

ITEM

FINANCE: IN YEAR MONITORING AND REPORTING: FOURTH QUARTER: 2023/2024 FINANCIAL YEAR (6/1/1(2023/24)

Report Acting Chief Financial Officer

STRATEGIC OBJECTIVE

The strategic objective of this matter is under sound financial management and viability.

PURPOSE

The purpose of this item is to submit in year monitoring financial report for the month ending 30 June 2024 to Council for consideration.

BACKGROUND

In terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) section 52 (d) the Mayor of the municipality must within 30 days of the end each quarter, submit a report to the Council on the implementation of the budget and the financial state of affairs of the municipality.

DISCUSSION

1. ANALYSIS FROM REPORTS FROM INCOME AND EXPENDITURE QUARTER FOUR ENDING 30 JUNE 2024

SUMMARY: INCOME AND EXPENDITURE REPORT PERFORMANCE

The actual operational income for fourth quarter is R 161 943 million and actual to date is R 1 275 Billion. The operational expenditure for the same period is R 305 980 million and actual to date is R 1 263 billion.

Summary overall budgeted and actual expenditure

Types of Budget	Approved Budget	Budget Spent	Balance	% Spent
Operational	R 1.409 billion	R 1 263 billion	R 146 million	90%
Capital	R 484 million	R 320 million	R 167 million	66%
Total	R 1.893 billion	R 1 583 billion	R 310 million	84%

2. SUMMARY OF PERFORMANCE OF INCOME AND EXPENDITURE 30 JUNE 2024

Description	Budget Year 2023/24												
	R thousands	ADJUSTED Original Budget	Projections	Q1 Sept 2023	Q2 Dec 2023	Q3 March 2024	Q4 June 2024	YTD todate	YTD Variance	YTD variance	YTD Actual Budget/Budget %	Actual vs Projected%	Full Year Forecast
Revenue By Source													
Property rates	125,077,000.00	125,077,000.00	29,719,569.27	32,819,569.27	33,235,670.09	25,005,011.01	120,779,819.64	-4,297,180.36	-4%	97%	97%	125,077,000.00	
Service charges - electricity rev	615,728,000.00	615,728,000.00	108,394,212.25	119,067,090.98	123,821,462.92	87,475,161.06	438,757,927.21	-176,970,072.79	-40%	71%	71%	615,728,000.00	
Service charges - refuse reven	16,264,000.00	16,264,000.00	3,590,728.05	3,622,656.01	4,211,543.94	4,111,543.94	15,536,471.94	-727,528.06	-5%	96%	96%	16,264,000.00	
Rental of facilities and equipme	332,000.00	332,000.00	76,899.00	84,052.09	70,335.30	64,838.04	296,124.43	-35,875.57	-12%	89%	89%	332,000.00	
Interest earned - external inves	8,146,000.00	8,146,000.00	2,805,156.37	1,268,699.93	839,706.70	397,188.89	5,310,751.89	-2,835,248.11	-53%	65%	65%	8,146,000.00	
Interest earned - outstanding d	45,402,000.00	45,402,000.00	10,323,742.10	13,966,483.73	16,890,454.27	10,874,784.40	41,731,722.40	-3,670,277.60	-9%	92%	92%	45,402,000.00	
Fines, penalties and forfeits	4,562,000.00	4,562,000.00	280,655.20	1,999,485.50	1,970,170.80	473,249.00	4,723,560.50	161,560.50	3%	104%	104%	4,562,000.00	
Licences and permits	3,603,000.00	3,603,000.00	922,871.45	879,295.20	1,160,313.28	942,728.11	3,905,208.04	302,208.04	8%	108%	108%	3,603,000.00	
Transfers and subsidies	515,161,000.00	515,161,000.00	239,237,793.08	210,357,633.53	146,074,528.43	21,809,193.43	617,479,148.71	102,318,148.71	17%	120%	120%	515,161,000.00	
Operational Revenue	90,818,000.00	90,818,000.00	4,176,329.46	5,463,916.70	6,268,358.84	10,789,800.90	26,698,405.90	-64,119,594.10	-240%	29%	29%	90,818,000.00	
Total Revenue	1,425,093,000.00	1,425,093,000.00	399,527,956.23	389,528,882.94	334,542,544.57	161,943,498.78	1,275,219,140.66	-149,873,859.34	-11%	89%	89%	1,425,093,000.00	

Description	Budget Year 2023/24											
	Adjusted Budget	Fourth quarter Projections	Q1 Sept 2023	Q2 Dec 2023	Q3 March 2024	Q4 June 2024	YTD todate	YTD Variance	YTD variance	YTD Actual Budget/Budget %	Actual vs Projected%	Full Year Forecast
Expenditure By Source												
Employee related costs	359,488,000.00	359,488,000.00	81,436,673.81	83,345,679.87	85,767,899.98	91,745,098.90	352,295,352.56	-7,192,647.44	-2%	98%	98%	359,488,000.00
Remuneration of councillors	32,000,000.00	32,000,000.00	8,462,621.69	7,232,123.00	7,146,252.53	7,134,863.74	29,975,860.96	-2,024,139.04	-6%	94%	94%	32,000,000.00
Debt impairment	73,677,000.00	73,677,000.00	18,981,326.16	14,438,315.96	14,084,183.55	13,514,973.33	61,018,799.00	-12,658,201.00	-17%	83%	83%	73,677,000.00
Depreciation & asset impairment	152,420,000.00	152,420,000.00	33,900,779.93	39,934,698.90	39,782,196.94	36,484,737.51	150,102,413.28	-2,317,586.72	-2%	98%	98%	152,420,000.00
Finance charges	19,762,000.00	19,762,000.00	3,780,602.75	1,610,837.21	1,078,206.15	4,380,380.56	10,850,026.67	-8,911,973.33	-45%	55%	55%	19,762,000.00
Bulk purchases	368,092,000.00	368,092,000.00	97,916,157.80	89,504,868.45	86,237,660.01	86,666,698.94	360,325,385.20	-7,766,614.80	-2%	98%	98%	368,092,000.00
Other materials	41,688,000.00	41,688,000.00	9,603,177.70	13,736,601.04	10,132,138.96	5,786,388.43	39,258,306.13	-2,429,693.87	-6%	94%	94%	41,688,000.00
Contracted services	286,925,000.00	286,925,000.00	47,273,373.85	48,273,487.79	36,767,220.90	29,785,078.23	189,099,160.77	-97,825,839.23	-34%	66%	66%	286,925,000.00
Operational costs	75,769,000.00	75,769,000.00	14,163,027.30	11,049,763.34	14,602,433.42	30,481,969.51	70,297,193.57	-5,471,806.43	-7%	93%	93%	75,769,000.00
Total Expenditure	1,409,821,000.00	1,409,821,000.00	315,517,740.99	321,460,593.32	308,595,292.91	305,980,189.15	1,263,222,498.14	-146,598,501.86	-10%	90%	90%	1,409,821,000.00

3. APPROVED CONDITIONAL GRANT AS AT 30 JUNE 2024

Details of Grants allocated ,Grants Performance as at 30 JUNE 2024														
	Budget Year 2023/24													
Description	APPROVED ADJUSTED BUDGET	Grants Received YTD R '000	Actual Received Q1 R '000	Actual Received Q2 R '000	Actual Received Q3 R '000	Actual Received Q4 R '000	Actual Q1 Expenditure R'000	Actual Q2 Expenditure R'000	Actual Q3 Expenditure R'000	Actual Q4 Expenditure R'000	Actual to date Expenditure R'000	% Spent on received	BUDGET VS ACTUAL %	Full Year Forecast
APPROVED CONDITIONAL GRANT														
Funded by:														
MIG	108,015	108,015	84,878	10,580	12,557	-	34,201	43,588	21,585	8,641	108,015	100%	100%	108,015
INEP	7,000	7,000	2,500	3,000	1,500	-	260	4,014	1,396	1,330	7,000	100%	100%	7,000
FMG	1,950	1,950	1,950	-		-	527	762	225	436	1,950	100%	100%	1,950
EPWP	2,768	2,768	733	1,319	716	-	733	733	610	692	2,768	100%	100%	2,768
Disaster Grants	21,500	21,500	3,500	-	18,000	-	2,644	11,555		10,699	14,199	66%	66%	21,500
Total Grants	141,233	141,233	93,561	14,899	32,773	-	38,365	60,652	23,816	21,798	133,932	95%	95%	141,233

4. **CAPITAL EXPENDITURE.**

The Actual Capital expenditure for the fourth quarter June 2024 is R 23.7 million and to date is R 319 618 million which represents 66% spending against the approved adjusted budget of R484 502 million.

5.

CODE	DEPARTMENT	ADJUSTED BUDGET	EXPENDITURE	VARIANCE	PERCENTAGE
SC	Technical Services	R 439 690 582.60	R 292 248 566.84	R 147 442 015.76	66%
SC	Community Services	R 15 967 056.05	R 12 995 481.87	R 2 971 574.15	81%
SC	Budget and Treasury	R 12 793 725.05	R 8 319 399.94	R 4 474 325.11	65%
SC	Corporate Services	R 12 400 864.27	R 5 510 901.27	R 6 889 963.00	44%
SC	Regional Offices	R 3 650 000.00	R 543 939.20	R 3 106 060.80	15%
	TOTAL	R 484 502 227.89	R 319 618 289.13	R 164 883 938.76	66%

Analysis of Capital budget expending per department

Department of Budget and Treasury office

The actual expenditure for the fourth quarter is R 1 150 million and to date is R 8 319 million compared with the projection of R 12 794 million which result to underspending by 34%. The expenditure incurred up to fourth quarter represents 66% of approved adjusted budget of R 12 794 million for 2023/24 financial year. The balance of R 4.4 million, as at 30 June 2024 the department was still in the process of procuring the 10 cubic Truck for Luvuvhu region and Speaker vehicle.

Technical Services Department

The actual expenditure for the fourth quarter is R 20 770 million and to date is R 292 248 million compared with the projection of R 439 691 million which result to under spending by 34 %. The expenditure incurred up to fourth quarter represents 66% of approved adjusted budget of R 439 691 million for 2023/2024 financial year. The balance of R 147 million as at 30 June 2024 was for the projects that are still work in progress which are carried forward to the 2024/2025 financial year.

Department of Community services

The actual expenditure for the fourth quarter is R 1 676 million and to date is R 12 995 million compared with the projection of R 15 967 million which result to under spending by 19%.The expenditure incurred up to fourth quarter represent 81% of approved adjusted budget of R 15 967 million for 2023/24 financial year. The balance of R 2.9 million was for the following projects 40 skips (procured) , Chain saw , 2 x speedy measuring (procured) machine, MVR (Not procured) and Camera (Procured) all this projects have been carried forward to New financial year 2024/2025.

Department of Corporate Services

1. The actual expenditure for the fourth quarter is zero R158 thousands and to date is R 5, 510 million compared with the projection of R 12 401 million which result to under spending by 56%. The expenditure incurred for the up to fourth quarter represents 44% of approved adjusted budget of R 12 401 million for 2023/24 financial year. The balance of R 6.9 million was for the following projects which have been carried forward to new year 2024/2025, Microsoft office 365 (procured) , Mimecast email gateway licences (Procured) Extend wireless Connectivity(Rollover),Records

Management File Plan Update (Rollover) and Sound and Recording System (Rollover) Renew Server warrantee(on re-advert) and Dedicated DR Internet Line and Server Room environmental Management System –Read (Re-advert).

Regional Offices

The actual expenditure for the fourth quarter is R 226 thousand and to date is R 543 thousands compared with the projection of R 3 650 million which result to under spending by 85%. The expenditure incurred up to fourth quarter represents 15% of approved adjusted budget of R 3,650 million for 2023/24 financial year. The balance of R 3.1 million was for the projects in the regional offices which was carried forward to new 2024/2025 since the procurement was done as at 30 June 2024.

6. DEBTORS AGE ANALYSIS

The amount outstanding from debtors as at 30 June 2024 is R **505 797 808.15**

Aged Debtors - JUNE 2024									
Description	Budget Year 2023/24							Total	Total over 90 days
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	180 Days and Over			
R thousands									
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	-	-	-	-	-	-	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	26,786	1,985	2,154	2,237	1,896	85,608	120,666	89,741	
Receivables from Non-exchange Transactions - Property Rates	25,995	6,040	5,533	5,483	5,303	242,315	290,670	253,101	
Receivables from Exchange Transactions - Waste Water Management	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	2,560	918	889	873	861	49,023	55,124	50,756	
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	13	-	-	-	-	11,946	11,960	11,946	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	
Other	6,243	1,402	3,767	179	28	15,760	27,379	15,967	
Total By Income Source	61,598	10,344	12,342	8,772	8,088	404,652	505,798	421,513	
Debtors Age Analysis By Customer Group									
Organs of State	4,248	1,062	555	987	843	51,415	59,110	53,245	
Commercial	21,593	1,798	2,529	1,716	1,005	43,368	72,009	46,089	
Households	14,550	4,218	4,987	3,839	3,719	205,706	237,018	213,263	
Other	21,208	3,266	4,272	2,230	2,522	104,163	137,661	108,915	
Total By Customer Group	61,598	10,344	12,342	8,772	8,088	404,652	505,798	421,513	

Quarter 4 Debt Breakdown Analysis – 30 June 2024

Account Type	Total Amount	Towns						
		Farm	Ha-Tshikota (Vleifontein)	Louis Trichardt	Makhado A (Dzanani)	Tshikota	Villages	Waterval
Agriculture	119,415,353.96	79,394,840.32	-	39,697,847.49	136,150.24	812.43	185,703.48	-
Businesses/Industrial	75,944,732.65	7,575,838.25	294,795.56	65,985,483.45	1,173,178.91	352,178.94	2,244.27	561,013.27
Churches	628,062.77	(1,307.64)	3,380.82	583,680.97	-	18,189.44	28,560.54	(4,441.36)
Government (SOP)	62,718,592.33	43,156,114.87	-	7,721,368.44	29,166.61	428,925.99	10,219,463.96	1,163,552.46
Municipal	2,346,621.90	352,652.67	-	817,779.59	-	1,176,189.64	-	-
Public Benefit Organisation (PBO)	33,461.79	28,645.29	-	4,816.50	-	-	-	-
Public Service Infrastructure (PSI)	3,290,019.83	2,999,090.38	-	290,929.45	-	-	-	-
Residential	241,420,962.92	823,483.47	1,440,425.07	228,034,865.16	1,227,340.14	3,634,845.37	1,693,500.24	4,566,503.47
GRAND - TOTAL	505,797,808.15	134,329,357.61	1,738,601.45	343,136,771.05	2,565,835.90	5,611,141.81	12,129,472.49	6,286,627.84

Summary of Debt Impairment Narration

Allowance for debt impairment for the fourth quarter ending 30 June 2024 equals R422.507 million.

The Total Consumer Debtor debt as at the 30th June 2024 equals R505.798 million.

The Net Debt Collectible as at 30 June 2024 equals R83 .290 million.

The table below reflects both the collection rate and the distribution loss for the fourth quarter ending 30 June 2024

Collection Rate Table							
Quarter - 1		Quarter - 2		Quarter - 3		Quarter 4	
Month	Percentage	Month	Percentage	Month	Percentage	Month	Percentage
July – 2023	59%	October - 2023	96%	January – 2024	88%	April – 2024	79%
August – 2023	96%	November - 2023	74%	Feb - 2024	94%	May - 2024	107%
September - 2023	84%	December – 2023	79%	March – 2024	83%	June – 2024	113%
Total	239%		249%		265%		299%
Average percentage for the Quarter – 1	80%	Average percentage for the Quarter - 2	83%	Average percentage for the Quarter - 3	88%	Average Percentage for Fourth quarter	99.67%

The fourth quarter average collection rate is 99.67%.

Distribution Rate Table							
Quarter - 1		Quarter – 2		Quarter - 3		Quarter 4	
Month	<u>Percentage</u>	Month	<u>Percentage</u>	Month	<u>Percentage</u>	<u>Month</u>	<u>Percentage</u>
July – 2023	6%	October - 2023	22%	January - 2024	2%	April 2024	16%
<u>August – 2023</u>	19%	November - 2023	8%	February - 2024	14%	May 2024	16%
September - 2023	3%	December - 2023	9%	March - 2024	11%	June 2024	9%
<u>Total</u>	28%		39%	Total		Total	41%
Average percentage for Quarter - 1	9%	Average percentage for Quarter - 2	13%	Average percentage for Quarter - 3	9%	Average percentage for Quarter - 4	13.67%

The fourth Quarter average Distribution Loss is 13.67%

- **CHALLENGES**

- The non-existent of electricity in R293 Towns such as Dzanani, Waterval, Vleifontein, excluding Tshikota still exists as a challenge towards collection.
- Illegal connections

STRATEGIES

TO IMPROVE COLLECTION

- The meters are physically checked to the those customers that are not buying or buying electricity that is unreasonably too low because they raise a suspicion of illegal connection by Technical and finance.
- Credit Control is being applied to Government and business to be implemented without compromise.
- Municipality has Handed over debts that is older and which cannot be collected using internal credit control measures to appointed debt collectors who are currently working on the data provided and are monitored on the monthly
- Installation of prepaid meter.
- Organs of government are addressed through the IGR meeting conducted within the province, coordinated by CoGHSTA.

SCM PROCESS

7. COMPETITIVE BIDDING PROCESSES ACTIVITY

ACTIVITY	Bids Advertised	Evaluated	Adjudicated	Awarded	BBB-EE	Cancelled and re- adverts
Balance B/F	17	-	-	-	-	-
1st Quarter	08	16	16	16		
2nd Quarter	34	11	11	11		
3rd Quarter	06	07	07	07		15
4th Quarter	09	19	19	19		
TOTAL	74	53	53	53		15
ANNEXURE	A	B	C	D	E	F

All requests for adverts were processed. As at 30 June 2024, the following 06 bids were not awarded:

NO	BID NO	DESCRIPTION	CLOSING DATE	COMMENTS
01	79 OF 2023	Lease of portion of erf 3403 in louis trihardt extension 12 township for agricultural purposes	23-Oct-23	In Evaluation
02	05 of 2024	Supply and delivery of refuse plastic bags for the period of three years	15-March-2024	In Evaluation
03	11 of 2024	Panel of contractors for hiring and operate of machines (wet engine) for three years as and when required	08 May 2024	In Evaluation
04	16 of 2024	Renew four server warranty	19 June 2024	In evaluation
05	13 of 2024	Provision of Banking services for the period of five (05) years	25 June 2024	In Evaluation
06	15 of 2024	Cellphones and tablets contract package for the period of twenty-four (24) months	08 July 2024	On Advert

FORMAL WRITTEN QUOTATION AS AT 30 JUNE 2024

ACTIVITY	Quotations Advertised	Quotations Evaluated	Quotations Awarded	Re-advertised
1st QUARTER	19	17	17	0
2nd QUARTER	34	33	33	3
3rd QUARTER	28	17	17	1
4th QUARTER	24	15	15	4
TOTAL	105	82	82	14

PROCUREMENT DEVIATION FOURTH QUARTER REPORT

1. The number of awards made in terms of SCM regulation 36
= **19**

2. Reason(s) for deviation in terms of SCM Regulations 36

Reason: Sole service providers and impractical to follow normal SCM process

3. Total value of deviations under R200 000.00
= **R 445 655.54**

4. Total value of deviations over R200 000
= **R0**

5. Total number of deviations under R 200 000 is 57

6. Total number of deviation over R 200 000 is 0

7. Total value of deviations awarded through SCM Regulation 36
= R 445 655.54

STATUS OF RECONCILIATIONS AS AT 30 JUNE 2024

Bank reconciliations is up to date
Grant Reconciliation is up to date
Investment Reconciliations is up to date
Assets Reconciliation is up to date
Petty Cash reconciliation is up to date
Retention reconciliation is up to date
Inventory Reconciliation is up to date
Debtors Reconciliations is up to date
Salary Reconciliation is up to date
Vat Reconciliation is done up to Month of May 2024

7. A CASH FLOW POSITION

This statement indicates the financial position as at 30 June 2024 is R 25 932 331.40. The municipalities continue to keep a favorable balance on the monthly basis and these cash flow statements reflect positive balance of R 25 932 331.40 at the end of fourth quarter 30 June 2024.

Primary Account R 25 932 331.40

Closing balance as at 30 June 2024 R 25 932 331.40

IMPLICATIONS

Compliance section 52 (d) of the Municipal Finance Management Act, 2003 (quarterly reporting).

LEGAL IMPLICATIONS

None

RISK IMPLICATIONS

None

ENVIRONMENTAL IMPLICATIONS

None

CHANGE MANAGEMENT IMPLICATIONS

Ensure compliance to MFMA and timely submission of section 52 (d) report in terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

MANAGEMENT RESOLVED TO RECOMMEND TO EXECUTIVE COMMITTEE

THAT the in-year monitoring financial report for the fourth quarter ending 30 June 2024 for the 2023/2024 financial year be considered by Council.