

# UMGUNGUNDLOVU DISTRICT MUNICIPALITY



## IN-YEAR MONITORING REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2022

### 1. Operating Budget

Summary financial performance report **SF1** for the period ending 28 February 2022 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 - M08 February									
Description	2020/21	Budget Year 2021/22							
	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	297,450	366,595	364,095	29,651	217,309	244,396	(27,087)	-11%	366,595
Investment revenue	2,907	548	2,728	149	1,740	365	1,375	376%	548
Transfers and subsidies	585,531	611,851	623,586	523	469,160	407,901	61,260	15%	611,851
Other own revenue	63,766	13,936	42,792	7,422	38,219	9,290	28,928	311%	13,936
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>949,654</b>	<b>992,929</b>	<b>1,033,202</b>	<b>37,745</b>	<b>726,429</b>	<b>661,953</b>	<b>64,476</b>	<b>10%</b>	<b>992,929</b>
<b>Expenditure</b>									
Employee costs	265,771	275,256	260,394	20,134	183,772	183,504	268	0%	275,256
Remuneration of Councillors	11,691	12,957	11,587	944	7,429	8,638	(1,209)	-14%	12,957
Depreciation & asset impairment	51,582	44,590	44,606	12,048	32,142	29,727	2,415	8%	44,590
Finance charges	21,033	20,120	20,120	1,471	13,292	13,413	(121)	-1%	20,120
Inventory consumed and bulk purchases	25,940	278,588	207,181	5,495	28,673	774	27,899	3605%	1,161
Transfers and subsidies	6,500	7,958	9,158	-	9,158	5,305	3,853	73%	7,958
Other expenditure	421,244	210,527	302,301	10,157	141,726	140,351	1,374	1%	210,527
<b>Total Expenditure</b>	<b>803,762</b>	<b>849,995</b>	<b>855,347</b>	<b>50,248</b>	<b>416,192</b>	<b>381,712</b>	<b>34,479</b>	<b>9%</b>	<b>572,568</b>
<b>Surplus/(Deficit)</b>	<b>145,892</b>	<b>142,934</b>	<b>177,855</b>	<b>(12,504)</b>	<b>310,237</b>	<b>280,240</b>	<b>29,997</b>	<b>11%</b>	<b>420,361</b>

The revenue raised as at 28 February 2022 is **R 726.4 million** against the adjusted budget of **R 1.033 billion** for the year and **R 662 million** for the period. This reflects a revenue rate of **70%** against the adjusted budget and **110%** against the year-to-date (YTD) original budget.

The operating expenditure as at 28 February 2022 was **R 416.2 million** against the adjusted budget of **R 855.3 million** and year to date budget of **R381.7 million**. This reflects expenditure of **49%** against the adjusted budget and **109%** against the year-to date budget. The operating surplus for the period was **R 310.2 million** and the surplus after capital transfers and contributions was **R480.9 million**.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY



The expenditure relating to bulk water purchases was at a total of **R152 million** resulting in a recalculated total expenditure of **R568.2 million**. This reflects total recalculated expenditure of **66%** against the adjusted budget. The recalculated operating surplus is R158.2 million and the surplus after capital transfers and contributions was **R314.9 million**.

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

- Service charges below target by 11%.
- Interest on outstanding debtors is 237% above target.
- Transfers and subsidies are 15% above target due to the receipt of the Equitable Share and conditions of other grants.
- Investment revenue is 376% above target. The municipality does not have excess funds to be invested. The investment that the municipality holds as security for the DBSA loan is due for renewal in September 2022.

## 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	Original Budget 2021 /2022	Adjustment Budget 2021/2022	Expenditure as at 28 February 2022	% Spent
MIG	107 893 000	107 893 000	106 383 470	99
WSIG	85 000 000	85 000 000	51 632 533	61
RRAMS	2 586 000	2 586 000	0	0
ASIP		18 000 000	12 637 995	70
<b>Total</b>	<b>195 479 000</b>	<b>213 479 000</b>	<b>170 653 998</b>	<b>80</b>
Internally Generated Revenue		693 169	594 302	86
<b>Total Capital Expenditure</b>	<b>195 479 000</b>	<b>214 172 169</b>	<b>171 248 300</b>	<b>80</b>

The total adjusted capital budget for the 2021/2022 financial year is **R 214.2 million**. This includes the allocations from the Municipal Infrastructure Grant (MIG) of **R 107.9 million**, the Water Services Infrastructure Grant (WSIG) of **R 85 million**, the Rural Roads Assets Management Grant (RRAMS) of **R 2.6 million**, the Accelerated Water Intervention Project (AWIP) of **R 18 million** and the Internally Generated Funded Assets of **R 693 169**.

Year to date expenditure for MIG is **R 106.4 million**, WSIG is **R 51.6 million**, RRAMS is nil and AWIP is **R 12.6 million**.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY



Year to date capital expenditure from internal funding is **R 594 302** This represents **86%** of the total adjusted budget.

Total capital expenditure to date is **R 171.2 million** or **80%** against the adjusted budget.

### 3. Employee Costs and Councillors' Allowances

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.

The total salaries budget for Councillors amounts to **R 11.6 million** while salaries budget for staff amounts to **R 260.4 million**. This brings the total salaries budget to **R 271.9 million**, which represents **32%** of the total operational budget. This is within the norm of 25% - 40% in terms of National Treasury circular 71 of 2014.

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.

The actual staff salaries cost incurred, including Senior Managers, as at 28 February 2022 is spent at **70.6%** which amounts to **R 183.8 million** while the actual salaries cost for Councillors is spent at **64.1%** which amounts to **R 7.4 million**. Therefore, total salaries cost to date is **R 191.2 million** which represents **70.3%** of the total salaries budget.

Although 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 within the district. Furthermore, the number of meetings held during the financial year generally varies to the number of meetings predicted at the time of the budget process.

The salaries and benefits paid to councillors in the month of February 2021 are still based on the December 2018 promulgation which was effective for payment in the month of July 2018.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY



Table 3

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February										
Summary of Employee and Councillor remuneration	Ref	Budget Year 2021/22								
		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		6,917	8,375	7,447	540	4,502	5,584	(1,081)	-19%	8,375
Pension and UIF Contributions		695	696	531	35	316	464	(148)	-32%	696
Medical Aid Contributions		255	221	228	18	153	147	6	4%	221
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		841	864	907	74	556	576	(21)	-4%	864
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		2,983	2,800	2,473	277	1,902	1,867	36	2%	2,800
<b>Sub Total - Councillors</b>		<b>11,691</b>	<b>12,957</b>	<b>11,587</b>	<b>944</b>	<b>7,429</b>	<b>8,638</b>	<b>(1,209)</b>	<b>-14%</b>	<b>12,957</b>
% increase	4		10.8%	-0.9%						10.8%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	4,667	5,609	5,609	232	2,634	3,739	(1,106)	-30%	5,609
Pension and UIF Contributions		67	9	9	1	6	6	0	4%	9
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		(45)	-	-	-	(15)	-	(15)	#DIV/0!	-
Motor Vehicle Allowance		478	480	180	34	305	320	(15)	-5%	480
Cellphone Allowance		101	86	363	5	59	58	2	3%	86
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1	-	-	0	0	-	0	#DIV/0!	-
Payments in lieu of leave		-	-	-	-	40	-	40	#DIV/0!	-
Long service awards		6	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>5,273</b>	<b>6,184</b>	<b>6,161</b>	<b>272</b>	<b>3,030</b>	<b>4,123</b>	<b>(1,093)</b>	<b>-27%</b>	<b>6,184</b>
% increase	4		17.3%	16.8%						17.3%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		144,536	145,899	145,426	12,348	101,066	97,266	3,800	4%	145,899
Pension and UIF Contributions		32,228	32,461	32,562	2,696	21,791	21,641	150	1%	32,461
Medical Aid Contributions		13,061	12,489	12,489	1,032	8,624	8,326	298	4%	12,489
Overtime		9,120	8,438	7,171	743	5,872	5,625	247	4%	8,438
Performance Bonus		12,127	12,907	12,326	1	12,341	8,605	3,736	43%	12,907
Motor Vehicle Allowance		20,968	21,074	13,919	1,064	9,628	14,049	(4,422)	-31%	21,074
Cellphone Allowance		29	1,426	1,011	5	38	951	(913)	-96%	1,426
Housing Allowances		1,314	1,386	1,386	114	908	924	(16)	-2%	1,386
Other benefits and allowances		22,397	23,972	19,645	1,675	15,381	15,981	(600)	-4%	23,972
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		5,233	9,020	8,298	185	3,134	6,013	(2,879)	-48%	9,020
Post-retirement benefit obligations	2	(514)	-	-	-	1,959	-	1,959	#DIV/0!	-
<b>Sub Total - Other Municipal Staff</b>		<b>260,498</b>	<b>269,072</b>	<b>254,233</b>	<b>19,862</b>	<b>180,742</b>	<b>179,381</b>	<b>1,361</b>	<b>1%</b>	<b>269,072</b>
% increase	4		3.3%	-2.4%						3.3%
<b>Total Parent Municipality</b>		<b>277,462</b>	<b>288,213</b>	<b>271,981</b>	<b>21,077</b>	<b>191,201</b>	<b>192,142</b>	<b>(941)</b>	<b>0%</b>	<b>288,213</b>
Unpaid salary, allowances & benefits in arrears:										
<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>277,462</b>	<b>288,213</b>	<b>271,981</b>	<b>21,077</b>	<b>191,201</b>	<b>192,142</b>	<b>(941)</b>	<b>0%</b>	<b>288,213</b>
% increase	4		3.9%	-2.0%						3.9%
<b>TOTAL MANAGERS AND STAFF</b>		<b>265,771</b>	<b>275,256</b>	<b>260,394</b>	<b>20,134</b>	<b>183,772</b>	<b>183,504</b>	<b>268</b>	<b>0%</b>	<b>275,256</b>

#### 4. Conditional Grants

As at the 28 February 2022, a total of **R 181.4 million** of conditional grants was received since 1 July 2021 whilst an additional **R 18.4 million**, which was received in the previous financial year, was available at the beginning of the period. A total of **R 173.9 million** was spent as at 28 February 2022. The operating grant utilisation is at **31.75%** and the capital grant utilisation was **89.97%** of allocations received. Overall grant utilisation is at **87%**.

**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	561 061	438 939	56.11
PTP	308 817			308 817	0	308 817	0.00
EPWP	114 674	2 299 000	-114 674	2 299 000	1 395 952	903 048	60.72
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	856 213			856 213	841 735	14 478	98.31
IDP SPATIAL DEVELOPMENT FRAMEWORK	848 175			848 175	225 400	622 775	26.57
SPATIAL DEVELOPMENT FRAMEWORK	706 750			706 750	197 570	509 180	27.95
<b>Total Operating Grants</b>	<b>6 961 713</b>	<b>3 299 000</b>	<b>-114 674</b>	<b>10 146 039</b>	<b>3 221 719</b>	<b>6 924 321</b>	<b>31.75</b>
<b>Capital Grants</b>							
WSIG	0	65 000 000		65 000 000	51 632 533	13 367 467	79.43
MIG	0	92 551 000		92 551 000	106 383 470	-13 832 470	114.95
Orio	11 550 860			11 550 860	0	11 550 860	0.00
RRAMS	0	2 586 000		2 586 000	0	2 586 000	0.00
Sanitation Grant		18 000 000		18 000 000	12 637 995	5 362 005	70.21
<b>Total Capital Grants</b>	<b>11 550 860</b>	<b>178 137 000</b>	<b>0</b>	<b>189 687 860</b>	<b>170 653 998</b>	<b>19 033 862</b>	<b>89.97</b>
<b>Total Grants</b>	<b>18 512 573</b>	<b>181 436 000</b>	<b>-114 674</b>	<b>199 833 899</b>	<b>173 875 717</b>	<b>25 958 183</b>	<b>87.01</b>

#### 5. Cash and cash equivalents

An amount of **R 15 103** as accrued in investment interest income for the month of February 2022. The cash in bank as at 28 February 2022 amounted to **R 122.7 million** and investments amounted to **R 3.8 million** resulting in a total cash and cash equivalents balance of **R 126.5 million**. The average interest rate on investment is at **5.25%**. The cash coverage ratio as at 28 February 2022 is **1.38** based on average of R 70 million per month fixed operating expenditure. This indicates that the municipality as at 28 February 2022 has enough cash to run its operation for **41.46 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.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY



Table 5

Period of Investment	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
Yrs/Months							
1 year	Fixed deposit	9/7/2022	15,103	5.25%	3,829,289	15,103	3,844,392

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	49,713,594.26	-353,340.06	49,360,254.20
Salaries Account	50940092196	75,707,008.33	-22,349,264.37	53,357,743.96
Water Services Account	62023616462	23,259,960.67	-9,137,844.26	14,122,116.41
NSTD Call Account	62215748289	581,011.91	1,762.93	582,774.84
Mandela Race Account	62411577193	814,769.29	1,450.48	816,219.77
UMDM MIG (Dbsa) Account	62400041985		0.00	
Mandela ABSA	62597807125	1,234,604.27	-348.51	1,234,255.76
Corporate Cheque Account	62243484417	3,209,092.34	8,389.31	3,217,481.65
Public Sector Cheque Account		0.00	0.00	0.00
<b>Total Cash Balances</b>		<b>154,520,041.07</b>	<b>-31,829,194.48</b>	<b>122,690,846.59</b>

Table 6 above excludes an investment of **R 3.75 million** held with FNB as a security for the long-term borrowings (DBSA Loan).

## 6. Borrowings

As at 28 February 2022, the loan book was at a total balance of **R 176 million**. The average interest rate on the remaining loan balance is **10.889%**. The debt to revenue ratio is **24.37%** which is within the treasury norm of below 45%. The YTD debt service to income ratio indicates that the costs associated with the debt were funded by **1.82%** of the operating income.

Table 7

Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/02/2022	Add: Interest Accrued	Closing Balance at 28/02/2022
<b>12007869</b>	uMgungundlovu Various Water Projects	<b>10.889</b>	175 530 323.74	1 466 240.86	176 996 564.60
			<b>175 530 323.74</b>	<b>1 466 240.86</b>	<b>176 996 564.60</b>

## 7. Creditors Age Analysis

The balance of trade payables as at 28 February 2022 was **R 111.7 million**.

A total of **R 74.5 million** or **67%** of invoices remained outside the compliance period of 30 days as at 28 February 2022.

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 ad hoc 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 is sent to every HOD, for their action, as to resolve issues that may have been raised by the Accounting Officer.

Generally Recognised Accounting Practise (GRAP) Standards require that payments be reflected in the period in which they were made, therefore, accounts payable balances as at 30 June 2022 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 relevant contracts to allow for the finalisation of valid contracts through supply chain processes. This exercise will assist in preventing irregular expenditure.

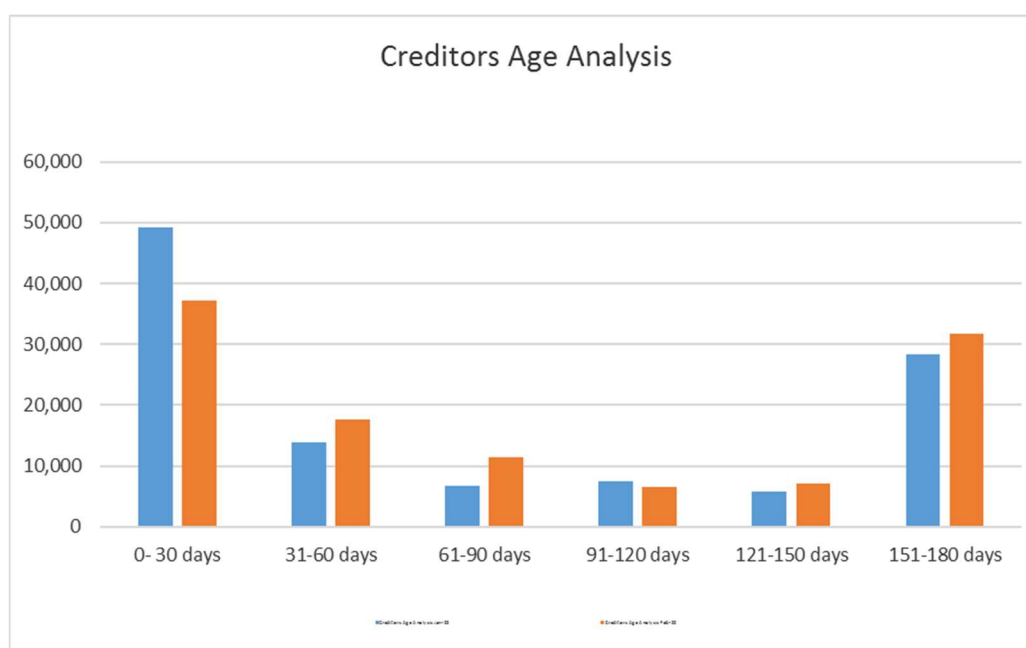
As most ESKOM accounts have payment terms which are much less than 30 days, interest on late payment is unavoidable. In order to alleviate this problem, the ESKOM accounts were switched to debit order system and the process to transfer all accounts to a debit order method of payment is under way. The benefit of the use of a debit order system is the prevention of fruitless and wasteful expenditure in the form of interest on late payment as well as reductions in power cuts which result in service interruptions.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### Creditors Age Analysis

	Jan-22	Feb-22
0- 30 days	49,242	37,138
31-60 days	13,776	17,709
61-90 days	6,778	11,434
91-120 days	7,505	6,492
121-150 days	5,743	7,062
151-180 days	28,318	31,827
	<b>111,362</b>	<b>111,662</b>

Graph 1





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### 8. Billing Revenue and Debtors

#### 8.1 Billing Summary: November 2021 to February 2022

**Table 9**

The table below details the **Monthly Billing per Area** for the 2021/2022 financial year.

Area	November 2021	December 2021	January 2022	February 2022
uMshwathi	1,586,761.11	2,341,929.43	2,333,209.53	2,223,991.66
uMngeni	11,997,687.32	11,271,753.09	13,724,468.12	13,418,986.00
Mpofana	2,148,705.61	2,730,714.23	2,692,945.57	2,752,965.93
iMpendle	507,645.99	410,781.82	283,970.37	462,758.47
Mkhambathini	802,810.71	670,452.74	616,344.40	544,110.45
Richmond	1,560,313.26	1,364,103.91	1,651,391.63	1,422,621.36
Water Schemes	4,214,675.05	6,535,459.97	4,951,135.63	4,079,247.25
Bulk Customers	6,215,007.67	4,286,141.97	5,805,942.03	9,771,058.42
<b>Total</b>	<b>29,033,606.76</b>	<b>29,611,337.16</b>	<b>32,059,407.28</b>	<b>34,675,739.54</b>

#### 8.2 Credit Control and Debt Collection: Billing vs Receipts

**Table 10**

The table below details financial year to date **Monthly Billing against the Receipts** for the 2021/2022 financial year.

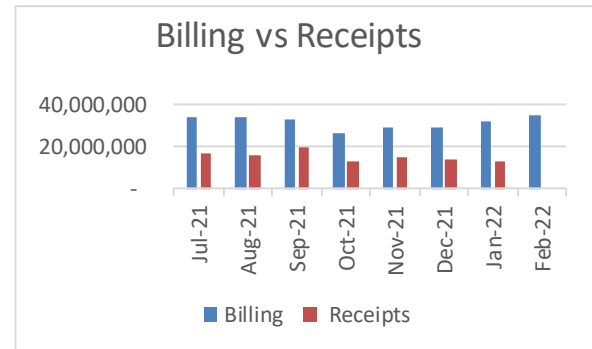
Month	Billing	Receipts	Collection %
June 2021	31,098,498.76	16,123,060.04	52%
July 2021	34,130,359.93	16,599,637.65	49%
August 2021	34,088,135.92	15,821,733.95	47%
September 2021	33,133,579.61	19,373,579.98	58%
October 2021	26,406,763.09	13,163,326.17	50%
November 2021	29,033,606.72	15,285,130.19	53%
December 2021	29,611,337.16	14,499,786.69	49%
January 2022	32,059,407.28	13,467,994.28	42%
February 2022	34,675,739.54		

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY



**Graph 3**

Month	Billing	Receipts
Jul-21	34,130,360	16,599,637
Aug-21	34,088,135	15,821,733
Sep-21	33,133,598	19,373,579
Oct-21	26,406,763	13,163,326
Nov-21	29,033,607	15,285,130
Dec-21	29,611,337	14,499,787
Jan-22	32,059,407	13,467,994
Feb-22	34,675,740	



**Table 11**

The table below details the **Classification of Receipts** for February 2022.

Basis of Receipts	Dec-21	Jan-22	Feb-22
Direct Deposits	11,562,365.29	11,568,698.36	9,895,628.73
Easy Pay	2,568,698.25	2,569,857.36	2,158,369.36
Post Office	214,569.25	235,698.25	251,258.69
Customer Care	536,257.25	547,987.36	448,368.25
Manual Receipts	403,240.15	377,545.36	714,369.25
<b>Total</b>	<b>15,285,130.19</b>	<b>14,499,786.69</b>	<b>13,467,994.28</b>

**Table 12**

The table below details **Customer Category Receipts** for February 2022.

Customer Classification	Dec-21	Jan-22	Feb-22
Government	4,623,369.28	4,532,369.25	4,158,369.25
Business	3,246,199.17	3,125,869.25	3,025,698.25
Households	6,659,258.12	6,147,698.25	6,054,369.25
Indigent Households	523,698.25	444,754.89	12,134.92
Church	225,369.12	241,258.36	210,169.25
Councillors	7,236.25	7,836.69	7,253.36
<b>Total</b>	<b>15,285,130.19</b>	<b>14,499,786.69</b>	<b>13,467,994.28</b>

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY



**Table 13**

The table below indicates the comparison of collection rate between 2020/2021 financial year and 2021/2022 financial year.

2020/2021 Financial Year				2021/2022 Financial Year			
Month	Billing	Receipts	Collections %	Month	Billing	Receipts	Collections %
Jul-20	28,257,733	17,284,495	61%	Jul-21	24,130,360	16,599,637	49%
Aug-20	29,974,564	17,666,674	59%	Aug-21	34,088,135	15,821,733	47%
Sep-20	28,167,994	16,346,202	58%	Sep-21	33,133,597	19,373,530	58%
Oct-20	28,167,994	17,572,852	62%	Oct-21	26,406,763	13,316,326	50%
Nov-20	33,446,018	17,763,415	53%	Nov-21	29,033,607	15,285,130	53%
Dec-20	28,559,320	13,091,886	46%	Dec-21	29,611,337	14,499,787	49%
Jan-21	30,321,093	17,531,805	58%	Jan-22	32,059,407	13,467,994	42%
<b>Average Collection Rate for 2019/2010</b>			<b>57%</b>	<b>Average Collection Rate for 2021/2022</b>			<b>48%</b>

The collection rate for the financial year based only on the service charges billed in 2021/22 is **48%** which is below the collection rate for the same period in the previous financial year of **57%**. The overall collection rate taking into account gross debtors outstanding at the commencement of the 2021/22 financial year is **38%**.

The collection rate comparison to the previous year is to measure the impact of the slow economic growth and activity. This is mainly due to the adverse effects on households and businesses by the Covid-19 pandemic and related restrictions as well as the unrest experienced within the Province in July 2021 which has further contributed to the unemployment rate in the district and consequently the affordability of households.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY



**Table 14**

The table below details the percentage of collection per customer classification.

Nov-21			Dec-21			Jan-22					
	SALES RAISED	RECEIPTS	% COLLECTION		SALES RAISED	RECEIPTS	% COLLECTION		SALES RAISED	RECEIPTS	% COLLECTION
Howick	7,156,365	4,869,365	68%	Howick	7,156,365	4,869,365	68%	Howick	7,958,364	4,116,369	52%
Tumbleweed	113,659	5,400	5%	Tumbleweed	113,659	5,400	5%	Tumbleweed	114,361	5,400	5%
Lidgeton	172,365	1,785	1%	Lidgeton	172,365	1,785	1%	Lidgeton	182,369	1,200	1%
Hilton	2,569,365	2,225,258	87%	Hilton	2,569,365	2,225,258	87%	Hilton	2,898,369	2,116,305	73%
Mpophomeni	1,581,654	152,369	10%	Mpophomeni	1,581,654	152,369	10%	Mpophomeni	1,689,369	150,254	9%
Bulk	7,365,895	6,061,579	82%	Bulk	7,365,895	6,061,579	82%	Bulk	8,104,705	5,194,369	64%
Mpofana	1,215,369	256,369	21%	Mpofana	1,215,369	256,369	21%	Mpofana	1,325,698	220,369	17%
Mpofana- Brunt	1,326,589	18,365	1%	Mpofana- Brunt	1,326,589	18,365	1%	Mpofana- Brunt	1,469,369	16,983	1%
Richmond	1,122,536	452,236	40%	Richmond	1,122,536	452,236	40%	Richmond	1,258,369	525,369	42%
uMshwathi	2,125,896	659,698	31%	uMshwathi	2,125,896	659,698	31%	uMshwathi	2,569,698	723,645	28%
uMkhambathini	754,236	268,965	36%	uMkhambathini	754,236	268,965	36%	uMkhambathini	876,298	125,369	14%
iMpendle	152,369	188,369	124%	iMpendle	152,369	188,369	124%	iMpendle	160,369	101,336	63%
Water Schemes	3,377,306	125,369.28	4%	Water Schemes	3,377,306	125,369.00	4%	Water Schemes	3,451,869	171,032.00	5%
<b>Total</b>	<b>29,033,607</b>	<b>15,285,130</b>	<b>53%</b>	<b>Total</b>	<b>29,033,604</b>	<b>15,285,127</b>	<b>53%</b>	<b>Total</b>	<b>32,069,407</b>	<b>13,467,994</b>	<b>42%</b>

**Table 15**

The table below details a breakdown of January 2022 billing and February 2022 receipts for Water Schemes taken over from Umgeni Water.

Water Schemes	Water Schemes	Sales Raised	Receipts	% Collection	Comment
Hopewell	Hopewell	130,777.40	1,000.00	1%	Rural Scheme
Manyavu	Manyavu	235,249.78	22,851.60	10%	Rural Scheme
Intermediate Cross	Intermediate Cross	2,929.65	645.86	22%	Farm Scheme
Swayimana	Swayimana	526,974.13	100.00	0%	Rural Scheme
Table Mountain	Table Mountain	211,679.78	7,129.40	3%	Rural Scheme
Whispers	Whispers	132,373.10	15,021.04	11%	Farm Scheme
Camperdown	Camperdown	217,044.07	87,471.62	40%	Farm Scheme
Birnoum Wood	Birnoum Wood	205,049.98	13,660.08	7%	Farm Scheme
Claridge	Claridge	896,256.31	13,078.20	1%	Farm Scheme
Efaye	Efaye	230,751.30	-	0%	Rural Scheme
Cuphulaka	Cuphulaka	214,678.06	-	0%	Rural Scheme
Mayizekanye	Mayizekanye	122,576.20	6,227.78	5%	Rural Scheme
Mpolweni	Mpolweni	325,529.24	3,846.42	1%	Rural Scheme
<b>Total</b>	<b>Total</b>	<b>3,451,869.00</b>	<b>171,032.00</b>	<b>5%</b>	

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY



### 8.3 Debtors Age Analysis

The debtors book value as at 28 February 2022 amounted to **R 1.215 billion**. A total of **R 1.105 billion** or **91%** relates to amounts owing for more than 90 days. The accumulated impairment of debtors amounts to **R 965 million**. Interest on outstanding debtors to a total of **R 20 209** was written off through the Incentive Scheme for consumers which was effective from 15 June 2021 and was valid until 01 February 2022.

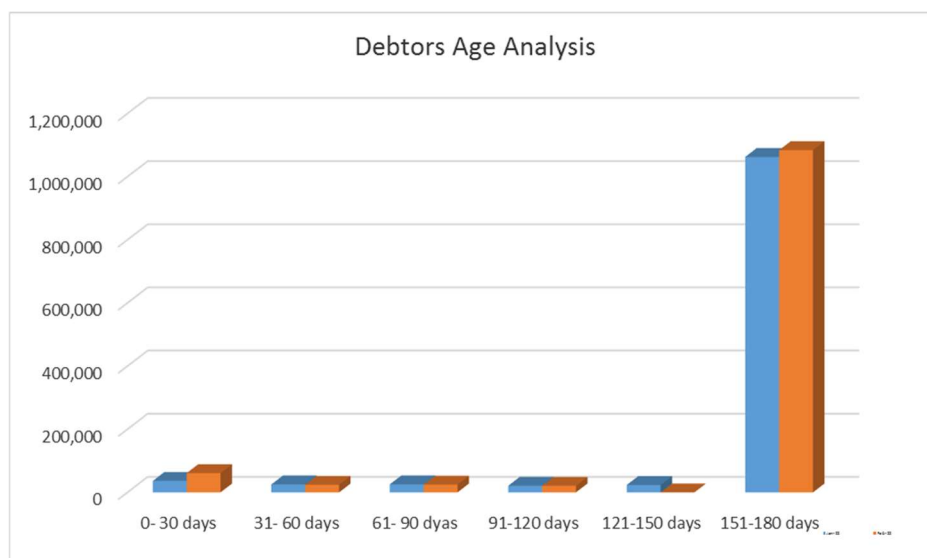
The collection rate for the financial year based only on the service charges billed in 2021/22 is **48%** and the overall collection rate taking into account gross debtors outstanding at the commencement of the 2021/22 financial year is **38%**. The municipality is continuously reviewing its debt collection strategies and has embarked on a Revenue Enhancement Programme which it anticipates will improve the collection rate. Furthermore, debt write-offs of amounts concluded to be irrecoverable will be submitted to Council for consideration and implementation in due course.

**Table 16**

DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February											
Description	NT Code	Budget Year 2021/22									
		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	Total over 90 days
<b>R thousands</b>											
<b>Debtors Age Analysis By Income Source</b>											
Trade and Other Receivables from Exchange Transactions - Water	1200	52,906	18,112	17,796	15,619	9	19,062	104,645	614,685	842,834	754,021
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	3,179	1,284	1,102	767	-	1,079	5,810	98,975	112,196	106,631
Receivables from Exchange Transactions - Waste Management	1600	(21)	1	-	(3)	-	(3)	(1)	(84)	(110)	(91)
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	739	739	739
Interest on Arrear Debtor Accounts	1810	5,094	4,579	5,704	4,462	-	4,451	30,073	195,041	249,404	234,027
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	(106)	(27)	(30)	(13)	(3)	(9)	(77)	9,757	9,491	9,655
<b>Total By Income Source</b>	<b>2000</b>	<b>61,051</b>	<b>23,949</b>	<b>24,571</b>	<b>20,833</b>	<b>6</b>	<b>24,580</b>	<b>140,450</b>	<b>919,113</b>	<b>1,214,553</b>	<b>1,104,982</b>
<b>2020/21 - totals only</b>										-	-
<b>Debtors Age Analysis By Customer Group</b>											
Organs of State	2200	7,512	1,781	2,001	1,034	-	1,290	8,182	23,478	45,278	33,984
Commercial	2300	5,279	1,720	1,338	1,289	-	316	2,751	14,616	27,310	18,973
Households	2400	42,336	17,951	18,734	16,601	(5)	19,435	113,903	783,817	1,012,771	933,750
Other	2500	5,923	2,497	2,499	1,909	11	3,539	15,614	97,202	129,194	118,275
<b>Total By Customer Group</b>	<b>2600</b>	<b>61,051</b>	<b>23,949</b>	<b>24,571</b>	<b>20,833</b>	<b>6</b>	<b>24,580</b>	<b>140,450</b>	<b>919,113</b>	<b>1,214,553</b>	<b>1,104,982</b>

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

**Graph 4**



**Table 17**

The table below details the age analysis for customers grouped as UMDM staff members as at 28 February 2022.

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922411911	10,805.56	105.74	272.68	275.93	278.58	114.01	225.50	12,078.00
5922411528	22,019.08	595.72	598.56	205.22	504.09	178.51	395.55	24,496.73
5922721404	20,862.55	406.95	408.77	414.17	416.05	421.64	323.05	23,253.18
5922316386					819.17	315.04	184.98	1,319.19
5922111502	7,653.85	1,316.00	893.44	900.52	5,836.57	153.52	1,933.22	18,687.12
5922251794				7.01	477.62	2,146.78	1,760.39	4,391.80
5922227305	4,482.82	566.72	686.80	96.12	96.75	799.21	759.43	7,487.85
5922711631	7,998.60	511.91	415.29	1,083.32	850.23	1,086.93	366.98	12,313.26
5922251326		1,850.71	1,070.47	1,125.80	709.75	554.70	157.10	5,468.53
5922111593	10,021.09	239.15	614.13	192.82	272.80	117.92	465.87	11,923.78
5922262141	21,261.75	418.30	420.12	425.92	427.80	433.80	324.34	23,712.03
5922193001	8,243.04	355.75	357.57	361.12	363.00	366.75	311.10	10,358.33
5922411939	16,065.96	388.73	390.55	395.29	399.05	402.11	320.97	18,362.66
5922645000	2,255.94	331.37	330.39	330.21	332.09	334.76	311.10	4,225.86
5922314131	68.71	0.31	0.31	0.32	0.32	0.34	0.03	70.34
5922232755	4,189.89	333.99	335.10	337.84	339.72	342.66	314.66	6,193.86
5922411620	25,652.47	433.27	435.09	441.43	445.19	449.85	326.05	28,183.35
5922711578	4,712.81	281.15	153.86	284.27	237.47	8,339.22	192.70	14,201.48
5922274100						92.00	835.33	927.33
5922192292	9,120.48	358.05	359.87	363.50	365.38	369.22	317.48	11,253.98
5922711660	93,785.81	1,950.94	905.58	973.47	878.53	745.91	1,319.17	100,559.41
5922226809	24,785.56	426.71	428.53	434.64	436.52	442.83	325.30	27,280.09
5922262474	25,798.38	435.68	437.50	443.93	445.81	452.43	326.33	28,340.06
5922192290	15,295.09	384.96	386.78	391.38	393.26	398.06	320.55	17,570.08



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

5922411734	25,003.73	426.78	428.60	434.70	438.46	442.89	325.31	27,500.47
5922213319	114,995.24	7,572.22	3,234.69	5,241.30	3,836.07	1,146.91	2,475.56	138,501.99
5922113000	15,081.76	168.15	233.20	152.52	218.02	646.48	358.25	16,858.38
5922317749	64,171.37	504.42	2,925.94	1,493.97	1,446.45	883.12	1,307.54	72,732.81
5922213198				15.49	57.72	497.91	642.76	1,213.88
5922741014	68,980.45	1,328.76	11,040.36	2,672.68	3,382.26	4,615.35	3,105.59	95,125.45
5922193002	7,996.43	354.51	356.33	359.84	361.71	365.42	311.10	10,105.34
5922193000	8,526.43	357.16	358.97	362.57	364.45	368.25	311.10	10,648.93
5922251800				409.67	64.07	4,402.04	949.00	5,824.78
5922213962				301.22	693.35	687.53	682.51	2,364.61
<b>Totals:</b>	<b>639,834.85</b>	<b>22,404.11</b>	<b>28,479.48</b>	<b>20,928.19</b>	<b>26,188.31</b>	<b>33,114.10</b>	<b>22,585.90</b>	<b>793,534.94</b>

**Table 18**

The table below details the age analysis for customers grouped as Councillors as at 28 February 2022.

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922711459	16,436.36	712.11	632.36	1,270.76	6,747.46	204.66	68.50	26,072.21
5922261941	307.00	318.56	318.10	311.10	318.56	320.76	312.33	2,206.41
5922193491	16,392.08	507.97	445.11	525.38	519.12	162.89	52.27	18,604.82
5922741442					208.61	568.80	564.90	1,342.31
5922111637	105,394.77	5,133.59	2,848.61	2,278.70	670.23	4,504.34	292.34	121,122.58
5922275001					53.40	186.60	186.27	426.27
5922212236	18,342.04	422.98	425.01	349.45	429.48	434.44	358.71	20,762.11
5922212475	10,905.64	337.72	339.37	284.18	344.79	348.68	291.22	12,851.60
5922111569				314.67	135.14	612.43	105.76	1,168.00
5922712351	19,965.18	239.61	418.74	447.36	387.69	523.62	296.03	22,278.23
5922224497	138,551.86	3,812.02	1,346.01	1,216.60	1,148.87	2,369.29	607.45	149,052.10
<b>Totals:</b>	<b>326,294.93</b>	<b>11,484.56</b>	<b>6,773.31</b>	<b>6,998.20</b>	<b>10,963.35</b>	<b>10,236.51</b>	<b>3,135.78</b>	<b>375,886.64</b>

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

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

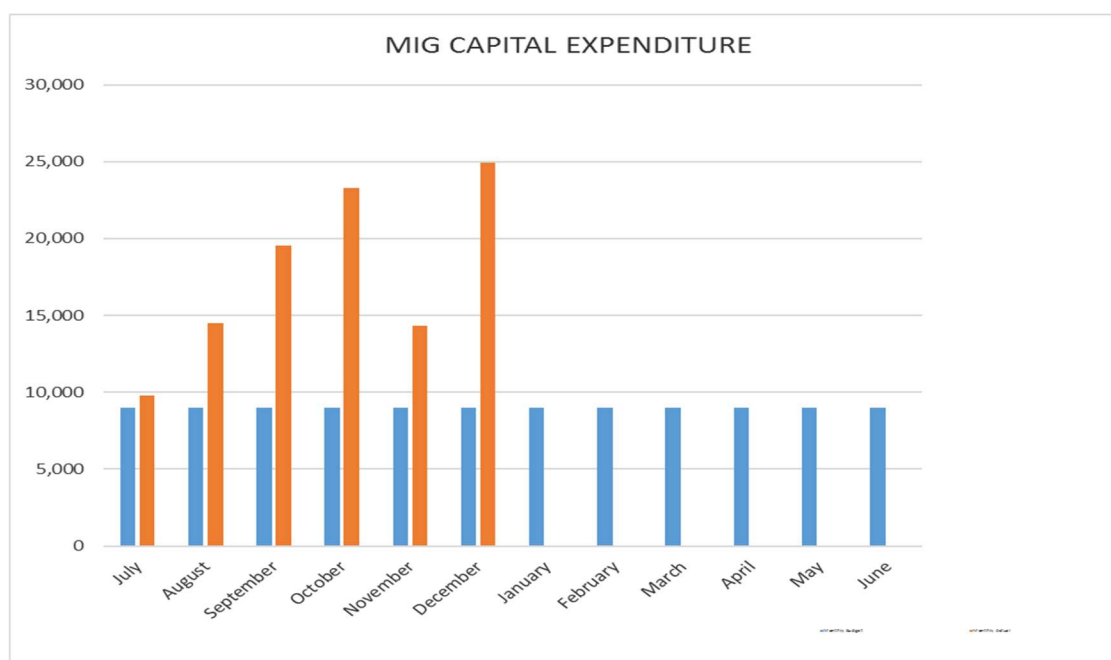
### 9. In-Year Budget Statement Charts: 28 February 2022 Report

#### MIG - Capital Expenditure Monthly Trend: Actual vs Budget

Table 19

	Monthly budget	Monthly Actual
July	8,991	9,789
August	8,991	14,520
September	8,991	19,532
October	8,991	23,296
November	8,991	14,328
December	8,991	24,918
January	8,991	0
February	8,991	0
March	8,991	0
April	8,991	0
May	8,991	0
June	8,991	0
	<b>107,893</b>	<b>106,383</b>

Graph 5





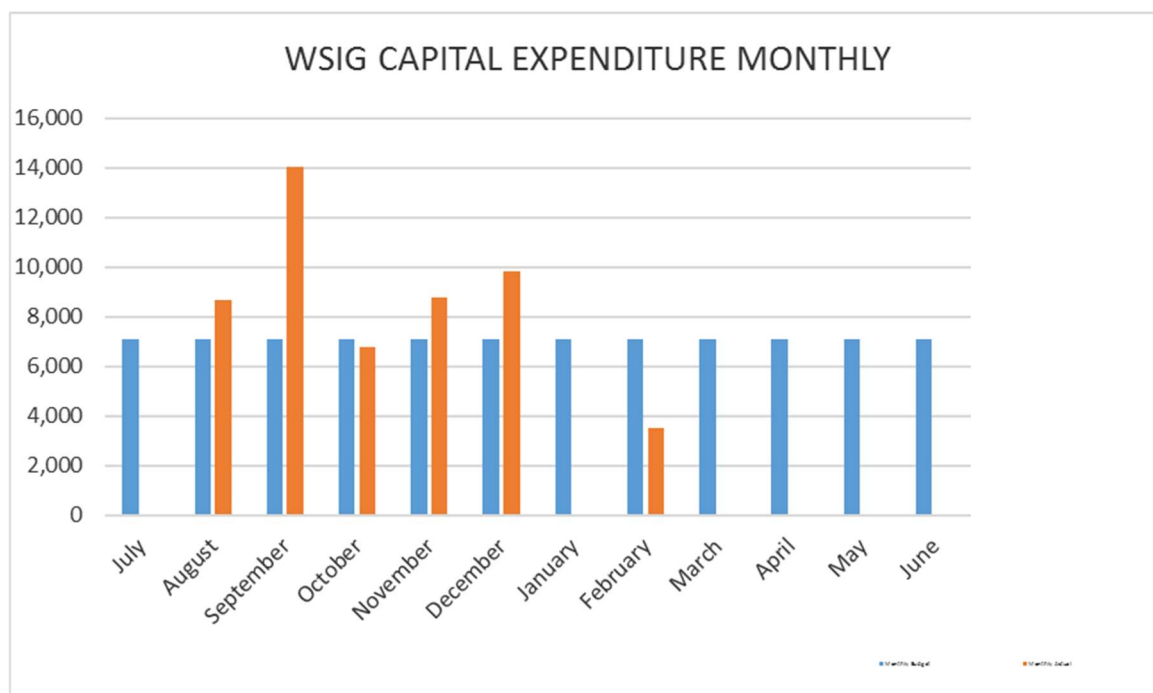
**UMGUNGUNDLOVU DISTRICT MUNICIPALITY**

**WSIG - Capital Expenditure Monthly Trend: Actual vs Budget**

**Table 20**

	Monthly Budget	Monthly Actual
July	7,083	0
August	7,083	8,659
September	7,083	14,049
October	7,083	6,792
November	7,083	8,753
December	7,083	9,851
January	7,083	0
February	7,083	3,528
March	7,083	0
April	7,083	0
May	7,083	0
June	7,083	0
	<b>85,000</b>	<b>51,632</b>

**Graph 6**



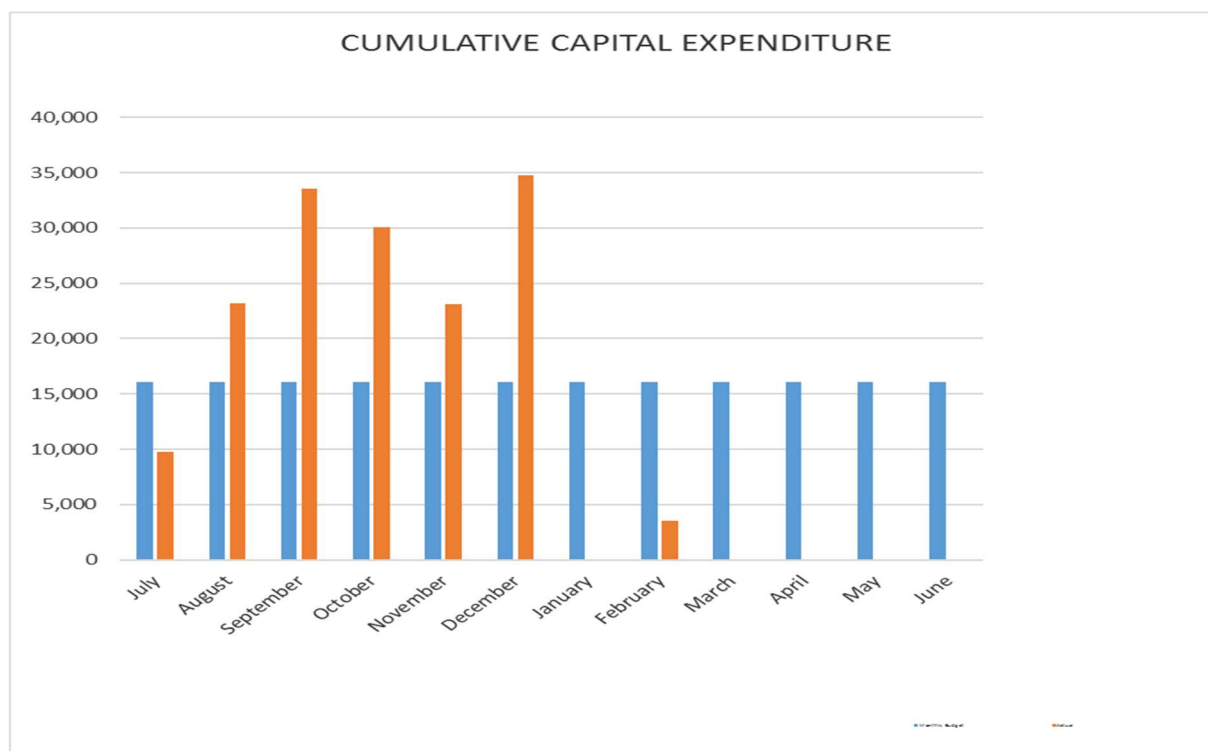
## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### Cumulative MIG & WSIG Expenditure: Monthly Actual vs Monthly Budget

Table 21

	Monthly Budget	Actual
July	16,074	9,789
August	16,074	23,179
September	16,074	33,581
October	16,074	30,088
November	16,074	23,081
December	16,074	34,769
January	16,074	0
February	16,074	3,528
March	16,074	0
April	16,074	0
May	16,074	0
June	16,074	0
	<b>192,893</b>	<b>158,015</b>

Graph 7





## **10. Budget Funding Plan**

The 2021/22 Budget Funding Plan detailing the financial recovery strategies of the municipality was adopted by Full Council on 29 September 2021.

We proposed that the Budget Funding Plan be revised to align with the adjustment budget and finalized once the Provincial Treasury Assessment Feedback on the 2021/22 Adjustment Budget has been received.

## 11. IN-YEAR BUDGET STATEMENT TABLES: FEBRUARY 2022 REPORT

The preliminary financial results for the period ended 28 February 2022 (i.e. 8th month of the 2021/2022 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

## 12. 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

### FINANCIAL SERVICES DEPARTMENT

### PRELIMINARY IN-YEAR FINANCIAL REPORT (MONTHLY BUDGET STATEMENT) FOR THE PERIOD ENDING 28 FEBRUARY 2022

REPORT CHECKED AND PASSED FOR SUBMISSION TO: **FINANCE COMMITTEE**

	COMPREHENSIVENESS (FACTS, COMMENTS, RECOMMENDATIONS ANNEXURES) (√)	CORRECTNESS (√)	QUALITY (√)
<b>MANAGER: BUDGET &amp; REPORTING</b> <b>MISS L NGUBANE</b>  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: .....	(√)	(√)	(√)



**UMGUNGUNDLOVU DISTRICT MUNICIPALITY**

<p><b>MANAGER: INTERNAL AUDIT</b> <b>ADELE DORASAMY</b></p> <p>SIGNATURE: .....</p> <p>DATE: .....</p>	(√)	(√)	(√)
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**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 **February 2022** 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 M. Zuma

Mayor: uMgungundlovu District Municipality

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

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