



2022/2023 FINANCIAL YEAR

**FIRST QUARTER OF BUDGET
AND PERFORMANCE
ASSESSMENT REPORT**

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ABBREVIATIONS & ACRONYMS

AFS	Annual Financial Statements
BSC	Budget Steering Committee
BTO	Budget & Treasury Office (Finance)
CFO	Chief Financial Officer
DORA	Division of Revenue Act
DORB	Division of Revenue Bill
COGTA	Co-operative Governance & Traditional Affairs
EXCO	Executive Committee
FMG	Financial Management Grant
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HIV/AIDS	Human Immune Deficiency Virus / Acquired Immune Deficiency Syndrome
IDP	Integrated Development Plan
IT	Information Technology
NDW	Ndwedwe Municipality
MANCO	Management Committee
MBRR	Municipal Budget and Reporting Regulations
MFMA	Municipal Finance Management Act 2003 (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager (Accounting Officer)
MPCCs	Multi-Purpose Community Centre's
MPRA	Municipal Property Rates Act 2004 (Act No. 6 of 2004)
MSA	Municipal Systems Act 2000 (Act No. 32 of 2000)
MSIG	Municipal Systems Improvement Grant
MTREF	Medium Term Revenue & Expenditure Forecast
MV	Market Value
NT	National Treasury
PPP	Public-Private Partnerships
PSI	Public Service Infrastructure
PT	Provincial Treasury
HOD	Head of Department
SALGA	South African Local Government Association
SDBIP	Service Delivery & Budget Implementation Plan
VAT	Value-Added Tax

PART 1

1.1 MAYORS REPORT

This report is tabled in terms of section 52 of the MFMA that requires that as the mayor of this municipality:

(a) **I** must provide general political guidance over the fiscal and financial affairs of the municipality.

(b) **IN** providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities.

(c) **MUST** take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget.

(d) **MUST**, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial situation of the municipality: and

(e) **MUST** exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

In fulfilling these duties honourable Councillors, I present to you the first quarter budget and performance assessment report for the period ending 30 September 2022 for 2022/2023 financial year for you to play your oversight role.

1.2 RESOLUTIONS

Hereunder are the resolutions in terms of the Municipal Budget and Reporting Regulations which are required to be considered by Council.

1.**THAT** the September 2022/2023 Section 71(1) Monthly Budget Assessment Statement in the C Schedule format as per No. 32141 GOVERNMENT GAZETTE, 17 APRIL 2009 be noted and approved in terms of Section 52(d) of the MFMA

2.**THAT** the report be submitted to National Treasury, Provincial Treasury, and other organs of state as per the requirement of No. 32141 GOVERNMENT GAZETTE, 17 APRIL 2009.

1.3 EXECUTIVE SUMMARY

OPERATING BUDGET

The operating budget as reflected in Table C1 of the Budget Statement Tables can be summarised as follows:

Table 1: Monthly Budget Statement Summary as of 30 September 2022

KZN293 Ndwedwe - Table C1 Monthly Budget Statement Summary - M03 September									
Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Total Revenue (excluding capital transfers and contributions)	200 020	218 716	–	1 767	93 166	54 679	38 488	70%	–
Total Expenditure	201 215	218 534	–	18 009	55 841	54 634	1 207	2%	–
Surplus/(Deficit)	(1 196)	182	–	(16 241)	37 326	45	37 280	1	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	40 331	36 627	–	3 991	13 002	9 157	3 845	0	–
Surplus/ (Deficit) for the year	39 135	36 809	–	(12 250)	50 327	9 202			–
Total Capital Funding	77 388	78 450	–	7 141	19 958	19 612	346	0	–

The above table shows that as at the end of the first quarter of 2022/2023 financial year, the municipality performance shows an over collections/billing in revenue of R38.5 million and the reasons for this variance will follow below.

On the other hand, the actual expenditure of the municipality for the first quarter of the 2022/2023 financial year has shown an over expenditure of R1.2 million and the reasons for this variance will also be discussed in detail later in this report.

The municipality has shown an overspending of R 346 thousands in capital expenditure as at the end of 30 September 2022 and the reasons for this under spending will also follow later in this report.

Table 2: Financial Performance (Revenue) for the first quarter of 2022/2023 financial year

KZN293 Ndwedwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September									
Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue By Source									
Property rates	18 646	19 261	-	300	16 243	4 815	11 428	237%	-
Service charges - refuse revenue	515	1 000	-	47	140	250	(110)	-44%	-
Rental of facilities and equipment	700	1 397	-	57	170	349	(179)	-51%	-
Interest earned - external investments	5 112	4 994	-	648	2 203	1 249	955	76%	-
Interest earned - outstanding debtors	1 115	1 000	-	88	249	250	(1)	0%	-
Licences and permits	1	2	-	0	1	1	1	139%	-
Agency services	19	100	-	15	22	25	(3)	-12%	-
Transfers and subsidies	172 716	189 994	-	575	73 994	47 498	26 496	56%	-
Other revenue	1 196	968	-	39	144	242	(98)	-41%	-
Gains	(0)	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)	200 020	218 716	-	1 767	93 166	54 679	38 488	70%	-

The above table state that the first quarter budgeted operating revenue for 2022/2023 financial year was R54.7 million. The actual revenue recognised as at 30 September 2022 amounts to R93.2 million which implies that the municipality realised a favourable variance of approximately R38.5 million in revenue as at the end of the first quarter of 2022/2023 financial year.

The reasons for the variances will be discussed with reference to table C4 of the budget statement tables, and is explained as follows:

The council to note that only material variance will be discussed in this report and variances of R100 thousands and above.

Property rates

- Property rates shows an over-recognition of R11.4 million as at the end of September 2022.
- This variance results from the annual billing done to those customers who qualify for it in terms of property rates policy.
- The variance is anticipated to be lesser as the year progress.

Service charges - refuse revenue

- Service charges - refuse revenue shows R110 thousands negative or under collection/billing as of 30 September 2022.
- The anticipated increase in this revenue during the compilation of the budget has not yet materialised hence the low recognition has been realised as of 30 September 2022.
- The user department will monitor this revenue category closer to establish if the adjustment will be necessary during the adjustment budget or not.

Rental of facilities and equipment

- Rental of facilities and equipment reflect an under billing of R179 thousands as of 30 September 2022.
- The anticipated growth in this revenue category has not been realised hence the closer monitoring will be done to ensure that, where necessary, the budget is adjusted accordingly during the adjustment budget if the situation remains unchanged until adjustment budget.

Interest earned - external investments

- Interest earned - external investments has recorded an over recognition of R955 thousands as of 30 September 2022.
- This variance is due higher interest received than anticipated as of 30 September 2022 in line with maturity dates.

Transfers and subsidies

- Transfers and subsidies show over recognition of R26.5 million as at 30 September 2022, this positive variance is as a result of grants being received in advance than anticipated dates as a result it is anticipated that this variance will be lesser as the year progresses.

Table 3: Financial Performance (Expenditure) for the first quarter of 2022/2023 financial year

KZN293 Ndwedwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September									
Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Expenditure By Type									
Employee related costs	63 111	77 282	–	5 428	16 310	19 321	(3 011)	-16%	–
Remuneration of councillors	13 750	15 901	–	1 422	4 398	3 975	423	11%	–
Debt impairment	7 756	2 000	–	316	316	500	(184)	-37%	–
Depreciation & asset impairment	27 445	24 310	–	329	5 795	6 078	(282)	-5%	–
Finance charges	3	–	–	0	3	–	3	#DIV/0!	–
Bulk purchases - electricity	–	–	–	–	–	–	–	–	–
Inventory consumed	665	1 530	–	296	388	383	6	2%	–
Contracted services	49 218	54 631	–	5 204	16 346	13 658	2 688	20%	–
Transfers and subsidies	4 728	4 400	–	546	850	1 100	(250)	-23%	–
Other expenditure	34 071	38 480	–	4 467	11 435	9 620	1 815	19%	–
Losses	469	–	–	–	–	–	–	–	–
Total Expenditure	201 215	218 534	–	18 009	55 841	54 634	1 207	2%	–

The above table indicates that first quarter budgeted operating expenditure for the 2021/2022 financial year was R54.6 million and the actual expenditure recognised as at 30 September 2021 was R55.8 million which implies that the municipality has realised a negative variance of R1.2 million in the operational expenditure as at the end of the first quarter.

The reasons for the variances will also be discussed with reference to table C4 of the budget statement tables, and is explained as follows:

The council to note that only material variances of R200 thousands and above will be discussed in this report.

The employee related costs

- The employee related costs show savings of almost R3 million as at the end of the September 2022.
- Delays in filling the budgeted posts as well as resignation of employees remain the main contributing factors into this variance.

- The provisions which are normally calculated upon the finalization of the AFS are also contributing factor to this variance. Hence is it anticipated that once all budget posts are filled the variance will be lesser.

Remuneration of councillors:

- Remuneration of councillors shows an over payment of R423 thousands as at the end of September 2022.
- This variance is attributed to the back pays paid for 2021/2022 financial for new and old councillors in the month of August which changed the payment trend of Council remuneration.
- This will require the budget to be adjusted during the adjustment budget to avoid any unauthorised expenditure by the end of the financial year.

Debt Impairment:

- Debt impairment revealed a negative variance of R184 thousands as of 30 September 2022.
- The write off of some of the debtors towards the end of the 2021/2022 financial year contributed to this low recognition of the debt impairment.
- Hence the annual budget of R2 million in this expenditure line might be overstated which will require an adjustment during the adjustment budget hence the variance will be eliminated upon the approval of the adjustment budget in February 2023

Depreciation & asset impairment:

- Depreciation & asset impairment shows the negative variance of R282 thousands as at the end of September 2022.
- This variance is attributed to the impairment testing which is yet to be done and captured into the financial system.
- As a result, it is anticipated that the variance will remain until the impairment is tested and captured to the financial system.

Contracted services

- Contracted Services shows an over expenditure of almost R2.7 million as of 30 September 2022. This variance is attributed to some projects/items being procured in advanced than anticipated.
- The variance is anticipated to be lesser as the year progresses since the expenditure for those items procured in advance will remain while the targeted budget will increase.
- However, there are votes that will require a close monitoring to ensure that the overall expenditure of the municipality remains within the approved budget. Expenditure such as ***legal vote*** which has been overspent by R433 thousands as of 30 September 2022.
- Over expenditure in this vote relates to the cases that started in the previous financial year and some of the invoices for prior year were only settled in the current financial year.

Transfers and subsidies

- Transfer and subsidies show a negative variance of R250 thousands as of 30 September 2022.
- The delays in procuring items timeously by certain sections is the main reason for this variance as many projects/items related to transfer and subsidies are still under SCM processes and some are yet to be kicked off due to timing for those projects which are expected to take place later in the year as a result. This variance is anticipated to be lesser as the year progresses.

Other expenditure:

- Other expenditure shows an over expenditure of R1.8 million as of 30 September 2022.
- This variance is attributed to some projects/items being procured in advance than they were anticipated.
- The variance is anticipated to be lesser as the year progresses since the expenditure for those items procured in advance will remain while the targeted budget increases.

- The expenditure such as **accommodation and fuel** will need to be closely monitored to avoid any unauthorised expenditure by the end of the financial year.

CAPITAL BUDGET

Reference is made to Part One – (C Schedule Table C5) for a detailed breakdown of amounts pertaining to the capital budget, per Department.

The municipality has the following seven Departments for the purposes of budget reporting:

- Executive and Council
- Municipal Manager
- Corporate Services
- Budget and Treasury Office
- Economic Development and Planning
- Community Services
- Technical Services

The municipality approved an original budget of R78.5 million excluding VAT as a capital budget in the current financial year with most of the funding being allocated towards road infrastructure projects and community services projects and plant and machinery.

The reference for capital expenditure report is based on Table C5 which is a prescribed format required by National Treasury and it is categorised by municipal vote and standard classification.

The Capital Budget is funded by the following funding sources:

- **Government Grants (MIG)**
- **Internally generated funds**

Table 4: Capital Budget Funding Summary

KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Funded by:									
National Government	35 862	29 241	–	3 517	11 463	7 310	4 152	57%	–
Provincial Government	–	3 000	–	–	–	750	(750)	-100%	–
District Municipality	–	–	–	–	–	–	–		–
Transfers recognised - capital	35 862	32 241	–	3 517	11 463	8 060	3 402	42%	–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	41 527	46 209	–	3 624	8 496	11 552	(3 056)	-26%	–
Total Capital Funding	77 388	78 450	–	7 141	19 958	19 612	346	2%	–

The above table illustrate the funding sources for capital expenditure. Based on this report. As of 30 September 2022, the municipality was anticipating spending of R19.6 million and this was over-achieved by R346 thousands more.

The early than anticipated awarding of contracts remain the main reason for this good performance.

The spending on internal funded projects on the other hand shows an under spending of R3.1 million when compared to the target as of the end of the first quarter.

The Council to be assured that most of the projects are in the SCM processes and most of them are awaiting for award and some already awarded which means that once all projects are fully implemented the variance will be reduced.

Table 5: Capital Expenditure as of 30 September 2022

KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Single Year expenditure appropriation</u>									
Vote 1 - Finance	206	235	-	-	-	59	(59)	-100%	-
Vote 2 - Municipal Manager's Office	303	322	-	-	-	80	(80)	-100%	-
Vote 3 - Community and Social Services	2 837	19 887	-	23	23	4 972	(4 948)	-100%	-
Vote 4 - Corporate services	2 460	2 739	-	1 758	1 796	685	1 112	162%	-
Vote 5 - Economic Development and Planning	1 065	1 043	-	-	-	261	(261)	-100%	-
Vote 6 - Technical Services	67 917	54 223	-	5 359	18 139	13 556	4 583	34%	-
Vote 7 - Executive and Council	2 599	-	-	-	-	-	-		-
Total Capital Expenditure	77 388	78 450	-	7 141	19 958	19 612	346	2%	-
<u>Capital Expenditure - Functional Classification</u>									
Governance and administration	5 569	3 296	-	1 758	1 796	824	973	118%	-
Executive and council	2 902	322	-	-	-	80	(80)	-100%	-
Finance and administration	2 666	2 974	-	1 758	1 796	743	1 053	142%	-
Internal audit	-	-	-	-	-	-	-		-
Community and public safety	2 837	19 887	-	23	23	4 972	(4 948)	-100%	-
Community and social services	2 837	19 887	-	23	23	4 972	(4 948)	-100%	-
Economic and environmental services	68 982	55 267	-	5 359	18 139	13 817	4 322	31%	-
Planning and development	45 025	49 415	-	5 359	18 139	12 354	5 785	47%	-
Road transport	23 958	5 852	-	-	-	1 463	(1 463)	-100%	-
Trading services	-	-	-	-	-	-	-		-
Energy sources	-	-	-	-	-	-	-		-
Waste management	-	-	-	-	-	-	-		-
Other	-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	77 388	78 450	-	7 141	19 958	19 612	346	2%	-

The above table indicate a capital budget versus capital expenditure with reference to table C5 of the monthly budget statements standard classification as well as per municipal departments. Based on this table, as of 30 September 2022, the Council has managed to spend almost R20 million against the year-to-date budget of R19.6 million. This implies that the municipality has realised a positive variance of approximately R346 thousands as at the end of first quarter.

The reasons for the variances will also be discussed with reference to Table C5 of the Budget Statement Tables, and is explained as follows:

Governance and Administration – Executive and council

Governance and Administration – Executive and council includes the following departments.

KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Single Year expenditure appropriation</u>									
Vote 2 - Municipal Manager's Office	303	322	–	–	–	80	(80)	-100%	–

- **Municipal Manager Office** with a budget of R322 thousands for the purchase of Computer equipment and furniture and office equipment.
- As of 30 September 2022, the department has reported zero expenditure. The procurement for departmental computers is underway with the expenditure anticipated before the end of the second quarter which will eventually reduce the variance.

KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Single Year expenditure appropriation</u>									
Vote 7 - Executive and Council	2 599	–	–	–	–	–	–		–

- **Council General:** the municipality has not made any provision for Council general capital budget. This is because the municipal principal vehicles are still within required condition in terms of council fleet policy. Hence no variance has been recorded as at the end of this quarter.

Governance and Administration – Finance & Administration

Governance and Administration – Finance & Administration includes the following Departments:

KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Single Year expenditure appropriation</u>									
Vote 1 - Finance	206	235	–	–	–	59	(59)	-100%	–

- **Finance Department** with an annual budget of R235 thousands to purchase Furniture and office equipment and computers.
- As of 30 September 2022, the department has reported zero expenditure. The procurement for departmental computers is underway with the expenditure anticipated before the end of the second quarter which will eventually reduce the variance.

KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Single Year expenditure appropriation</u>									
Vote 4 - Corporate services	2 460	2 739	-	1 758	1 796	685	1 112	162%	-

Corporate Services Department with a budget of R2.7 million to procure the following capital items:

- ❖ Vehicles Fire Extinguishers
- ❖ Computer Equipment
- ❖ Municipal Fleet
- As at 30 September 2022 the department was expected to spend the R685 thousands however it managed to spend R1.8 million which implies that the department had an overspending of R1.1 million as at the end of 30 September 2022.
- This variance results from early purchase of municipal fleet than anticipated hence, the variance is expected to be reduced as the year progresses.
-

Community and public safety

- Community & Social Services include the budget related to:

KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Single Year expenditure appropriation</u>									
Vote 3 - Community and Social Services	2 837	19 887	-	23	23	4 972	(4 948)	-100%	-

- **Community Services Department** with a budget of R3.6 million to procure the following items:

- ❖ Thusong Centre Major Renovations Upgrade ward 5
 - ❖ Disaster and Emergency Services Establishment ward 15
 - ❖ Telecentre Roof Renovations ward 5
 - ❖ Disaster and Emergency Services Establishment ward 15 Grant
 - ❖ Buy Back Structure (Phase One)
 - ❖ Fire Fighting Entricate tools and equipment
 - ❖ Computer Equipment
 - ❖ Wheelie bin
 - ❖ Furniture and Office Equipment
 - ❖ Upgrade of licencing office
 - ❖ Skip bins
 - ❖ Park home
 - ❖ Taxi Rank Toilets and Renovation of Stalls ward 15
 - ❖ Waste Management Truck
- As at the end of the first quarter, the department was expected to the spend almost R5 million however it only spent R23 thousands with and this results in under spending of R4.9 million.
 - The disaster and Emergency Services Establishment project has commenced, and the expenditure is expected to be incurred during the second quarter which will contribute to reducing the variance in this department.
 - The other items are still within the SCM processes and it is anticipated that once the SCM processes are completed the expenditure will be incurred which will subsequently reduce the variance

Economic & Environmental Services

In terms of Functional classification, the R55.3 million budget reflected under Economic & Environmental Services is for the following departments:

KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Single Year expenditure appropriation</u>									
Vote 5 - Economic Development and Planning	1 065	1 043	-	-	-	261	(261)	-100%	-

- **Planning and development (Economic Development and Planning)** with an annual budget of R1.0 million for the procurement of the following capital items:
 - ❖ Computer Equipment
 - ❖ Furniture and Office Equipment and
 - ❖ Machinery and Equipment (Corridor Development Tractor implementation)
- As of 30 September 2022, the department was expected to spend R261 thousands and so far it has recorded zero expenditure as of the end of the first quarter.
- The procurement of the above items is still within the procurement processes hence it is anticipated that once all processes are finalised the expenditure will improve which assist in reducing the variance.

KZN293 Ndwedwe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Single Year expenditure appropriation</u>									
Vote 6 - Technical Services	67 917	54 223	-	5 359	18 139	13 556	4 583	34%	-

- **Technical Services Department** has a total capital budget of almost R54.2 million which includes the MIG funding of R29.4 million excluding VAT and internally funding of R25 million excluding VAT.
- As at 30 September 2022 the department has managed to spend R18.1 million against the targeted budget of R13.6 million which implies that the department has a positive variance of R4.6 million as at the end of the first quarter.
- Early implementation of MIG projects in particular contributed into this variance and this is an achievement in ensuring that the service delivery is done at a high speed which will assist in reducing the backlog in terms of the infrastructure within the community of Ndwedwe Municipality.

1.4 IN-YEAR BUDGET STATEMENT TABLES

The following tables are included as part of the 2021/2022 Budget and Performance Assessment:

- C1 - S71 Monthly Budget Statement Summary
- C2 - Monthly Budget Statement; Financial Performance (Standard Classification)
- C3 - Monthly Budget Statement; Financial Performance (Revenue and Expenditure by municipal vote)
- C4 - Monthly Budget Statement; Financial Performance (Revenue and Expenditure)
- C5 - Monthly Budget Statement; Capital Expenditure (Municipal vote, Standard classification and Funding)
- C6 - Consolidated Monthly Budget Statement; Financial Position
- C7 - Consolidated Monthly Budget Statement; Cash Flow

PART 2

2.1 DEBTORS ANALYSIS

Table 6: Debtors Analysis

KZN293 Ndwedwe - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September										
Description	Budget Year 2022/23									
R thousands	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
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	537	(42)	15 621	2 939	171	166	1 103	13 614	34 109	17 993
Receivables from Exchange Transactions - Waste Water Management	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	107	-	23	22	5	5	15	4	182	52
Receivables from Exchange Transactions - Property Rental Debtors	101	-	34	31	23	14	50	126	379	244
Interest on Arrear Debtor Accounts	174	-	75	70	57	56	367	3 135	3 933	3 684
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-
Other	(1)	-	-	(18)	(4)	-	(55)	44	(34)	(34)
Total By Income Source	919	(42)	15 753	3 043	251	241	1 481	16 923	38 568	21 940
2021/22 - totals only									-	-
Debtors Age Analysis By Customer Group										
Organs of State	57	-	14 815	65	1	3	(26)	5 153	20 069	5 196
Commercial	405	(32)	215	2 794	107	103	642	5 752	9 986	9 399
Households	30	-	15	31	17	17	117	2 660	2 886	2 841
Other	427	(10)	707	153	126	119	748	3 358	5 628	4 503
Total By Customer Group	919	(42)	15 753	3 043	251	241	1 481	16 923	38 568	21 940

- The above table reflects the municipal debtors by income sources as well as by customer group and based the above table it can be noted that the municipality is sitting with an outstanding debtor of R38.6 million as at the end of the first quarter of 2022/2023 financial year.
- Property rates with R34.1 million remain the main debtors of the municipality for the infrastructure owned by National Public Works Department followed by the interest charged on outstanding debtors which amount to R3.9 million.
- Government department and commercial customer group are leading the list of debtors of the municipality followed by households and other debtors.
- Department of Public Works is yet to make payment for their properties hence the outstanding balance is high, it is anticipated that once the department has made the payment the balance will reduce.

- The finance department have set aside a budget to appoint an incumbent who will deal with the collection of debtors which will assist in reducing the outstanding debts once the office is fully functioning.

2.2 CREDITORS ANALYSIS

Table 7: Creditors Analysis

KZN293 Ndwedwe - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September										
Description	Budget Year 2022/23									Prior year totals for chart (same period)
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	874	20	-	(2)	-	-	(7)	(239)	645	645
Auditor General	-	-	-	-	-	-	-	-	-	-
Other	674	17	(0)	(939)	-	-	834	(16)	571	571
Total By Customer Type	1 548	37	(0)	(941)	-	-	827	(255)	1 216	1 216

- The above table reflects the creditors owed by the municipality by customer type. As per the above table it is indicated that the municipality is owing the creditors an amount close to R1.2 million as at the end of the first quarter.
- The invoices submitted but disputed by the creditors section which requires modification or additional information remain the main contributing factor to this amount owed by the municipality.
- As a result, it is anticipated that once those disputes are resolved the balance will reduce to almost par.

2.3 INVESTMENT PORTFOLIO ANALYSIS

The table below provides an analysis of the investments held by the municipality.

Table 8: Investment Portfolio as at 30 September 2022.

KZN293 Ndwedwe - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September								
Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Interest Rate ^a	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands	Yrs/Months							
Municipality								
ABSA CALL ACCOUNT 9123945833	Months	CALL ACCOUNT		535	114	(12 000)	20 000	8 649
ABSA CALL ACCOUNT 93445892694	Months	CALL ACCOUNT		3 470	35			3 505
ABSA FIXED DEPOSIT 2068130142	Months	FIXED DEPOSIT		8 057	116			8 172
ABSA FIXED DEPOSIT 2073633680	Months	FIXED DEPOSIT		8 443	121			8 565
ABSA FIXED DEPOSIT 2075383437	Months	FIXED DEPOSIT		7 550	108			7 658
								-
FNB CALL ACCOUNT 62087920635	Months	CALL ACCOUNT		6 116	121	(8 000)	10 000	8 237
								-
STD CALL ACCOUNT 058681019 001	Months	CALL ACCOUNT	0.062	3 134	143	(5 000)	10 000	8 276
STD RETAIL CALL ACCOUNT 058681019-011	Months	RETAIL CALL ACCOUNT	0.063	4 349	59			4 408
STD FIXED DEPOSIT 058681019 013	Months	FIXED DEPOSIT		7 537	93			7 630
STD RETAIL CALL ACCOUNT 058681019-030	Months	RETAIL CALL ACCOUNT		350	5			354
STD CALL ACCOUNT 058681019-033	Months	CALL ACCOUNT		3 403	46			3 450
								-
INVESTEC BANK CALL ACCOUNT 1100 463139 502	Months	CALL ACCOUNT	0.05	2 260	632	(51 000)	55 271	7 163
INVESTEC BANK FIXED DEPOSIT 1100 463139 451	Months	FIXED DEPOSIT	0.072	14 959	166	(15 125)	15 000	15 000
INVESTEC BANK FIXED DEPOSIT 1100 463139 452	Months	FIXED DEPOSIT	0.072	14 207	158	(14 365)	15 000	15 000
INVESTEC BANK CALL ACCOUNT '1100463139620	Months	CALL ACCOUNT		15 608	173	(15 781)	15 000	15 000
								-
NEDBANK CALL ACCOUNT '37881149922001	Months	CALL ACCOUNT	0.06	18	108	(20 100)	20 000	27
NEDBANK FIXED DEPOSIT '37881149922002	Months	FIXED DEPOSIT		64	1			65
TOTAL INVESTMENTS AND INTEREST				100 060	2 199	(141 371)	160 271	121 159

- As of 30 September 2022, the municipality had R121.2 million in the investment portfolio which includes R2.2 million of interest earned from investments. The council to note that most of this investment have the commitment which means there are not all available for spending for any expenditure other than those that are covered within the approved budget.
- The council also to be reminded that, it is important that the municipality can sustain itself for a period of at least three months should there be no revenue received by the municipality for that period. Hence the good investment is encouraged to ensure the municipality is within the norm of cash coverage of 3 months or more.

2.4 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Table 9: Allocation and Grant Receipts and Expenditure

KZN293 Ndwedwe - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 September									
Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
RECEIPTS:									
Operating Transfers and Grants									
National Government:	170 778	186 990	–	–	74 499	186 990	(112 491)	-60.2%	186 990
Local Government Equitable Share	165 366	181 613	–	–	70 829	181 613	(110 784)	-61.0%	181 613
Expanded Public Works Programme Integrated Grant	2 412	2 277	–	–	570	2 277	(1 707)	-75.0%	2 277
Local Government Financial Management Grant	3 000	3 100	–	–	3 100	3 100	–		3 100
Municipal Disaster Relief Grant				–					–
Provincial Government:	1 910	3 004	–	–	–	3 004	(3 004)	-100.0%	3 004
Provincialisation of libraries Grant	935	981				981	(981)	-100.0%	981
Community Library Services Grant	975	1 023				1 023	(1 023)	-100.0%	1 023
Municipal Employment Initiative		1 000	–	–	–	1 000	(1 000)	-100.0%	1 000
District Municipality:	–	–	–	–	–	–	–		–
<i>[insert description]</i>							–		
Other grant providers:	–	–	–	–	–	–	–		–
<i>[insert description]</i>	–	–	–	–	–	–	–		
Total Operating Transfers and Grants	172 688	189 994	–	–	74 499	189 994	(115 495)	-60.8%	189 994
Capital Transfers and Grants									
National Government:	57 231	43 627	–	8 000	25 000	43 627	(18 627)	-42.7%	43 627
Municipal Infrastructure Grant (MIG)	40 331	33 627		8 000	21 000	33 627	(12 627)	-37.6%	33 627
Integrated National Electrification Programme Grant	16 900	10 000		–	4 000	10 000	(6 000)	-60.0%	10 000
Other capital transfers <i>[insert description]</i>							–		
Provincial Government:	–	41 690	–	–	–	41 690	(41 690)	-100.0%	41 690
<i>Massification/Electrification Programme</i>		5 000				5 000	(5 000)	-100.0%	5 000
<i>Disaster Management programme</i>		3 000				3 000			3 000
<i>HSDG: Interventions</i>	–	33 690	–	–	–	33 690			33 690
District Municipality:	–	–	–	–	–	–	–		–
<i>[insert description]</i>							–		
Other grant providers:	–	–	–	–	–	–	–		–
<i>[insert description]</i>							–		
Total Capital Transfers and Grants	57 231	85 317	–	8 000	25 000	85 317	(60 317)	-70.7%	85 317
TOTAL RECEIPTS OF TRANSFERS & GRANTS	229 919	275 311	–	8 000	99 499	275 311	(175 812)	-63.9%	275 311

KZN293 Ndwedwe - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	170 778	186 990	–	396	73 409	186 990	(113 581)	-60.7%	186 990
Local Government Equitable Share	165 366	181 613	–		70 829	181 613	(110 784)	-61.0%	181 613
Expanded Public Works Programme Integrated Grant	2 412	2 277	–	349	872	2 277	(1 405)	-61.7%	2 277
Local Government Financial Management Grant	3 000	3 100	–	47	1 708	3 100	(1 392)	-44.9%	3 100
Other transfers and grants [insert description]							–		
Provincial Government:	1 910	3 004	–	179	585	3 004	(2 419)	-80.5%	3 004
Provincialisation of libraries Grant	935	981	–	179	585	981	(396)	-40.4%	981
Community Library Services Grant	975	1 023	–	–	–	1 023	(1 023)	-100.0%	1 023
Municipal Employment Initiative	–	1 000	–	–	–	1 000	(1 000)	-100.0%	1 000
District Municipality:	–	–	–	–	–	–	–		–
[insert description]							–		
Other grant providers:	–	–	–	–	–	–	–		–
Other Transfers Public Corporations	–	–	–	–	–	–	–		–
[insert description]							–		
Total operating expenditure of Transfers and Grants:	172 688	189 994	–	575	73 994	189 994	(116 000)	-61.1%	189 994
Capital expenditure of Transfers and Grants									
National Government:	57 231	43 627	–	3 991	16 615	43 627	(27 012)	-61.9%	43 627
Municipal Infrastructure Grant (MIG)	40 331	33 627	–	3 991	13 002	33 627	(20 625)	-61.3%	33 627
Integrated National Electrification Programme Grant	16 900	10 000	–	–	3 614	10 000	(6 386)	-63.9%	10 000
Provincial Government:	–	41 690	–	–	–	41 690	(41 690)	-100.0%	41 690
Massification/Electrification Programme	–	5 000	–	–	–	5 000	(5 000)	-100.0%	5 000
Disaster Management programme	–	3 000	–	–	–	3 000			3 000
HSDG: Interventions	–	33 690	–	–	–	33 690			33 690
District Municipality:	–	–	–	–	–	–	–		–
[insert description]							–		
Other grant providers:	–	–	–	–	–	–	–		–
[insert description]							–		
Total capital expenditure of Transfers and Grants	57 231	85 317	–	3 991	16 615	85 317	(68 702)	-80.5%	85 317
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	229 919	275 311	–	4 566	90 610	275 311	(184 701)	-67.1%	275 311

- The above tables indicate how much of grants the municipality have received so far from its allocations, it also indicates how much of the received grant have been spent so far.
- The Council can be alerted that the municipality have received all grants due in line with approved National and Provincial Treasury schedule of payment grants to the municipality. The expenditure on grants is also going well especial the MIG.

2.5 COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Table 10: Councillor and Board Member Allowances and Employee Benefits

KZN293 Ndwedwe - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September									
Summary of Employee and Councillor remuneration	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	11 467	13 684	–	1 249	3 856	3 421	435	13%	–
Pension and UIF Contributions	419	346	–	34	92	86	6	7%	–
Medical Aid Contributions	272	196	–	18	55	49	6	13%	–
Motor Vehicle Allowance	92	71	–	6	17	18	(0)	-1%	–
Cellphone Allowance	1 500	1 605	–	126	377	401	(24)	-6%	–
Other benefits and allowances	–	–	–	(11)	–	–	–		–
Sub Total - Councillors	13 750	15 901	–	1 422	4 398	3 975	423	11%	–
% increase		15.6%							
Senior Managers of the Municipality									
Basic Salaries and Wages	3 103	3 706	–	196	588	927	(339)	-37%	–
Pension and UIF Contributions	11	13	–	1	2	3	(1)	-33%	–
Medical Aid Contributions	87	95	–	8	24	24	1	3%	–
Motor Vehicle Allowance	1 063	1 267	–	69	206	317	(110)	-35%	–
Sub Total - Senior Managers of Municipality	4 264	5 081	–	273	820	1 270	(450)	-35%	–
% increase		19.2%							
Other Municipal Staff									
Basic Salaries and Wages	42 104	51 840	–	3 760	11 284	12 960	(1 676)	-13%	–
Pension and UIF Contributions	6 832	9 290	–	643	1 934	2 322	(389)	-17%	–
Medical Aid Contributions	2 751	2 777	–	240	699	694	5	1%	–
Overtime	–	230	–	–	–	58	(58)	-100%	–
Performance Bonus	2 865	3 743	–	–	25	936	(910)	-97%	–
Motor Vehicle Allowance	1 541	1 757	–	162	468	439	29	6%	–
Housing Allowances	231	255	–	19	58	64	(6)	-10%	–
Other benefits and allowances	1 112	555	–	97	315	139	176	127%	–
Payments in lieu of leave	1 097	1 525	–	234	706	381	325	85%	–
Long service awards	589	230	–	–	–	58	(58)	-100%	–
Post-retirement benefit obligations	(274)	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff	58 848	72 201	–	5 155	15 489	18 050	(2 561)	-14%	–
% increase		22.7%							
Total Parent Municipality	76 861	93 183	–	6 850	20 707	23 296	(2 588)	-11%	–
TOTAL SALARY, ALLOWANCES & BENEFITS	76 861	93 183	–	6 850	20 707	23 296	(2 588)	-11%	–
% increase		21.2%							
TOTAL MANAGERS AND STAFF	63 111	77 282	–	5 428	16 310	19 321	(3 011)	-16%	–

- The above table illustrate the remuneration paid to municipal Councillors and municipal employees.
- Based on this report it can be noted that the municipality has spent a total of R16.3 million toward its councillors and employees, R3.0 million less than the target budget of R19.3 million.
- The reasons for this negative variance can be viewed under section 1.3 of the Executive Summary above.

2.6 MATERIAL VARIANCES TO THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

This report will be tabled separate by the Performance Management System Section.

2.7 CAPITAL PROGRAMME PERFORMANCE

Table 11: Capital Programme Performance as at 30 September 2022

KZN293 Ndwedwe - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M03 September									
Month	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands								%	
Monthly expenditure performance trend									
July	13 241	6 537	–	2 319	2 319	6 537	4 219	64.5%	3%
August	13 241	6 537	–	10 498	12 817	13 075	258	2.0%	16%
September	13 241	6 537	–	7 141	19 958	19 612	(346)	-1.8%	25%
October	13 241	6 537	–	–		26 150	–		
November	13 241	6 537	–	–		32 687	–		
December	13 241	6 537	–	–		39 225	–		
January	13 241	6 537	–	–		45 762	–		
February	13 241	6 537	–	–		52 300	–		
March	13 241	6 537	–	–		58 837	–		
April	13 241	6 537	–	–		65 375	–		
May	13 241	6 537	–	–		71 912	–		
June	13 241	6 537	–	–		78 450	–		
Total Capital expenditure	158 894	78 450	–	19 958					

- The council to refer to executive summary for full explanation on capital expenditure variances.



2.8 OTHER SUPPORTING DOCUMENTS



2.9 MUNICIPAL MANAGERS QUALITY CERTIFICATION



2021/2022 Budget Assessment - C Schedules as at 30 September 2022

Municipal Manager's quality certification

I, **Mr SDG Khuzwayo** the Acting Municipal Manager of Ndwedwe Local Municipality, hereby certify that the Monthly Budget Assessment ending 30 September 2022 has been prepared in accordance with the Municipal Finance Management Act No. 56 of 2003 and the regulations made under the Act

Mr SDG Khuzwayo

The Acting Municipal Manager of Ndwedwe Municipality (KZN 293)

Signature

Date