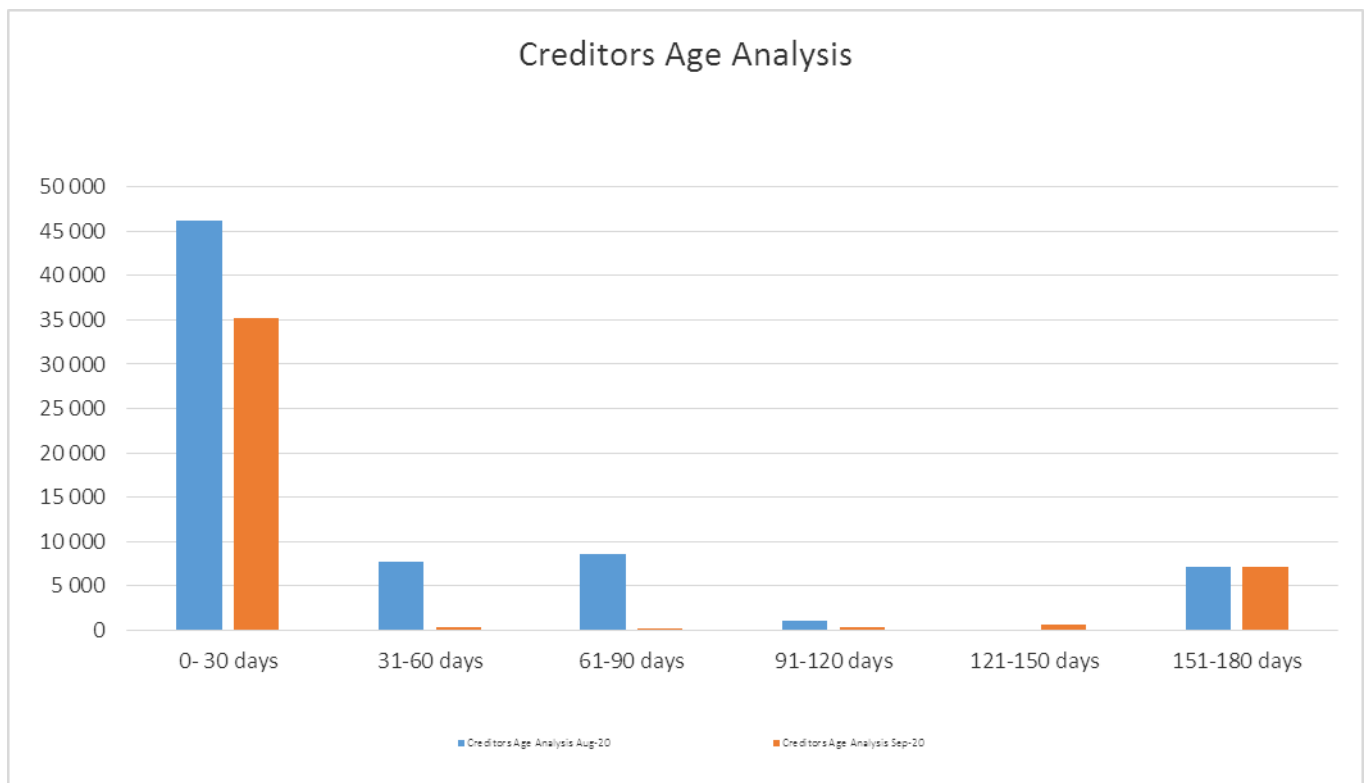
As most ESKOM accounts have payment terms which are much less than 30 days, interest on late payment is unavoidable. In order to alleviate this problem, more than 90% of ESKOM accounts were switched to debit order system and the process to transfer all accounts to a debit order method of payment is under 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.

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Table 8

Creditors Age Analysis		
	Aug-20	Sep-20
0- 30 days	46 213	35 238
31-60 days	7 745	266
61-90 days	8 609	78
91-120 days	1 050	336
121-150 days	0	609
151-180 days	7 056	7 056
	70 673	43 583

Graph 1



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8. BILLING REVENUE AND DEBTORS

8.1 BILLING SUMMARY: JULY 2020 TO SEPTEMBER 2020

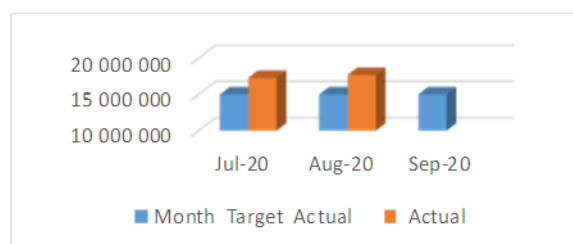
Table 9

Area	July 2020	August 2020	September 2020
uMshwathi	1 485 949.64	2,008,873.66	2,240,441.08
uMngeni	11 722 170.60	12,117,495.02	11,812,411.02
Mpofana	2 355 546.45	2,601,242.70	2,149,563.90
iMpendle	349 493.25	365,255.18	325,957.10
Mkhambathini	765 591.20	682,520.89	648,084.31
Richmond	1 585 312.94	1,195,169.51	1,763,427.61
Water Schemes	3 673 411.02	4,086,018.71	3,803,802.40
Bulk Customers	6 320 257.40	6,917,988.61	7,226,796.91
Total	R28,257,732.50	R29,974,564.28	R29,970,484.33

8.2 CREDIT CONTROL AND DEBT COLLECTION TARGET VS COLLECTION : AUGUST 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	



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

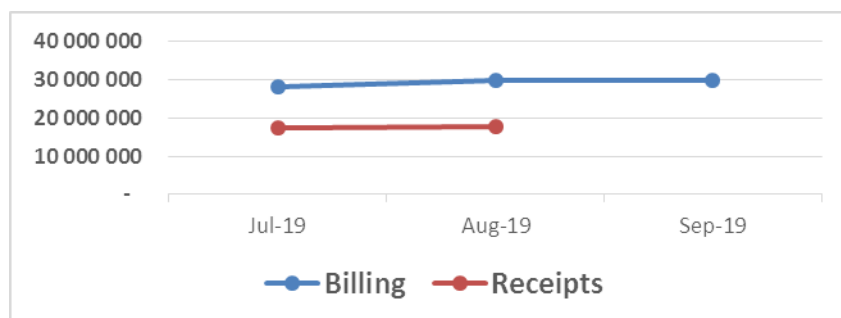
Table 11

BILLING VS RECEIPTS

BILLING VS RECEIPTS				
Month	Billing	Receipts	Collection %	Comment
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			
Total	88,202,781.11	34,951,168.66	60%	

BILLING VS RECEIPTS

Graph 3



THE TABLE BELOW DETAILS THE CLASSIFICATION OF RECEIPTS – JULY 2020 TO SEPTEMBER 2020

Table 12

BASIS OF RECEIPTS	JULY 2020	AUGUST 2020	SEPTEMBER 2020
Direct Bank Deposits	18,141,224.00	15,571,511.60	15,611,508.25
Easy Pay	566,331.08	917,169.41	893,613.59
Post Office	177,511.80	120,983.79	123,821.45
Customer Care Centre	195,601.60	452,583.16	499,913.44
Manual Receipts	85,363.61	222,246.70	237,817.27
Total	R19,166,032.09	17,284,494.66	17,666,674.00

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THE TABLE BELOW DETAILS CUSTOMER CATEGORY RECEIPTS- JULY 2020 TO SEPTEMBER 2020

TABLE 13

Customer Classification	July 2020	August 2020	September 2020
Government	3,941,856.84	2,555,485.52	2,009,336.63
Business	9,604,058.26	9,530,422.15	10,085,493.23
Households	5,587,209.09	5,161,139.33	5,536,508.46
Indigent Households	13,154.06	16,794.00	15,956.10
Church	17,552.30	17,483.20	16,048.41
Councillors	2,201.54	3,170.46	3,304.17
Total	R19,166,032.09	17,284,494.66	17,666,674.00

THE TABLE BELOW INDICATES THE COMPARISON OF COLLECTION RATE BETWEEN 2019/20 FINANCIAL YEAR AND 2020/21 FINANCIAL YEAR

TABLE 14

Month	2019/2020 Financial Year			Month	2020/2021 Financial Year		
	Billing	Receipts	Collections %		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%

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

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THE TABLE BELOW DETAILS THE PERCENTAGE OF COLLECTION PER CUSTOMER CLASSIFICATION – SEPTEMBER 2020

TABLE 15

	Jul-20				Aug-20			
AREA	SALES RAISED	RECEIPTS	% COLLECTION	AREA	SALES RAISED	RECEIPTS	% COLLECTION	
Howick	7,504,941.91	6,700,564	89%	Howick	7,844,884.60	5,272,242	67%	
Tumbleweed	178,562.00	2,250	1%	Tumbleweed	179,521.00	2,900	2%	
Lidgeton	134,262.10	5,394	4%	Lidgeton	136,254.00	2,200	2%	
Hilton	2,378,895.68	1,721,003	72%	Hilton	2,305,846.14	1,934,182	84%	
Mpophomeni	1,691,012.54	165,293	10%	Mpophomeni	1,503,440.14	45,991	3%	
Bulk	5,433,228.58	5,416,936	100%	Bulk	6,882,170.42	6,697,485	97%	
Mpofana	1,355,400.59	1,109,623	82%	Mpofana	1,444,603.27	460,959	32%	
Mpofana-Bruntville	1,156,214.21	49,783	4%	Mpofana-Bruntville	1,252,248.00	15,782	1%	
Richmond	1,584,155.39	673,290	43%	Richmond	1,200,339.22	790,173	66%	
uMshwathi	1,485,949.64	945,252	64%	uMshwathi	2,028,784.94	1,811,695	89%	
uMkhambathini	730,712.06	255,569	35%	uMkhambathini	574,628.14	430,505	75%	
iMpendle	272,454.95	48,926	18%	iMpendle	269,901.12	34,840	13%	
Water Schemes	4,351,943	190,612	4%	Water Schemes	3,957,510	167,720	4%	
Total	28,257,733	17,284,495	61%	Total	29,580,131	17,666,674	59%	

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

Table 16. Water Schemes billing vs Collection

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Hopewell	150,777.40	-	0%	Rural Scheme
Manyavu	474,407.56	-	0%	Rural Scheme
Intermediate Cross	67,286.65	1,234.55	2%	Farm Scheme
Swayimana	1,062,916.11	679.38	0%	Rural Scheme
Table Mountain	545,196.63	3,619.06	1%	Rural Scheme
Whispers	343,267.39	14,258.62	4%	Farm Scheme
Camperdown	168,889.73	119,604.80	71%	Farm Scheme
Birnoum Wood	94,111.62	11,519.87	12%	Farm Scheme
Claridge	75,927.06	14,844.83	20%	Farm Scheme
Efaye	259,140.23	-	0%	Rural Scheme
Cuphulaka	226,678.79	-	0%	Rural Scheme
Mayizekanye	112,097.81	-	0%	Rural Scheme
Mpolweni	376,812.85	1,958.59	1%	Rural Scheme
Total	3,957,509.83	167,719.70	4%	

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

Table 17

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Gomane	95,517.98	0.00	0%	Rural Scheme
Emakholweni	128,301.44	0.00	0%	Rural Scheme
Inzinga	51,784.20	13,169.63	25%	Rural Scheme
Swapo	142,674.20	0.00	0%	Rural Scheme
Total	R418,277.82	R13,169.63	3%	

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 30 September 2020 amounted to **R 911 million**. The collection rate in the month of September was **59 %**. The average collection rate to date is **58 %**. 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.

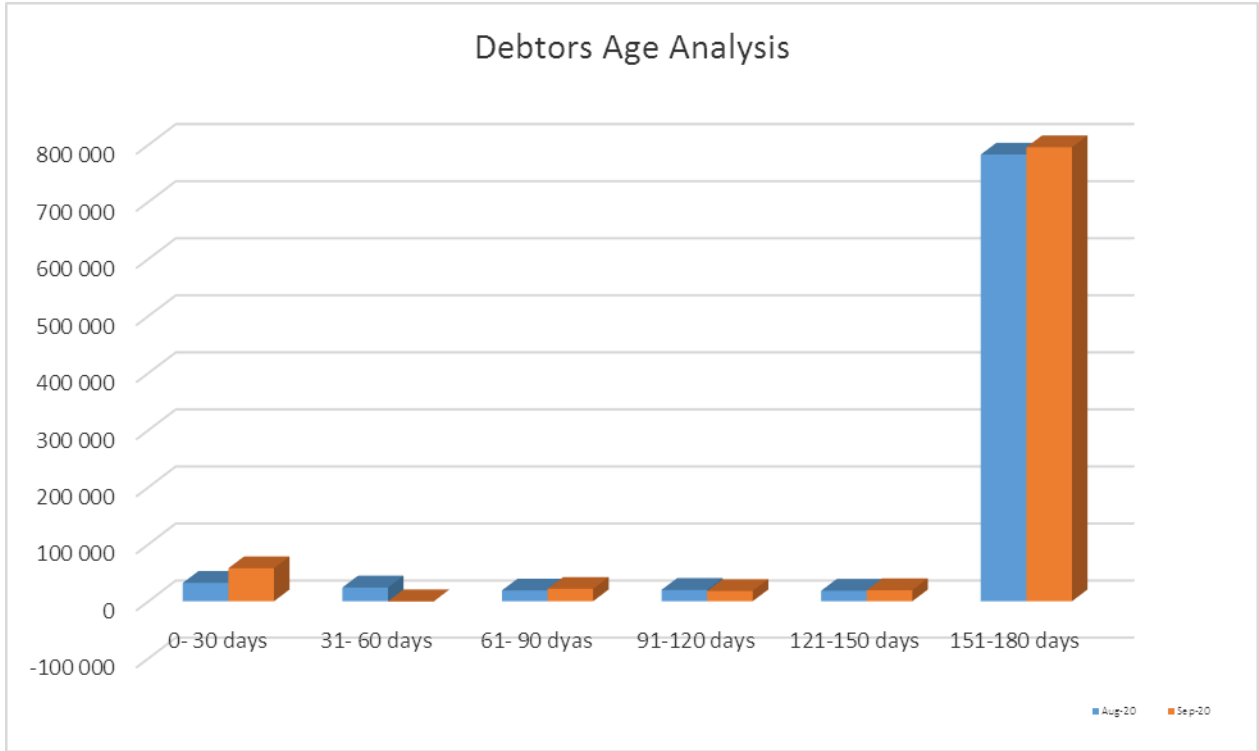
UMGUNGUNDOLOVU DISTRICT MUNICIPALITY

Table 18

DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September											
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											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	46 251	(420)	16 855	12 556	13 828	12 766	64 567	446 976	613 380	550 694
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	2 603	-	942	1 367	1 790	1 308	8 441	84 225	100 676	97 130
Receivables from Exchange Transactions - Waste Management	1600	(33)	-	(114)	3	(0)	(3)	(2)	(36)	(185)	(38)
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	739	739	739
Interest on Arrear Debtor Accounts	1810	7 648	(0)	4 118	4 047	3 809	3 832	22 025	137 140	182 619	170 853
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	1 266	(76)	(75)	(2)	(16)	(14)	46	13 585	14 715	13 600
Total By Income Source	2000	57 735	(495)	21 726	17 971	19 410	17 890	95 078	682 628	911 944	832 978
2019/20 - totals only										-	-
Debtors Age Analysis By Customer Group											
Organs of State	2200	6 605	(3)	1 251	897	1 089	604	5 599	15 835	31 876	24 024
Commercial	2300	5 680	(19)	603	984	1 396	693	1 923	8 925	20 186	13 921
Households	2400	39 826	(454)	17 435	14 673	15 573	14 715	79 132	578 331	759 231	702 425
Other	2500	5 624	(20)	2 437	1 418	1 352	1 878	8 425	79 536	100 650	92 609
Total By Customer Group	2600	57 735	(495)	21 726	17 971	19 410	17 890	95 078	682 628	911 944	832 978

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Graph 4



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The table below details the age analysis for customers grouped as UMDM staff members as at 30 September 2020

Table 19

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922411911	6,754.01	230.43	231.67	232.91	245.20	242.35	243.53	8,180.10
5922272107	5,414.58	873.97	3,870.40	1,560.40	1,155.51	1,204.98	713.74	14,793.58
5922411528	14,588.88	333.71	335.33	336.95	352.24	345.22	346.77	16,639.10
5922721404	15,007.32	196.82	197.60	198.36	369.14	363.07	364.75	16,697.06
5922111502	25,347.59	337.96	1,425.71	1,579.70	839.64	1,337.64	1,801.50	32,669.74
5922251794				582.17	1,266.06	1,272.32	856.53	3,977.08
5922711631	14,743.14	320.75	1,286.54	786.96	11,549.37	1,052.23	1,279.96	31,018.95
5922251326	984.09	22.14	591.67	859.08	803.93	856.44	953.40	5,070.75
5922111593	4,521.45	615.77	619.54	674.78	422.29	559.01	935.25	8,348.09
5922262141	14,490.50	447.23	449.56	451.90	381.70	374.42	376.10	16,971.41
5922193001	2,813.82	294.58	296.37	298.16	312.42	311.87	313.55	4,640.77
5922411939	10,700.07	309.28	310.90	312.51	352.90	348.41	350.09	12,684.16
5922645000	1,973.11	289.45	291.24	293.03	307.28	307.23	308.92	3,770.26
5922314131	63.32	0.34	0.34	0.34	0.34	0.31	0.31	65.30
5922232755	5,194.11	73.96	280.70	282.31	322.70	321.15	322.83	6,797.76
5922411620	18,949.84	354.67	356.29	357.91	398.29	389.39	391.07	21,197.46
5922711578	1,793.24	340.06	379.29	54.43	83.68	58.54	181.53	2,890.77
5922192292	4,162.16	127.91	128.58	129.25	314.97	314.17	315.85	5,492.89
5922711660	76,790.19	736.65	869.99	872.91	805.47	719.04	1,054.86	81,849.11
5922226809	17,867.69	456.55	458.88	461.23	391.02	382.83	384.51	20,402.71
5922262474	18,724.16	466.48	468.82	471.16	400.96	391.80	393.48	21,316.86
5922192290	9,867.72	157.71	158.39	159.06	344.77	341.08	342.76	11,371.49
5922411734	18,414.24	347.48	349.10	350.72	391.09	382.90	384.58	20,620.11
5922213319	46,156.66	6,789.26	6,180.78	1,182.24	10,205.63	3,160.34	5,359.30	79,034.21
5922113000	13,180.12	126.23	1,713.49	372.54	921.58	319.05	161.54	16,794.55
5922317749	43,224.58	3,030.31	2,955.96	331.99	3,096.93	3,085.30	3,101.67	58,826.74
5922213198					574.14	603.73	604.36	1,782.23
5922741014	33,108.90	10,280.64	809.30	703.86	1,453.06	1,429.08	1,814.47	49,599.31
5922193002	2,547.85	292.92	294.71	296.50	310.76	310.37	312.05	4,365.16
5922193000	3,072.74	296.14	297.92	299.71	313.97	313.27	314.96	4,908.71
5922251800			505.59	509.70	501.56	572.87	464.35	2,554.07
5922213962						63.20	597.92	661.12
Totals:	430,456.08	28,149.40	26,114.66	15,002.77	39,188.60	22,690.23	27,413.96	589,015.70

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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

Table 20

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922261941						163.28	-8.91	154.37
5922193491	980.53	708.45	54.76	261.49	852.09	897.71	655.16	4,410.19
5922741442						158.95	489.63	648.58
5922111637	43,275.29	840.45	9,246.85	13,940.41	2,957.38	4,345.84	1,217.99	75,824.21
5922275001					89.70	204.17	54.88	348.75
5922212236	22,115.01	308.74	424.08	420.91	417.73	436.02	420.58	24,543.07
5922212475	5,674.91	250.64	284.45	283.95	285.56	300.86	298.84	7,379.21
5922111569	415.52	361.94	234.31	235.79	281.47	181.01	205.60	1,915.64
5922224497	103,401.65	5,962.86	1,022.54	3,081.35	2,623.70	2,020.65	2,529.11	120,641.86
Totals:	198,876.00	10,083.33	15,102.07	19,366.25	8,578.97	10,149.76	7,318.31	269,474.69

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.

8. NEW ACCOUNT CREATED FOR THE MONTH OF AUGUST 2020

The table below indicates the new accounts created for August 2020

Table 21

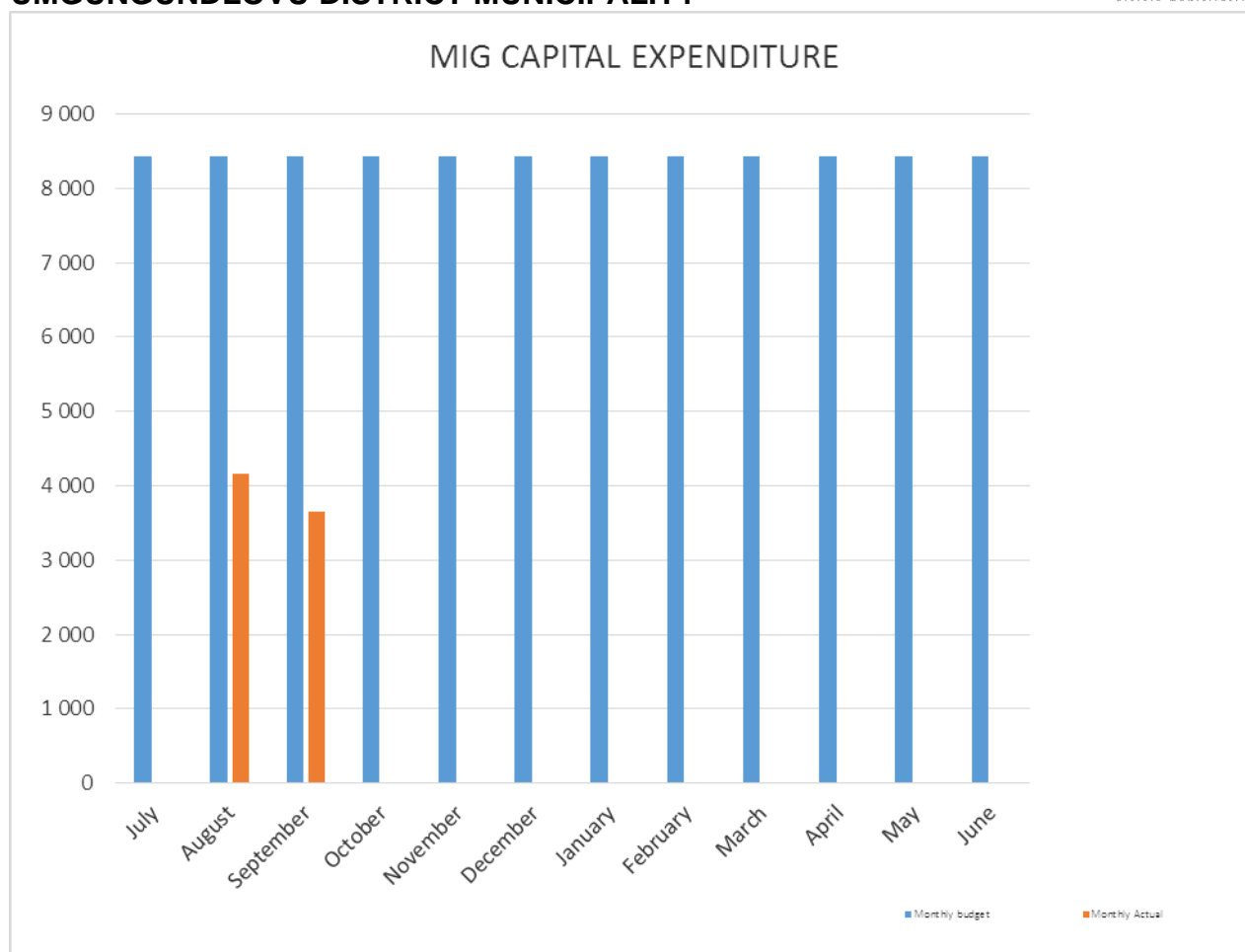
Account	Name	Area
5922227165	MAYER	Umngeni
5922227166	STEVENSON	Umngeni
5922227171	BRAITHWAITE	Umngeni
5922227172	BOTHA	Umngeni
5922227173	TEAM SOUTHERN AFRICA	Umngeni
5922227174	BASFOUR 3592 (PTY) LTD	Umngeni
5922227175	EATWELL	Umngeni
5922227176	EDGCUMBE	Umngeni
5922227179	NKOSI	Umngeni
5922227180	VENTER	Umngeni
5922296613	STONE	Umngeni
5922297010	MAKHATHINI	Umngeni
5922297011	LONGHURST	Umngeni
5922330103	MKHABELA	Mpofana
5922652002	MVELASE	uMkhambathini
5922652003	MHLONGO	uMkhambathini
5922800449	DGW CIVIL ENGINEERING SUPPLIES CC	Bulk

9. IN-YEAR BUDGET STATEMENT CHARTS: 30 SEPTEMBER 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	
November	8 437	
December	8 437	
January	8 437	
February	8 437	
March	8 437	
April	8 437	
May	8 437	
June	8 438	
	101 245	7 813

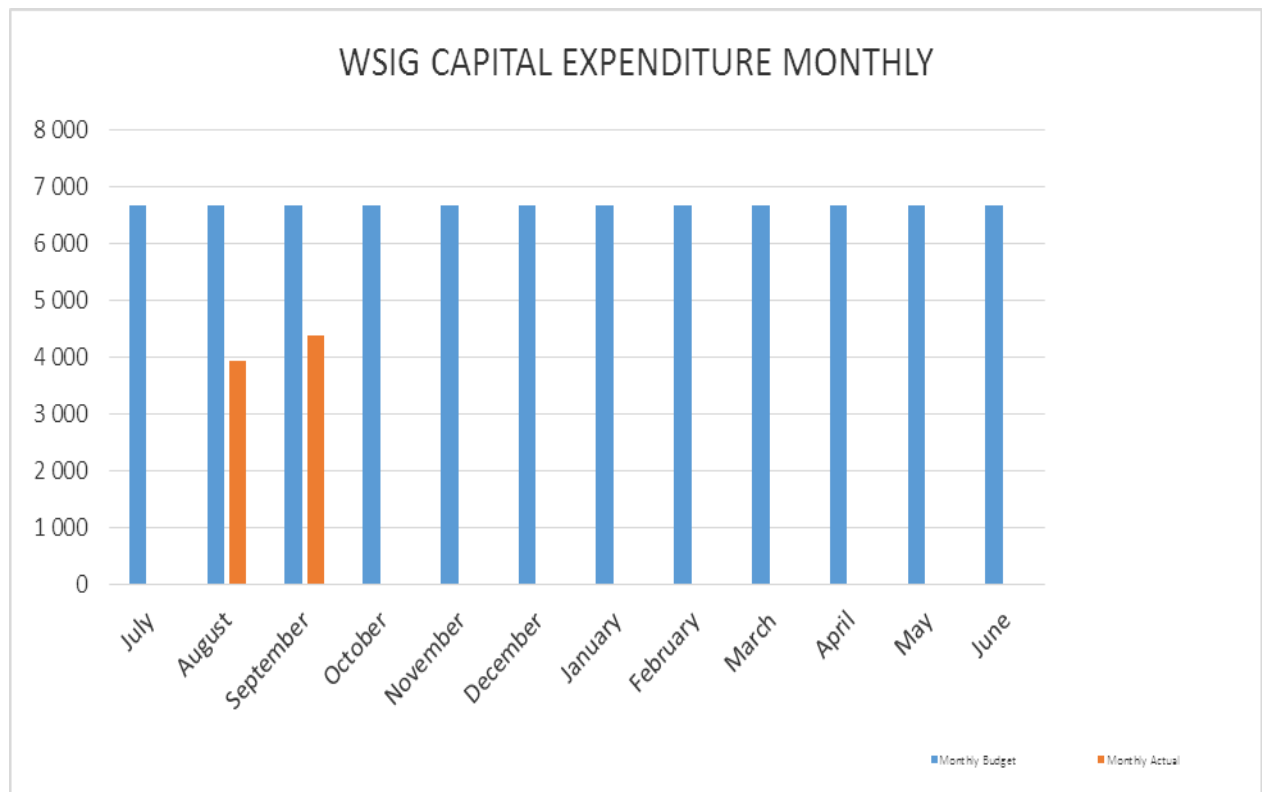
UMGUNGUNDLOVU DISTRICT MUNICIPALITY



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	
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	8 326

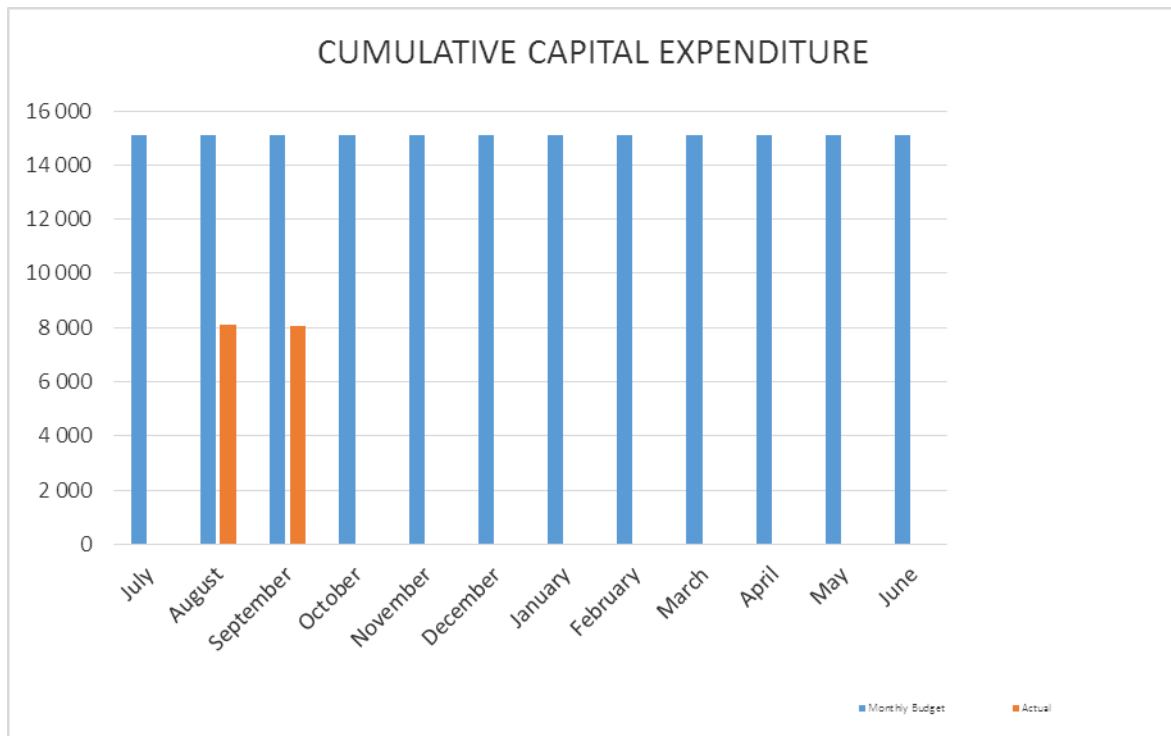
UMGUNGUNDLOVU DISTRICT MUNICIPALITY



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	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
	181 245	16 139

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UMGUNGUNDLOVU DISTRICT MUNICIPALITY

10. IN-YEAR BUDGET STATEMENT TABLES: SEPTEMBER 2020 REPORT

The preliminary financial results for the period ended 30 September 2020 (i.e. 3rd 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 30 SEPTEMBER 2020

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

	COMPREHENSIVENESS (FACTS, COMMENTS, RECOMMENDATIONS ANNEXURES) (√)	CORRECTNESS (√)	QUALITY (√)
MANAGER: BUDGET OFFICE Vacant SIGNATURE:..... DATE:	(√)	(√)	(√)
MANAGER: REVENUE MANAGEMENT SIBONGILE KHUMALO SIGNATURE..... DATE:	(√)	(√)	(√)
MANAGER: EXPENDITURE MANAGEMENT: NOMPUMELELO KHUMALO SIGNATURE..... DATE:	(√)	(√)	(√)
HEAD OF DEPARTMENT: ACTING CHIEF FINANCIAL OFFICER : NONDUMISO MBATHA SIGNATURE: DATE:	(√)	(√)	(√)
MANAGER: INTERNAL AUDIT ADELE DORASAMY 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 **SEPTEMBER 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: _____